



ORDINANCE NO. 28804

1 AN ORDINANCE of the City of Tacoma, Washington, providing for the issuance
2 and sale of one or more series of sewer revenue bonds of the City in the
3 aggregate principal amount of not to exceed \$105,000,000 to finance and/or
4 reimburse the City for costs associated with the construction, improvement
5 and equipping of the City's municipal sewer system and to pay costs of
6 issuing the bonds; providing the form and terms of the bonds; and
7 delegating the authority to approve the method sale and the final terms of
8 the bonds.

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

12 WHEREAS the City has issued and has outstanding certain sewer revenue
13 bonds and obligations of the System (as further described herein, the "Outstanding
14 Parity Bonds"), and

15 WHEREAS the ordinances authorizing the Outstanding Parity Bonds
16 provide that additional sewer revenue bonds or obligations may be issued with a
17 lien on Net Revenues (as defined herein) on a parity with the lien of the
18 Outstanding Parity Bonds if certain conditions are met, and

19 WHEREAS the City Council (the "Council") desires to determine that it is in
20 the public interest to issue one or more series of sewer revenue bonds in the
21 aggregate principal amount of not to exceed \$105,000,000 (the "Bonds") to
22 finance and/or reimburse the City for costs associated with the construction,
23 improvement and equipping of the System and to pay costs of issuing the Bonds,
24 and

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WHEREAS the Council wishes to delegate authority to the City Finance Director, Treasurer, and Assistant Finance Director/Controller, or their designees (each, a “Designated Representative”) for a limited time, to approve the method of sale and the interest rates, maturity dates, redemption terms, principal maturities and other terms for each series of Bonds within the parameters set by this ordinance, and

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

Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. Definitions and Interpretation of Terms.

As used in this ordinance, the following words and terms shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates otherwise, words importing the singular number shall include the plural number and vice versa.

“Accreted Value” means, with respect to any Capital Appreciation Bond, as of the time of calculation, the sum of the amount representing the initial principal amount of such bond plus interest accrued, compounded thereon as of the most recent compounding date. With respect to any particular Payment Date, the Accreted Value is the amount set forth on the Accreted Value Table included as part of the form of Capital Appreciation Bond. In the event the Accreted Value of any Capital Appreciation Bond is required to be determined as of a date other than the Payment Date, the Accreted Value shall be determined by adding to the



1 Accreted Value for the next preceding Payment Date the product obtained by
2 multiplying (a) the difference between the Accreted Value for the next Payment
3 Date and the Accreted Value for the next preceding Payment Date, by (b) the ratio
4 obtained by dividing by 180 the number of days elapsed since the next preceding
5 Payment Date (calculated on the basis of a 360-day year of twelve 30-day months).
6

7 "Accreted Value Table" means the Accreted Value Table printed on the
8 Capital Appreciation Bonds reflecting the Accreted Value of such Capital
9 Appreciation Bonds as of each Payment Date.
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11 "Adjusted Annual Debt Service" means Annual Debt Service minus (a) an
12 amount equal to ULID Assessments due in that year and not delinquent and (b) any
13 Capitalized Interest to be paid with respect to Parity Bonds.

14 "Adjusted Net Revenues" has the meaning set forth in Section 17 of this
15 ordinance.
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17 "Annual Debt Service" means the amount required to be paid in a calendar
18 year for (a) interest due in such calendar year on all Parity Bonds, (b) principal of all
19 Serial Bonds due in such calendar year, and (c) any Sinking Fund Requirement for
20 such calendar year.

21 In the case of Variable Interest Rate Bonds, for the purpose of calculating
22 Annual Debt Service, the interest rate thereon shall be equal to the higher of (i) the
23 average of the SIFMA Municipal Swap Index over the 60-month period immediately
24 preceding the date of computation, or (ii) the average of the SIFMA Municipal Swap
25 Index over the 12-month period immediately preceding the date of computation, in
26 each case as determined within ten days prior to the date of computation; provided,



1 that if on such date of calculation the interest rate on any Variable Interest Rate
2 Bonds shall then be fixed for a specified period, including pursuant to a Payment
3 Agreement, the interest rate used for such specified period shall be such fixed
4 interest rate.

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6 For purposes of computing Annual Debt Service on any Parity Bonds which
7 constitute Balloon Indebtedness, it shall be assumed that the principal of such
8 Balloon Indebtedness, together with interest thereon at the rate applicable to such
9 Balloon Indebtedness, shall be amortized in equal annual installments over a term
10 equal to the lesser of (a) 25 years or (b) the remaining term to final maturity of the
11 Balloon Indebtedness beginning with the first Fiscal Year following the date of
12 calculation.

13
14 For purposes of satisfying the coverage test pursuant to Section 15 or the
15 requirements for the issuance of Future Parity Bonds pursuant to Section 17,
16 Annual Debt Service for any Fiscal Year or calendar year shall exclude any Debt
17 Service Offsets received or expected to be received in such Fiscal Year or calendar
18 year.

19
20 "Balloon Indebtedness" means that portion of any series of Parity Bonds that
21 comprises more than 25 percent of the principal of such series which, in
22 accordance with the terms of such Parity Bonds, is due and payable in any one
23 Fiscal Year either by reason of the stated maturity date of such Parity Bonds or
24 pursuant to a Sinking Fund Requirement; provided that with respect to any Parity
25 Bonds issued as Term Bonds, such Term Bonds shall only be treated as Balloon
26 Indebtedness if more than 25 percent of the principal thereof is due in any one



1 Fiscal Year pursuant to the applicable Sinking Fund Requirement or upon the
2 stated maturity date thereof (assuming that the only principal due on the stated
3 maturity date thereof will be the principal remaining outstanding after all
4 redemptions have been made pursuant to the applicable Sinking Fund
5 Requirement).

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

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11 "Bond Fund" means the Sewer Revenue Bond Fund created by the City for
12 the purpose of paying and securing the payment of Parity Bonds.

13
14 "Bond Obligation" means, as of any given date of calculation, the sum of
15 (a) the aggregate principal amount of all outstanding Current Interest Bonds and
16 (b) the aggregate Accreted Value of all outstanding Capital Appreciation Bonds
17 calculated as of the date of calculation if that date is a Payment Date or as of the
18 next preceding Payment Date if the date of calculation is not a Payment Date.

19
20 "Bond Purchase Contract" means one or more contracts, if any, for the
21 purchase of any Bonds of a series sold by negotiated sale to the initial purchaser,
22 executed pursuant to Section 19.

23
24 "Bond Register" means the registration books maintained by the Bond
25 Registrar for purposes of identifying ownership of the Bonds or the nominee of each
26 owner, and such other information as the Bond Registrar shall determine.

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



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

3 "Bonds" mean the sewer revenue bonds authorized to be issued pursuant to
4 this ordinance.

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

7 "Capital Improvement Plan" means the Capital Improvement Plan of the City
8 relating to the System, as it may be amended from time to time.

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

11 "Certificate of Award" means one or more certificates, if any, for the
12 purchase of any Bonds of a series sold by competitive sale awarding such Bonds to
13 the bidder as set forth in Section 19 of this ordinance.

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

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

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

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



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

4 "Closing" means the date of issuance and delivery of a series of Bonds to
5 the Underwriter.
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7 "Code" means the Internal Revenue Code of 1986 as in effect on the date of
8 issuance of the Tax-Exempt Bonds or (except as otherwise referenced herein) as it
9 may be amended to apply to obligations issued on the date of issuance of the Tax-
10 Exempt Bonds, together with applicable proposed, temporary and final regulations
11 promulgated, and applicable official public guidance published, under the Code.
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13 "Commission" means the Securities and Exchange Commission.

14 "Continuing Disclosure Certificate" means the written undertaking for the
15 benefit of the holders of each series of Bonds as required by Section (b)(5) of the
16 Rule.
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18 "Costs of Maintenance and Operation" means all necessary operating
19 expenses, current maintenance expenses, expenses of reasonable upkeep and
20 repairs, insurance premiums and administrative expenses and reasonable pro rata
21 charges for services provided to the System by City departments, but excludes
22 (a) payments for debt service or into debt service reserve accounts or funds,
23 (b) costs of capital additions to or replacements of the System, (c) money
24 necessary to pay extraordinary legal claims and judgments against the System or
25 amortized payments to the City's self-insurance fund with respect to extraordinary
26 claims and judgments, (d) depreciation, (e) City taxes (or payments to the City in



1 lieu of taxes) upon the properties and earnings of the System, and (f) any Rebate
2 Amount.

3 "Council" means the Council of the City, as the same shall be duly and
4 regularly constituted from time to time.

5 "Covered Bonds" mean:

6 (a) the 2015 Bonds, and

7 (b) those Future Parity Bonds designated in the Parity Bond Ordinance
8 authorizing their issuance as Covered Bonds secured by the Reserve Fund.

9 "Current Interest Bonds" mean Parity Bonds, the interest on which is paid
10 periodically.

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

15 "Designated Representative" means the City Finance Director, Treasurer,
16 and Assistant Finance Director/Controller, or their designees. The signature of one
17 Designated Representative shall be sufficient to bind the City.

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

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



1 "Fair Market Value" means the price at which a willing buyer would
2 purchase an investment from a willing seller in a bona fide, arm's length
3 transaction, except for specified investments as described in Treasury Regulation
4 §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit,
5 guaranteed investment contracts, and investments for yield restricted defeasance
6 escrows. Fair Market Value is generally determined on the date on which a
7 contract to purchase or sell an investment becomes binding, and, to the extent
8 required by the applicable regulations under the Code, the term "investment" will
9 include a hedge.
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12 "Federal Tax Certificate" means one or more certificates of the City
13 pertaining to the tax-exemption of interest on a series of Tax-Exempt Bonds, and
14 any attachments thereto.

15 "Finance Director" means the duly appointed and acting Finance Director of
16 the City or the successor to the duties of that office.
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18 "Fiscal Year" means the fiscal year used by the City at any time. At the time
19 of the passage of this ordinance, the Fiscal Year is the 12-month period beginning
20 January 1 of each year.

21 "Fitch" means Fitch, Inc., a corporation duly organized and existing under
22 and by virtue of the laws of the State of Delaware, and its successors and assigns.
23

24 "Future Parity Bonds" mean any revenue bonds of the City issued after the
25 date of issuance of the Bonds having a charge or lien upon the Net Revenues and
26 ULID Assessments for payment of the principal thereof and interest thereon equal
in priority to the charge or lien upon the Net Revenues and ULID Assessments for



1 the payment of the principal of and interest on the Outstanding Parity Bonds and
2 the Bonds.

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

8 "Gross Revenues" mean (a) all revenues received for the use of the System,
9 (b) revenues received from the sale of by-products from a treatment facility of the
10 System or from any other source for rental, use or services rendered by the
11 System, (c) ULID Assessments, (d) the proceeds received by the City from the sale
12 or other disposition of any of the properties of the System, (e) investment income
13 earned on money held in any fund or account of the City in connection with the
14 ownership and operation of the System, including any bond redemption funds, and
15 (f) federal or state reimbursement of operating expenses to the extent that such
16 expenses are included as Costs of Maintenance and Operation, but excluding
17 (i) insurance proceeds, (ii) investment income irrevocably pledged to the payment
18 of any specific sewer revenue bonds of the City refunded or defeased pursuant to a
19 plan of refunding heretofore or hereafter adopted by the City, (iii) investment
20 income earned on money in any rebate fund, and (iv) grants, gifts or donations.

21 Amounts withdrawn from the Rate Stabilization Fund and deposited into the Sewer
22 Utility Fund shall increase Gross Revenues for the period in which they are
23 withdrawn, and amounts deposited in the Rate Stabilization Fund shall reduce
24 Gross Revenues for the period during which they are deposited.



1 "Interest Account" means the Interest Account in the Bond Fund created by
2 Ordinance No. 25562.

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

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

8 "Maximum Annual Adjusted Debt Service" means Maximum Annual Debt
9 Service minus the amount of ULID Assessments due in that year and not
10 delinquent.
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12 "Maximum Interest Rate" means, with respect to any particular Variable
13 Interest Rate Bond, a numerical rate of interest, which shall be set forth in any
14 Parity Bond Ordinance authorizing such Variable Interest Rate Bond, which shall be
15 the maximum rate of interest such Variable Interest Rate Bond may at any time
16 bear.
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18 "Maximum Reserve Requirement" means the maximum dollar amount
19 permitted by the Code to be allocated to a reserve fund from tax-exempt bond
20 proceeds without requiring a balance to be invested at a restricted yield.
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22 "Moody's" means Moody's Investors Service, Inc. or its comparable
23 recognized business successor.
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25 "MSRB" means the Municipal Securities Rulemaking Board or any successor
26 to its functions.



1 "Net Revenues" mean, for any period, the excess of Gross Revenues over
2 Costs of Maintenance and Operation for such period, excluding from the
3 computation of Gross Revenues (a) ULID Assessments, (b) any profit or loss
4 derived from the sale or other disposition, not in the ordinary course of business, of
5 properties, rights or facilities of the System, or (c) gains or losses resulting from the
6 early extinguishment of debt.
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8 "Outstanding Parity Bond Ordinances" mean the ordinances and resolutions
9 identified herein authorizing the issuance of the Outstanding Parity Bonds.
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11 "Outstanding Parity Bonds" mean, as of the date of this ordinance, the 2015
12 Bonds, the 2016A Bonds, the 2018 Bonds, and the 2020 Bond.

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

16 "Parity Bonds" mean the Outstanding Parity Bonds, the Bonds and any
17 Future Parity Bonds.
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19 "Payment Date" means each date on which principal and/or interest on the
20 Parity Bonds is due and payable.

21 "Permitted Investments" mean any investments that are now or may
22 hereafter be permitted to the City by the laws of the State.
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24 "Principal Account" means the Principal Account of the Bond Fund created
25 by Ordinance No. 25562.

26 "Project" has the meaning set forth in Section 3 of this ordinance.



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“Project Fund” means the account created pursuant to Section 8 of this ordinance.

“Qualified Insurance” means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest rating categories by Moody’s, S&P or Fitch, or any other rating agency then maintaining a rating on the Bonds.

“Qualified Letter of Credit” means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of one or more series of Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit is rated in one of the two highest rating categories by Moody’s, S&P or Fitch, or any other rating agency then maintaining a rating on the Bonds.

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

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

“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.



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

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

5 "Reserve Fund Requirement" is the dollar amount to be calculated with
6 respect to all Covered Bonds and separately with respect to other Parity Bonds.
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8 (a) With respect to Covered Bonds, the Reserve Fund Requirement means
9 as of any date an amount equal to the lesser of (1) the Maximum Annual Debt
10 Service for Covered Bonds then outstanding, (2) 125 percent of average Annual
11 Debt Service for Covered Bonds then outstanding, or (3) 10 percent of the initial
12 face amount of the Covered Bonds then outstanding; provided, however, that the
13 dollar amount required to be contributed, if any, as a result of the issuance of a
14 series of Future Parity Bonds shall not be greater than the Maximum Reserve
15 Requirement. If the dollar amount required to be contributed at the time of issuance
16 of a series of Future Parity Bonds exceeds the Maximum Reserve Requirement,
17 then the amount required to be contributed shall be equal to the Maximum Reserve
18 Requirement.
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21 (b) With respect to other series of Parity Bonds, the Reserve Fund
22 Requirement shall be equal to the amount, if any, specified in the Parity Bond
23 Ordinance authorizing the issuance of such Parity Bonds or in a certificate or other
24 document referenced in such Parity Bond Ordinance; provided, however, such
25 Reserve Fund Requirement shall not exceed the Maximum Reserve Requirement
26 for such series of Parity Bonds.



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

“Sale Document” means the Bond Purchase Contract or Certificate of Award, as applicable, executed by a Designated Representative in connection with the sale of a series of Bonds pursuant to Section 19 of this ordinance.

“S&P” means S&P Global Ratings, or its comparable recognized business successor.

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

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

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

“State” means the state of Washington.

“System” means the “Tacoma Municipal Sewer System,” comprising Wastewater Management and Stormwater Management, as the same is defined in Section 1 of Ordinance No. 13989, as amended by Ordinance No. 14015, and reenacted in and referred to as the “Municipal Sewer System” in Section 1 of Ordinance No. 21632, as amended by Ordinance No. 21681 and as supplemented by Ordinance No. 21638, by adding thereto the system of storm and stormwater drainage of the City, as the same has heretofore been added to, improved and



1 extended and as the same will be added to, improved and extended for as long as
2 any of the Parity Bonds are outstanding. Such additions, improvements and
3 extensions shall include the water system of the City should the municipal sewer
4 system ever be combined with such water system.
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6 “Term Bond Retirement Account” means the Term Bond Retirement Account
7 of the Bond Fund created by Ordinance No. 25562.

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

9 “Taxable Bonds” means any Bonds determined to be issued on a taxable
10 basis pursuant to Section 19.
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12 “Tax-Exempt Bonds” mean any Bonds determined to be issued on a tax-
13 exempt basis under the Code pursuant to Section 19.

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

16 “2015 Bonds” mean the outstanding City of Tacoma, Washington, Sewer
17 Revenue and Refunding Bonds, 2015 issued pursuant to Ordinance No. 28278.

18 “2016A Bonds” mean the outstanding City of Tacoma, Washington, Sewer
19 Revenue Refunding Bonds, 2016A, issued pursuant to Ordinance No. 28355.

20 “2018 Bonds” mean the outstanding City of Tacoma, Washington, Sewer
21 Revenue Bonds, Series 2018 issued pursuant to Ordinance No. 28534.
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23 “2020 Bond” means the City of Tacoma, Washington, Sewer Revenue Bond,
24 Series 2020 (Central Treatment Plant Electrical Distribution System Replacement
25 Project (WIFIA –N19117WA), issued pursuant to Ordinance No. 28960.
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1 “ULID Assessments” mean all assessments (including any interest and
2 penalties) levied in a utility local improvement district for the acquisition or
3 construction of improvements to and extensions of the System if those
4 assessments are pledged to be paid into the Bond Fund. In the case of ULID
5 Assessments payable in installments, ULID Assessments shall be allocated to the
6 years in which they would be received if the unpaid principal balance of each
7 assessment roll were paid over the remaining number of installments with interest
8 thereon at the rate and in the manner provided in the ordinance confirming the
9 assessment roll.
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12 “Underwriter” means any underwriter or group of underwriters, in the case of
13 a negotiated sale, or initial purchaser, in the case of a competitive sale, for a series
14 of Bonds selected pursuant to Section 19.

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

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

8 Section 2. Findings; Compliance with Parity Conditions.

9 The Council hereby finds that it is in the public interest for the City to
10 undertake the Project and to issue the Bonds to finance a portion of the costs of the
11 Project.
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13 On or prior to the Closing of the Bonds, the City shall satisfy, or cause to be
14 satisfied, the conditions relating to the execution and delivery of Future Parity
15 Bonds (as described in the Outstanding Parity Bond Ordinances), as set forth in the
16 Outstanding Parity Bond Ordinances for the then-outstanding Outstanding Parity
17 Bonds. Upon the satisfaction of such conditions, the Bonds authorized herein shall
18 constitute "Parity Bonds" under (and as defined in) the Outstanding Parity Bond
19 Ordinances and shall have a lien and charge on Net Revenues and ULID
20 Assessments equal in rank with the lien and charge upon the Net Revenues and
21 ULID Assessments to pay and secure the payment of the then-outstanding
22 Outstanding Parity Bonds.
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25 Section 3. Authorization and Description of Bonds.

26 The City is hereby authorized to issue and sell one or more series of Bonds
in the aggregate principal amount of not to exceed \$105,000,000 to finance and/or



1 reimburse the City for costs of capital improvements to the System and to pay costs
2 of issuance of the Bonds. The City specifies, adopts and orders the following
3 capital improvements to the System (together, the "Project"): pipe replacements,
4 main extensions, and holding facility improvements for the stormwater utility; trunk
5 replacements, bio-tower replacements, digester rehabilitation, and sediment tank
6 replacements, bio-tower replacements, digester rehabilitation, and sediment tank
7 upgrades at wastewater facilities; and/or other capital upgrades, repairs,
8 replacements, and improvements to the System as identified in the Capital
9 Improvement Plan, as it may be amended from time to time. The specifications for
10 the Project, and the components thereof, as well as the timing, order and manner of
11 completing all or which portions thereof, shall be as determined by the City.
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13 The cost of all necessary appraisals, negotiation, closing, architectural,
14 engineering, financial, legal and other consulting services, inspection and testing,
15 demolition, administrative expenses and other costs incurred in connection with the
16 foregoing capital improvements shall be deemed a part of the capital costs of such
17 Project. Such Project shall be complete with all necessary equipment, extensions
18 and appurtenances.
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20 The estimated cost of carrying out the Project, including the costs of
21 issuance and sale of the Bonds, is expected to be at least \$105,000,000, which cost
22 shall be paid from the proceeds of the Bonds and from other money available to the
23 City for such purpose.
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25 The Bonds of each series shall be designated as the "City of Tacoma,
26 Washington, Sewer Revenue Bonds, 2022" with such series or other designation as
set forth in applicable Sale Document and approved by a Designated



1 Representative. The Bonds of each series shall be dated as of their date of initial
2 delivery, shall be fully registered as to both principal and interest, shall be in the
3 denomination of \$5,000 each or any integral multiple thereof within a maturity, shall
4 be numbered separately in the manner and with any additional designation as the
5 Bond Registrar deems necessary for purposes of identification and control, and
6 shall bear interest payable on the dates set forth in the applicable Sale Document.
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8 The Bonds shall bear interest at the rates set forth in the applicable Sale Document;
9 and shall mature on the dates and in the principal amounts set forth in the
10 applicable Sale Document and as approved by a Designated Representative
11 pursuant to Section 19.
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13 The Bonds shall be special obligations of the City payable only from the
14 Bond Fund and shall be payable and secured as provided herein. The Bonds shall
15 not be general obligations of the City, the State or any political subdivision thereof.
16

17 Section 4. Registration, Exchange and Payments.

18 (a) Bond Registrar/Bond Register. The City hereby specifies and adopts
19 the system of registration approved by the Washington State Finance Committee
20 from time to time through the appointment of a state fiscal agent. The City shall
21 cause a Bond Register to be maintained by the Bond Registrar. So long as any
22 Bonds remain outstanding, the Bond Registrar shall make all necessary provisions
23 to permit the exchange or registration or transfer of Bonds at its designated office.
24 The Bond Registrar may be removed at any time at the option of the Finance
25 Director upon prior notice to the Bond Registrar and a successor Bond Registrar
26 appointed by the Finance Director. No resignation or removal of the Bond



1 Registrar shall be effective until a successor shall have been appointed and until
2 the successor Bond Registrar shall have accepted the duties of the Bond Registrar
3 hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate
4 and deliver Bonds transferred or exchanged in accordance with the provisions of
5 such Bonds and this ordinance and to carry out all of the Bond Registrar's powers
6 and duties under this ordinance. The Bond Registrar shall be responsible for its
7 representations contained in the Certificate of Authentication of the Bonds.
8

9 (b) Registered Ownership. The City and the Bond Registrar, each in its
10 discretion, may deem and treat the Registered Owner of each Bond as the absolute
11 owner thereof for all purposes (except as provided in the Continuing Disclosure
12 Certificate), and neither the City nor the Bond Registrar shall be affected by any
13 notice to the contrary. Payment of any such Bond shall be made only as described
14 in subsection (g) below, but such Bond may be transferred as herein provided. All
15 such payments made as described in subsection (g) below shall be valid and shall
16 satisfy and discharge the liability of the City upon such Bond to the extent of the
17 amount or amounts so paid.
18

19 (c) DTC Acceptance/Letters of Representations. The Bonds initially shall be
20 held in fully immobilized form by DTC acting as depository. The City has executed
21 and delivered to DTC the Letter of Representations. Neither the City nor the Bond
22 Registrar will have any responsibility or obligation to DTC participants or the
23 persons for whom they act as nominees (or any successor depository) with respect
24 to the Bonds in respect of the accuracy of any records maintained by DTC (or any
25 successor depository) or any DTC participant, the payment by DTC (or any
26



1 successor depository) or any DTC participant of any amount in respect of the
2 principal of or interest on Bonds, any notice which is permitted or required to be
3 given to Registered Owners under this ordinance (except such notices as shall be
4 required to be given by the City to the Bond Registrar or to DTC (or any successor
5 depository)), or any consent given or other action taken by DTC (or any successor
6 depository) as the Registered Owner. For so long as any Bonds are held in fully
7 immobilized form by a depository, DTC or its successor depository shall be deemed
8 to be the Registered Owner for all purposes hereunder, and all references herein to
9 the Registered Owners shall mean DTC (or any successor depository) or its
10 nominee and shall not mean the owners of any beneficial interest in such Bonds.
11
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13 (d) Use of Depository.

14 (1) The Bonds shall be registered initially in the name of
15 "Cede & Co.", as nominee of DTC, with one Bond of each series maturing on each
16 of the maturity dates for the Bonds in a denomination corresponding to the total
17 principal therein designated to mature on such date. Registered ownership of such
18 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any
19 successor of DTC or its nominee, provided that any such successor shall be
20 qualified under any applicable laws to provide the service proposed to be provided
21 by it; (B) to any substitute depository appointed by the Finance Director pursuant to
22 subsection (2) below or such substitute depository's successor; or (C) to any
23 person as provided in subsection (4) below.
24
25

26 (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



1 the Finance Director to discontinue the system of book entry transfers through
2 DTC or its successor (or any substitute depository or its successor), the Finance
3 Director may hereafter appoint a substitute depository. Any such substitute
4 depository shall be qualified under any applicable laws to provide the services
5 proposed to be provided by it.
6

7 (3) In the case of any transfer pursuant to clause (A) or (B) of
8 subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding
9 Bonds of a series, together with a written request on behalf of the Finance Director,
10 issue a single new Bond for each series and maturity then outstanding, registered
11 in the name of such successor or such substitute depository, or their nominees, as
12 the case may be, all as specified in such written request of the Finance Director.
13

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

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

21 (f) Bond Registrar's Ownership of Bonds. The Bond Registrar may become
22 the Registered Owner of any Bond with the same rights it would have if it were not
23 the Bond Registrar, and to the extent permitted by law, may act as depository for
24



1 and permit any of its officers or directors to act as a member of, or in any other
2 capacity with respect to, any committee formed to protect the right of the Registered
3 Owners of Bonds.

4 (g) Place and Medium of Payment. Both principal of and interest on the
5 Bonds shall be payable in lawful money of the United States of America. Interest
6 on the Bonds shall be calculated on the basis of a year of 360 days and twelve
7 30-day months. For so long as all Bonds are held by a depository, payments of
8 principal and interest thereon shall be made as provided in accordance with the
9 operational arrangements of DTC referred to in the Letter of Representations. In
10 the event that the Bonds are no longer held by a depository, interest on the Bonds
11 shall be paid by check or draft mailed to the Registered Owners at the addresses
12 for such Registered Owners appearing on the Bond Register on the Record Date,
13 or upon the written request of a Registered Owner of more than \$1,000,000 of
14 Bonds (received by the Bond Registrar by the Record Date), such payment shall be
15 made by the Bond Registrar by wire transfer to the account within the United States
16 designated by the Registered Owner. Principal of the Bonds shall be payable upon
17 presentation and surrender of such Bonds by the Registered Owners at the
18 designated office of the Bond Registrar.

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

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



1 (a) Mandatory Redemption of Term Bonds and Optional Redemption, if
2 any. The Bonds of each series shall be subject to mandatory redemption to the
3 extent, if any, set forth in the applicable Sale Document approved by a Designated
4 Representative pursuant to Section 19. The Bonds of each series shall be subject
5 to optional redemption on the dates, at the prices and under the terms set forth in
6 the applicable Sale Document approved by a Designated Representative pursuant
7 to Section 19.
8

9 (b) Purchase of Bonds. The City hereby reserves the right at any time and
10 at any price to purchase any of the Bonds from amounts in the Sewer Utility Fund
11 available for such purchase.
12

13 (c) Selection of Bonds for Redemption. For as long as the Bonds are held
14 in book-entry only form, the selection of particular Bonds within a series and
15 maturity to be redeemed shall be made in accordance with the operational
16 arrangements then in effect at DTC. If the Bonds are no longer held by a
17 depository, the selection of such Bonds to be redeemed and the surrender and
18 reissuance thereof, as applicable, shall be made as provided in the following
19 provisions of this subsection (c). If the City redeems at any one time fewer than
20 all of the Bonds of a series having the same maturity date, the particular Bonds or
21 portions of Bonds of such maturity to be redeemed shall be selected by lot (or in
22 such manner determined by the Bond Registrar) in increments of \$5,000. In the
23 case of a Bond of a denomination greater than \$5,000, the City and the Bond
24 Registrar shall treat each Bond as representing such number of separate Bonds
25 each of the denomination of \$5,000 as is obtained by dividing the actual principal
26



1 amount of Bonds by \$5,000. In the event that only a portion of the principal sum
2 of a Bond is redeemed, upon surrender of such Bond at the designated office of
3 the Bond Registrar there shall be issued to the Registered Owner, without charge
4 therefor, for the then unredeemed balance of the principal sum thereof, at the
5 option of the Registered Owner, a Bond or Bonds of like series, maturity and
6 interest rate in any of the denominations herein authorized. Notwithstanding the
7 foregoing, any Taxable Bonds shall be selected on a pro rata pass through
8 distribution of principal basis.
9

10 (d) Notice of Redemption.

11 (1) Official Notice. For so long as the Bonds are held by a
12 depository, notice of redemption shall be given in accordance with the operational
13 arrangements of DTC as then in effect, and neither the City nor the Bond Registrar
14 will provide any notice of redemption to any beneficial owners. The notice of
15 redemption may be conditional. Unless waived by any owner of Bonds to be
16 redeemed, official notice of any such redemption (which redemption may be
17 conditioned by the Bond Registrar on the receipt of sufficient funds for redemption
18 or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a
19 copy of an official redemption notice by first-class mail at least 20 days and not
20 more than 60 days prior to the date fixed for redemption to the Registered Owner of
21 the Bond or Bonds to be redeemed at the address shown on the Bond Register or
22 at such other address as is furnished in writing by such Registered Owner to the
23 Bond Registrar.
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All official notices of redemption shall be dated and shall state:



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

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

(E) any conditions to redemption, and

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

On or prior to any redemption date, unless any condition to such redemption
has not been satisfied or waived or the notice 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 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



1 Bonds for which the notice of optional redemption has been rescinded shall remain
2 outstanding.

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

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

8 (4) Amendment of Notice Provisions. The foregoing notice provisions of this
9 Section 5, including, but not limited to, the information to be included in redemption
10 notices and the persons designated to receive notices, may be amended by
11 additions, deletions and changes in order to maintain compliance with duly
12 promulgated regulations and recommendations regarding notices of redemption of
13 municipal securities.
14

15 Section 6. Form of Bonds and Certificate of Authentication.

16 The Bonds shall be in substantially the form set forth in Exhibit A, which is
17 incorporated herein by this reference, with appropriate or necessary insertions,
18 depending upon the omissions and variations as permitted or required hereby.
19

20 Section 7. Execution of Bonds.

21 The Bonds shall be executed on behalf of the City with the manual or
22 facsimile signatures of the Mayor and City Clerk of the City and the seal of the City
23 shall be impressed, imprinted or otherwise reproduced thereon.
24

25 Only such Bonds as shall bear thereon a Certificate of Authentication in the
26 form provided herein, manually executed by the Bond Registrar, shall be valid or
obligatory for any purpose or entitled to the benefits of this ordinance. Such



1 Certificate of Authentication shall be conclusive evidence that the Bonds so
2 authenticated have been duly executed, authenticated and delivered hereunder
3 and are entitled to the benefits of this ordinance.

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

14 Section 8. Application of Bond Proceeds.

15 A portion of the proceeds of the Bonds, net of any underwriter's discount and
16 fees and any amount to be used to satisfy the Reserve Fund Requirement for the
17 Bonds, if any, shall be deposited into a fund or account created by the Finance
18 Director (the "Project Fund"), and subaccounts therein as necessary, in the
19 amounts specified in the closing memorandum prepared in connection with the
20 issuance of the Bonds. Such proceeds shall be used to pay and/or reimburse the
21 City for the costs of the Project and to pay costs of issuance of the Bonds.

22 The Finance Director shall invest money in the Project Fund and the
23 subaccounts contained therein in Permitted Investments and which will mature prior
24



1 to the date on which such money shall be needed, but only to the extent that the
2 same are acquired, valued and disposed of at Fair Market Value. Upon completion
3 of the Project, Bond proceeds (including interest earnings thereon) may be used for
4 other capital projects of the System or shall be transferred to the Bond Fund.
5

6 Section 9. Sewer Utility Fund.

7 A special fund of the City has been created and designated the "Sewer Utility
8 Fund". The City covenants and agrees that so long as any of the Parity Bonds are
9 outstanding, it will pay or cause to be paid into the Sewer Utility Fund all Gross
10 Revenues exclusive of ULID Assessments and earnings on money and investments
11 in any construction fund, the Rate Stabilization Fund, the Bond Fund and any
12 rebate fund, which earnings may be retained in such funds or accounts or
13 transferred to other funds or accounts as permitted or required by this ordinance.
14

15 The amounts on deposit in the Sewer Utility Fund shall be used only for the
16 following purposes and in the following order of priority:
17

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

19 (b) To make all payments required to be made into the Interest Account in
20 the Bond Fund or to make any Payment under Payment Agreements that meet the
21 requirements to be on a parity of lien with the Parity Bonds in accordance with
22 Section 16.
23

24 (c) To make all payments required to be made into the Principal Account in
25 the Bond Fund and to make all payments into the Term Bond Retirement Account
26 in the Bond Fund.



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

(e) To make all payments required to be made into the Reserve Fund to secure the payment of any Covered Bonds, and into any other reserve fund created in the future for the payment of debt service on Parity Bonds.

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

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

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



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Section 10. Bond Fund.

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

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



1 Retirement Account; and third, into the Reserve Fund. The City may create
2 subaccounts within such funds and accounts for the purpose of paying the Bonds.

3 (1) Interest Account. In the case of all Parity Bonds, no later than the
4 day prior to the date on which an installment of interest is due on any Parity Bonds,
5 the City shall transfer from the Sewer Utility Fund to the Interest Account in the
6 Bond Fund an amount (together with other money as is on hand and available in
7 such Account) equal to the installment of interest then due on all outstanding Parity
8 Bonds.
9

10 (2) Principal Account and Term Bond Retirement Account. No later
11 than the day prior to the date upon which an installment of principal on Parity Bonds
12 that are Serial Bonds is due, the City shall transfer from the Sewer Utility Fund to
13 the Principal Account in the Bond Fund an amount (together with such other money
14 as is on hand and available in such Account) equal to the installment of principal
15 then due on all outstanding Parity Bonds that are Serial Bonds.
16
17

18 No later than the day prior to each Sinking Fund Requirement date, the City
19 will transfer from the Sewer Utility Fund to the Term Bond Retirement Account an
20 amount (together with such other money as is available and on hand in such
21 account) equal to the Sinking Fund Requirement for such date.
22

23 The City will apply all the money paid into the Term Bond Retirement
24 Account to the redemption or purchase of Term Bonds on the next ensuing Sinking
25 Fund Requirement due date (or may so apply such money prior to the Sinking Fund
26 Requirement due date). In addition to redeeming Term Bonds, the City may apply
the money paid into the Term Bond Retirement Account to retire Term Bonds by



1 purchasing such Term Bonds at a purchase price (including any brokerage charge)
2 that is not in excess of the principal amount thereof, in which event the principal of
3 such Term Bonds so purchased will be credited against the ensuing Sinking Fund
4 Requirement. If, as of any January 1, the principal amount of Term Bonds retired
5 by purchase or redemption exceeds the cumulative amount required to be
6 redeemed by Sinking Fund Requirement on or before such January 1, then the
7 excess may be credited against Sinking Fund Requirements in the manner
8 determined by the City at the time of the purchase or redemption. Any such
9 purchase of Term Bonds by the City may be made with or without tenders of such
10 Term Bonds in such manner as the City will deem, in its discretion, to be in its best
11 interest.
12
13

14 (3) Reserve Fund.

15 (A) A Reserve Fund has been created in the Bond Fund for the
16 purpose of securing the payment of the principal of and interest on the Covered
17 Bonds. The City may create separate reserve funds and establish separate
18 Reserve Fund Requirements, which may be zero to secure the payment of the
19 principal of and interest on other Parity Bonds. Any such Reserve Fund
20 Requirement and related provisions shall be as set forth in the Parity Bond
21 Ordinance relating to such Covered Bonds. The Bond shall not be issued as a
22 Covered Bond. The Reserve Fund Requirement for the Bond is zero.
23
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25 The City may, at any time, substitute Qualified Insurance or a Qualified
26 Letter of Credit for the money and investments in the Reserve Fund or may
substitute money and investments for Qualified Insurance or a Qualified Letter of



1 Credit in accordance with this subsection. The face amount of such Qualified
2 Insurance or Qualified Letter of Credit shall be at least equal to the amount of the
3 money or investments for which the Qualified Insurance or Qualified Letter of Credit
4 is substituted.

5
6 (B) Valuation of the amount in the Reserve Fund and all
7 subaccounts therein shall be made by the City on each December 31 and may be
8 made on any other date. Such valuation shall be at the market value of the
9 obligations in such fund and such subaccounts (including accrued interest);
10 provided, that investments which mature within one year shall be valued at their
11 maturity value.
12

13 (C) In the event of the issuance of any Future Parity Bonds
14 that are Covered Bonds, the Parity Bond Ordinance authorizing the issuance of
15 such Future Parity Bonds shall provide for approximately equal monthly payments
16 into the Reserve Fund from the money in the Sewer Utility Fund, in such amounts
17 and at such times so that by no later than five years from the date of issuance of
18 such Future Parity Bonds or by the final maturity established for such series of
19 Future Parity Bonds, whichever occurs first, there will be credited to the Reserve
20 Fund an amount equal to the Reserve Fund Requirement. Notwithstanding the
21 foregoing provisions of this subparagraph (C), the proceedings authorizing the
22 issuance of Future Parity Bonds that are Covered Bonds, to the extent permitted
23 under the Code, may provide for payments into the Reserve Fund from the
24 proceeds of such Future Parity Bonds or from any other money lawfully available
25 therefor, or may provide for the City to obtain Qualified Insurance or a Qualified
26



1 Letter of Credit for amounts required by subparagraph (E) of this section or parallel
2 provisions in other Parity Bond Ordinances to be paid out of the Reserve Fund.
3 The face amount of any such Qualified Insurance or Qualified Letter of Credit may
4 be credited against the amounts required to be maintained in the Reserve Fund by
5 this section or parallel provisions in other Parity Bond Ordinances to the extent that
6 such payments and credits to be made are insured by an insurance company or
7 guaranteed by a letter of credit from a financial institution.
8

9 On receipt of a notice of cancellation of any Qualified Letter of Credit or
10 Qualified Insurance or upon notice that the entity providing the Qualified Letter of
11 Credit or Qualified Insurance no longer meets the requirements specified herein,
12 the City shall substitute a Qualified Letter of Credit or Qualified Insurance in the
13 amount required to make up the deficiency created in the Reserve Fund or in the
14 alternative shall create a special account in the Sewer Utility Fund and deposit
15 therein, on or before the 25th day of each of the 36 succeeding calendar months
16 (commencing with the 25th day of the calendar month next following the date of the
17 notice) one thirty-sixth of the amount sufficient, together with other money and
18 investments on deposit in the Reserve Fund, to equal the Reserve Fund
19 Requirement in effect as of the date the cancellation or disqualification of the entity
20 becomes effective. Those amounts shall be deposited in the special account from
21 money in the Sewer Utility Fund after making provision for payment of Costs of
22 Maintenance and Operation and for required payments into the Bond Fund.
23
24 Amounts on deposit in that special account shall not be available to pay debt
25 service on Covered Bonds or for any other purpose of the City, and shall be
26



1 transferred to the Reserve Fund on the effective date of any cancellation of a
2 Qualified Letter of Credit or Qualified Insurance to make up all or part of the
3 deficiency caused thereby. Amounts in that special account or in the Reserve Fund
4 may be transferred to the Sewer Utility Fund and used for any purpose if and when
5 a qualifying Qualified Letter of Credit or Qualified Insurance is obtained.
6

7 (D) If at any time the money and value of Permitted
8 Investments in the Reserve Fund shall exceed the amount of money and value of
9 Permitted Investments then required to be maintained therein, such excess may be
10 transferred to the Sewer Utility Fund.
11

12 (E) In the event that there shall be a deficiency in the Interest
13 Account, Principal Account or Term Bond Retirement Account in the Bond Fund
14 with respect to Covered Bonds, the City shall promptly make up such deficiency
15 from the Reserve Fund by the withdrawal of cash therefrom for that purpose and by
16 the sale or redemption of obligations held in the Reserve Fund, if necessary, in
17 such amounts as will provide cash in the Reserve Fund sufficient to make up any
18 such deficiency, and if a deficiency still exists immediately prior to a Payment Date
19 and after the withdrawal of cash, the City shall then draw from any Qualified Letter
20 of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount
21 to make up the deficiency. Such draw shall be made at such times and under such
22 circumstances as the agreement for such Qualified Letter of Credit or Qualified
23 Insurance shall provide. The City covenants and agrees that any deficiency
24 created in the Reserve Fund by reason of any withdrawal therefrom for payment
25 into the Interest Account, Principal Account or Term Bond Retirement Account shall
26



1 be made up from money in the Sewer Utility Fund first available after providing for
2 the required payments into such Interest, Principal and Term Bond Retirement
3 Accounts and after providing for payments under a reimbursement agreement
4 entered into by the City under Section 18; provided, any such deficiency shall be
5 made up within 12 months of such deficiency.
6

7 (F) When a series of Covered Bonds is refunded in whole or in
8 part, money may be withdrawn from the Reserve Fund to pay or provide for the
9 payment of refunded Covered Bonds; provided that immediately after such
10 withdrawal there shall remain in or be credited to the Reserve Fund money and
11 Permitted Investments in an amount equal to the Reserve Fund Requirement or so
12 much thereof as is then required to be maintained.
13

14 (b) In making the payments and credits to the Principal Account, Interest
15 Account, Term Bond Retirement Account and Reserve Fund required by this
16 Section 10 and parallel provisions in other Parity Bond Ordinances, to the extent
17 that such payments are made from bond proceeds, from money in any Capitalized
18 Interest account, or from other money that may legally be available, such payments
19 are not required to be made from the Sewer Utility Fund.
20

21 (c) Money in the Bond Fund shall be transmitted to the Bond Registrar in
22 amounts sufficient to meet the maturing installments of principal of, premium, if any,
23 and interest on all Parity Bonds when due. All money remaining in the Bond Fund
24 after provision for the payment in full of the principal of, premium, if any, and
25 interest on all Parity Bonds shall be returned to the Sewer Utility Fund.
26



1 Subject to the foregoing sentence, the Bond Fund shall be drawn upon solely
2 for the purpose of paying the principal of, premium, if any, and interest on Parity
3 Bonds. Money set aside from time to time with the Bond Registrar for such
4 payment shall be held in trust for the owners of Parity Bonds in respect of which the
5 same shall have been so set aside. Until so set aside, and except as otherwise
6 provided herein, all money in the Bond Fund shall be held in trust for the benefit of
7 the owners of all Parity Bonds at the time outstanding equally and ratably.
8

9 (d) Money in the Bond Fund may, at the option of the City, be invested and
10 reinvested as permitted by law in Permitted Investments maturing, or which are
11 redeemable at the option of the owner, prior to the date needed or prior to the
12 maturity date of the final installment of principal of the Parity Bonds payable out of
13 the Bond Fund, but only to the extent that the same are acquired, valued and
14 disposed of at Fair Market Value. At the City's option, earnings on investments in
15 the Bond Fund may be retained in the Bond Fund or transferred to the Sewer Utility
16 Fund, except that earnings on investments in the Reserve Fund shall first be
17 applied to remedy any deficiency in such fund.
18

19 (e) Money in each of the subaccounts and funds established in this
20 Section 10 may be used, if necessary, to pay Rebate Amounts to the extent that
21 such Rebate Amounts are directly attributable to earnings on such subaccount.
22

23 Section 11. Rate Stabilization Fund.
24

25 A special fund of the City designated the "Rate Stabilization Fund" has been
26 established by the City in the Sewer Utility Fund. In accordance with the priorities
set forth in this ordinance, the City may from time to time deposit Net Revenues into



1 the Rate Stabilization Fund and may from time to time withdraw amounts therefrom
2 to enhance rate stability or for other lawful purposes of the City related to the
3 System.

4 Section 12. Security for Parity Bonds.

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

17 All Parity Bonds hereafter outstanding shall be equally and ratably payable
18 and secured hereunder without priority by reason of date of adoption of the
19 ordinance providing for their issuance or by reason of their number or date of sale,
20 issuance, execution or delivery, or by the liens, pledges, charges, trusts,
21 assignments and covenants made herein, except as otherwise expressly provided
22 or permitted in this ordinance and except as to insurance which may be obtained by
23 the City to insure the repayment of one or more series or maturities within a series.
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Parity Bonds shall not in any manner or to any extent constitute general obligations of the City or of the State, or any political subdivision of the State, or a charge upon any general fund or upon any money or other property of the City or of the State, or of any political subdivision of the State, not specifically pledged thereto by this ordinance.

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

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

Section 14. Defeasance.

In the event that the City, to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be



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

5
6 The City shall give written notice of defeasance in accordance with the
7 Continuing Disclosure Certificate.

8 Section 15. Covenants.

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

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

19 (b) Rate Covenant – Coverage. The City shall establish, maintain and
20 collect rates or charges in connection with the ownership and operation of the
21 System sufficient to provide Net Revenues in any calendar year hereafter in an
22 amount equal to at least 1.25 times the Adjusted Annual Debt Service.

23
24 Solely for purposes of calculating the coverage requirement set forth above,
25 there shall be added to Gross Revenues in any Fiscal Year any amount withdrawn
26



1 from the Rate Stabilization Fund in such Fiscal Year and deposited in the Sewer
2 Utility Fund, and there shall be subtracted from Gross Revenues in any Fiscal Year
3 any amount withdrawn from the Sewer Utility Fund in such Fiscal Year and
4 deposited in the Rate Stabilization Fund. Credits to or from the Rate Stabilization
5 Fund that occur within 90 days after the end of a Fiscal Year may be treated as
6 occurring within such Fiscal Year.

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

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

25 (d) Disposal of Properties. The City shall not sell, mortgage, lease or
26 otherwise dispose of the properties constituting the System except as provided by
law and subject to such additional restrictions as are provided in this section and as



1 may be provided in a reimbursement agreement with respect to Qualified Insurance
2 or a Qualified Letter of Credit, as follows:

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

8 (2) Except as provided in paragraph (3) below, the City will not sell,
9 mortgage, lease or otherwise dispose of any part of the System in excess of
10 five percent of the book value of the net utility plant of the System unless provision
11 is made for the payment, redemption or other retirement of a principal amount of
12 Parity Bonds equal to the greater of the following amounts:
13

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

22 (B) An amount that will be in the same proportion to the net
23 Bond Obligation of Parity Bonds then outstanding that the book value of the part of
24 the System sold or disposed of bears to the book value of the entire System
25 immediately prior to such sale or disposition.
26



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

5
6 (4) The proceeds of the sale, lease or disposal of any part of the
7 System shall be deposited in the Sewer Utility Fund.

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

14
15 (e) No Free Service. Except as permitted by law for the support of the poor
16 and infirm and otherwise permitted by law in an amount per year not exceeding
17 1/10 of 1 percent of annual Costs of Maintenance and Operation, the City will not
18 furnish sanitary and storm sewage collection and disposal service to any customer
19 whatsoever free of charge.

20
21 (f) Books and Accounts – Operating Statement. The City shall keep and
22 maintain proper books and accounts with respect to the operations, income and
23 expenditures of the System that are in accordance with proper and legal
24 accounting procedures. On or before 120 days after each Fiscal Year of the City's
25 operation of the System, it will prepare or cause to be prepared an operating
26 statement of the System for such preceding Fiscal Year. Each such statement



1 shall contain a statement in detail of the Gross Revenues, Costs of Maintenance
2 and Operation, and expenses for capital purposes of the System for such Fiscal
3 Year, shall contain a statement as of the end of such year showing the status of all
4 the funds and accounts created by the various ordinances pertaining to the
5 operation of the System and authorizing the issuance of outstanding bonds
6 payable from the revenue of the System, and shall contain a statement of the
7 number of sanitary and storm sewage collection and disposal customers per class
8 of customer at the end of such year. Copies of such statement shall be placed on
9 file in the office of the Department of Finance and shall be open to inspection at
10 any reasonable time by any owner of the Bonds or of any other outstanding bonds
11 of the City payable out of the Gross Revenues. Upon the request of any owner of
12 Parity Bonds, the City shall provide a copy of such statement to such owner. All
13 expenses incurred in the maintenance of such books and accounts and the
14 preparation of such statement may be regarded and paid as an expense of
15 operation of the System.
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19 (g) Insurance. The City will keep the System insured, and will carry such
20 other insurance, with responsible insurers, with policies payable to the City, against
21 risks, accidents or casualties, at least to the extent that insurance is usually carried
22 by municipal corporations operating like properties; provided, however, that the City
23 may, if deemed necessary and advisable by the Council, institute or continue a
24 self-insurance program with respect to any or all of the aforementioned risks. In the
25 event of any loss or damage, the City will promptly deposit the insurance proceeds
26 into any construction fund hereafter created for the System, and use such funds to



1 repair or replace the damaged portion of the insured property and apply the
2 proceeds of any insurance policy or self-insurance funding for that purpose; or in
3 the event the City should determine not to repair or reconstruct such damaged
4 portion of the properties of the City, the proceeds of such insurance or self-
5 insurance funding shall be transferred to the Reserve Fund to the extent that such
6 transfer shall be necessary to make up any deficiency in the Reserve Fund and the
7 balance, if any, shall, at the option of the City, be used for repairs, renewals,
8 replacements, or additions to or extension of the System or be used in the
9 retirement of Parity Bonds prior to maturity, either by purchase at prices not to
10 exceed the next applicable redemption price or by call for redemption.
11
12

13 (h) Junior Lien Bonds. In the event the City issues revenue bonds or other
14 revenue obligations having a lien upon the Gross Revenues junior and inferior to
15 the lien on the Parity Bonds, the City covenants that a default on such junior lien
16 bonds will not constitute a default on the Parity Bonds and that the City will not
17 permit an acceleration of such junior lien bonds in the event of a default on such
18 bonds.
19

20 (i) Tax Covenants. The City will take all actions necessary to assure the
21 exclusion of interest on any Tax-Exempt Bonds from the gross income of the
22 owners of such Tax-Exempt Bonds to the same extent as such interest is permitted
23 to be excluded from gross income under the Code as in effect on the date of
24 issuance of such Tax-Exempt Bonds, including but not limited to the following:
25

26 (1) 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



1 Bonds to satisfy the private business tests of Section 141(b) of the Code or the
2 private loan financing test of Section 141(c) of the Code.

3 (2) Limitations on Disposition of Project. The City will not sell or
4 otherwise transfer or dispose of (i) any personal property components of the Project
5 other than in the ordinary course of an established government program under
6 Treasury Regulation § 1.141 2(d)(4) or (ii) any real property components of the
7 Project, unless it has received an opinion of Bond Counsel to the effect that such
8 disposition will not adversely affect the treatment of interest on the Tax-Exempt
9 Bonds as excludable from gross income for federal income tax purposes.
10

11 (3) Federal Guarantee Prohibition. The City will not take any action
12 or permit or suffer any action to be taken if the result of such action would be to
13 cause any of the Tax-Exempt Bonds to be “federally guaranteed” within the
14 meaning of Section 149(b) of the Code.
15

16 (4) Rebate Requirement. The City will take any and all actions
17 necessary to assure compliance with Section 148(f) of the Code, relating to the
18 rebate of excess investment earnings, if any, to the federal government, to the
19 extent that such section is applicable to the Tax-Exempt Bonds.
20

21 (5) No Arbitrage. The City will not take, or permit or suffer to be
22 taken, any action with respect to the proceeds of the Tax-Exempt Bonds which, if
23 such action had been reasonably expected to have been taken, or had been
24 deliberately and intentionally taken, on the date of issuance of the Tax-Exempt
25 Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds” within the
26 meaning of Section 148 of the Code.



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

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

(8) Compliance with Federal Tax Certificate. The City will comply with the provisions of the Federal Tax Certificate with respect to a series of 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.

Section 16. Parity Derivative Products.

For purposes of this Section 16, the following words shall have the following definitions:

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



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

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

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

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

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

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



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

5
6 A Payment made under a Payment Agreement may be on a parity with the
7 Bonds if the Payment Agreement satisfies the requirements for Future Parity Bonds
8 described in Section 17, taking into consideration regularly scheduled Payments
9 and Receipts (if any) under a Payment Agreement. The following shall be
10 conditions precedent to the use of any Payment Agreement on a parity with the
11 Bonds:
12

13 (1) The City shall obtain an opinion of Bond Counsel on the due
14 authorization and execution of such Payment Agreement, the validity and
15 enforceability thereof and opining that the action proposed to be taken is authorized
16 or permitted by this ordinance or the applicable provisions of any supplemental
17 ordinance and will not adversely affect the excludability for federal income tax
18 purposes of the interest on any outstanding Parity Bonds.
19

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

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

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

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

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

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

Section 17. Future Parity Bonds.

(a) The City reserves the right to issue Future Parity Bonds from time to time as may be required for any lawful purpose of the City relating to the System,



1 including but not limited to, acquiring, constructing and installing additions and
2 improvements to and extensions of, acquiring necessary equipment for, or making
3 necessary renewals, replacements or repairs and capital improvements to the
4 System and refunding any outstanding indebtedness.

5
6 (b) The City covenants that Future Parity Bonds shall be issued only upon
7 compliance with the following conditions:

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

10 (2) With respect to Covered Bonds, the ordinances authorizing the
11 issuance of the Future Parity Bonds shall require that there shall be paid into the
12 Reserve Fund in the Bond Fund (A) from the proceeds of such Future Parity Bonds
13 an amount such that the amount on deposit in the Reserve Fund, allowing for any
14 amount covenanted in an ordinance authorizing the issuance of outstanding Parity
15 Bonds to be paid into such Fund over five years, is equal to the Reserve Fund
16 Requirement, or (B) from the Sewer Utility Fund in approximately equal monthly
17 payments, such amounts and at such times so that by no later than five years from
18 the date of issuance of such Future Parity Bonds or by the final maturity established
19 for such series of Future Parity Bonds, whichever occurs first, there will be credited
20 to the Reserve Fund an amount equal to the Reserve Fund Requirement. Upon the
21 issuance of any series of Future Parity Bonds, the City shall recalculate the
22 Reserve Fund Requirement, which recalculated Reserve Fund Requirement shall
23 become effective as of such date of recalculation.
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(3) If such Future Parity Bonds are being issued to pay costs incurred or to be incurred for purposes other than refunding purposes as described in subsection 17(c), there shall be on file with the City Clerk either:

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

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

The "Adjusted Net Revenues" shall be the Net Revenues for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds (the "Base Period") as adjusted by such Engineer or Certified Public Accountant to take into consideration changes in



1 Net Revenues estimated to occur under the following conditions for each year after
2 such delivery for so long as any Parity Bonds, including the Future Parity Bonds
3 proposed to be issued, shall be outstanding:

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

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

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

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

19 (5) ninety percent of the additional Net Revenues estimated by
20 such Engineer or Certified Public Accountant to be derived from the new customers
21 that will be added to the System in the first 12 months after the completion of the
22 construction of the improvements to be made thereto or from acquisitions out of the
23 proceeds of the sale of such Future Parity Bonds.
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1 Such Certified Public Accountant or Engineer may rely upon, and the
2 Certified Public Accountant or Engineer's certificate shall have attached thereto,
3 financial statements of the System, certified by the Finance Director, showing
4 income and expenses for the period upon which the same is based.
5

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

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

22 (e) Future Parity Bonds shall not be subject to acceleration under any
23 circumstances, including, without limitation, upon the occurrence and continuance
24 of an event of default. This prohibition against acceleration shall not be deemed to
25 prohibit mandatory tender or other tender provisions with respect to variable rate
26 obligations.



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Section 18. Reimbursement Obligations.

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

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

Section 19. Sale of Bonds.

(a) Bond Sale. The Council has determined that it would be in the best interest of the City to delegate to each Designated Representative for a limited time the authority to determine whether the Bonds shall be issued in one or more series, the method of sale of each series, whether a series shall be designated as Taxable Bonds or Tax-Exempt Bonds, and to approve the final interest rates, maturity dates, redemption terms, principal maturities and other terms for each



1 series of Bonds. Bonds may be issued pursuant to this ordinance at one time or
2 from time to time as provided herein. Each Designated Representative is hereby
3 authorized to approve the issuance, from time to time, of one or more series of
4 Bonds and to determine whether the Bonds of such series shall be sold through a
5 competitive public sale or a negotiated sale, designated as Taxable Bonds or Tax-
6 Exempt Bonds, and to approve the final terms of the Bonds, as set forth below.
7

8 If a Designated Representative determines that the Bonds of a series are to
9 be sold by negotiated public sale, a Designated Representative shall select one or
10 more Underwriters who the Designated Representative believes is in the best
11 interest of the City. Such Bonds shall be sold to the Underwriter pursuant to the
12 terms of a Bond Purchase Contract.
13

14 If a Designated Representative determines that the Bonds of a series are to
15 be sold at a competitive public sale, a Designated Representative shall: (1)
16 establish the date of the public sale; (2) establish the criteria by which the
17 successful bidder will be determined; (3) request that a good faith deposit in an
18 amount not less than one percent of the principal amount of the offering
19 accompany each bid; (4) cause notice of the public sale to be given; and (5)
20 provide for such other matters pertaining to the public sale as such individual
21 deems necessary or desirable. The Designated Representative shall cause the
22 notice of sale to be given and provide for such other matters pertaining to the
23 public sale as such individual deems necessary or desirable. Such Bonds shall be
24 sold to the Underwriter pursuant to the terms of a Certificate of Award.
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Subject to the terms and conditions set forth in this Section 19, each Designated Representative is hereby authorized to approve the method of sale and the sale of the Bonds in accordance with the authority granted by this section so long as:

(1) the aggregate principal amount (face amount) of all Bonds issued pursuant to this ordinance does not exceed \$105,000,000,

(2) the final maturity date for each series of Bonds is no later than December 1, 2052,

(3) the Bonds of each series are sold (in the aggregate) at a price not less than 98 percent,

(4) the true interest cost for each series of Bonds (in the aggregate) does not exceed 5.00 percent, and

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

Subject to the terms and conditions set forth in this section, each Designated Representative is hereby authorized to execute one or more applicable Sale Document. Each Sale Document shall be dated the date of sale of the Bonds. The signature of one Designated Representative shall be sufficient to bind the City.

Following the execution of a Sale Document, a Designated Representative shall provide a report to the City Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representatives by this Section 19 shall expire 180 days after the effective date of this ordinance. If a Sale Document for the Bonds has not been executed within 180 days after the effective date of this ordinance, the



1 authorization for the issuance of the Bonds shall be rescinded and the Bonds shall
2 not be issued nor their sale approved unless such Bonds shall have been
3 reauthorized by ordinance of the City Council. The ordinance reauthorizing the
4 issuance and sale of such Bonds may be in the form of a new ordinance repealing
5 this ordinance in whole or in part or may be in the form of an amendatory
6 ordinance approving a sale document or establishing terms and conditions for the
7 authority delegated under this Section 19.
8

9 (b) Delivery of Bonds; Documentation. Upon the passage and approval of
10 this ordinance, the proper officials of the City, including the Finance Director,
11 Treasurer, City Clerk, City Attorney, and City Manager, are authorized and directed
12 to undertake all action necessary for the prompt execution and delivery of the
13 Bonds to the Underwriter and further to execute all closing certificates and
14 documents required to effect the closing and delivery of the Bonds, in accordance
15 with the terms of this ordinance and the Sale Document.
16
17

18 Section 20. Approval of Official Statement.

19 The Finance Director is hereby authorized to approve and to deem final the
20 preliminary Official Statement relating to the Bonds for the purposes of the Rule.
21 The Finance Director is further authorized to approve for purposes of the Rule, on
22 behalf of the City, the final Official Statement relating to the issuance and sale of
23 the Bonds and the distribution of the final Official Statement pursuant thereto with
24 such changes, if any, as may be deemed by such officer to be appropriate.
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Section 21. Supplemental Ordinances.

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

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

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

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

(b) With the consent of the owners of not less than 51 percent in aggregate Bond Obligations of the Parity Bonds at the time outstanding, the City may pass an



1 ordinance or ordinances supplemental hereto for the purpose of adding any
2 provisions to or changing in any manner or eliminating any of the provisions of this
3 ordinance or of any supplemental ordinance; provided, however, that no such
4 supplemental ordinance shall:

5
6 (1) Extend the fixed maturity of any Parity Bonds, or reduce the rate
7 of interest thereon, or extend the times of payment of interest thereon from their
8 due dates, or reduce the amount of the principal thereof, or reduce any premium
9 payable on the redemption thereof, without the consent of the owner of each bond
10 so affected; or

11
12 (2) Reduce the aforesaid percentage of bondowners required to
13 approve any such supplemental ordinance, without the consent of the owners of all
14 of the Parity Bonds then outstanding.

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

19
20 (c) Upon the passage of any supplemental ordinance pursuant to the
21 provisions of this section, this ordinance shall be deemed to be modified and
22 amended in accordance therewith, and the respective rights, duties and obligations
23 of the City under this ordinance and of all owners of Bonds outstanding hereunder
24 shall thereafter be determined, exercised and enforced thereunder, subject in all
25 respects to such modification and amendments, and all the terms and conditions of
26



1 any such supplemental ordinance shall be deemed to be part of the terms and
2 conditions of this ordinance for any and all purposes.

3 Section 22. Bond Insurance.

4 Each Designated Representative is hereby further authorized to solicit
5 proposals from municipal bond insurance companies for the issuance of a bond
6 insurance policy. In the event that the City receives multiple proposals in response
7 to a solicitation, a Designated Representative may select the proposal having the
8 lowest cost and resulting in an overall lower interest cost with respect to the Bonds
9 to be insured. Alternatively, in the case of a competitive sale, bidders may elect to
10 insure all or a portion of the Bonds at the bidders' risk and expense.
11
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13 In the event that all or a portion of the Bonds are to be insured, a Designated
14 Representative may execute a commitment received from the insurer. The Council
15 further authorizes all proper officers, agents, attorneys and employees of the City to
16 cooperate with the insurer in preparing such additional agreements, certificates,
17 and other documentation on behalf of the City as shall be necessary or advisable in
18 providing for the bond insurance policy.
19

20 Section 23. Ongoing Disclosure.

21 The City covenants to execute and deliver at the time of Closing of each
22 series Bonds a Continuing Disclosure Certificate. Each Designated Representative
23 is hereby authorized to execute and deliver a Continuing Disclosure Certificate
24 upon the issuance, delivery and sale of the Bonds with such terms and provisions
25 as such officer shall deem appropriate and in the best interests of the City.
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 Section 24. Lost or Destroyed Bonds.



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

Section 25. Severability.

If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.



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Section 26. Effective Date.

This ordinance shall take effect and be in force ten (10) days after its passage, approval, and publication as required by law.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form and legality:

Pacifica Law Group LLP
Bond Counsel to the City of Tacoma

By _____

EXHIBIT A
Form of Bond

[DTC Language]

UNITED STATES OF AMERICA

No. _____ \$ _____

STATE OF WASHINGTON
CITY OF TACOMA, WASHINGTON
SEWER REVENUE BOND, 2022 [_____]

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

The City of Tacoma, Washington, a municipal corporation of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from _____, 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 _____ 1, 20__, and semiannually thereafter on the first days of _____ 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.

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest, date of maturity and rights of redemption, in the aggregate principal amount of \$_____, and is issued pursuant to Ordinance No. _____ passed by the Council on February 22, 2022 (the "Bond Ordinance") to provide the funds necessary to finance and/or reimburse the City for costs of capital improvements to the System and to pay costs of issuance. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Ordinance.

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



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

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

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

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

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

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



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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 _____, 2022.

[SEAL]

CITY OF TACOMA, WASHINGTON

By _____ /s/ manual or facsimile
Mayor

ATTEST:

_____/s/ manual or facsimile
City Clerk

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

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Sewer Revenue Bonds, 2022 of the City of Tacoma, Washington, dated _____, 2022.

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By _____

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

4 1. That the attached Ordinance No. ____ (herein called the “Ordinance”) is a
5 true and correct copy of an Ordinance of the Council, as finally passed at a regular
6 meeting of the Council held on the 22nd day of February, 2022, and duly recorded
7 in my office.

8 2. That said meeting was duly convened and held in all respects in
9 accordance with law, including but not limited to Washington State Governor
10 Inslee’s emergency proclamation No. 20-28 issued on March 24, 2020, as
11 amended and supplemented, temporarily suspending portions of the Open Public
12 Meetings Act (chapter 42.30 RCW), and due and proper notice of such meeting
13 was given; that a legal quorum was present throughout the meeting and a legally
14 sufficient number of members of the Council voted in the proper manner for the
15 passage of said Ordinance; that all other requirements and proceedings incident to
16 the proper passage of said Ordinance have been fully fulfilled, carried out and
17 otherwise observed; and that I am authorized to execute this certificate.

18 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the
19 official seal of the City as of this 22nd day of February 2022.

20 _____
21 City Clerk
22 City of Tacoma, Washington
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