



## ORDINANCE NO. 28774

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

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

19 WHEREAS the Senior Bond Ordinance permits the City to issue obligations  
20 that are junior and subordinate to the payment of the Senior Bonds and that are  
21 payable out of Revenues of the Electric System, after payment of Operating  
22 Expenses, only after the prior payment of all amounts required to be paid or set  
23 aside under the Senior Bond Ordinance for the Senior Bonds, as the same shall  
24 become due at the times, in the manner and subject to the conditions set forth in  
25 the Senior Bond Ordinance, and  
26



1           WHEREAS, on April 21, 2015, the City Council passed Ordinance No. 28295  
2 (as amended, the "Master Subordinate Ordinance") to authorize a new issue of  
3 revenue bonds of the City, junior and subordinate to the Senior Bonds, to be known  
4 as the City of Tacoma Electric System Subordinate Revenue Bonds ("Subordinate  
5 Bonds") in one or more series to finance costs of the Electric System, and  
6

7           WHEREAS, pursuant to the Master Subordinate Ordinance and Ordinance  
8 No. 28296, passed by the City Council on April 21, 2015, as amended (the "First  
9 Supplemental Ordinance"), the City, acting through its Department of Public Utilities,  
10 Light Division (d.b.a. "Tacoma Power"), issued its Electric System Subordinate  
11 Revenue Note, Series 2015A to evidence a revolving line of credit in the principal  
12 amount of not to exceed \$150,000,000 outstanding at any time to finance and  
13 refinance capital improvements to the Electric System (the "2015A Note"), and  
14

15           WHEREAS Tacoma Power expects to redeem the 2015A Note prior to its  
16 stated maturity of December 1, 2021, with proceeds of Senior Bonds, and after  
17 such date of redemption the 2015A Note will no longer available to Tacoma Power  
18 for advances, and  
19

20           WHEREAS it is deemed necessary and advisable to acquire and construct  
21 certain additions and betterments to and extensions of the Electric System, and  
22

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



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

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

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

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

BE IT ORDAINED BY THE CITY OF TACOMA:



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

ARTICLE I

DEFINITIONS

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

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

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

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

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the 2021 Note or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the 2021 Note, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.



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

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

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

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

19 "Interest Rate" means the variable rate of interest on the 2021 Note as  
20 approved by a Designated Representative and set forth in the 2021 Note and in  
21 the Note Purchase Agreement.

22  
23  
24  
25  
26



1 "Maturity Date" means the date specified in the 2021 Note and in the Note  
2 Purchase Agreement, which shall be no later than three years from the date of  
3 issuance of the 2021 Note.

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

7 "Note Purchase Agreement" means the note purchase agreement or other  
8 agreement between the City and the Purchaser and approved by a Designated  
9 Representative pursuant to this Supplemental Ordinance, as it may be  
10 supplemented and amended.  
11  
12

13 "Plan of Additions" means the system or plan of additions to and betterments  
14 and extensions of the Electric System described in Section 2.4, as such Plan may  
15 be amended, supplemented or revised from time to time consistent with the City's  
16 Electric System Comprehensive Plan.  
17

18 "Purchaser" means Wells Fargo Bank, National Association, or its affiliate,  
19 and its successors and assigns.

20 "Rule" means the Securities and Exchange Commission's Rule 15c2-12  
21 under the Securities Exchange Act of 1934, as the same may be amended from  
22 time to time.  
23

24 "State" means the State of Washington.

25 "Tacoma Power Rates, Planning, and Analysis Manager" means the duly  
26 appointed and acting Rates, Planning and Analysis Manager, Department of Public



1 Utilities, Light Division, including anyone acting in an interim or other capacity for  
2 the position, or the successor to the duties of that office.

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

8 "2021 Note" means the City of Tacoma Electric System Subordinate  
9 Revenue Note, Series 2021, authorized to be issued under the Master Subordinate  
10 Ordinance and this Supplemental Ordinance, as supplemented and amended.

12 "2021 Note Proceeds" means proceeds of the sale of the 2021 Note.

13 "2021 Note Projects" means the facilities and projects to be financed or  
14 refinanced in whole or in part from 2021 Note Proceeds, as provided in Section 2.4.

## 15 ARTICLE II

### 16 PARITY AND OTHER FINDINGS

17  
18 Section 2.1. Findings. Pursuant to the terms of the Master Subordinate  
19 Ordinance, the City has authorized a subordinate lien revenue bond borrowing  
20 program, which authorizes the City to issue, from time to time, one or more series  
21 of Subordinate Bonds to finance costs of the Electric System. Due to increasing  
22 capital and operating costs, anticipated fluctuations in Revenues of the Electric  
23 System, and other economic conditions, Tacoma Power has determined that it is  
24 necessary and advisable to obtain a general credit facility in the form of a  
25 drawdown revolving line of credit to finance capital costs of the Electric System and  
26 help maintain the financial stability of the Electric System. The use of short-term



1 debt agreements to maintain financial stability is consistent with Tacoma Power  
2 financial policies and planning, as is the use of short-term debt to finance capital  
3 costs. A general credit facility will assist Tacoma Power in maintaining financial  
4 stability which will help support the current and future needs of the Electric System.  
5  
6 City Council approval is necessary prior to the issuance of debt under the Tacoma  
7 City Charter and State law.

8         The City Council hereby finds (1) it is in the best interest of Tacoma Power  
9 and its ratepayers that it issue a short-term note as a Subordinate Bond under the  
10 Master Subordinate Ordinance to provide funding for Tacoma Power for its capital  
11 projects; (2) Tacoma Power has or expects to receive a proposal from the  
12 Purchaser to purchase the 2021 Note; and (3) the 2021 Note and the Note  
13 Purchase Agreement authorized herein will be issued without further City Council  
14 approval only if the parameters provided for herein are satisfied.  
15

16         Section 2.2. In connection with the issuance of the 2021 Note, the City  
17 hereby makes the following findings:  
18

19         A. There is, and as of the date of the issuance of the 2021 Note there will  
20 be, no deficiency in the Bond Fund, and no Event of Default, as defined in the  
21 Master Subordinate Ordinance, has occurred or shall have occurred and be  
22 continuing.  
23

24         B. This Supplemental Ordinance provides that the payment of the principal  
25 of and interest on the 2021 Note shall be paid out of the Bond Fund and subject to  
26 the terms of the Master Subordinate Ordinance and the Note Purchase Agreement.





1 C. On the effective date of the 2021 Note, there will be on file with the City a  
2 certificate satisfying the conditions set forth in Section 6.1 of the Master  
3 Subordinate Ordinance.

4 Section 2.3. Findings Related to Revenues of the Electric System. The City  
5 hereby finds and determines that the Revenues of the Electric System at the rates  
6 to be charged for power and other services and commodities from the Electric  
7 System will be more than sufficient to meet all Operating Expenses, to make all  
8 required payments with respect to the Senior Bonds, the outstanding Subordinate  
9 Bonds and the 2021 Note, and to permit the setting aside into the Bond Fund out of  
10 the Revenues of amounts sufficient to pay the principal of and interest on the  
11 2021 Note when due at maturity and upon any mandatory sinking fund redemption  
12 thereof.

13 The City further finds and determines that in creating the Bond Fund and in  
14 fixing the amounts to be paid into the Bond Fund, it has exercised due regard for  
15 Operating Expenses, and the City has not bound and obligated itself to set aside  
16 and pay into the Bond Fund a greater amount or proportion of the Revenues than in  
17 the judgment of the City will be available over and above the Operating Expenses.  
18

19 Section 2.4. Plan of Additions. The City specifies, adopts, and orders to be  
20 carried out the system or plan of additions to and betterments and extensions of the  
21 Electric System (the "Plan of Additions") as generally provided for in the capital  
22 portions of the Tacoma Power Biennial Budget, as supplemented and amended,  
23 and in any subsequent budget, and in the Electric System Comprehensive Plan.  
24  
25  
26



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

The portion of the Plan of Additions financed and refinanced with 2021 Note Proceeds is referred to herein as the “2021 Note Projects.” The estimated cost of the Plan of Additions to be financed and refinanced with 2021 Note Proceeds is at least \$150,000,000.

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

ARTICLE III

AUTHORIZATION AND TERMS OF NOTE

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

A. The City hereby authorizes the issuance of its “City of Tacoma, Washington, Electric System Subordinate Revenue Note, Series 2021” or other such designation as set forth in the 2021 Note and approved by a Designated Representative. The 2021 Note shall constitute a Subordinate Bond within the meaning of the Master Subordinate Ordinance. The 2021 Note shall be issued to finance and refinance the costs of the 2021 Note Projects and to pay costs of issuance for the 2021 Note.



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

B. The 2021 Note shall be issued as a draw-down obligation to evidence a revolving line of credit established with the Purchaser. The draw features including process for draws on the 2021 Note shall be as set forth in the Note Purchase Agreement and/or the 2021 Note. The City shall maintain, or cause to be maintained, records of amounts drawn on the 2021 Note. Draw requests shall be executed on behalf of the City as provided in (D) below.

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

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

D. The City Council hereby delegates to each Borrower Representative authority to make written Requests for Advances, to submit Compliance Certificates, to provide any notice of reduction or termination of the 2021 Note, and



1 to otherwise take all action necessary after closing of the 2021 Note to implement  
2 and administer the 2021 Note and the Note Purchase Agreement pursuant to the  
3 terms of this Supplemental Ordinance. Each Request for Advance and Compliance  
4 Certificate shall be signed by a Borrower Representative and countersigned by the  
5 City Treasurer, the Finance Director, or the Assistant Finance Director/Controller as  
6 provided in the Note Purchase Agreement.  
7

8           Section 3.2. Form of 2021 Note. The 2021 Note shall be in substantially  
9 the form set forth in Exhibit "A" attached hereto and made a part hereof, with  
10 appropriate variations, omissions, and insertions as shall be required or  
11 appropriate consistent with the Master Subordinate Ordinance and this  
12 Supplemental Ordinance to reflect the terms as provided herein.  
13

14           The 2021 Note shall contain a legend to the effect that the transferability of  
15 such 2021 Note is subject to the restrictions set forth in the Note Purchase  
16 Agreement. Registered ownership of the 2021 Note, or any portion thereof or  
17 interest thereon, may not thereafter be transferred except as set forth in the Note  
18 Purchase Agreement.  
19

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

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



1 2021 Note is not set forth herein, such provisions shall be as set forth in the 2021  
2 Note and the Note Purchase Agreement.

3 B. No Offering Document. No official statement, prospectus, offering  
4 circular or other offering statement containing material information with respect to  
5 the City or the 2021 Note will be provided in connection with the issuance of the  
6 2021 Note.

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

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

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

26 E. Payment of Principal of and Interest on the 2021 Note. Both principal of  
and interest on the 2021 Note shall be payable in lawful money of the United States



1 of America. Principal and interest on the 2021 Note shall be payable by check,  
2 warrant, ACH transfer, Federal Reserve wire, or by other means mutually  
3 acceptable to the Owner and the City. Upon final payment of principal and interest  
4 of the 2021 Note, the Owner shall surrender the 2021 Note for cancellation at the  
5 office of the Note Registrar.  
6

#### 7 ARTICLE IV

#### 8 CREATION OF ACCOUNTS; APPLICATION OF 2021 NOTE PROCEEDS

##### 9 Section 4.1. Creation of Accounts.

10 A. There is created in the Subordinate Construction Fund an account to be  
11 known as the 2021 Note Subordinate Draw Account.  
12

13 B. There is hereby created in the Bond Fund the following subaccounts with  
14 respect to the 2021 Note:

- 15 1. the 2021 Note Interest Subaccount in the Interest Account;
- 16 2. the 2021 Note Principal Subaccount in the Principal Account; and
- 17 3. the 2021 Note Bond Retirement Subaccount in the Bond

18 Retirement Account.  
19

20 C. The City hereby determines that the 2021 Note shall not be secured by  
21 the Reserve Account or any other debt service reserve account.  
22

23 Section 4.2. Deposit of Proceeds of the 2021 Note. Immediately upon  
24 receipt thereof, the Paying Agent shall deposit the proceeds of all advances drawn  
25 by a Designated Representative under the 2021 Note into the 2021 Note  
26 Subordinate Draw Account, which amounts shall be used for 2021 Note Projects





1 same extent as such interest is permitted to be excluded from gross income under  
2 the Code as in effect on the date of issuance of the 2021 Note, including, but not  
3 limited to, the following:

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

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

17           C. Federal Guarantee Prohibition. The City will not take any action or permit  
18 to suffer any action to be taken if the result of such action would be to cause the  
19 2021 Note to be "federally guaranteed" within the meaning of Section 149(b) of the  
20 Code.

21           D. Rebate Requirement. The City will take any and all actions necessary to  
22 assure compliance with Section 148(f) of the Code, relating to the rebate of excess  
23 investment earnings, if any, to the federal government, to the extent that such  
24 section is applicable to the 2021 Note.





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

E. No Arbitrage. The City will not take, or permit or suffer to be taken, any action with respect to the 2021 Note Proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issue of the 2021 Note would have caused the 2021 Note to be an “arbitrage bond” within the meaning of Section 148 of the Code.

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

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

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

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

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



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

ARTICLE VI

SALE OF THE 2021 NOTE;

ONGOING DISCLOSURE; ADDITIONAL COVENANTS

Section 6.1. Sale of the 2021 Note.

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

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

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

2. The final maturity of the 2021 Note is no later than the Maturity Date;



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

3. The Interest Rate on the 2021 Note shall be a variable rate based initially on the SIFMA rate and calculated as provided in the Note Purchase Agreement; provided, that the 2021 Note may be subject to a default rate and/or a taxable rate upon the occurrence and continuation of an Event of Default or Determination of Taxability, respectively, as provided for in the Note Purchase Agreement; and

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

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

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



1 shall not be delivered to the Purchaser unless such authority has been re-  
2 authorized by ordinance of the City Council at the request of the Board.

3 C. Upon the passage and approval of this Supplemental Ordinance, the  
4 proper officials of the City including the Designated Representatives, the Borrower  
5 Representatives, the Mayor, the City Treasurer, the Finance Director, the Assistant  
6 Finance Director/Controller and the City Clerk are authorized and directed to  
7 undertake all action necessary for the prompt execution and delivery of the 2021  
8 Note to the Purchaser and further to execute all closing certificates, agreements,  
9 rate lock agreement, term sheet, structuring agent fee letter and other documents  
10 required to effect the closing and delivery of the 2021 Note in accordance with the  
11 terms of this Supplemental Ordinance.  
12

14 Notwithstanding anything herein or in the Master Subordinate Ordinance to  
15 the contrary, the signature of one authorized official, including but not limited to the  
16 Designated Representatives and the Borrower Representatives, shall be sufficient  
17 to bind the City.  
18

19 Section 6.2. No Ongoing Disclosure; Additional Covenants. The 2021 Note  
20 is exempt from ongoing disclosure requirements of the Rule. The City may agree  
21 to provide the Purchaser certain financial or other information and agree to such  
22 covenants as determined to be necessary by a Designated Representative and as  
23 set forth in the Note Purchase Agreement and approved by a Designated  
24 Representative pursuant to this Article.  
25  
26



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

ARTICLE VII

MISCELLANEOUS

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

Section 7.2. Terms of 2021 Note Subject to the Master Subordinate Ordinance. Except as expressly provided herein, every term and condition contained in the Master Subordinate Ordinance shall apply to this Supplemental Ordinance and the 2021 Note with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modification as may be appropriate to make the same conform to this Supplemental Ordinance.

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

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

Section 7.3. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including, but not limited to, the correction of clerical errors;



1 references to other local, state or federal laws, codes, rules, or regulations;  
2 ordinance numbering and section/subsection numbering; and other similar  
3 necessary corrections.

4           Section 7.4. Effective Date. This Supplemental Ordinance shall take effect  
5 and be in force 10 days after its passage, approval and publication as required by  
6 law.  
7

8  
9 Passed \_\_\_\_\_

10  
11 \_\_\_\_\_  
12 Mayor

13  
14 Attest:

15 \_\_\_\_\_  
16 City Clerk

17 Approved as to form and legality:

18 Pacifica Law Group LLP  
19 Bond Counsel

20 By \_\_\_\_\_  
21  
22  
23  
24  
25  
26



**EXHIBIT "A"**

Form of 2021 Note

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

UNITED STATES OF AMERICA

R-1

Not to Exceed  
\$ \_\_\_\_\_

TRANSFER RESTRICTED

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

STATE OF WASHINGTON

CITY OF TACOMA

ELECTRIC SYSTEM SUBORDINATE REVENUE NOTE,  
SERIES 2021

DATE OF ISSUANCE: \_\_\_\_\_

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: NOT TO EXCEED \_\_\_\_\_ AND  
NO 100/DOLLARS

The City of Tacoma, a municipal corporation duly organized and existing under and pursuant to the Charter of the City of Tacoma and the Constitution and laws of the State of Washington (hereinafter called the "City"), for value received, hereby promises to pay (but only out of the Revenues referred to below) to the Registered Owner named above or its registered successors and assigns, the principal amount hereof, together with unpaid accrued interest thereon, on the dates, at the rates and in the amounts as provided in the Note Ordinance (as hereinafter defined) and the Note Purchase Agreement dated as of \_\_\_\_\_, 20\_\_, (as it may be amended, supplemented, restated and/or replaced from time to time, the "Purchase Agreement"). The terms of the Note Purchase Agreement are hereby incorporated into this note as if fully set forth herein.



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

This note evidences a revolving line of credit and is issued pursuant to Ordinance No. 28295 adopted on April 21, 2015 (the "Master Subordinate Ordinance"), as amended and supplemented from time to time, including as supplemented by Supplemental Ordinance No. \_\_\_\_\_ adopted on \_\_\_\_\_, 2021 (collectively, the "Note Ordinance"), providing for the issuance of the Bonds (as defined herein), including this note. Interest on this note shall be calculated on the basis of actual days elapsed in a 360 day year consisting of 12 30-day months. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Note Ordinance and the Note Purchase Agreement, as applicable.

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

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

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

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

This note, including the interest hereon, together with all other Bonds, and the interest thereon, issued under the Master Subordinate Ordinance (and to the extent set forth in the Master Subordinate Ordinance), is payable from, and is secured by a charge and lien on, the Revenues, after payment of Operating Expenses and required payments with respect to the Senior Bonds, derived by the City from the Electric System.





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

The Bonds are special obligations of the City, and are payable, both as to principal and interest, out of the Revenues, after payment of Operating Expenses and required payments with respect to the Senior Bonds, pertaining to the Electric System and the moneys in the Funds and Accounts provided in the Master Subordinate Ordinance, subject to the prior payment of principal of and interest on the Senior Bonds, and not out of any other fund or moneys of the City. No holder of this note shall ever have the right to compel any exercise of the taxing power of the City to pay this note or the interest hereon.

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

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

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

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

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



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

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

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

CITY OF TACOMA, WASHINGTON

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Clerk of the City

**CERTIFICATE OF AUTHENTICATION**

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

Date of Authentication: \_\_\_\_\_, 2021.

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

**CERTIFICATE OF REGISTRATION**

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

|                         |   |
|-------------------------|---|
| Date of<br>Registration | Name and Address of<br>Registered Owner |
| _____                   | _____                                   |



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

## ASSIGNMENT

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

Dated: \_\_\_\_\_

Signature(s) Guaranteed

\_\_\_\_\_  
(Signature)

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



## CLERK'S CERTIFICATE

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

2 HEREBY CERTIFY:

3 1. That the attached is a true and correct copy of Supplemental Ordinance  
4 No. \_\_\_\_ (the "Ordinance") of the City, duly passed at a regular meeting of the City  
5 Council (the "Council") of the City held on \_\_\_\_\_, 2021.

6  
7 2. That said meeting was duly convened and held in all respects in  
8 accordance with law, and to the extent required by law, including but not limited to  
9 Washington State Governor Inslee's emergency proclamation No. 20-28 issued on  
10 March 24, 2020, as amended and supplemented, suspending portions of the Open  
11 Public Meetings Act (chapter 42.30 RCW), due and proper notice of such meeting  
12 was given; that a legal quorum was present throughout the meeting and a legally  
13 sufficient number of members of the Council voted in the proper manner for the  
14 passage of said Ordinance; that all other requirements and proceedings incident to  
15 the proper passage of said Ordinance have been fully fulfilled, carried out and  
16 otherwise observed; and that I am authorized to execute this certificate.

17  
18  
19 IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_ day of  
20 \_\_\_\_\_, 2021.

21  
22  
23 \_\_\_\_\_  
24 City Clerk  
25 City of Tacoma, Washington  
26