



ORDINANCE NO. 28898

1 AN ORDINANCE of the City of Tacoma, Washington, relating to the Regional
2 Water Supply System; providing for the issuance and sale of Regional
3 Water Supply System revenue refunding bonds in an aggregate principal
4 amount not to exceed \$40,850,000 to provide funds to defease and/or
5 refund all or a portion of the City's Regional Water Supply System
6 Revenue Refunding Bonds, 2013; fixing or setting parameters with
7 respect to certain terms and covenants of the bonds, and appointing the
8 City's designated representatives to approve the final terms of the sale
9 of the bonds; approving an amendment to the Repayment Agreement;
10 and approving certain other matters in connection therewith.

11 WHEREAS the City of Tacoma, Washington ("City"), acting by and
12 through its Department of Public Utilities, Water Division (d/b/a "Tacoma
13 Water"), owns and operates a water system ("Water System") and a Regional
14 Water Supply System ("Regional System") as separate systems, and

15 WHEREAS the Regional System is a "Contract Resource Obligation" (as
16 defined in the ordinances authorizing the issuance of the hereinafter defined
17 Water System Bonds) of the Water System and, therefore, all payments under
18 that Contract Resource Obligation, including payments before commencement,
19 during suspension and after termination of water supply or service, shall be
20 treated as "Operation and Maintenance Expenses" (as defined in the
21 ordinances authorizing the issuance of the hereinafter defined Water System
22 Bonds) of the Water System, and

23 WHEREAS the City has entered into the Agreement for the Second
24 Supply Project effective December 19, 2002, and a Repayment Agreement,
25 effective November 1, 2002, as each may be amended from time to time
26 (together, "Project Agreement"), with the City of Kent ("Kent"), Covington Water
District ("CWD") and Lakehaven Water and Sewer District, formerly known as



1 Lakehaven Utility District (“Lakehaven,” and collectively with the City, Kent and
2 CWD, “Participants”), to design, finance, construct, operate and maintain
3 certain property and facilities to deliver and receive water from the Regional
4 System, and
5

6 WHEREAS under the Project Agreement, the City may finance, to the
7 extent not otherwise provided by the Participants, all or part of certain costs of
8 the Regional System, with the proceeds of revenue bonds to be issued by the
9 City, and
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11 WHEREAS pursuant to Substitute Ordinance No. 28137, the City has
12 issued its \$64,795,000 original principal amount of Regional Water Supply
13 System Revenue Refunding Bonds, 2013 (“2013 RWSS Bonds”), of which
14 \$52,045,000 are presently outstanding, and
15

16 WHEREAS pursuant to Ordinance No. 27903, the City has issued its
17 \$3,595,000 original principal amount of Regional Water Supply System
18 Revenue Bonds, Series 2010A (“2010A RWSS Bonds”), and its \$44,245,000
19 original principal amount of Regional Water Supply System Revenue Bonds,
20 Series 2010B (Taxable Build America Bonds – Direct Payment) (“2010B RWSS
21 Bonds,” and collectively with the 2010A RWSS Bonds and the 2013 RWSS
22 Bonds, “Outstanding Parity Bonds”), and
23

24 WHEREAS pursuant to the ordinances authorizing the issuance of the
25 Outstanding Parity Bonds, the City is authorized to issue revenue bonds that
26 are secured by a lien and charge on Regional System revenues equal to the
lien and charge securing the payment of principal of and interest on the



1 Outstanding Parity Bonds, if specified conditions are met and complied with at
2 the time of issuance of such bonds, and

3 WHEREAS the City has adopted financial policies which provide that as
4 a general rule, existing bonds will not be refunded through the issuance of
5 refunding bonds unless the refunding plan will achieve a net present value
6 savings of at least 5%, or as an exception, to obtain more favorable covenants
7 when it is in the City's interest to do so, and

8
9 WHEREAS the 2013 RWSS Bonds maturing on or after December 1,
10 2023 are subject to redemption at the option of the City at any time on or after
11 June 1, 2023, and

12
13 WHEREAS the Public Utility Board ("Board") has initiated and has
14 recommended to the City Council for its approval the issuance of Regional
15 System revenue refunding bonds in one or more series ("2023 RWSS Bonds"),
16 together with other available money, to defease and/or refund all or a portion of
17 the 2013 RWSS Bonds (if so refunded, "Refunded Bonds") for aggregate debt
18 service savings and/or to restructure the debt if it is in the best interest of
19 Tacoma Water and the Regional System, and

20
21 WHEREAS the City Council has determined that it is in the best interest
22 of the City and the Regional System to issue the 2023 RWSS Bonds to defease
23 and/or refund the Refunded Bonds and to pay costs of issuance and sale of the
24 2023 RWSS Bonds, and

25
26 WHEREAS the City Council wishes to delegate authority to the
individuals authorized herein (each, a "Designated Representative"), for a



1 limited time, the authority to approve the final terms of the 2023 RWSS Bonds
2 authorized herein within the parameters set by this ordinance, and

3 WHEREAS the City expects to receive a purchase contract from
4 KeyBanc Capital Markets Inc. and Wells Fargo Corporate & Investment
5 Banking (“Underwriters”) to purchase the 2023 RWSS Bonds authorized
6 herein, and now desires to issue and sell such bonds to the Underwriters as set
7 forth herein; Now, Therefore,

8
9 BE IT ORDAINED BY THE CITY OF TACOMA:

10 Section 1. Definitions and Interpretation of Terms.

11 A. Definitions. Unless otherwise defined in the recitals and elsewhere in
12 this ordinance, capitalized terms used herein shall have the following
13 meanings:

14
15 “Accreted Value” means either: (1) with respect to any Capital
16 Appreciation Bonds, as of the time of calculation, the sum of the amount
17 representing the initial principal amount of such Capital Appreciation Bonds as
18 set forth in the applicable Parity Bond Authorizing Ordinance plus the interest
19 accumulated, compounded and unpaid thereon as of the most recent
20 compounding date; or (2) with respect to original issue discount bonds under
21 the Code, as of the time of calculation, the amount representing the initial
22 public offering price of such original issue discount bonds plus the amount of
23 the discounted principal which has accreted since the date of issue, determined
24 in accordance with the provisions of the applicable Parity Bond Authorizing
25 Ordinance.
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1 "Acquired Obligations" means the Government Obligations, if any,
2 acquired by the City under the terms of this ordinance and the Escrow
3 Agreement to effect the defeasance and refunding of the Refunded Bonds, but
4 only to the extent that the same are acquired at Fair Market Value.
5

6 "Annual Debt Service" means the amount required to be paid in a
7 calendar year for (1) interest due in such calendar year on all outstanding
8 Parity Bonds (excluding the accrued interest paid to the City upon issuance of
9 Parity Bonds), (2) principal of all outstanding Serial Bonds due in such calendar
10 year, and (3) any Mandatory Amortization Installment for such calendar year. If
11 on such date of calculation the interest rate on any Variable Interest Rate
12 Bonds shall then be fixed for a specified period, including pursuant to a
13 Payment Agreement, the interest rate used for such specified period for the
14 purpose of the foregoing calculation shall be such actual interest rate.
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16
17 In the case of Variable Interest Rate Bonds, for the purpose of
18 calculating Annual Debt Service, the interest rate thereon shall be calculated on
19 the assumption that such bonds will bear interest during such period at a rate
20 equal to the rate most recently reported by The Bond Buyer as the Bond Buyer
21 Index for long-term revenue bonds as of the date the Parity Bonds are sold;
22 provided, that if on such date of calculation the interest rate on such bonds
23 shall then be fixed for a specified period, the interest rate used for such
24 specified period for the purpose of the foregoing calculation shall be such
25 actual interest rate.
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For purposes of computing Annual Debt Service on any Parity Bonds which constitute Balloon Indebtedness, it shall be assumed that the principal of such Balloon Indebtedness, together with interest thereon at the rate applicable to such Balloon Indebtedness, shall be amortized in equal annual installments over a term equal to the lesser of (1) 25 years or (2) the average weighted useful life (expressed in years and rounded to the next highest integer) of the properties and assets constituting the project (if any) financed out of the proceeds of such Balloon Indebtedness.

The interest on Parity Bonds designated as Build America Bonds or similar bonds, including the 2010B RWSS Bonds, for purposes of calculating the Annual Debt Service for purposes of the Reserve Account Requirement, shall be based on the net interest after the federal direct payment or such other federal direct payment to be received for the 2010B RWSS Bonds and Future Parity Bonds.

“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.

“Average Annual Debt Service” means the sum of the Annual Debt Service for the remaining years to the last scheduled maturity of the applicable issue or issues of Parity Bonds divided by the number of those years.

“Balloon Indebtedness” means any series of Parity Bonds more than 25% of the principal of which, in accordance with the terms of such Parity



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

12 “Beneficial Owner” means any person that has or shares the power,
13 directly or indirectly, to make investment decisions concerning ownership of
14 any 2023 RWSS Bonds (including persons holding 2023 RWSS Bonds through
15 nominees, depositories or other intermediaries).

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

19 “Bond Counsel” means Pacifica Law Group LLP or another law firm
20 selected by the City that is nationally recognized in matters concerning bonds
21 and other securities issued by states and local governments.

23 “Bond Fund” means the City of Tacoma Regional Water Supply System
24 Bond Fund including any subfunds within such fund.

25 “Bond Obligation” means, as of any given date of calculation, the sum of
26 (1) the aggregate principal amount of all outstanding Current Interest Bonds
and (2) the aggregate Accreted Value of all outstanding Capital Appreciation



1 Bonds calculated as of the date of calculation if that date is a Payment Date or
2 as of the next preceding Payment Date if the date of calculation is not a
3 Payment Date.

4 "Bond Purchase Contract" means the contract between the Underwriters
5 and the City for the purchase of the 2023 RWSS Bonds, executed pursuant to
6 this ordinance and setting forth the final terms of the 2023 RWSS Bonds.

7 "Bond Register" means the registration books maintained by the Bond
8 Registrar for purposes of identifying ownership of the 2023 RWSS Bonds or the
9 nominee of each owner, and such other information as the Bond Registrar shall
10 determine.

11 "Bond Registrar" means, initially, the fiscal agent of the State, whose
12 duties include registering and authenticating the 2023 RWSS Bonds,
13 maintaining the Bond Register, effecting transfer of ownership of the 2023
14 RWSS Bonds and paying interest on and principal of the 2023 RWSS Bonds.

15 "Bondowners' Trustee" has the meaning set forth in Section 25(B) of this
16 ordinance.

17 "Build America Bonds" means any series of Parity Bonds to which the
18 City irrevocably elects to have Section 54AA of the Code apply.

19 "Call Date" means a date selected by a Designated Representative for
20 the refunding of the Refunded Bonds which shall be no earlier than June 1,
21 2023.

22 "Capital Appreciation Bonds" means any Parity Bonds, all or a portion of
23 the interest on which is compounded and accumulated at the rates or in the



1 manner, and on the dates, set forth in the applicable Parity Bond Authorizing
2 Ordinance and is payable only upon redemption or on the maturity date of such
3 Parity Bonds. Parity Bonds that are issued as Capital Appreciation Bonds, but
4 later convert to obligations on which interest is paid periodically, shall be
5 Capital Appreciation Bonds until the conversion date and thereafter shall no
6 longer be Capital Appreciation Bonds, but shall be treated as having a principal
7 amount equal to their Accreted Value on the conversion date.
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9 "Certified Public Accountant" means an independent licensed certified
10 public accountant (or firm of certified public accountants) selected by the City.
11

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

14 "City Attorney" means the duly appointed and acting City Attorney of the
15 City, including anyone acting in an interim or other capacity for the position, or
16 the successor to the duties of that office.
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18 "City Clerk" means the duly appointed and acting City Clerk 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 Manager" means the duly appointed and acting City Manager of
22 the City, including anyone acting in an interim or other capacity for the position,
23 or the successor to the duties of that office.
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25 "Code" means the Internal Revenue Code of 1986 as in effect on the
26 date of issuance of the Tax-Exempt Bonds or (except as otherwise referenced
herein) as it may be amended to apply to obligations issued on the date of



1 issuance of the Tax-Exempt Bonds, together with applicable proposed,
2 temporary and final regulations promulgated, and applicable official public
3 guidance published, under the Code.

4 "Construction Account" means the Tacoma Second Supply Project
5 Construction Account established by the Finance Director of the City in
6 accordance with Substitute Ordinance 27001.

8 "Continuing Disclosure Certificate" means one or more written
9 undertakings for the benefit of the owners and Beneficial Owners of the 2023
10 RWSS Bonds as required by Section (b)(5) of the Rule.

12 "Council" or "City Council" means the City Council as the general
13 legislative authority of the City, as duly and regularly constituted from time to
14 time.

15 "Current Interest Bonds" means Parity Bonds, the interest on which is
16 paid periodically.

18 "CWD" means Covington Water District, and its successors.

19 "Debt Service Account" means the Debt Service Account in the Bond Fund.

20 "Designated Representative" means the Director of Utilities and the
21 Superintendent of the Water Division, and their designees. The signature of
22 one Designated Representative shall be sufficient to bind the City.

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

"DTC" means The Depository Trust Company.



1 “Engineer” means an independent licensed professional engineer (or
2 firm of licensed professional engineers) selected by the City and experienced
3 and skilled in the operation of water systems of comparable size and character
4 to the Regional System.

5 “Escrow Agent” means the escrow agent appointed pursuant to Section
6 8(B) of this ordinance.

7 “Escrow Agreement” means the Escrow Deposit Agreement between the
8 City and the Escrow Agent to be dated as of the Issue Date of the 2023 RWSS
9 Bonds.

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

19 “Federal Tax Certificate” means the certificate of the City pertaining to
20 the tax-exemption of interest on the Tax-Exempt Bonds, and any attachments
21 thereto.

22 “Filtration Treatment Project” means the design and construction of the
23 portion of the filtration treatment system financed by the Regional System.



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

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

7 “Future Parity Bonds” means any revenue bonds or any other revenue
8 obligations of the City issued in accordance with this ordinance after the date of
9 issuance of the 2023 RWSS Bonds, that are secured by a lien and charge as
10 described in Section 17 equal to the lien and charge securing the payment of
11 the principal of and interest on the 2023 RWSS Bonds and the Outstanding
12 Parity Bonds.

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

18 “Gross Revenues of the Water System” means in any Fiscal Year of the
19 Water System all of the revenues of the Water System, including but not limited
20 to revenue from the sale or transmission of water; the sale, lease or furnishing
21 of other commodities, services, properties or facilities; the imposition of
22 connection, capital improvement or other charges; utility local improvement
23 district assessments that are pledged to Water System Bonds; and earnings
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1 from the investment of money in the Water System Revenue Fund. However,
2 Gross Revenue shall not include earnings of the Regional System or a separate
3 utility system that may be acquired or constructed by the City, including the
4 Regional System; principal proceeds of Water System Bonds or other borrowings;
5 grants or other capital contributions to the Water System which by their terms are
6 restricted to specific projects or purposes; or earnings or proceeds from any
7 investments in a trust, defeasance or escrow fund created to defease or refund
8 Water System obligations (until commingled with other earnings and revenues of
9 the Water System defined as Gross Revenue) or held in a special account for the
10 purpose of paying a rebate to the United States government under the Code.
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13 “Issue Date” means, with respect to any series of 2023 RWSS Bonds,
14 the date of initial issuance and delivery of such series to the Underwriters.

15 “Kent” means the City of Kent, and its successors.

16 “Lakehaven” means Lakehaven Water and Sewer District, and its
17 successors.
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19 “Letter of Representations” means the blanket issuer letter of representations
20 from the City to DTC.

21 “Mandatory Amortization Installment” means, for any Fiscal Year, the
22 principal amount of Term Bonds required to be purchased, redeemed, or paid
23 in such year as established by the ordinance or resolution of the City
24 authorizing the issuance of such Term Bonds.
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26 “Maximum Interest Rate” means, with respect to any particular Variable
Interest Rate Bond, a numerical rate of interest, which shall be set forth in any



1 ordinance authorizing such Bond that shall be the maximum rate of interest
2 such Bond may at any time bear.

3 "Mayor" means the duly elected Mayor of the City or the successor to
4 such officer.

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

7 "Net Revenues" means, for any period, Revenues minus Operating
8 Expenses for such period, excluding from the computation of Revenues any
9 profit or loss derived from the sale or other disposition, not in the ordinary
10 course of business, of properties, rights or facilities of the Regional System or
11 gains or losses resulting from the early extinguishment of debt or the
12 requirements to mark assets or liabilities to market.

13 "Official Statement" means the disclosure documents prepared and
14 delivered in connection with the issuance of each series of 2023 RWSS Bonds.

15 "Operating Expenses" means all expenses incurred by the City in causing
16 the Regional System to be operated and maintained in good repair, working order
17 and condition, including without limitation: deposits, premiums, assessments or
18 other payments for insurance, if any, on the Regional System; payments into
19 pension funds; State-imposed taxes; payments made to any other person or entity
20 for the receipt of water supply or transmission or other right, commodity or service;
21 payments made to any other person or entity that are required in connection with
22 the operation of the Regional System or the acquisition or transmission of water
23 and that are not subordinate to the lien of the Parity Bonds; and payments with
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1 respect to any other expenses of the Regional System that are properly treated as
2 operation and maintenance expenses under generally accepted accounting
3 principles applicable to municipal corporations. Operating Expenses do not include
4 any depreciation or taxes levied or imposed by the City, Payment Agreement
5 payments, or payments to the City in lieu of taxes, any Rebate Amount, or capital
6 additions or capital replacements to the Regional System.
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8 "Outstanding Parity Bonds" means the 2010 RWSS Bonds and the 2013
9 RWSS Bonds.

10 "Owners" mean, without distinction, the Registered Owners and the
11 Beneficial Owners.
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13 "Parity Bond Authorizing Ordinances" means the ordinances and/or
14 resolutions of the City authorizing the issuance and sale and establishes the terms
15 of a particular issue of Parity Bonds.
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17 "Parity Bonds" means the Outstanding Parity Bonds, the 2023 RWSS Bonds
18 and any Future Parity Bonds.

19 "Participants" mean the City, Kent, CWD and Lakehaven.

20 "Participants' Payments" means all payments received from the
21 Participants under the Project Agreement.
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23 "Participants' Systems" or "Participant's System" means the City's Water
24 System, Kent's water system, CWD's water system, and Lakehaven's water
25 and sewer system.

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



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

“Project Agreement” means, together, the Agreement for the Second Supply Project, entered into by and among the Participants effective as of December 19, 2002, and the Repayment Agreement, entered into by and among the Participants effective as of November 1, 2002, as each may be amended from time to time.

“Projects” mean the capital facilities of the Regional System financed or refinanced with proceeds of the Refunded Bonds.

“Qualified Insurance” means any 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 currently rated in one of the two highest rating categories by two Rating Agencies.

“Qualified Letter of Credit” means any letter of credit issued by a financial institution for the account of the City on behalf of the owners of the 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 currently rated in one of the two highest rating categories by two Rating Agencies.

“Rating Agencies” means Moody’s, S&P or another nationally recognized rating agency rating municipal bonds.



1 "Rebate Amount" means the amount, if any, determined to be payable
2 with respect to the 2023 RWSS Bonds by the City to the United States of
3 America in accordance with Section 148(f) of the Code.

4 "Record Date" means the Bond Registrar's close of business on the 15th
5 day of the month preceding an interest payment date. With respect to
6 redemption of a Bond prior to its maturity, the Record Date shall mean the
7 Bond Registrar's close of business on the date on which the Bond Registrar
8 sends the notice of redemption in accordance with Section 5.

9 "Refunded Bonds" means all or a portion of the 2013 RWSS Bonds
10 designated by the Designated Representative for refunding pursuant to this
11 ordinance.

12 "Refunding Account" means the account of that name established
13 pursuant to this ordinance.

14 "Regional System" means the Regional Water Supply System,
15 comprised of certain property and facilities to deliver and receive water for the
16 Participants from the exercise by the City of its Second Diversion Water Right,
17 which property and facilities include (1) a Main Branch pipeline to the City with
18 a 72 MGD nominal capacity; (2) headworks improvements associated with the
19 Second Diversion Water Right; (3) related fisheries and environmental
20 enhancements; (4) improvements and additions to the Howard Hanson Dam to
21 raise the summer storage pool to elevation 1,167 in phase I to provide an
22 additional 20,000 acre feet of water storage, together with improvements and
23 additions related to accommodating fish passage; (5) the Filtration Treatment
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1 Project; and (6) additional related water treatment facilities; and as the same
2 will be added to, improved and extended for as long as any of the Parity Bonds
3 are outstanding. The Regional System shall not include the Water System or
4 any other separate system.

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6 "Regional System Costs" means with respect to each month, all costs
7 attributable to the Regional System, to the extent not paid from the proceeds of
8 Parity Bonds or other sources, resulting from the ownership, operation,
9 maintenance and termination of, and repair, renewals, replacements, additions,
10 improvements, betterments and modifications to the Regional System,
11 including without limitation (1) Operating Expenses, (2) the amount required to
12 be paid into the Bond Fund, (3) any amount that the City may be required
13 during such month to pay for the prevention or correction of any unusual loss or
14 damage or for renewals, replacements, repairs, additions, improvements,
15 betterments, and modifications that are necessary to keep the Regional System
16 in good operating condition, to improve the operation thereof or to prevent a
17 loss, and (4) all other charges or obligations against the Revenues.

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20 "Registered Owner" means the person named as the registered owner of
21 a 2023 RWSS Bond in the Bond Register. For so long as the 2023 RWSS
22 Bonds are held in book-entry only form, DTC or its nominee shall be deemed to
23 be the sole Registered Owner.

24
25 "Reserve Account" means the Reserve Account created in the Bond
26 Fund.



1 “Reserve Account Requirement” with respect to the 2023 RWSS Bonds
2 means zero (\$0.00).

3 The Reserve Account Requirements with respect to the Outstanding
4 Parity Bonds have the meanings set forth in the applicable Parity Bond
5 Authorizing Ordinances.
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7 The Reserve Account Requirement with respect to Future Parity Bonds
8 will be either (1) an amount equal to Average Annual Debt Service on such
9 issuance of Future Parity Bonds, but in no case shall the amount in the
10 Reserve Account allocable to such issuance of Future Parity Bonds exceed
11 10% of the proceeds of such bonds, or (2) the ordinance authorizing such
12 issuance of Future Parity Bonds may provide for the creation of a separate
13 reserve account, in which case the Reserve Account Requirement, if any, for
14 such issuance of Future Parity Bonds may be set in such ordinance and the
15 Reserve Account created by Ordinance No. 27001 shall not secure such series
16 of Future Parity Bonds.
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19 “Revenue Fund” means the Regional Water Supply System Fund.

20 “Revenues” means the income, revenues, receipts and loan proceeds
21 derived by the City through the ownership and operation of the Regional System,
22 including Participants’ Payments, but, except as provided in Sections 9 and 12,
23 shall not include any income derived by the City through the ownership and
24 operation of the Water System or any other separate utility system of the City.
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1 “Rule” means the Security and Exchange Commission’s Rule 15c2-12
2 under the Securities Exchange Act of 1934, as the same may be amended
3 from time to time.

4 “S&P” means S&P Global Ratings, or its comparable recognized
5 business successor.
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7 “Second Diversion Water Right” means the City’s permit to appropriate
8 up to 100 cubic feet per second of surface water from the Green River for
9 municipal and industrial supply, obtained from the State Department of
10 Ecology.
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12 “Serial Bonds” means Parity Bonds other than term bonds.

13 “State” means the State of Washington.

14 “Taxable Bonds” means any 2023 RWSS Bonds of a series determined
15 to be issued on a taxable basis pursuant to this ordinance.
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17 “Tax-Exempt Bonds” means any 2023 RWSS Bonds of a series
18 determined to be issued on a tax-exempt basis under the Code pursuant to this
19 ordinance.
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21 “Term Bonds” means Parity Bonds designated as such by a Designated
22 Representative and those Parity Bonds designated as such in the applicable
23 Parity Bond Authorizing Ordinance.

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



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“Underwriters” means KeyBanc Capital Markets Inc. and Wells Fargo Corporate & Investment Banking, and their successors.

“Variable Interest Rate” means any variable interest rate or rates to be borne by any Parity Bonds. The method of computing such a variable interest rate shall be as specified in the applicable Parity Bond Authorizing Ordinance, which ordinance or resolution also shall specify either: (1) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect; or (2) the time or times upon which any change in such variable interest rate shall become effective. A Variable Interest Rate may, without limitation, be based on the interest rate on certain bonds or may be based on interest rate, currency, commodity, or other indexes.

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

“Water System” means the water system of the City as it now exists, and all additions thereto and betterments and extensions thereof at any time made for so long as any of the Water System Bonds are outstanding. The Water System shall not include the Regional System or any water supply or service or other facilities that may be created, acquired, or constructed by the City as a separate utility system.



1 “Water System Bonds” means, as of the date of this ordinance, the City’s
2 (1) \$46,550,000 original principal amount of Water System Revenue and
3 Refunding Bonds, 2005; (2) \$76,755,000 original principal amount of Water
4 System Revenue Bonds, 2009 (Taxable Build America Bonds – Direct Payment);
5 (3) \$74,985,000 original principal amount of Water System Revenue Bonds,
6 2010B (Taxable Build America Bonds – Direct Payment); (4) \$78,305,000
7 original principal amount of Water System Revenue and Refunding Bonds, 2013;
8 (5) \$16,645,000 original principal amount of Water System Revenue Refunding
9 Bonds, Series 2015A; and (6) any obligations thereafter issued on a parity of lien
10 on Gross Revenues of the Water System with such Water System Bonds.
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12

13 “2010 RWSS Bonds” means the 2010A RWSS Bonds and the 2010B
14 RWSS Bonds.

15 “2010A RWSS Bonds” means the City’s Regional Water Supply System
16 Revenue Bonds, 2010A, issued in the original principal amount of \$3,595,000
17 pursuant to Ordinance No. 27903, passed on July 20, 2010.
18

19 “2010B RWSS Bonds” means the City’s Regional Water Supply System
20 Revenue Bonds, 2010B (Taxable Build America Bonds – Direct Payment), issued
21 in the original principal amount of \$44,245,000 pursuant to Ordinance No. 27903,
22 passed on July 20, 2010.
23

24 “2013 RWSS Bonds” means the “City of Tacoma, Washington, Regional
25 Water Supply System Revenue Refunding Bonds, 2013” issued in the original
26 principal amount of \$64,795,000 pursuant to Ordinance No. 28137, passed on
March 19, 2013.



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“2023 RWSS Bonds” or “Bonds” means the “City of Tacoma, Washington, Regional Water Supply System Revenue Refunding Bonds, Series 2023” to be hereafter issued pursuant to and for the purposes provided in this ordinance.

B. Interpretation. In this ordinance, unless the context otherwise requires:

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

(2) Words importing the singular number shall mean and include the plural number and vice versa;

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies, and other legal entities, including public bodies, as well as natural persons;

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



1 (5) All references herein to “articles,” “sections,” and other
2 subdivisions or clauses are to the corresponding articles, sections,
3 subdivisions, or clauses hereof.

4 Section 2. Findings; Parity Bonds.

5
6 A. Parity and Other Findings. In connection with the issuance of the
7 2023 RWSS Bonds on a parity of lien with the Outstanding Parity Bonds, the
8 City hereby makes the following findings:

9 (1) As of the date hereof, and as of the Issue Date of the 2023
10 RWSS Bonds, the Project Agreement is and will be in effect.

11 (2) There is, and as of the Issue Date of the 2023 RWSS Bonds,
12 there will be, no deficiency in the Bond Fund or any accounts therein.

13 (3) The 2023 RWSS Bonds will be issued for refunding purposes
14 for aggregate debt service savings and/or to restructure the Refunded Bonds.
15 At or prior to the issuance of the 2023 RWSS Bonds, the City will have on file a
16 certificate satisfying the Future Parity Bond requirements of the Parity Bond
17 Authorizing Ordinances for the Outstanding Parity Bonds.

18
19 B. Findings Related to Revenues of the Regional System. The City
20 hereby finds and determines that the Revenues of the Regional System will be
21 more than sufficient to meet all Operating Expenses to make all required
22 payments with respect to the Outstanding Parity Bonds and the 2023 RWSS
23 Bonds, and to permit the setting aside into the Bond Fund out of the Revenues
24 of amounts sufficient to pay the principal of and interest on the 2023 RWSS
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1 Bonds when due at maturity and upon any mandatory sinking fund redemption
2 thereof.

3 The City further finds and determines that in creating the Bond Fund and
4 in fixing the amounts to be paid into the Bond Fund, it has exercised due regard
5 for Operating Expenses, and the City has not bound and obligated itself to set
6 aside and pay into the Bond Fund a greater amount or proportion of the
7 Revenues than in the judgment of the City will be available over and above the
8 Operating Expenses.
9

10 The 2023 RWSS Bonds shall be issued as Future Parity Bonds under
11 the terms of the Parity Bond Authorizing Ordinances for the Outstanding Parity
12 Bonds, subject to the same rights and limitations as Parity Bonds set forth
13 therein and herein.
14

15 Section 3. Authorization of 2023 RWSS Bonds. For the purposes of
16 providing part of the funds required to defease and/or refund the Refunded
17 Bonds and paying costs of issuance of the 2023 RWSS Bonds, the City is
18 hereby authorized to issue and sell one or more series of Regional System
19 revenue refunding bonds in an aggregate principal amount not to exceed
20 \$40,850,000 (“2023 RWSS Bonds”).
21

22 The 2023 RWSS Bonds shall be designated as the “City of Tacoma,
23 Washington, Regional Water Supply System Revenue Refunding Bonds,
24 Series 2023,” or other such designation as set forth in the 2023 RWSS Bonds
25 and approved by a Designated Representative, which may include but is not
26 limited to revising the series designation to “Series 2024,” pursuant to the terms



1 of this ordinance. The 2023 RWSS Bonds may be issued in one or more series,
2 may be designated as Taxable Bonds or Tax-Exempt Bonds, and may be
3 issued on the same Issue Date or from time to time on different Issue Dates.

4 The 2023 RWSS Bonds shall be dated as of the Issue Date for such
5 2023 RWSS Bonds, shall be fully registered as to both principal and interest,
6 shall be in the denomination of \$5,000 each or any integral multiple thereof
7 within a series and maturity, shall be numbered separately in such manner and
8 with any additional designation as the Bond Registrar deems necessary for
9 purposes of identification and control, shall bear interest from their Issue Date
10 payable on the dates and at the rates set forth in the Bond Purchase Contract,
11 and shall be subject to optional and/or mandatory redemption, and mature on
12 the dates and in the principal amounts set forth in the Bond Purchase Contract.

13 The 2023 RWSS Bonds shall be special obligations of the City payable
14 only from the Bond Fund and shall be payable and secured as provided herein.
15 The 2023 RWSS Bonds shall not be general obligations of the City, the State or
16 any political subdivision thereof.

17 Section 4. Registration of 2023 RWSS Bonds.

18 A. Bond Registrar/Bond Register. The City hereby specifies and adopts
19 the system of registration approved by the Washington State Finance
20 Committee from time to time through the appointment of a state fiscal agent.
21 The City shall cause a Bond Register to be maintained by the Bond Registrar.
22 So long as any 2023 RWSS Bonds remain outstanding, the Bond Registrar
23 shall make all necessary provisions to permit the exchange or registration or
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1 transfer of 2023 RWSS Bonds at its designated office. The Bond Registrar may be
2 removed at any time at the option of the Finance Director upon prior notice to the
3 Bond Registrar and a successor Bond Registrar appointed by the Finance Director.
4 No resignation or removal of the Bond Registrar shall be effective until a successor
5 shall have been appointed and until the successor Bond Registrar shall have
6 accepted the duties of the Bond Registrar hereunder. The Bond Registrar is
7 authorized, on behalf of the City, to authenticate and deliver 2023 RWSS Bonds
8 transferred or exchanged in accordance with the provisions of such 2023 RWSS
9 Bonds and this ordinance, and to carry out all of the Bond Registrar's powers and
10 duties under this ordinance. The Bond Registrar shall be responsible for its
11 representations contained in the Certificate of Authentication of the 2023 RWSS
12 Bonds.
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15 B. Registered Ownership. The City and the Bond Registrar, each in its
16 discretion, may deem and treat the Registered Owner of each 2023 RWSS
17 Bond as the absolute owner thereof for all purposes (except as provided in the
18 Continuing Disclosure Certificate), and neither the City nor the Bond Registrar
19 shall be affected by any notice to the contrary. Payment of any such 2023
20 RWSS Bond shall be made only as described in subsection G, but such 2023
21 RWSS Bond may be transferred as herein provided. All such payments made
22 as described in subsection G shall be valid and shall satisfy and discharge the
23 liability of the City upon such 2023 RWSS Bond to the extent of the amount or
24 amounts so paid.
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1 C. DTC Acceptance/Letters of Representations. The 2023 RWSS Bonds
2 initially shall be held by DTC acting as depository. The City has executed and
3 delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor
4 the Bond Registrar shall have any responsibility or obligation to DTC participants
5 or the persons for whom they act as nominees (or any successor depository) with
6 respect to the 2023 RWSS Bonds in respect of the accuracy of any records
7 maintained by DTC (or any successor depository) or any DTC participant, the
8 payment by DTC (or any successor depository) or any DTC participant of any
9 amount in respect of the principal of or interest on 2023 RWSS Bonds, any notice
10 which is permitted or required to be given to Registered Owners under this
11 ordinance (except such notices as shall be required to be given by the City to the
12 Bond Registrar or to DTC (or any successor depository)), or any consent given or
13 other action taken by DTC (or any successor depository) as the Registered
14 Owner. For so long as any 2023 RWSS Bonds are held by a depository, DTC or
15 its successor depository or its nominee shall be deemed to be the Registered
16 Owner for all purposes hereunder, and all references herein to the Registered
17 Owners shall mean DTC (or any successor depository) or its nominee and shall
18 not mean the owners of any beneficial interest in such 2023 RWSS Bonds.
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23 D. Use of Depository.

24 (1) The 2023 RWSS Bonds of each series shall be registered
25 initially in the name of "Cede & Co.", as nominee of DTC, with one 2023 RWSS
26 Bond maturing on each of the maturity dates for the 2023 RWSS Bonds in a
denomination corresponding to the total principal therein designated to mature



1 on such date. Registered ownership of such 2023 RWSS Bonds, or any
2 portions thereof, may not thereafter be transferred except (i) to any successor
3 of DTC or its nominee, provided that any such successor shall be qualified
4 under any applicable laws to provide the service proposed to be provided by it;
5 (ii) to any substitute depository appointed by the Finance Director pursuant to
6 subsection (2) below or such substitute depository's successor; or (iii) to any
7 person as provided in subsection (4) below.
8

9 (2) Upon the resignation of DTC or its successor (or any
10 substitute depository or its successor) from its functions as depository or a
11 determination by the Finance Director to discontinue the system of book entry
12 transfers through DTC or its successor (or any substitute depository or its
13 successor), the Finance Director may appoint a substitute depository. Any such
14 substitute depository shall be qualified under any applicable laws to provide the
15 services proposed to be provided by it.
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18 (3) In the case of any transfer pursuant to clause (i) or (ii) of
19 subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding
20 2023 RWSS Bonds, together with a written request on behalf of the Finance
21 Director, issue a single new 2023 RWSS Bond for such series for each maturity
22 then outstanding, registered in the name of such successor or such substitute
23 depository, or their nominees, as the case may be, all as specified in such
24 written request of the Finance Director.
25

26 (4) In the event that (A) DTC or its successor (or substitute
depository or its successor) resigns from its functions as depository, and no



1 substitute depository can be obtained, or (B) the Finance Director determines
2 that it is in the best interest of the Beneficial Owners of the 2023 RWSS Bonds
3 that such owners be able to obtain physical 2023 RWSS Bond certificates, the
4 ownership of such 2023 RWSS Bonds may then be transferred to any person
5 or entity as herein provided, and shall no longer be held by a depository. The
6 Finance Director shall deliver a written request to the Bond Registrar, together
7 with a supply of physical 2023 RWSS Bonds, to issue 2023 RWSS Bonds as
8 herein provided in any authorized denomination. Upon receipt by the Bond
9 Registrar of all then outstanding 2023 RWSS Bonds of a series together with a
10 written request on behalf of the Finance Director to the Bond Registrar, new
11 2023 RWSS Bonds of such series shall be issued in the appropriate
12 denominations and registered in the names of such persons as are requested
13 in such written request.

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17 E. Registration of Transfer of Ownership or Exchange; Change in
18 Denominations. The transfer of any 2023 RWSS Bond may be registered and
19 2023 RWSS Bonds may be exchanged, but no transfer of any such 2023
20 RWSS Bond shall be valid unless it is surrendered to the Bond Registrar with
21 the assignment form appearing on such 2023 RWSS Bond duly executed by
22 the Registered Owner or such Registered Owner's duly authorized agent in a
23 manner satisfactory to the Bond Registrar. Upon such surrender, the Bond
24 Registrar shall cancel the surrendered 2023 RWSS Bond and shall
25 authenticate and deliver, without charge to the Registered Owner or transferee
26 therefor, a new 2023 RWSS Bond (or 2023 RWSS Bonds at the option of the



1 new Registered Owner) of the same series, date, maturity, and interest rate
2 and for the same aggregate principal amount in any authorized denomination,
3 naming as Registered Owner the person or persons listed as the assignee on
4 the assignment form appearing on the surrendered 2023 RWSS Bond, in
5 exchange for such surrendered and cancelled 2023 RWSS Bond. Any 2023
6 RWSS Bond may be surrendered to the Bond Registrar and exchanged,
7 without charge, for an equal aggregate principal amount of 2023 RWSS Bonds
8 of the same series, date, maturity, and interest rate, in any authorized
9 denomination. The Bond Registrar shall not be obligated to register the transfer
10 of or to exchange any 2023 RWSS Bond between the Record Date and the
11 next principal payment or redemption date.
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14 F. Bond Registrar's Ownership of 2023 RWSS Bonds. The Bond
15 Registrar may become the Registered Owner of any 2023 RWSS Bond with the
16 same rights it would have if it were not the Bond Registrar, and to the extent
17 permitted by law, may act as depository for and permit any of its officers or
18 directors to act as a member of, or in any other capacity with respect to, any
19 committee formed to protect the right of the Registered Owners or Beneficial
20 Owners of 2023 RWSS Bonds.
21

22 G. Place and Medium of Payment. Both principal of and interest on the
23 2023 RWSS Bonds shall be payable in lawful money of the United States of
24 America. Interest on the 2023 RWSS Bonds shall be calculated on the basis of
25 a year of 360 days and twelve 30-day months. For so long as all 2023 RWSS
26 Bonds of a series are held by a depository, payments of principal thereof and



1 interest thereon shall be made as provided in accordance with the operational
2 arrangements of DTC referred to in the Letter of Representations. In the event
3 that the 2023 RWSS Bonds of a series are no longer held by a depository,
4 interest on such 2023 RWSS Bonds shall be paid by check or draft mailed to
5 the Registered Owners at the addresses for such Registered Owners
6 appearing on the Bond Register on the Record Date, or upon the written
7 request of a Registered Owner of more than \$1,000,000 of 2023 RWSS Bonds
8 (received by the Bond Registrar at least by the Record Date), such payment
9 shall be made by the Bond Registrar by wire transfer to the account within the
10 United States designated by the Registered Owner. Principal of the 2023
11 RWSS Bonds shall be payable upon presentation and surrender of such 2023
12 RWSS Bonds by the Registered Owners at the designated office of the Bond
13 Registrar.

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17 If any 2023 RWSS Bond is duly presented for payment and funds have
18 not been provided by the City on the applicable payment date, then interest will
19 continue to accrue thereafter on the unpaid principal thereof at the rate stated
20 on the 2023 RWSS Bond until the 2023 RWSS Bond is paid.

21 Section 5. Redemption Terms and Right to Purchase.

22
23 A. Mandatory Redemption of Term Bonds and Optional Redemption, if
24 any. Each series of 2023 RWSS Bonds shall be subject to optional redemption
25 on the dates, at the prices and under the terms set forth in the Bond Purchase
26 Contract. Each series of 2023 RWSS Bonds shall be subject to mandatory
redemption to the extent, if any, set forth in the Bond Purchase Contract.



1 B. Selection of 2023 RWSS Bonds for Redemption. For as long as the
2 2023 RWSS Bonds of a series are held in book entry only form, the selection of
3 particular 2023 RWSS Bonds within a series and maturity to be redeemed shall
4 be made in accordance with the operational arrangements then in effect at
5 DTC. If the 2023 RWSS Bonds of a series are no longer held by a depository,
6 the selection of such 2023 RWSS Bonds of such series to be redeemed and
7 the surrender and reissuance thereof, as applicable, shall be made as provided
8 in the following provisions of this subsection B or in the Official Statement. If the
9 City redeems at any one time fewer than all of the 2023 RWSS Bonds of a
10 series having the same maturity date, the particular 2023 RWSS Bonds or
11 portions of 2023 RWSS Bonds of such series and maturity to be redeemed
12 shall be selected by lot (or in such manner determined by the Bond Registrar)
13 in increments of \$5,000. In the case of a 2023 RWSS Bond of a denomination
14 greater than \$5,000, the City and the Bond Registrar shall treat each 2023
15 RWSS Bond as representing such number of separate 2023 RWSS Bonds
16 each of the denomination of \$5,000 as is obtained by dividing the actual
17 principal amount of such 2023 RWSS Bond by \$5,000. In the event that only a
18 portion of the principal sum of a 2023 RWSS Bond is redeemed, upon
19 surrender of such 2023 RWSS Bond at the designated office of the Bond
20 Registrar there shall be issued to the Registered Owner, without charge
21 therefor, for the then unredeemed balance of the principal sum thereof, at the
22 option of the Registered Owner, a 2023 RWSS Bond or 2023 RWSS Bonds of
23 like series, maturity and interest rate in any of the denominations herein
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1 authorized. Notwithstanding the foregoing or anything else to the contrary in
2 this ordinance, the selection of any 2023 RWSS Bonds for redemption may be
3 as provided in the Bond Purchase Contract or Official Statement for such 2023
4 RWSS Bonds.

5
6 C. Notice of Redemption.

7 (1) Official Notice. For so long as the 2023 RWSS Bonds of a
8 series are held by a depository, notice of redemption shall be given in
9 accordance with the operational arrangements of DTC as then in effect, and
10 neither the City nor the Bond Registrar shall provide any notice of redemption
11 to any Beneficial Owners.
12

13 The notice of optional redemption may be conditional. Unless waived by
14 any owner of 2023 RWSS Bonds to be redeemed, official notice of any such
15 redemption (which optional redemption may be conditioned by the Bond
16 Registrar on the receipt of sufficient funds for redemption or otherwise) shall be
17 given by the Bond Registrar on behalf of the City by mailing a copy of an official
18 redemption notice by first class mail at least 20 days and not more than 60
19 days prior to the date fixed for redemption to the Registered Owner of the 2023
20 RWSS Bond or 2023 RWSS Bonds to be redeemed at the address shown on
21 the Bond Register or at such other address as is furnished in writing by such
22 Registered Owner to the Bond Registrar.
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25 All official notices of redemption shall be dated and shall state:

- 26 (i) the redemption date,
(ii) the redemption price,



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(iii) if fewer than all outstanding 2023 RWSS Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the 2023 RWSS Bonds to be redeemed,

(iv) any conditions to redemption, and

(v) the place where such 2023 RWSS Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any optional redemption date, unless any condition to such redemption has not been satisfied or waived, or notice of such redemption has been rescinded or revoked, and on or prior to any mandatory redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the 2023 RWSS Bonds or portions of 2023 RWSS Bonds which are to be redeemed on that date. The City retains the right to rescind any optional redemption notice and the related optional redemption of 2023 RWSS 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 2023 RWSS Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Notice; 2023 RWSS Bonds Due. If notice of redemption has been given and not rescinded or revoked, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived,



1 the 2023 RWSS Bonds or portions of 2023 RWSS Bonds to be redeemed shall,
2 on the redemption date, become due and payable at the redemption price
3 therein specified, and if the Bond Registrar then holds sufficient funds to pay
4 such 2023 RWSS Bonds at the redemption price, then from and after such date
5 such 2023 RWSS Bonds or portions of 2023 RWSS Bonds shall cease to bear
6 interest. Upon surrender of such 2023 RWSS Bonds for redemption in
7 accordance with said notice, such 2023 RWSS Bonds shall be paid by the
8 Bond Registrar at the redemption price. Installments of interest due on or prior
9 to the redemption date shall be payable as herein provided for payment of
10 interest. All 2023 RWSS Bonds which have been redeemed shall be canceled
11 by the Bond Registrar and shall not be reissued.
12

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14 (3) Additional Notice. In addition to the foregoing notice, further
15 notice shall be given by the City as set out below, but no defect in said further
16 notice nor any failure to give all or any portion of such further notice shall in any
17 manner defeat the effectiveness of a call for redemption if notice thereof is
18 given as above-prescribed. Each further notice of redemption given hereunder
19 shall contain the information required above for an official notice of redemption
20 plus (i) the CUSIP numbers of all 2023 RWSS Bonds being redeemed; (ii) the
21 date of issue of the 2023 RWSS Bonds as originally issued; (iii) the rate of
22 interest borne by each 2023 RWSS Bond being redeemed; (iv) the maturity
23 date of each 2023 RWSS Bond being redeemed; and (v) any other descriptive
24 information needed to identify accurately the 2023 RWSS Bonds being
25 redeemed. Each further notice of redemption may be sent at least 20 days
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before the redemption date to each party entitled to receive notice pursuant to the Continuing Disclosure Certificate and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such 2023 RWSS Bonds.

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

D. Purchase of 2023 RWSS Bonds. The City reserves the right to purchase any or all of the 2023 RWSS Bonds in the open market at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Section 6. Form of 2023 RWSS Bonds; Execution. The 2023 RWSS Bonds shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference, with such changes thereto as may be approved by a Designated Representative, consistent with this ordinance.

The 2023 RWSS Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk and the seal of the City shall be impressed, imprinted, or otherwise reproduced thereon.

Only such 2023 RWSS Bonds as shall bear thereon a Certificate of Authentication in the form provided herein, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive



1 evidence that the 2023 RWSS Bonds so authenticated have been duly
2 executed, authenticated and delivered hereunder and are entitled to the
3 benefits of this ordinance.

4
5 In case either of the officers who shall have executed the 2023 RWSS
6 Bonds shall cease to be an officer or officers of the City before the 2023 RWSS
7 Bonds so signed shall have been authenticated or delivered by the Bond
8 Registrar, or issued by the City, such 2023 RWSS Bonds may nevertheless be
9 authenticated, delivered, and issued and upon such authentication, delivery,
10 and issuance, shall be as binding upon the City as though those who signed
11 the same had continued to be such officers of the City. Any 2023 RWSS Bond
12 may be signed and attested on behalf of the City by such persons who at the
13 date of the actual execution of such 2023 RWSS Bond, are the proper officers
14 of the City, although at the original date of such 2023 RWSS Bond any such
15 person shall not have been such officer of the City.
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18 Section 7. Lost or Destroyed 2023 RWSS Bonds. In case any 2023 RWSS
19 Bonds shall be lost, stolen, or destroyed, the Bond Registrar may authenticate
20 and deliver a new 2023 RWSS Bond or 2023 RWSS Bonds of like series,
21 amount, date, tenor, and effect to the owner thereof upon the owner paying the
22 expenses and charges of the City in connection therewith and upon filing with the
23 Bond Registrar evidence satisfactory to the Bond Registrar that such 2023
24 RWSS Bond(s) were actually lost, stolen, or destroyed and of ownership thereof,
25 and upon furnishing the City with indemnity satisfactory to both.
26



1 Section 8. Deposit of Proceeds of the 2023 RWSS Bonds; Refunding Plan.

2 A. Upon closing of the 2023 RWSS Bonds, the City shall deposit proceeds
3 of each series of 2023 RWSS Bonds (net of the Underwriters' discount and any
4 associated fees and costs) as follows:

5 (1) an amount sufficient to refund the Refunded Bonds to be
6 deposited with the Escrow Agent; and

7 (2) the amount to pay costs of issuing the 2023 RWSS Bonds into
8 the Revenue Fund, or deposited with the Escrow Agent.

9 The exact amount of such deposits shall be determined by a Designated
10 Representative of the City.

11 B. For the purpose of realizing a debt service savings and/or to
12 restructure the Refunded Bonds, the City proposes to apply a portion of the
13 proceeds of the 2023 RWSS Bonds to defease and/or redeem the Refunded
14 Bonds as set forth herein. If a Designated Representative determines that it is
15 in the best interest of the City to proceed with the refunding authorized herein,
16 a Designated Representative shall designate all or a portion of the 2013 RWSS
17 Bonds as Refunded Bonds and such designation shall be set forth in the Bond
18 Purchase Contract. Each Designated Representative is further authorized to
19 appoint an escrow agent ("Escrow Agent") to assist in the refunding plan
20 authorized herein.

21 A portion of the proceeds of such series of 2023 RWSS Bonds, together
22 with other available funds of the City, if any, shall be deposited with the Escrow
23 Agent on behalf of the City in the Refunding Account, which is hereby
24



1 authorized to be created, pursuant to an Escrow Agreement to be used
2 immediately upon receipt thereof to defease or redeem, as applicable, the
3 Refunded Bonds as authorized by the bond ordinance authorizing the
4 Refunded Bonds, and to pay costs of issuance of such series of 2023 RWSS
5 Bonds. The net proceeds deposited with the Escrow Agent shall be used to
6 defease the Refunded Bonds and discharge the obligations thereon by either
7 holding the funds uninvested or through the purchase of certain Acquired
8 Obligations bearing such interest and maturing as to principal and interest in
9 such amounts and at such times which, together with any necessary beginning
10 cash balance, will provide for the payment of interest on the Refunded Bonds
11 as the same becomes due on and prior to the Call Date for the Refunded
12 Bonds, and the redemption price (100 percent of the principal amount) of the
13 Refunded Bonds on the Call Date. Such Acquired Obligations shall be
14 purchased at a yield not greater than the yield permitted by the Code and
15 regulations relating to acquired obligations in connection with refunding bond
16 issues.

20 A cash balance and the Acquired Obligations shall be deposited
21 irrevocably with the Escrow Agent in an amount sufficient to defease the
22 Refunded Bonds. In order to carry out the purposes of this section, each
23 Designated Representative and the Finance Director are authorized and
24 directed to execute and deliver to the Escrow Agent an Escrow Agreement.

26 The City hereby irrevocably sets aside sufficient funds out of the
purchase of Acquired Obligations from proceeds of one or more series of 2023



1 RWSS Bonds to make the payments described above. In the Escrow
2 Agreement, the City shall irrevocably call the Refunded Bonds for redemption
3 on the Call Date in accordance with the provisions of the bond ordinance
4 authorizing the redemption and retirement of the Refunded Bonds prior to their
5 fixed maturities. Said defeasance and call for redemption of the Refunded
6 Bonds shall be irrevocable after the delivery of the cash and Acquired
7 Obligations to the Escrow Agent.
8

9 The Escrow Agent is hereby authorized and directed to provide for the
10 giving of notices of the redemption of the Refunded Bonds in accordance with
11 the applicable provisions of the bond ordinance authorizing the issuance of the
12 Refunded Bonds. The costs of publication of such notices shall be an expense
13 of the City.
14

15 Section 9. Revenue Fund. The City covenants that it will pay, or cause to
16 be paid, into the Revenue Fund all of the Revenues and all other money
17 required to be paid into the Revenue Fund pursuant to this ordinance.
18

19 The City covenants that it shall pay into the Revenue Fund in each
20 month, as an operation and maintenance expense of the Water System, from
21 Gross Revenues of the Water System an amount which, together with other
22 Participants' Payments and other Revenues available for such purpose, is
23 equal to the Regional System Costs which are then unpaid together with the
24 estimated Regional System Costs for the next succeeding month.
25

26 In each month, the City shall apply amounts in the Revenue Fund first,
to the payment of Operating Expenses of the Regional System for such month



1 and second, to the deposit in the Bond Fund of the amounts required pursuant
2 to Section 10 and, in the event the City has entered into any Parity Payment
3 Agreement (as described in Section 16) on a parity of lien with the Parity
4 Bonds, to make any regularly scheduled City Payments adjusted by any
5 regularly scheduled Receipt (provided, however, that termination payments
6 with respect to any Parity Payment Agreement shall not rank on a parity of lien
7 with the Parity Bonds); and, in the event the City has entered into a
8 reimbursement agreement authorized by Section 18, to make all payments
9 required to be made on a parity of lien with the Parity Bonds pursuant to such
10 reimbursement agreement in connection with a Qualified Letter of Credit,
11 Qualified Insurance, or other credit facility, provided that if there is not sufficient
12 money to make all payments under more than one such reimbursement
13 agreement, the payments shall be made on a pro rata basis. After such
14 required payments are made, amounts in the Revenue Fund may be used to
15 pay junior lien obligations of the Regional System, to finance capital
16 improvements or for any other lawful purpose of the Regional System.

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20 Section 10. Bond Fund.

21 A. Bond Fund. The Bond Fund has been created and divided into two
22 accounts: the Debt Service Account and the Reserve Account. At the option of
23 the City, separate accounts may be created in the Bond Fund for the purpose
24 of paying or securing the payment of principal, premium, if any, and interest on
25 any series of Parity Bonds. So long as any Parity Bonds are outstanding, the
26 Bond Fund shall be used solely and Revenues are appropriated for the



1 purposes of paying the principal of, premium, if any, and interest on Parity
2 Bonds and retiring Parity Bonds prior to maturity in the manner provided herein
3 or in any ordinance authorizing Parity Bonds.
4

5 The City shall set aside and pay into the Bond Fund out of the Revenue
6 Fund certain fixed amounts sufficient (together with other available funds on
7 hand and paid into the Bond Fund) to pay the principal of, premium, if any, and
8 interest on the Parity Bonds from time to time outstanding pursuant to this
9 ordinance and the ordinances authorizing the Parity Bonds as the same
10 respectively become due and payable, either at the maturity thereof or in
11 accordance with the terms of any Mandatory Amortization Installment schedule
12 established for the retirement of Term Bonds. The fixed amounts to be paid into
13 the Bond Fund, to the extent that such payments are not made from bond
14 proceeds or from other money that may legally be available therefor, shall be
15 made out of the Revenue Fund into the Bond Fund in the following order of
16 priority: first, to pay interest; second, to pay principal and Mandatory
17 Amortization Installments; and third, into the Reserve Account and into any
18 separate reserve account that secures the payment of Parity Bonds.
19
20

21 (1) Interest. In the case of all Parity Bonds, no later than the day
22 prior to the date on which an installment of interest falls due on any Parity
23 Bonds, there shall be on deposit in the Debt Service Account in the Bond Fund
24 an amount equal to the installment of interest then falling due on all outstanding
25 Parity Bonds.
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(2) Principal. No later than the day prior to the date upon which an installment of principal on Parity Bonds that are Serial Bonds falls due, there shall be on deposit in the Debt Service Account in the Bond Fund an amount equal to the installment of principal then falling due on all outstanding Parity Bonds that are Serial Bonds.

(3) Term Bonds. No later than the day prior to the date upon which a Mandatory Amortization Installment falls due, there shall be on deposit in the Debt Service Account an amount equal to the Mandatory Amortization Installment for such date. The City shall apply all such money to the redemption or purchase of Term Bonds on the next ensuing Mandatory Amortization Installment due date (or may so apply such money prior to such Mandatory Amortization Installment due date), pursuant to the terms of this ordinance or of the Parity Bond Authorizing Ordinance authorizing the issuance thereof. If the principal amount of Term Bonds retired by purchase or redemption exceeds the cumulative amount required to be redeemed by Mandatory Amortization Installment, then such excess may be credited against Mandatory Amortization Installments in the manner determined by the City at the time of such purchase or redemption. Any such purchase of Term Bonds by the City may be made with or without tenders of such bonds in such manner as the City shall, in its discretion, deem to be in its best interest.

(4) Reserve Account.



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(i) The 2023 RWSS Bonds shall not be secured by the Reserve Account or any separate reserve account. The Reserve Account Requirement for the 2023 RWSS Bonds is zero (\$0.00).

(ii) The following subsection (ii) applies to the Reserve Account so long as it secures payment of any Parity Bonds. Provisions related to a separate reserve account established for one or more series of Future Parity Bonds shall be set forth in the applicable Parity Bond Authorizing Ordinance(s).

Valuation of the amount in the Reserve Account and all subaccounts therein shall be made by the City on each December 31 and may be made on any other date. Such valuation shall be at the market value of the obligations in such account and such subaccounts (including accrued interest); provided, that investments which mature within one year shall be valued at their maturity value.

In the event of the issuance of any Future Parity Bonds secured by the Reserve Account, the Parity Bond Authorizing Ordinance for such Future Parity Bonds shall provide for further and additional approximately equal monthly payments into the Reserve Account from the money in the Revenue Fund, in such amounts and at such times so that by no later than five years from the date of issuance of such Future Parity Bonds or by the final maturity established for such series of Future Parity Bonds, whichever occurs first, there will be credited to the Reserve Account an amount equal to the Reserve Account Requirement, if any. Notwithstanding the foregoing provisions of this



1 subparagraph (ii), the proceedings authorizing the issuance of Future Parity
2 Bonds, to the extent permitted under the Code, may provide for payments into
3 the Reserve Account from the proceeds of such Future Parity Bonds or from
4 any other money lawfully available therefor, or may provide for the City to
5 obtain Qualified Insurance or a Qualified Letter of Credit for amounts required
6 by this subsection or similar provisions in other Parity Bond Authorizing
7 Ordinance to be paid out of the Reserve Account. The face amount of any such
8 Qualified Insurance or Qualified Letter of Credit shall be credited against the
9 amounts required to be maintained in the Reserve Account by this section or
10 similar provisions in other Parity Bond Authorizing Ordinance to the extent that
11 such payments and credits to be made are insured by an insurance company,
12 or guaranteed by a letter of credit from a financial institution. Such Qualified
13 Letter of Credit or Qualified Insurance shall not be cancelable on less than five
14 years' notice.
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18 On receipt of a notice of cancellation of any Qualified Letter of Credit or
19 Qualified Insurance or upon notice that the entity providing the Qualified Letter
20 of Credit or Qualified Insurance no longer meets the requirements specified
21 herein, the City shall substitute a Qualified Letter of Credit or Qualified
22 Insurance in the amount required to make up the deficiency created in the
23 Reserve Account or in the alternative shall create a special account in the
24 Revenue Fund and deposit therein, on or before the 25th day of each of the 36
25 succeeding calendar months (commencing with the 25th day of the calendar
26 month next following the date of the notice) one thirty-sixth of the amount



1 sufficient, together with other money and investments on deposit in the
2 Reserve Account, to equal the Reserve Account Requirement in effect as of the
3 date the cancellation or disqualification of the entity becomes effective. Those
4 amounts shall be deposited in the special account from money in the Revenue
5 Fund after making provision for payment of Operating Expenses and for
6 required payments into the Bond Fund. Amounts on deposit in that special
7 account shall not be available to pay debt service on Parity Bonds or for any
8 other purpose of the City, and shall be transferred to the Reserve Account on
9 the effective date of any cancellation of a Qualified Letter of Credit or Qualified
10 Insurance to make up all or part of the deficiency caused thereby. Amounts in
11 that special account or in the Reserve Account may be transferred to the
12 Revenue Fund and used for any purpose if and when a qualifying Qualified
13 Letter of Credit or Qualified Insurance is obtained.

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17 If at any time the money and value of Permitted Investments in the
18 Reserve Account shall exceed the amount of money and value of Permitted
19 Investments then required to be maintained therein, such excess may be
20 transferred to the Revenue Fund.

21
22 In the event that there shall be a deficiency in the Debt Service Account
23 for Parity Bonds secured by the Reserve Account, the City shall promptly make
24 up such deficiency from available funds in the Reserve Account by the
25 withdrawal of cash therefrom for that purpose and by the sale or redemption of
26 obligations held in the Reserve Account, if necessary, in such amounts as will
provide cash in the Reserve Account sufficient to make up any such deficiency,



1 and if a deficiency still exists immediately prior to an interest payment date and
2 after the withdrawal of cash, the City shall then draw from any Qualified Letter
3 of Credit, Qualified Insurance, or other equivalent credit facility in sufficient
4 amount to make up the deficiency. Such draw shall be made at such times and
5 under such circumstances as the agreement for such Qualified Letter of Credit
6 or Qualified Insurance shall provide. The City covenants that any deficiency
7 created in the Reserve Account by reason of any withdrawal therefrom for
8 payment into the Debt Service Account shall be made up from money in the
9 Revenue Fund first available after providing for the required payments into
10 such Debt Service Account and after providing for payments under a
11 reimbursement agreement entered into by the City under Section 18.
12

14 When a series of Parity Bonds is refunded in whole or in part, money
15 may be withdrawn from the Reserve Account to pay or provide for the payment
16 of refunded Parity Bonds; provided that immediately after such withdrawal there
17 shall remain in or be credited to the Reserve Account money, Qualified
18 Insurance, Qualified Letter of Credit and Permitted Investments in an amount
19 equal to the Reserve Account Requirement or so much thereof as is then
20 required to be maintained.
21

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



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

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

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

23 Section 11. Adequacy of Revenues of Regional System to Make
24 Required Payments. The Council declares, in fixing the amounts to be paid into
25 the Bond Fund as hereinbefore provided, that it has exercised due regard for
26 Operating Expenses and has not obligated the City to set aside and pay into



1 the Bond Fund a greater amount of the Revenues than in its judgment will be
2 available over and above such Operating Expenses.

3 Section 12. Pledge of Gross Revenue and Lien Position. The Parity
4 Bonds are special limited obligations of the City payable from and secured
5 solely by Revenues, including the amount of Gross Revenues of the Water
6 System and Participants' Payments required to be deposited in the Revenue
7 Fund pursuant to Section 9, subject to the prior payment of Operating
8 Expenses, and other funds specifically pledged hereunder. There are hereby
9 pledged as security for the payment of the principal, premium, if any, and
10 interest on the Parity Bonds in accordance with their terms and the provisions
11 of this ordinance, and any City Payments or reimbursement obligations as set
12 forth in Sections 16 and 18: (1) the proceeds of the sale of the Parity Bonds to
13 the extent held in the Bond Fund and any construction fund established for the
14 Parity Bonds, (2) the Revenues, including such Gross Revenues of the Water
15 System and Participants' Payments as provided in Section 9, and (3) the
16 money and investments, if any, credited to the Bond Fund (including the
17 Reserve Account or any separate reserve account to the extent such account
18 secures the payment of Parity Bonds) and any construction fund established for
19 the Parity Bonds, and the income therefrom. The Revenues and other money
20 and securities hereby pledged shall immediately be subject to the lien of this
21 pledge without any physical delivery or further act, and the lien of this pledge
22 shall be valid and binding as against all parties having claims of any kind in tort,
23 contract or otherwise against the City.



1 All Parity Bonds hereafter outstanding shall be equally and ratably
2 payable and secured without priority by reason of date of adoption of the
3 ordinance providing for their issuance or by reason of their number or date of
4 sale, issuance, execution or delivery, or by the liens, pledges, charges, trusts,
5 assignments and covenants made herein or in any ordinance authorizing
6 Future Parity Bonds, except as otherwise expressly provided or permitted in
7 this ordinance and except as to insurance which may be obtained by the City to
8 insure the repayment of one or more series or maturities within a series.
9

10 Parity Bonds shall not in any manner or to any extent constitute general
11 obligations of the City or of the State, or any political subdivision of the State, or
12 a charge upon any general fund or upon any money or other property of the
13 City or of the State, or of any political subdivision of the State, not specifically
14 pledged thereto by this ordinance.
15

16 Section 13. Defeasance. In the event that the City, to effect the payment,
17 retirement, or redemption of any 2023 RWSS Bond, sets aside in the Bond
18 Fund or in another special account, cash or noncallable Government
19 Obligations, or any combination of cash and/or noncallable Government
20 Obligations, in amounts and maturities which, together with the known earned
21 income therefrom, are sufficient to redeem and retire such 2023 RWSS Bond in
22 accordance with its terms and to pay when due the interest and redemption
23 premium, if any, thereon, and such cash and/or noncallable Government
24 Obligations are irrevocably set aside and pledged for such purpose, then no
25 further payments need be made into the Bond Fund for the payment of the
26



1 principal of and interest on such 2023 RWSS Bond. The owner of a 2023
2 RWSS Bond so provided for shall cease to be entitled to any benefit or security
3 of this ordinance except the right to receive payment of principal, premium, if
4 any, and interest from the Bond Fund or such special account, and such 2023
5 RWSS Bond shall be deemed to be not outstanding under this ordinance.
6

7 The City shall give written notice of defeasance to the Registered
8 Owners of the 2023 RWSS Bonds and to each party entitled to receive notice
9 in accordance with the Continuing Disclosure Certificate.
10

11 Section 14. Tax Covenants. The 2023 RWSS Bonds of a series may be
12 issued as Tax-Exempt Bonds. The City hereby covenants that it will take all
13 actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds
14 from the gross income of the Owners of the Tax-Exempt Bonds, to the same
15 extent as such interest is permitted to be excluded from gross income under
16 the Code as in effect on the Issue Date of the Tax-Exempt Bonds, including,
17 but not limited to, the following:
18

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

24 B. Limitations on Disposition of Projects. The City will not sell or
25 otherwise transfer or dispose of (i) any personal property components of the
26 Projects refinanced with proceeds of the Tax-Exempt Bonds other than in the
ordinary course of an established government program under Treasury



1 Regulation Section 1.141-2(d)(4) or (ii) any real property components of such
2 Projects, unless it has received an opinion of nationally recognized bond
3 counsel to the effect that such disposition will not adversely affect the treatment
4 of interest on the Tax-Exempt Bonds as excludable from gross income for
5 federal income tax purposes.
6

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

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

17 E. No Arbitrage. The City will not take, or permit or suffer to be taken,
18 any action with respect to the proceeds of the Tax-Exempt Bonds which, if such
19 action had been reasonably expected to have been taken, or had been
20 deliberately and intentionally taken, on the Issue Date of the Tax-Exempt
21 Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds”
22 within the meaning of Section 148 of the Code.
23

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



1 G. Record Retention. The City will retain its records of all accounting and
2 monitoring it carries out with respect to the Tax-Exempt Bonds for at least three
3 years after the Tax-Exempt Bonds mature or are prepaid (whichever is earlier);
4 however, if the Tax-Exempt Bonds are redeemed prior to maturity, the City will
5 retain its records of accounting and monitoring at least three years after the
6 earlier of the maturity or redemption of the obligations that refunded the Tax-
7 Exempt Bonds.
8

9 H. Compliance with Federal Tax Certificate. The City will comply with the
10 provisions of the Federal Tax Certificate with respect to the Tax-Exempt Bonds,
11 which are incorporated herein as if fully set forth herein.
12

13 The covenants of this section will survive payment in full or defeasance
14 of the Tax-Exempt Bonds.

15 Section 15. Covenants. The City covenants with the owner of each 2023
16 RWSS Bond at any time outstanding, as follows:
17

18 A. Operation and Maintenance. It will at all times maintain, preserve and
19 keep the Regional System in good repair, working order and condition, will
20 make all necessary and proper improvements, replacements and extensions
21 thereof, and will at all times operate or cause to be operated the properties of
22 the Regional System and the business in connection therewith in an efficient
23 manner and at a reasonable cost.
24

25 B. Rate Covenants.

26 (1) The City shall establish, maintain and collect contract charges
or other amounts for water and other goods and services sold or supplied



1 through the facilities of the Regional System that will provide the City with
2 Revenues sufficient for the payment of Regional System Costs.

3 (2) The City shall establish, maintain and collect rates and
4 charges for water and other goods and services sold or supplied through the
5 facilities of the Water System sufficient to pay the cost of operation and
6 maintenance of the Water System and to provide Gross Revenues of the Water
7 System sufficient, together with amounts on deposit in the Revenue Fund and
8 available for such purpose (including Participants' Payments), to pay all
9 Regional System Costs and all obligations against Gross Revenues of the
10 Water System now or hereafter imposed by law or contract.
11
12

13 C. Project Agreement. The City shall not amend Sections 11.4.10, 25.3,
14 25.7, 25.8, or 31.3 of the Agreement for the Second Supply Project in any
15 manner that would materially impact the security for the Parity Bonds or increase
16 or reduce a Participant's obligations to pay its share of debt service on the Parity
17 Bonds or any Future Parity Bonds, other than to allow for a new Participant or an
18 existing Participant (other than the City) to assign its interests in the Project
19 Agreement if (1) the new Participant signs a Project Agreement substantially in
20 the form of the Project Agreement, (2) the new Participant's water system is
21 rated at least in one of the three highest categories by one Rating Agency, (3)
22 the Participant's resolutions or ordinances authorizing outstanding water revenue
23 bonds permit the Participant to pay all costs it owes under the Project Agreement
24 as an operating and maintenance expense of its water system and any other
25 utility that is combined with its water system, (4) the tax-exempt status of any
26



1 outstanding Parity Bonds issued as tax-exempt obligations or the entitlement of
2 the City to receive federal direct payments from the United States Treasury with
3 respect to any outstanding Parity Bonds issued as Build America Bonds will not
4 be affected, and (5) to the extent that the new Participant's share of debt service
5 on any Parity Bonds exceeds 10% or other threshold as determined by the City,
6 the new Participant shall execute a continuing disclosure undertaking that
7 satisfies the requirements of Rule 15c2-12.
8

9 D. Sale, Transfer or Disposition of the Regional System. The City may
10 sell, transfer or otherwise dispose of any of the works, plant, properties,
11 facilities or other part of the Regional System or any real or personal property
12 comprising a part of the Regional System only consistent with State law and
13 the City Charter and one or more of the following:
14

15 (1) The City may exchange any of the works, plant, properties,
16 facilities or other part of the Regional System for works, plant, properties or
17 facilities of substantially the same type, use and value; or
18

19 (2) The City in its discretion may carry out such a sale, transfer or
20 disposition (each, as used in this subparagraph, a "transfer") if the facilities or
21 property transferred are not material to the operation of the Regional System,
22 or shall have become unserviceable, inadequate, obsolete or unfit to be used in
23 the operation of the Regional System or are no longer necessary, material or
24 useful to the operation of the Regional System; or
25

26 (3) The City in its discretion may carry out such a transfer if the
aggregate depreciated cost value of the facilities or property of the Regional



1 System being transferred under this subparagraph (iii) in any Fiscal Year
2 comprises no more than five percent of the total assets of the Regional System; or

3 (4) The City may sell, lease, mortgage or otherwise dispose of the
4 Regional System, including all additions to and betterments and extensions
5 thereof at any time made, that are used, useful or material in the operation of
6 the Regional System, if provision is made for the replacement thereof or
7 provision is made for the payment, redemption or other retirement of a principal
8 amount of Parity Bonds equal to the greater of the following amounts:
9

10 (i) An amount that will be in the same proportion to the net
11 Bond Obligation of Parity Bonds then outstanding (defined as the total Bond
12 Obligation of such Parity Bonds outstanding less the amount of cash and
13 investments in the Debt Service Account) that the revenues attributable to the
14 part of the Regional System sold or disposed of for any 12 consecutive of the
15 most recent 24 months bears to the total revenues for such period; or
16

17 (ii) An amount that will be in the same proportion to the net
18 Bond Obligation of Parity Bonds then outstanding that the book value of the
19 part of the Regional System sold or disposed of bears to the book value of the
20 entire Regional System immediately prior to such sale or disposition.
21

22 E. Books and Accounts. It will keep proper books, records and accounts
23 with respect to the operations, income and expenditures of the Regional
24 System in accordance with generally accepted accounting practices relating to
25 municipal utilities, and will cause those books, records and accounts to be
26 audited on an annual basis by the State Auditor or by a Certified Public



1 Accountant selected by the City. It will prepare annual financial and operating
2 statements after the close of each Fiscal Year of the Regional System showing
3 in reasonable detail the financial condition of the Regional System, which
4 financial and operating statements may be included in the consolidated
5 financial statements of the Water System or other form deemed appropriate by
6 the City.
7

8 F. Maintenance of Insurance. The City will keep the Regional System
9 insured, and will carry such other insurance, with responsible insurers, with
10 policies payable to the City, against risks, accidents or casualties, at least to
11 the extent that insurance is deemed prudent and/or necessary by the other
12 Participants; provided, however, that the City may, with the other Participants'
13 approval, institute or continue a self-insurance program with respect to any or
14 all of the aforementioned risks. In the event of any loss or damage, the City will
15 promptly deposit the insurance proceeds into the Construction Account or other
16 capital account, or any construction fund hereafter created for the Regional
17 System, and use such funds to repair or replace the damaged portion of the
18 insured property and apply the proceeds of any insurance policy or self-
19 insurance funding for that purpose; or in the event the City should determine
20 not to repair or reconstruct such damaged portion of the properties of the
21 Regional System, the proceeds of such insurance or self-insurance funding
22 shall be transferred to the Reserve Account to the extent that such transfer
23 shall be necessary to make up any deficiency in the Reserve Account and the
24 balance, if any, shall, at the option of the City, be used for repairs, renewals,
25
26



1 replacements, or additions to or extension of the Regional System or be used
2 in the retirement of Parity Bonds prior to maturity, either by purchase at prices
3 not to exceed the next applicable redemption price or by call for redemption.
4

5 Section 16. Parity Derivative Products. For purposes of this section, the
6 following words shall have the following definitions:

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

12 B. "Parity Payment Agreement" means a Payment Agreement under
13 which the City's payment obligations are expressly stated to be secured by a
14 pledge of and lien on Gross Revenues on an equal and ratable basis with
15 Gross Revenues required to be paid into the Bond Fund to pay and secure the
16 payment of the principal of and interest on Parity Bonds.
17

18 C. "Payment Agreement" means a written agreement, for the purpose of
19 managing or reducing the City's exposure to fluctuations or levels of interest
20 rates, currencies or commodities or for other interest rate, investment, asset or
21 liability management purposes, entered into on either a current or forward basis
22 by the City and a Qualified Counterparty, all as authorized by any applicable
23 laws of the State. Such agreement may or may not be characterized by a
24 structure of reciprocity of payment.
25
26



1 D. "Payment Date" means any date specified in the Payment Agreement
2 on which a City Payment or Receipt is due and payable under the Payment
3 Agreement.

4 E. "Receipt" means any payment (designated as such by an ordinance)
5 to be made to, or for the benefit of, the City under a Payment Agreement by the
6 Payor.
7

8 F. "Payor" means a Qualified Counterparty to a Payment Agreement that
9 is obligated to make one or more payments thereunder.
10

11 G. "Qualified Counterparty" means a party (other than the City or a party
12 related to the City) who is the other party to a Payment Agreement that has or
13 whose obligations are unconditionally guaranteed by a party that has at least
14 an investment grade rating from a Rating Agency or who is otherwise qualified
15 to act as the other party to a Payment Agreement under any applicable laws of
16 the State.
17

18 H. A Payment made under a Payment Agreement may be on a parity
19 with the 2023 RWSS Bonds if the Payment Agreement satisfies the
20 requirements for Future Parity Bonds described in Section 17, taking into
21 consideration regularly scheduled Payments and Receipts (if any) under the
22 Payment Agreement. The following shall be conditions precedent to the use of
23 any Payment Agreement on parity with the 2023 RWSS Bonds:
24

25 (1) The City shall obtain an opinion of Bond Counsel on the due
26 authorization and execution of such Payment Agreement, the validity and
enforceability thereof and opining that the action proposed to be taken is



1 authorized or permitted by this ordinance or the applicable provisions of any
2 supplemental ordinance and will not adversely affect the excludability for
3 federal income tax purposes of the interest on any outstanding Parity Bonds
4 issued as tax-exempt obligations or the entitlement of the City to receive
5 federal direct payments from the United States Treasury with respect to any
6 outstanding Parity Bonds issued as Build America Bonds.
7

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

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

12 (ii) establish general provisions for the rights of parties to
13 Payment Agreements; and

14 (iii) set forth such other matters as the City deems
15 necessary or desirable in connection with the management of Payment
16 Agreements as are not clearly inconsistent with the provisions of this
17 ordinance. The Payment Agreement may oblige the City to pay, on one or more
18 scheduled and specified Payment Dates, the Payments in exchange for the
19 Payor's obligation to pay or to cause to be paid to the City, on scheduled and
20 specified Payment Dates, the Receipts. The City may also enter into Payment
21 Agreements that are not reciprocated by the other party to the agreement.
22
23
24

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



1 regularly scheduled Receipts during a Fiscal Year. Receipts shall be made
2 directly into the Bond Fund. Obligations to make unscheduled payments, such
3 as termination payments, may not be entered into on parity with the 2023
4 RWSS Bonds.

5
6 Nothing in this section shall preclude the City from entering into Payment
7 Agreements with a claim on Gross Revenues junior to that of the 2023 RWSS
8 Bonds. Furthermore, nothing in this section shall preclude the City from
9 entering into obligations on parity with the 2023 RWSS Bonds in connection
10 with the use of Payment Agreements or similar instruments if the City obtains
11 an opinion of Bond Counsel that the obligations of the City thereunder are
12 consistent with this ordinance.

13
14 Section 17. Future Parity Bonds.

15
16 A. The City reserves the right to issue Future Parity Bonds from time to
17 time as may be required for any lawful purpose of the City relating to the
18 Regional System, including but not limited to, acquiring, constructing and
19 installing additions, betterments and improvements to and extensions of,
20 acquiring necessary equipment for, or making necessary renewals,
21 replacements or repairs and capital improvements to the Regional System and
22 refunding any outstanding indebtedness.

23
24 B. The City covenants that Future Parity Bonds shall be issued only
25 upon compliance with the following conditions:

26 (1) The Project Agreement shall be in effect.



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(2) At the times of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund or in any of the accounts therein.

(3) If the Future Parity Bonds proposed to be issued are secured by the Reserve Account, the Parity Bond Authorizing Ordinance shall require that there shall be paid into the Reserve Account in the Bond Fund (a) from the proceeds of such Future Parity Bonds an amount such that the amount on deposit in the Reserve Account, allowing for any amount covenanted in a Parity Bond Authorizing Ordinance for outstanding Parity Bonds to be paid into such Account over five years, in equal monthly installments, as provided in Section 10(A)(4) is equal to the Reserve Account Requirement, if any, or (b) from the Revenue Fund in not more than five years, in equal monthly installments, as provided in Section 10(A)(4) such that the amount on deposit in the Reserve Account is equal to the Reserve Account Requirement. Upon the issuance of any series of Future Parity Bonds, the City shall recalculate the Reserve Account Requirement, which recalculated Reserve Account Requirement shall become effective as of such date of recalculation. Notwithstanding the foregoing, Future Parity Bonds may be secured by a separate reserve account with a separate Reserve Account Requirement, which may be zero.

(4) Without obtaining a certificate described in (4)(i) or (ii), Future Parity Bonds may be issued for refunding purposes as described in Subsection 17(C). For all other Future Parity Bonds there shall be on file with the City Clerk either:



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(i) A certificate of the Finance Director (or equivalent official) of each Participant (including the City in the case of the Water System) that will be responsible for paying debt service on the Future Parity Bonds stating that “Revenues” or “Gross Revenues” (as defined in the Participant’s System bond ordinances or resolutions) in any 12 consecutive months out of the most recent 24 months preceding the delivery of the Future Parity Bonds then proposed to be issued, as determined from the financial statements of the Participant’s System, were sufficient to pay the operation and maintenance expenses of the Participant’s System and the Participant’s portion of the debt service on the Future Parity Bonds then proposed to be issued based on the highest debt service in the next three calendar years following the year interest is capitalized or the project being financed is placed in service, whichever is later, and “Net Revenues” (as defined in the Participant’s System bond ordinance or resolution) for such 12-month period were sufficient to pay debt service on the Participant’s senior lien water revenue bonds and meet the Participant’s rate coverage required by such ordinance or resolution; or

(ii) For each Participant (including the City) that will be responsible for paying debt service on the Future Parity Bonds, a certificate of an Engineer or a Certified Public Accountant showing that the “Adjusted Revenues” (determined as described herein) for each calendar year during the life of the Future Parity Bonds proposed to be issued will be sufficient to pay the operation and maintenance expenses of the Participant’s System and the Participant’s portion of the debt service on outstanding Parity Bonds and on the



1 Future Parity Bonds then proposed to be issued, based on the highest debt
2 service in the three calendar years following the year interest is capitalized, or
3 the project being financed is placed in service, whichever is later, and "Adjusted
4 Net Revenues" (determined as described herein) will be sufficient to pay debt
5 service on the Participant's senior lien water revenue bonds and meet the
6 Participant's rate coverage required by the ordinances or resolutions
7 authorizing such senior lien bonds.

9 The "Adjusted Revenues" or "Adjusted Net Revenues," as applicable,
10 shall be the Participant's System water revenue for a period of any 12
11 consecutive months out of the 24 months immediately preceding the date of
12 delivery of such proposed Future Parity Bonds ("Base Period") as adjusted by
13 such Engineer or Accountant to take into consideration changes in revenues
14 estimated to occur under the following conditions for each year after such
15 delivery for so long as any Parity Bonds, including the Future Parity Bonds
16 proposed to be issued, shall be outstanding:

19 (1) the additional revenues that would have been received if any
20 change in rates and charges adopted prior to the date of such certificate and
21 subsequent to the beginning of the Base Period and effective within 12 months
22 of the certificate had been in force during the full Base Period;

24 (2) the additional net revenues that would have been received if
25 any facility of the Participant's System that became fully operational after the
26 beginning of the Base Period had been so operating for the entire Base Period;



1 (3) the additional revenues to the Participant's System estimated
2 by such Engineer or Accountant to be received (a) as a result of any additions,
3 betterments and improvements to and extensions of any facilities of the
4 Participant's System which are under construction at the time of such certificate
5 or (b) as a result of improvements to the Regional System to be constructed or
6 acquired from the proceeds of the Future Parity Bonds to be issued; and
7

8 (4) the additional revenues that would have been received if any
9 customers added to the Participant's System during the Base Period or
10 subsequent thereto had been customers for the entire Base Period.
11

12 Such Accountant or Engineer may rely upon, and the Accountant's or
13 Engineer's certificate shall have attached thereto, financial statements of the
14 Participant's System, certified by the Finance Director, or equivalent official of
15 such Participant, showing income and expenses for the period upon which the
16 same is based.
17

18 C. In the event that any Future Parity Bonds provided for in this section
19 are issued for refunding purposes and the issuance of such refunding Future
20 Parity Bonds results in a net present value monetary saving to the City and
21 such refunding Future Parity Bonds will not require an increase of greater than
22 \$5,000 in debt service payments to be paid in any Fiscal Year or calendar year
23 thereafter than would have been required to be paid in the same Fiscal Year or
24 calendar year for Annual Debt Service on the Parity Bonds being refunded,
25 then paragraph (4) of Subsection 17(B) need not be complied with to permit
26



1 such refunding Future Parity Bonds to be issued, although the provisions of
2 paragraphs (1), (2) and (3) of Subsection 17(B) must still be complied with.

3 D. In making any calculations required to be made by a Finance Director
4 or the Engineer or Accountant in paragraph (4) of Subsection 17(B), in the case
5 of Variable Interest Rate Bonds, for purposes of calculating Annual Debt
6 Service the interest rate thereon shall be calculated on the assumption that
7 such bonds will bear interest at a rate equal to the rate most recently reported
8 by The Bond Buyer as the Bond Buyer's Index for long-term revenue bonds;
9 provided, that if on such date of calculation the interest rate on such bonds
10 shall then be fixed to maturity, the interest rate used for such specified period
11 for the purpose of the foregoing calculation shall be such actual interest rate.

12 Section 18. Reimbursement Obligations. In the event that the City elects
13 to meet the requirements of Section 10(A)(4) with respect to the Reserve
14 Account as to any issue of Parity Bonds through the use of a Qualified Letter of
15 Credit, Qualified Insurance or other equivalent credit enhancement device, the
16 City may contract with the entity providing such Qualified Letter of Credit,
17 Qualified Insurance or other equivalent credit enhancement device that the
18 City's reimbursement obligation, if any, to such entity ranks on a parity of lien
19 with the Parity Bonds.

20 In the event that the City elects additionally to secure any issue of
21 Variable Interest Rate Bonds through the use of a letter of credit, insurance or
22 other equivalent credit enhancement device, the City may contract with the
23 entity providing such letter of credit, insurance or other equivalent credit
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1 enhancement device that the City’s reimbursement obligation, if any, to such
2 entity ranks on a parity of lien with the Parity Bonds; provided, that the
3 payments due under such reimbursement agreement are such that if such
4 reimbursement obligation were a series of Future Parity Bonds, such Future
5 Parity Bonds could be issued in compliance with the provisions of Section 17.
6

7 Section 19. Junior Lien Obligations. Nothing herein shall prevent the City
8 from issuing bonds, notes, warrants or other obligations payable from and
9 secured by a lien and charge junior to the lien and charge described in Section 9.
10

11 Section 20. Sale of 2023 RWSS Bonds.

12 A. Bond Sale. The 2023 RWSS Bonds shall be sold by negotiated public
13 sale to the Underwriters pursuant to the terms of the Bond Purchase Contract.
14 The City Council has determined that it would be in the best interest of the City
15 to delegate to the Designated Representatives, for a limited time, the authority
16 to select the Refunded Bonds, to designate each series of 2023 RWSS Bonds
17 as Tax-Exempt Bonds or Taxable Bonds, and to approve the final terms for
18 each series of 2023 RWSS Bonds, including but not limited to final interest
19 rates, final maturity date, redemption terms, principal maturities, and any other
20 terms for each series of 2023 RWSS Bonds.
21

22 Each Designated Representative is further authorized to designate all or
23 a portion of a series of 2023 RWSS Bonds allocated to refinance the portion of
24 the Projects which have environmentally beneficial attributes, as “Green
25 Bonds,” and to engage with such consultants and to undertake such action,
26



1 execute such certificates, and agree to such terms as necessary to accomplish
2 such designation.

3 B. Sale Parameters. Subject to the terms and conditions set forth in this
4 section, each Designated Representative is hereby authorized to select the
5 Refunded Bonds, to designate the 2023 RWSS Bonds of a series as Tax-
6 Exempt Bonds or Taxable Bonds, and to approve the final interest rates, final
7 maturity date, redemption terms and principal maturities for each series of 2023
8 RWSS Bonds, and to agree to any other final terms for each series of 2023
9 RWSS Bonds that are in the best interest of the City and necessary to facilitate
10 this ordinance so long as:
11

12 (1) the aggregate principal (face) amount of all 2023 RWSS
13 Bonds issued under this ordinance does not exceed \$40,850,000,

14 (2) the final maturity date for each series of 2023 RWSS Bonds is
15 no later than December 1, 2032,

16 (3) the aggregate purchase price for the 2023 RWSS Bonds of a
17 series shall not be less than 95 percent of the aggregate stated principal
18 amount of such 2023 RWSS Bonds, excluding any original issue discount, and
19 not greater than 140 percent,

20 (4) the 2023 RWSS Bonds of each series shall bear interest at
21 fixed rates per annum and the true interest cost for the 2023 RWSS Bonds of
22 such series (in the aggregate) does not exceed 4.25 percent, and

23 (5) the 2023 RWSS Bonds of each series conform to all other
24 terms of this ordinance.
25
26



1 The final terms of each series of 2023 RWSS Bonds shall be set forth in
2 the Bond Purchase Contract. Subject to the terms and conditions set forth in
3 this section, each Designated Representative is hereby authorized to execute
4 the Bond Purchase Contract.

5
6 The authority granted to the Designated Representatives by this section
7 shall expire one year from the effective date of this ordinance. If a Bond
8 Purchase Contract for the 2023 RWSS Bonds has not been executed by such
9 date, the authorization for the issuance of the 2023 RWSS Bonds shall be
10 rescinded, and the 2023 Bonds shall not be issued nor their sale approved
11 unless such 2023 RWSS Bonds are re-authorized by ordinance of the City
12 Council at the request of the Board. The ordinance re-authorizing the issuance
13 and sale of such 2023 RWSS Bonds may be in the form of a new ordinance
14 repealing this ordinance in whole or in part or may be in the form of an
15 amendatory ordinance approving a Bond Purchase Contract or establishing
16 terms and conditions for the authority delegated under this section.

17
18
19 Section 21. General Authorization; Documents. Following the passage
20 and approval of this ordinance, the proper officials of the City, including the
21 Designated Representatives, the Mayor, the Finance Director, the Treasurer,
22 the City Manager, the Assistant Finance Director/Controller, and the City Clerk,
23 are authorized and directed to undertake all action necessary for the prompt
24 execution and delivery of the 2023 RWSS Bonds to the Underwriters and
25 further to execute all closing certificates and documents required to effect the
26 closing and delivery of the 2023 RWSS Bonds in accordance with the terms of



1 this ordinance and the Bond Purchase Contract. Such documents may include,
2 but are not limited to, documents related to a municipal bond insurance policy
3 to insure the payment when due of the principal of and interest on all or a
4 portion of the 2023 RWSS Bonds as provided therein, if such insurance is
5 determined by a Designated Representative to be in the best interest of the
6 City.
7

8 Notwithstanding anything herein to the contrary, the signature of one
9 authorized official, including, but not limited to, the Designated
10 Representatives, shall be sufficient to bind the City.
11

12 Section 22. Preliminary and Final Official Statements. The Designated
13 Representatives and the City Finance Director are each hereby authorized to
14 deem final the preliminary Official Statement relating to the 2023 RWSS Bonds
15 for the purposes of the Rule. The Designated Representatives and the City
16 Finance Director are each further authorized to approve for purposes of the
17 Rule, on behalf of the City, the final Official Statement relating to the issuance
18 and sale of the 2023 RWSS Bonds and the distribution of the final Official
19 Statement pursuant thereto with such changes, if any, as may be deemed by
20 such individual to be appropriate.
21

22 Section 23. Ongoing Disclosure; Continuing Disclosure Certificate. The
23 City covenants to execute and deliver on each Issue Date a Continuing
24 Disclosure Certificate consistent with the Rule. The Finance Director is hereby
25 authorized to execute and deliver a Continuing Disclosure Certificate upon the
26 issuance, delivery, and sale of the 2023 RWSS Bonds with such terms and



1 provisions as such officer shall deem appropriate and in the best interests of
2 the City.

3 Section 24. Additional or Supplemental Ordinances.

4 A. The Council from time to time and at any time may pass an ordinance
5 or ordinances supplemental hereto, which ordinance or ordinances thereafter
6 shall become a part of this ordinance, for any one or more or all of the following
7 purposes:
8

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

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

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



1 B. With the consent of the owners of not less than 51% in aggregate
2 Bond Obligations of the Parity Bonds at the time outstanding, the City may
3 pass an ordinance or ordinances supplemental hereto for the purpose of
4 adding any provisions to or changing in any manner or eliminating any of the
5 provisions of this ordinance or of any supplemental ordinance; provided,
6 however, that no such supplemental ordinance shall:

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

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

18 It shall not be necessary for the consent of bondowners under this
19 Subsection (B) to approve the particular form of any proposed supplemental
20 ordinance, but it shall be sufficient if such consent shall approve the substance
21 thereof.

23 C. Upon the passage of any supplemental ordinance pursuant to the
24 provisions of this section, this ordinance shall be deemed to be modified and
25 amended in accordance therewith, and the respective rights, duties and
26 obligations of the City under this ordinance and of all owners of Parity Bonds
outstanding hereunder shall thereafter be determined, exercised and enforced



1 thereunder, subject in all respects to such modification and amendments, and
2 all the terms and conditions of any such supplemental ordinance shall be
3 deemed to be part of the terms and conditions of this ordinance for any and all
4 purposes.

5
6 To the extent the 2023 RWSS Bonds are insured, the insurer may
7 consent on behalf of owners of the 2023 RWSS Bonds to any amendment to
8 this ordinance so long as the Insurer is not in default on its obligations to pay.

9 Section 25. Defaults and Remedies.

10 A. Events of Default. The following shall constitute "Events of Default"
11 with respect to the Parity Bonds:
12

13 (1) If a default is made in the payment of the principal of or
14 interest on any of the Parity Bonds when the same shall become due and
15 payable; or

16 (2) If the City defaults in the observance and performance of any
17 of the covenants, conditions and agreements on the part of the City set forth in
18 this ordinance or any covenants, conditions or agreements on the part of the
19 City contained in any ordinance authorizing Parity Bonds and such default or
20 defaults have continued for a period of six months after it has received from the
21 Bondowners' Trustee (as defined below) or from the registered owners of not
22 less than 25% in principal amount of the Parity Bonds, a written notice
23 specifying and demanding the cure of such default. However, if the default in
24 the observance and performance of any other of the covenants, conditions and
25 agreements is one which cannot be completely remedied within the six months
26



1 after written notice has been given, it shall not be an Event of Default with
2 respect to the Parity Bonds as long as the City has taken active steps within the
3 six months after written notice has been given to remedy the default and is
4 diligently pursuing such remedy.
5

6 (3) If the City files a petition in bankruptcy or is placed in
7 receivership under any state or federal bankruptcy or insolvency law.

8 B. Bondowners' Trustee. So long as such Event of Default has not been
9 remedied, a bondowners' trustee ("Bondowners' Trustee") may be appointed by
10 the registered owners of 25% in principal amount of the Parity Bonds, by an
11 instrument or concurrent instruments in writing signed and acknowledged by
12 such registered owners of the Parity Bonds or by their attorneys-in-fact duly
13 authorized and delivered to such Bondowners' Trustee, notification thereof being
14 given to the City. That appointment shall become effective immediately upon
15 acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee
16 appointed under the provisions of this section shall be a bank or trust company
17 organized under the laws of the State, the State of New York or a national
18 banking association. The bank or trust company acting as Bondowners' Trustee
19 may be removed at any time, and a successor Bondowners' Trustee may be
20 appointed, by the registered owners of a majority in principal amount of the Parity
21 Bonds, by an instrument or concurrent instruments in writing signed and
22 acknowledged by such registered owners of the Parity Bonds or by their
23 attorneys-in-fact duly authorized. The Bondowners' Trustee may require such
24 security and indemnity as may be reasonable against the costs, expenses and
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1 liabilities that may be incurred in the performance of its duties. In the event that
2 any Event of Default in the sole judgment of the Bondowners' Trustee is cured
3 and the Bondowners' Trustee furnishes to the City a certificate so stating, that
4 Event of Default shall be conclusively deemed to be cured and the City, the
5 Bondowners' Trustee and the registered owners of the Parity Bonds shall be
6 restored to the same rights and position which they would have held if no Event
7 of Default had occurred.
8

9 The Bondowners' Trustee appointed in the manner herein provided, and
10 each successor thereto, is declared to be a trustee for the registered owners of
11 all the Parity Bonds and is empowered to exercise all the rights and powers
12 herein conferred on the Bondowners' Trustee.
13

14 C. Suits at Law or in Equity. Upon the happening of an Event of Default
15 and during the continuance thereof, the Bondowners' Trustee may, and upon the
16 written request of the registered owners of not less than 25% in principal amount
17 of the Parity Bonds outstanding shall, take such steps and institute such suits,
18 actions or other proceedings, all as it may deem appropriate for the protection
19 and enforcement of the rights of the registered owners of the Parity Bonds, to
20 collect any amounts due and owing to or from the City, or to obtain other
21 appropriate relief, and may enforce the specific performance of any covenant,
22 agreement or condition contained in this ordinance or in any ordinance
23 authorizing Parity Bonds.
24
25

26 Nothing contained in this section shall, in any event or under any
circumstance, be deemed to authorize the acceleration of maturity of principal on



1 the Parity Bonds, and the remedy of acceleration is expressly denied to the
2 registered owners of the Parity Bonds under any circumstances including,
3 without limitation, upon the occurrence and continuance of an Event of Default.
4

5 Any action, suit or other proceedings instituted by the Bondowners'
6 Trustee hereunder shall be brought in its name as trustee for the owners of Parity
7 Bonds and all such rights of action upon or under any of the Parity Bonds or the
8 provisions of this ordinance may be enforced by the Bondowners' Trustee
9 without the possession of any of those Parity Bonds and without the production
10 of the same at any trial or proceedings relative thereto except where otherwise
11 required by law. Any such suit, action or proceeding instituted by the
12 Bondowners' Trustee shall be brought for the ratable benefit of all of the
13 registered owners of those Parity Bonds, subject to the provisions of this
14 ordinance. The respective registered owners of the Parity Bonds, by taking and
15 holding the same, shall be conclusively deemed irrevocably to appoint the
16 Bondowners' Trustee the true and lawful trustee of the respective registered
17 owners of those Parity Bonds, with authority to institute any such action, suit or
18 proceeding; to receive as trustee and deposit in trust any sums becoming
19 distributable on account of those Parity Bonds; to execute any paper or
20 documents for the receipt of money; and to do all acts with respect thereto that
21 the registered owner himself or herself might have done in person. Nothing
22 herein shall be deemed to authorize or empower the Bondowners' Trustee to
23 consent to accept or adopt, on behalf of any registered owner of the Parity
24 Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any
25
26



1 right of any registered owner thereof, or to authorize or empower the
2 Bondowners' Trustee to vote the claims of the registered owners thereof in any
3 receivership, insolvency, liquidation, bankruptcy, reorganization or other
4 proceeding to which the City is a party.
5

6 D. Application of Money Collected by Bondowners' Trustee. Any money
7 collected by the Bondowners' Trustee at any time pursuant to this section, shall
8 be applied in the following order of priority:

9 (1) First, to the payment of the charges, expenses, advances and
10 compensation of the Bondowners' Trustee and the charges, expenses, counsel
11 fees, disbursements and compensation of its agents and attorneys; and
12

13 (2) Second, to the payment to the persons entitled thereto of all
14 installments of interest then due on the Parity Bonds in the order of maturity of
15 such installments and, if the amount available shall not be sufficient to pay in full
16 any installment or installments maturing on the same date, then to the payment
17 thereof ratably, according to the amounts due thereon to the persons entitled
18 thereto, without any discrimination or preference; and
19

20 (3) Third, to the payment to the persons entitled thereto of the
21 unpaid principal amounts of any Parity Bonds which shall have become due
22 (other than Parity Bonds previously called for redemption for the payment of
23 which money is held pursuant to the provisions hereto), whether at maturity or by
24 proceedings for redemption or otherwise, in the order of their due dates and, if
25 the amount available shall not be sufficient to pay in full the principal amounts
26 due on the same date, then to the payment thereof ratably, according to the



1 principal amounts due thereon to the persons entitled thereto, without any
2 discrimination or preference.

3 E. Duties and Obligations of Bondowners' Trustee. The Bondowners'
4 Trustee shall not be liable except for the performance of such duties as are
5 specifically set forth herein. During an Event of Default, the Bondowners' Trustee
6 shall exercise such of the rights and powers vested in it hereby, and shall use the
7 same degree of care and skill in its exercise, as a prudent person would exercise
8 or use under the circumstances in the conduct of such person's own affairs. The
9 Bondowners' Trustee shall have no liability for any act or omission to act
10 hereunder except for the Bondowners' Trustee's own negligent action, its own
11 negligent failure to act or its own willful misconduct. The duties and obligations of
12 the Bondowners' Trustee shall be determined solely by the express provisions of
13 this ordinance, and no implied powers, duties or obligations of the Bondowners'
14 Trustee shall be read into this ordinance.

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18 The Bondowners' Trustee shall not be required to expend or risk its own
19 funds or otherwise incur individual liability in the performance of any of its duties
20 or in the exercise of any of its rights or powers as the Bondowners' Trustee,
21 except as may result from its own negligent action, its own negligent failure to act
22 or its own willful misconduct.

23
24 The Bondowners' Trustee shall not be bound to recognize any person as
25 a registered owner of any Parity Bond until such person's title thereto, if disputed,
26 has been established to its reasonable satisfaction.



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The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected-by it with reasonable care.

F. Suits by Individual Bondowners Restricted. Neither the registered owner nor the beneficial owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

- (1) An Event of Default has happened and is continuing; and
- (2) A Bondowners' Trustee has been appointed; and
- (3) Such owner previously shall have given to the Bondowners'

Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and

(4) The registered owners of 25% in principal amount of the Parity Bonds, after the occurrence of such Event of Default, have made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and

(5) There have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and



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(6) The Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No registered owner or beneficial owner of any Parity Bond shall have any right in any manner whatever by such individual's action to affect or impair the obligation of the City to pay from Gross Revenues the principal of and interest on such Parity Bonds to the respective owners thereof when due.

G. Payment Solely From Gross Revenues and Certain Funds. Nothing in this section shall be deemed to require payment to owners of Parity Bonds from any source other than Gross Revenues and money and investments in the funds pledged in this ordinance.

Section 26. Approval of Amendment to the Repayment Agreement. The Participants previously entered into the Repayment Agreement, effective November 1, 2002, as amended (the "Repayment Agreement"), to elaborate on the payment obligation of the Participants with respect to the Refunded Bonds. Council hereby approves an amendment to the Repayment Agreement to revise certain payment obligations of the Participants and other matters related thereto, in substantially the form on file with the City Clerk. The Designated Representatives are each hereby authorized to execute the amendment and to approve such changes as determined to be necessary by such individuals to complete such amendment and carryout the purposes of this ordinance.



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Section 27. Miscellaneous.

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

B. Parity Bond Authorizing Ordinances. In the event of any inconsistency between the terms and provisions provided for in this ordinance and the Parity Bond Authorizing Ordinances for the Outstanding Parity Bonds, the terms and provisions of this ordinance shall control.

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

D. Severability. If any one or more of the provisions of this ordinance is or are held by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of the other provisions of this ordinance.



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

Passed _____

Mayor

Attest:

City Clerk

Approved as to form and legality:

Pacifica Law Group LLP
Bond Counsel

By _____



EXHIBIT A

FORM OF BOND

The 2023 RWSS Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

No. _____ \$ _____

STATE OF WASHINGTON
CITY OF TACOMA, WASHINGTON

REGIONAL WATER SUPPLY SYSTEM REVENUE REFUNDING BOND,
SERIES 2023

INTEREST RATE:	MATURITY DATE:	CUSIP NO.:
_____ %	_____	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Tacoma, 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 _____, 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 _____, and semiannually thereafter on the first days of each succeeding _____ and _____. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal of and interest hereon 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 from the City to DTC. In the event that the bonds of this issue are no longer held in fully immobilized form, interest on this bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the fiscal agent of the State of Washington (the "Bond Registrar"); provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.



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This bond is one of an authorized issue of \$ _____ City of Tacoma, Washington, Regional Water Supply System Revenue Refunding Bonds, Series 2023 (“Bonds”). The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, Ordinance No. _____ (“Bond Ordinance”) of the City. The Bonds are issued for the purpose of refunding the City’s outstanding Regional Water Supply System Revenue Refunding Bonds, 2013 and paying 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 prior to their maturities as provided in the Bond Ordinance.

The bonds of this issue are payable solely from the special fund of the City known as the Water Revenue Bond Fund (the “Bond Fund”), created by Ordinance No. 25392. The City has pledged and bound itself to pay into the Revenue Fund as collected all of the Revenues derived by the City from the operation of the City’s Regional Water Supply System. The City by the Bond Ordinance has further pledged and bound itself to set aside from the money in the Revenue Fund and to pay into the Bond Fund and the accounts therein certain fixed amounts sufficient to pay the principal, premium, if any, and interest on the Parity Bonds as the same become due. As security for the payment of the principal of, premium, if any, and interest on all Parity Bonds the City has pledged (i) the proceeds of the sale of Parity Bonds to the extent held in funds established by the Bond Ordinance, (ii) the Revenues and such Gross Revenues of the Water System and Participants’ Payments as provided in the Bond Ordinance, and (iii) the money and investments, if any, credited to the funds and accounts established by the Bond Ordinance and the income therefrom.

To the extent more particularly provided by the Bond Ordinance, the amounts so pledged to be paid out of the Revenues shall be a lien and charge thereon equal in rank to the lien and charge upon such Revenues of the amounts required to pay and secure the payment of the City’s Outstanding Parity Bonds and any Future Parity Bonds, and superior to all other liens and charges of any kind or nature, except subject to the Operating Expenses.

The City hereby covenants that it will perform all the covenants of this bond and of the Bond Ordinance, and reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

The pledge of Revenues and other obligations of the City under the Bond Ordinance may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.



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The bonds of this issue are special limited obligations of the City and are not an obligation of the State of Washington or any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City or the State of Washington is pledged to the payment of the bonds of this issue.

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 has been manually signed by the Bond Registrar.

This bond is transferable only on the records maintained by the Bond Registrar for that purpose upon the surrender of this bond by the Registered Owner or such individual's duly authorized agent and only if endorsed in the manner provided hereon, and a new fully registered Bond of like principal amount, maturity, and interest rate shall be issued to the transferee in exchange. Such exchange or transfer shall be without cost to the Registered Owner or transferee. The City and Bond Registrar may deem the person in whose name this bond is registered to be the absolute owner for the purpose of receiving payment of the principal of and interest on this bond and for all other purposes.

The Bond Registrar is not required to issue, register, transfer, or exchange any Bonds during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on the interest payment date, or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the call of such Bonds for redemption.

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, to have happened, been done, and performed precedent to and in the issuance of this bond do exist, have happened, been done, and performed and that the issuance of this bond and the Bonds does not violate any constitutional, statutory, or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond to be signed with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and the seal of the City to be impressed or a manual or facsimile thereof to be imprinted hereon, as of this ___ day of _____, 2023.

Mayor

ATTEST:

City Clerk



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CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Regional Water Supply System Revenue Refunding Bonds, Series 2023 of the City, dated _____, 2023.

WASHINGTON STATE FISCAL
AGENT, as Bond Registrar

By _____
Authorized Signer