



ORDINANCE NO. 28278

1 AN ORDINANCE of the City of Tacoma, Washington, providing for the issuance
 2 and sale of sewer revenue and refunding bonds of the City in the aggregate
 3 principal amount of not to exceed \$125,000,000 to refund certain
 4 outstanding sewer revenue bonds, to finance the acquisition, construction,
 5 and installation of additions and improvements to and equipment for the
 6 sewer system, to fund the debt service reserve fund, and to pay costs of
 7 issuing the bonds; providing the form and terms of the bonds; and
 8 delegating the authority to approve the final terms of the bonds.

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

12 WHEREAS the City has issued and has outstanding the following sewer
 13 revenue bonds and obligations:

14	Designation	Authorizing Documents	Date of Ordinance	Principal Amount Outstanding as of December 1, 2014
15	Sewer Revenue and Refunding Bonds, 2006 (the "2006 Bonds")	Ordinance No. 27490 and Substitute Resolution No. 36895	5/16/2006 and 6/20/2006, respectively	\$ 54,950,000
17	Monthly Rent obligation ("2009 Monthly Rent") (principal component)	Ordinance No. 27677, as amended by Ordinance No. 27783	12/18/2007 and 1/20/2009, respectively	34,370,000
19	Sewer Revenue Refunding Bonds, 2011 (the "2011 Bonds")	Ordinance No. 28015 and Substitute Resolution No. 38334	9/20/2011 and 9/27/2011, respectively	34,315,000

22 (The outstanding sewer revenue bonds and the City's obligation to pay 2009
 23 Monthly Rent identified above are referred to as the "Outstanding Parity Bonds" and
 24 the authorizing documents identified above are referred to as the "Outstanding
 25 Parity Bond Ordinances"), and
 26



1 WHEREAS the Outstanding Parity Bond Ordinances provide that additional
2 sewer revenue bonds may be issued with a lien on the operating revenue of the
3 System on a parity with the lien of the Outstanding Parity Bonds if certain
4 conditions are met, and

5
6 WHEREAS Ordinance No. 27490 provides that the 2006 Bonds may be
7 defeased and/or refunded prior to their stated maturities at the option of the City
8 on or after December 1, 2016, at a price of par plus accrued interest to their date
9 of redemption, and

10
11 WHEREAS the City Council (the "Council") has determined that it is in the
12 best interest of the City and its ratepayers to defease and refund all or a portion of
13 the 2006 Bonds maturing on December 1, 2017, through December 1, 2036
14 (the "Refunding Candidates"), if debt service savings can be achieved, and

15 WHEREAS the City has adopted capital improvement programs for the
16 System which include certain additions, improvements and extensions to and the
17 equipping of the System as described therein (the "Projects"), and

18
19 WHEREAS the Council deems it in the best interest of the City to issue
20 sewer revenue and refunding bonds in the aggregate principal amount of not to
21 exceed \$125,000,000 (the "Bonds") to redeem and defease all or a portion of the
22 Refunding Candidates, to finance and/or reimburse a portion of the costs of the
23 Projects, to fund the debt service reserve fund, and to pay costs of issuing the
24 Bonds, and

25
26 WHEREAS the Council wishes to delegate authority to the City Finance
Director and Treasurer, or their designee (each, a "Designated Representative")



1 for a limited time, to select the Refunding Candidates to be refunded, if any, and
2 to approve the interest rates, maturity dates, redemption terms, principal
3 maturities and other terms for the Bonds within the parameters set by this
4 ordinance, and
5

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

7 Now, Therefore,

8 BE IT ORDAINED BY THE CITY OF TACOMA:
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Section 1. Definitions and Interpretation of Terms.

(a) Definitions. As used in this ordinance, the following words shall have the following meanings:

“Accreted Value” means, with respect to any Capital Appreciation Bond, as of the time of calculation, the sum of the amount representing the initial principal amount of such bond plus interest accrued, compounded thereon as of the most recent compounding date. With respect to any particular Payment Date, the Accreted Value is the amount set forth on the Accreted Value Table included as part of the form of Capital Appreciation Bond. In the event the Accreted Value of any Capital Appreciation Bond is required to be determined as of a date other than the Payment Date, the Accreted Value shall be determined by adding to the Accreted Value for the next preceding Payment Date the product obtained by multiplying (a) the difference between the Accreted Value for the next Payment Date and the Accreted Value for the next preceding Payment Date, by (b) the ratio obtained by dividing by 180 the number of days elapsed since the next preceding Payment Date (calculated on the basis of a 360-day year of twelve 30-day months).

“Accreted Value Table” means the Accreted Value Table printed on the Capital Appreciation Bonds reflecting the Accreted Value of such Capital Appreciation Bonds as of any Payment Date.

“Acquired Obligations” means noncallable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States Government.



1 "Adjusted Annual Debt Service" means Annual Debt Service minus (a) an
2 amount equal to ULID Assessments due in that year and not delinquent and (b) any
3 Capitalized Interest to be paid with respect to Parity Bonds.

4 "Adjusted Net Revenues" has the meaning set forth in Section 18 of this
5 ordinance.
6

7 "Annual Debt Service" means the amount required to be paid in a calendar
8 year for (a) interest due in such calendar year on all Parity Bonds, (b) principal of all
9 Serial Bonds due in such calendar year, and (c) any Sinking Fund Requirement for
10 such calendar year.
11

12 In the case of Variable Interest Rate Bonds, for the purpose of calculating
13 Annual Debt Service, the interest rate thereon shall be calculated on the
14 assumption that such bonds will bear interest during such period at a rate equal to
15 the rate most recently reported by The Bond Buyer as the Bond Buyer Municipal
16 Bond Index for long-term revenue bonds; provided, that if on such date of
17 calculation the interest rate on any Variable Interest Rate Bonds shall then be fixed
18 for a specified period, including pursuant to a Payment Agreement, the interest rate
19 used for such specified period shall be such fixed interest rate. *After all of the*
20 *Outstanding Parity Bonds are fully redeemed, refunded or defeased, this paragraph*
21 *shall read as follows:* In the case of Variable Interest Rate Bonds, for the purpose of
22 calculating Annual Debt Service, the interest rate thereon shall be equal to the
23 higher of (i) the average of the SIFMA Municipal Swap Index over the 60-month
24 period immediately preceding the date of computation, or (ii) the average of the
25 SIFMA Municipal Swap Index over the 12-month period immediately preceding the
26



1 date of computation, in each case as determined within ten days prior to the date of
2 computation, with the principal thereof amortized to provide for essentially level
3 annual debt service of principal and interest over such period; provided, that if on
4 such date of calculation the interest rate on any Variable Interest Rate Bonds shall
5 then be fixed for a specified period, including pursuant to a Payment Agreement,
6 the interest rate used for such specified period shall be such fixed interest rate.
7

8 For purposes of computing Annual Debt Service on any Parity Bonds which
9 constitute Balloon Indebtedness, it shall be assumed that the principal of such
10 Balloon Indebtedness, together with interest thereon at the rate applicable to such
11 Balloon Indebtedness, shall be amortized in equal annual installments over a term
12 equal to the lesser of (a) 25 years or (b) the average weighted useful life (expressed
13 in years and rounded to the next highest integer) of the properties and assets
14 constituting the project (if any) financed out of the proceeds of such Balloon
15 Indebtedness.
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18 *After all of the Outstanding Parity Bonds are fully redeemed, refunded or*
19 *defeased,* for purposes of satisfying the coverage test pursuant to Section 16 or the
20 requirements for the issuance of Future Parity Bonds pursuant to Section 18,
21 Annual Debt Service for any Fiscal Year or calendar year shall exclude any Debt
22 Service Offsets received or expected to be received in such Fiscal Year or calendar
23 year.
24

25 "Balloon Indebtedness" means any series of Parity Bonds more than
26 25 percent of the principal of which, in accordance with the terms of such Parity
Bonds, is due and payable in any one Fiscal Year either by reason of the stated



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

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

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

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

22 "Bond Purchase Contract" means the contract for the purchase of the Bonds
23 between the Underwriter and the City, executed pursuant to Section 20.

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



1 “Bond Registrar” means, initially, the fiscal agency of the state of
2 Washington, for the purposes of registering and authenticating the Bonds,
3 maintaining the Bond Register, effecting transfer of ownership of the Bonds and
4 paying interest on and principal of the Bonds.
5

6 “Bond Year” means each one-year period that ends on the date selected by
7 the City. The first and last Bond Years may be short periods. If no date is selected
8 by the City before the earlier of the final maturity date of the Bonds or the date that
9 is five years after the date of issuance of the Bonds, Bond Years end on each
10 anniversary of the date of issue and on the final maturity date of such Bonds.
11

12 “Bonds” mean the not to exceed \$125,000,000 aggregate principal amount
13 of City of Tacoma, Washington, Sewer Revenue and Refunding Bonds, 2015,
14 authorized to be issued pursuant to the terms of this ordinance.
15

16 “Call Date” means the date set forth in the Escrow Deposit Agreement for the
17 refunding of the Refunded Bonds.
18

19 “Capital Appreciation Bonds” mean Parity Bonds, the interest on which
20 accrues and compounds, payable at maturity or earlier redemption.
21

22 “Capitalized Interest” means proceeds (not including accrued interest) of
23 Parity Bonds used to pay interest on such Parity Bonds.
24

25 “Certified Public Accountant” means an independent licensed certified public
26 accountant (or firm of certified public accountants) selected by the City.

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



1 "City Clerk" means the duly appointed and acting City Clerk of the City or the
2 successor to the duties of that office.

3 "City Manager" means the duly appointed and acting City Manager of the
4 City or the successor to the duties of that office.

5 "Closing" means the date of delivery of the Bonds to the Underwriter.

6 "Code" means the Internal Revenue Code of 1986, as amended, and shall
7 include all applicable regulations and rulings relating thereto.

8 "Commission" means the Securities and Exchange Commission.

9 "Construction Fund" means the 2015 Sewer Bond Construction Fund created
10 pursuant to Section 9 of this ordinance.
11

12 "Costs of Maintenance and Operation" means all necessary operating
13 expenses, current maintenance expenses, expenses of reasonable upkeep and
14 repairs, insurance premiums and administrative expenses and reasonable pro rata
15 charges for services provided to the System by City departments, but excludes
16 (a) payments for debt service or into debt service reserve accounts or funds,
17 (b) costs of capital additions to or replacements of the System, (c) money
18 necessary to pay extraordinary legal claims and judgments against the System or
19 amortized payments to the City's self-insurance fund with respect to extraordinary
20 claims and judgments, (d) depreciation, (e) City taxes (or payments to the City in
21 lieu of taxes) upon the properties and earnings of the System, and (f) any Rebate
22 Amount.
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26 "Council" means the Council of the City, as the same shall be duly and
regularly constituted from time to time.



1 "Covered Bonds" mean the Outstanding Parity Bonds, the Bonds and those
2 Future Parity Bonds designated in the Parity Bond Ordinance authorizing their
3 issuance as Covered Bonds secured by the Reserve Fund.

4 "Current Interest Bonds" means Parity Bonds, the interest on which is paid
5 periodically.

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

10 "Designated Representative" means the City Finance Director and
11 Treasurer, or his or her designee. The signature of one Designated Representative
12 shall be sufficient to bind the City.

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

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

18 "Escrow Deposit Agreement" means the Escrow Deposit Agreement
19 between the City and the Refunding Trustee to be dated as of the date of Closing.

20 "Finance Director" means the duly appointed and acting Finance Director of
21 the City or the successor to the duties of that office.

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1 "Fiscal Year" means the fiscal year used by the City at any time. At the time
2 of the adoption of this ordinance, the Fiscal Year is the 12-month period beginning
3 January 1 of each year.

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

6 "Future Parity Bonds" means any revenue bonds of the City issued after the
7 date of issuance of the Bonds having a charge or lien upon the Net Revenues and
8 ULID Assessments for payment of the principal thereof and interest thereon equal
9 in priority to the charge or lien upon the Net Revenues and ULID Assessments for
10 the payment of the principal of and interest on the Outstanding Parity Bonds and
11 the Bonds.

12 "Government Obligations" mean those obligations now or hereafter defined
13 as such in chapter 39.53 RCW.

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

4 Amounts withdrawn from the Rate Stabilization Fund shall increase Gross
5 Revenues for the period in which they are withdrawn, and amounts deposited in the
6 Rate Stabilization Fund shall reduce Gross Revenues for the period during which
7 they are deposited.
8

9 "Interest Account" means the Interest Account in the Bond Fund created by
10 Ordinance No. 25562.
11

12 "Letter of Representations" means the blanket issuer letter of representations
13 from the City to DTC.

14 "Maximum Annual Debt Service" means at the time of calculation, the
15 maximum amount of Annual Debt Service that will mature or come due in the
16 current Fiscal Year or any future Fiscal Year on the Parity Bonds.
17

18 "Maximum Annual Adjusted Debt Service" means Maximum Annual Debt
19 Service minus the amount of ULID Assessments due in that year and not
20 delinquent.

21 "Maximum Interest Rate" means, with respect to any particular Variable
22 Interest Rate Bond, a numerical rate of interest, which shall be set forth in any
23 Parity Bond Ordinance authorizing such Bond, which shall be the maximum rate of
24 interest such Bond may at any time bear.
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1 "Maximum Reserve Requirement" means the maximum dollar amount
2 permitted by the Code to be allocated to a reserve fund from tax-exempt bond
3 proceeds without requiring a balance to be invested at a restricted yield.

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

6 "MSRB" means the Municipal Securities Rulemaking Board or any successor
7 to its functions.

8 "Net Proceeds," when used with reference to any Bonds, means the principal
9 amount of such Bonds, plus accrued interest and original issue premium, if any,
10 and less original issue discount, if any.

11 "Net Revenues" means, for any period, the excess of Gross Revenues over
12 Costs of Maintenance and Operation for such period, excluding from the
13 computation of Gross Revenues (a) ULID Assessments, (b) any profit or loss
14 derived from the sale or other disposition, not in the ordinary course of business, of
15 properties, rights or facilities of the System, or (c) gains or losses resulting from the
16 early extinguishment of debt.

17 "Outstanding Parity Bond Ordinances" mean the ordinances and resolutions
18 authorizing the issuance of the Outstanding Parity Bonds as described in the
19 recitals to this ordinance.

20 "Outstanding Parity Bonds" means the outstanding 2006 Bonds,
21 2011 Bonds, and the City's obligation to pay 2009 Monthly Rent as identified in the
22 recitals to this ordinance.



1 "Parity Bond Ordinances" mean the Outstanding Parity Bond Ordinances,
2 this ordinance, and any ordinance hereafter passed for the purpose of authorizing
3 Future Parity Bonds.

4 "Parity Bonds" mean the Outstanding Parity Bonds, the Bonds and any
5 Future Parity Bonds.

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

8 "Permitted Investments" means any investments that are now or may
9 hereafter be permitted to the City by the laws of the State.

10 "Principal Account" means the Principal Account of the Bond Fund created
11 by Ordinance No. 25562.

12 "Private Person" means any natural person engaged in a trade or business
13 or any trust, estate, partnership, association, company, or corporation.

14 "Private Person Use" means the use of property in a trade or business by a
15 Private Person if such use is other than as a member of the general public. Private
16 Person Use includes ownership of the property by the Private Person as well as
17 other arrangements that transfer to the Private Person the actual or beneficial use
18 of the property (such as a lease, management or incentive payment contract or
19 other special arrangement) in such a manner as to set the Private Person apart
20 from the general public. Use of property as a member of the general public
21 includes attendance by the Private Person at municipal meetings or business rental
22 of property to the Private Person on a short-term basis in accordance with
23 regulations under the Code if the rental paid by such Private Person is the same as
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1 the rental paid by any Private Person who desires to rent the property. Use of
2 property by nonprofit community groups or community recreational groups is not
3 treated as Private Person Use if such use is incidental to the governmental uses of
4 property, the property is made available for such use by all such community groups
5 on an equal basis and such community groups are charged only a *de minimis* fee to
6 cover custodial expenses.
7

8 "Project Lease" means the Project Lease Agreement dated as of February 1,
9 2009, between TES Properties and the City, delivered in connection with the
10 2009 TES Properties Bonds.
11

12 "Projects" mean the acquisition, construction, and installation of additions
13 and improvements to and equipment for the System as described in the capital
14 improvements programs for the System approved by the City, as such programs
15 may be amended from time to time, as further described in Section 3 of this
16 ordinance.
17

18 "Qualified Insurance" means any municipal bond insurance policy or surety
19 bond issued by any insurance company licensed to conduct an insurance business
20 in any state of the United States (or by a service corporation acting on behalf of one
21 or more such insurance companies), which insurance company or companies, as of
22 the time of issuance of such policy or surety bond, are currently rated in one of the
23 two highest rating categories by Moody's and S&P; *provided, after all of the*
24 *Outstanding Parity Bonds are fully redeemed, refunded or defeased, this definition*
25 *shall be amended to read as follows:* "Qualified Insurance" means any non-
26 cancellable municipal bond insurance policy or surety bond issued by any



1 insurance company licensed to conduct an insurance business in any state of the
2 United States (or by a service corporation acting on behalf of one or more such
3 insurance companies), which insurance company or companies, as of the time of
4 issuance of such policy or surety bond, are currently rated in one of the two highest
5 rating categories by Moody's, S&P or Fitch, or any other rating agency then
6 maintaining a rating on the Bonds.
7

8 "Qualified Letter of Credit" means any letter of credit issued by a financial
9 institution for the account of the City on behalf of the owners of the Bonds, which
10 institution maintains an office, agency or branch in the United States and as of the
11 time of issuance of such letter of credit is currently rated in one of the two highest
12 rating categories by Moody's and S&P; *provided, after all of the Outstanding Parity*
13 *Bonds are fully redeemed, refunded or defeased, this definition shall be amended*
14 *to read as follows:* "Qualified Letter of Credit" means any irrevocable letter of credit
15 issued by a financial institution for the account of the City on behalf of the owners of
16 one or more series of Parity Bonds, which institution maintains an office, agency or
17 branch in the United States and as of the time of issuance of such letter of credit is
18 currently rated in one of the two highest rating categories by Moody's, S&P or Fitch,
19 or any other rating agency then maintaining a rating on the Bonds.
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22 "Rate Stabilization Fund" means the fund of that name in the Sewer Fund.
23

24 "Rebate Amount" means the amount, if any, determined to be payable with
25 respect to the Bonds by the City to the United States of America in accordance with
26 Section 148(f) of the Code.



1 "Refunded Bonds" mean all or a portion of the Refunding Candidates
2 designated by the Designated Representative for defeasance and/or refunding
3 pursuant to Section 9 and Section 20 of this ordinance.

4 "Refunding Account" means the account by that name established pursuant
5 to Section 9 of this ordinance.

6 "Refunding Candidates" means any or all of the 2006 Bonds maturing in the
7 years 2017 through 2036.

8 "Refunding Trustee" means U.S. Bank National Association.

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

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

13 "Reserve Fund Requirement" is the dollar amount to be calculated with
14 respect to all Covered Bonds and, *after the Outstanding Parity Bonds are fully*
15 *redeemed, refunded or defeased*, separately with respect to other Parity Bonds.

16 (a) With respect to Covered Bonds, the Reserve Fund Requirement
17 means as of any date an amount equal to the lesser of (1) the Maximum Annual
18 Debt Service for Covered Bonds then outstanding, (2) 125 percent of average
19 Annual Debt Service for Covered Bonds then outstanding, or (3) 10 percent of the
20 initial face amount of the Covered Bonds then outstanding; provided, however, that
21 the dollar amount required to be contributed, if any, as a result of the issuance of a
22 series of Future Parity Bonds shall not be greater than the Maximum Reserve
23 Requirement. If the dollar amount required to be contributed at the time of issuance
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1 of a series of Future Parity Bonds exceeds the Maximum Reserve Requirement,
2 then the amount required to be contributed shall be equal to the Maximum Reserve
3 Requirement.

4 (b) *After the Outstanding Parity Bonds are fully redeemed, refunded or*
5 *defeased, with respect to other series of Parity Bonds, the Reserve Fund*
6 *Requirement shall be equal to the amount, if any, specified in the Parity Bond*
7 *Ordinance authorizing the issuance of such Parity Bonds.*

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

11 "S&P" means Standard & Poor's Ratings Services, or its comparable
12 recognized business successor.

13 "Serial Bonds" means Parity Bonds other than Term Bonds.

14 "Sewer Fund" means the fund of the City of that name created by Section 13
15 of Ordinance No. 13989, as amended by Ordinance No. 14015, and reenacted by
16 Section 38 of Ordinance No. 21632.

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

21 "State" means the state of Washington.

22 "System" means the "Tacoma Municipal Sewer System," comprised of
23 Wastewater Management and Surface Water Management, as the same is defined
24 in Section 1 of Ordinance No. 13989, as amended by Ordinance No. 14015, and
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26



1 reenacted in and referred to as the “Municipal Sewer System” in Section 1 of
2 Ordinance No. 21632, as amended by Ordinance No. 21681 and as supplemented
3 by Ordinance No. 21638, by adding thereto the system of storm and surface water
4 drainage of the City, as the same has heretofore been added to, improved and
5 extended and as the same will be added to, improved and extended for as long as
6 any of the Parity Bonds are outstanding. Such additions, improvements and
7 extensions shall include the water system of the City should the municipal sewer
8 system ever be combined with such water system.
9

10 “Term Bond Retirement Account” means the Term Bond Retirement Account
11 of the Bond Fund created by Ordinance No. 25562.
12

13 “Term Bonds” means Parity Bonds designated by the City as term bonds.

14 “Treasurer” means the duly appointed and acting Treasurer of the City or the
15 successor to the duties of that office.
16

17 “2006 Bond Ordinance” means the ordinance and resolution authorizing the
18 issuance of the 2006 Bonds as described in the recitals of this ordinance.

19 “2006 Bonds” means the outstanding Sewer Revenue and Refunding Bonds,
20 2006 issued pursuant to Substitute Ordinance No. 27490 and Substitute Resolution
21 No. 36895.
22

23 “2011 Bonds” means the outstanding Sewer Revenue Refunding Bonds,
24 2011 issued pursuant to Substitute Ordinance No. 28015 and Substitute Resolution
25 No. 38334.
26

“2009 Monthly Rent” means the City’s obligation to pay monthly rental
payments under the terms of the Project Lease. Pursuant to City Ordinance



1 No. 27677, as amended, the City's obligation to pay 2009 Monthly Rent was
2 declared to be a "Future Parity Bond" with a lien on Net Revenues of the System on
3 parity with the Outstanding Parity Bonds. For purposes of this ordinance,
4 references to the "owner" of the City's obligation to pay 2009 Monthly Rent shall
5 mean the Landlord (as such term is defined in the Project Lease) who was declared
6 to be a third-party beneficiary of the covenants and terms set forth in the
7 Outstanding Parity Bond Ordinances.
8

9 "2009 TES Properties Bonds" mean the TES Properties, Lease Revenue
10 Bonds, 2009, dated as of February 12, 2009, and issued in the original aggregate
11 principal amount of \$37,840,000 by TES Properties, a Washington nonprofit
12 corporation, on behalf of the City, pursuant to an Indenture of Trust dated as of
13 February 1, 2009.
14

15 "ULID Assessments" means all assessments (including any interest and
16 penalties) levied in a utility local improvement district for the acquisition or
17 construction of improvements to and extensions of the System if those
18 assessments are pledged to be paid into the Bond Fund. In the case of ULID
19 Assessments payable in installments, ULID Assessments shall be allocated to the
20 years in which they would be received if the unpaid principal balance of each
21 assessment roll were paid over the remaining number of installments with interest
22 thereon at the rate and in the manner provided in the ordinance confirming the
23 assessment roll.
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26 "Underwriter" means, collectively, the initial purchaser or purchasers of the
Bonds, as selected by the Designated Representative.



1 “Variable Interest Rate” means a variable interest rate or rates to be borne
2 by a series of Parity Bonds or any one or more maturities within a series of Parity
3 Bonds. The method of computing such variable interest rate shall be specified in
4 the bond ordinance authorizing such series of Parity Bonds. Such variable interest
5 rate shall be subject to a Maximum Interest Rate and there may be an initial rate
6 specified, in each case as provided in such bond ordinance, or a stated interest rate
7 that may be changed from time to time as provided in the bond ordinance
8 authorizing such bonds. Such bond ordinance shall also specify either (a) the
9 particular period or periods of time or manner of determining such period or periods
10 of time for which each value of such variable interest rate shall remain in effect or
11 (b) the time or times upon which any change in such variable interest rate shall
12 become effective.
13

14
15 “Variable Interest Rate Bonds” for any period of time means Parity Bonds
16 that during such period bear a Variable Interest Rate, provided that Parity Bonds
17 the interest rate on which shall have been fixed for the remainder of the term
18 thereof shall no longer be Variable Interest Rate Bonds.
19

20 (b) Interpretation. In this ordinance, unless the context otherwise
21 requires:

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



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(2) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and 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 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

(5) All references herein to "articles," "sections," and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Compliance with Parity Conditions. In accordance with the Outstanding Parity Bond Ordinances, which permit the issuance of additional Parity Bonds upon compliance with the conditions set forth therein, the City hereby finds and determines, as follows:

(a) The Bonds are being issued for lawful purposes of the City related to the System.

(b) There is not now and at the time of Closing of the Bonds there shall not be any deficiency in the Bond Fund.



1 (c) The Bonds shall be issued as Covered Bonds, and this ordinance
2 provides for payments into the Reserve Fund of amounts and at the times required
3 by the Outstanding Parity Bond Ordinances.

4 (d) At the time of issuance of the Bonds the City shall have on file a
5 certificate satisfying the parity requirements of the Outstanding Parity Bond
6 Ordinances.

7
8 The applicable conditions of the Outstanding Parity Bond Ordinances having
9 been or to be complied with in connection with the issuance of the Bonds, the
10 pledge contained herein of Net Revenues of the System to pay and secure the
11 payment of the Bonds shall constitute a lien and charge upon such Net Revenues
12 equal in rank with the lien and charge upon the Net Revenues to pay and secure
13 the payment of the Outstanding Parity Bonds.

14
15 Section 3. Adoption of Plan of Additions. The City specifies, adopts and
16 orders the carrying out of improvements to and extensions of the System, including,
17 but not limited to, the acquisition, construction, and installation of additions and
18 improvements to and equipment for the System as specified in the capital
19 improvement programs for the System approved by the City, as such programs
20 may be amended from time to time (together, the "Projects"). The City Council may
21 modify the details of the Projects where, in its judgment, it appears advisable if such
22 modifications do not substantially alter the purposes of that system or plan. The
23 estimated cost of carrying out the Projects, including the costs of issuance and sale
24 of the Bonds, is expected to be at least \$70,000,000, which cost shall be paid from
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26



1 the proceeds of the Bonds and from other money available to the City for such
2 purpose.

3 Section 4. Authorization and Description of Bonds. For the purposes of
4 defeasing and refunding the Refunded Bonds, financing and/or reimbursing costs of
5 the Projects, funding the Reserve Fund, and paying costs of issuance of the Bonds,
6 the City is hereby authorized to issue and sell its sewer revenue and refunding
7 bonds in the aggregate principal amount of not to exceed \$125,000,000 (the
8 “Bonds”).
9

10 The Bonds shall be designated as the “City of Tacoma, Washington, Sewer
11 Revenue and Refunding Bonds, 2015” with additional series designation or other
12 designation as set forth in the Bond Purchase Contract and approved by the
13 Designated Representative.
14

15 The Bonds shall be dated as of their date of initial delivery, shall be fully
16 registered as to both principal and interest, shall be in the denomination of \$5,000
17 each or any integral multiple thereof within a maturity, shall be numbered separately
18 in the manner and with any additional designation as the Bond Registrar deems
19 necessary for purposes of identification and control, and shall bear interest payable
20 on the dates set forth in the Bond Purchase Contract. The Bonds shall bear
21 interest at the rates set forth in the Bond Purchase Contract; and shall mature on
22 the dates and in the principal amounts set forth in the Bond Purchase Contract and
23 as approved by a Designated Representative pursuant to Section 20.
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1 The Bonds shall be special obligations of the City payable only from the
2 Bond Fund and shall be payable and secured as provided herein. The Bonds shall
3 not be general obligations of the City, the State or any political subdivision thereof.

4 Section 5. Registration, Exchange and Payments.

5
6 (a) Bond Registrar/Bond Register. The City hereby specifies and adopts
7 the system of registration approved by the Washington State Finance Committee
8 from time to time through the appointment of state fiscal agencies. The City shall
9 cause a Bond Register to be maintained by the Bond Registrar. So long as any
10 Bonds remain outstanding, the Bond Registrar shall make all necessary provisions
11 to permit the exchange or registration or transfer of Bonds at its principal corporate
12 trust office. The Bond Registrar may be removed at any time at the option of the
13 Finance Director upon prior notice to the Bond Registrar and a successor Bond
14 Registrar appointed by the Finance Director. No resignation or removal of the Bond
15 Registrar shall be effective until a successor shall have been appointed and until
16 the successor Bond Registrar shall have accepted the duties of the Bond Registrar
17 hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate
18 and deliver Bonds transferred or exchanged in accordance with the provisions of
19 such Bonds and this ordinance and to carry out all of the Bond Registrar's powers
20 and duties under this ordinance. The Bond Registrar shall be responsible for its
21 representations contained in the Certificate of Authentication of the Bonds.
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25 (b) Registered Ownership. The City and the Bond Registrar, each in its
26 discretion, may deem and treat the Registered Owner of each Bond as the absolute
owner thereof for all purposes (except as provided in Section 23 of this ordinance),



1 and neither the City nor the Bond Registrar shall be affected by any notice to the
2 contrary. Payment of any such Bond shall be made only as described in
3 Section 5(h), but such Bond may be transferred as herein provided. All such
4 payments made as described in Section 5(h) shall be valid and shall satisfy and
5 discharge the liability of the City upon such Bond to the extent of the amount or
6 amounts so paid.

8 (c) DTC Acceptance/Letters of Representations. The Bonds initially shall
9 be held in fully immobilized form by DTC acting as depository. To induce DTC to
10 accept the Bonds as eligible for deposit at DTC, the City has executed and
11 delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor
12 the Bond Registrar will have any responsibility or obligation to DTC participants or
13 the persons for whom they act as nominees (or any successor depository) with
14 respect to the Bonds in respect of the accuracy of any records maintained by DTC
15 (or any successor depository) or any DTC participant, the payment by DTC (or any
16 successor depository) or any DTC participant of any amount in respect of the
17 principal of or interest on Bonds, any notice which is permitted or required to be
18 given to Registered Owners under this ordinance (except such notices as shall be
19 required to be given by the City to the Bond Registrar or to DTC (or any successor
20 depository)), or any consent given or other action taken by DTC (or any successor
21 depository) as the Registered Owner. For so long as any Bonds are held in fully
22 immobilized form by a depository, DTC or its successor depository shall be deemed
23 to be the Registered Owner for all purposes hereunder, and all references herein to
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1 the Registered Owners shall mean DTC (or any successor depository) or its
2 nominee and shall not mean the owners of any beneficial interest in such Bonds.

3 (d) Use of Depository.

4 (1) The Bonds shall be registered initially in the name of
5 "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity
6 dates for the Bonds in a denomination corresponding to the total principal therein
7 designated to mature on such date. Registered ownership of such Bonds, or any
8 portions thereof, may not thereafter be transferred except (A) to any successor of
9 DTC or its nominee, provided that any such successor shall be qualified under any
10 applicable laws to provide the service proposed to be provided by it; (B) to any
11 substitute depository appointed by the Finance Director pursuant to subsection (2)
12 below or such substitute depository's successor; or (C) to any person as provided in
13 subsection (4) below.

14 (2) Upon the resignation of DTC or its successor (or any substitute
15 depository or its successor) from its functions as depository or a determination by
16 the Finance Director to discontinue the system of book entry transfers through DTC
17 or its successor (or any substitute depository or its successor), the Finance Director
18 may hereafter appoint a substitute depository. Any such substitute depository shall
19 be qualified under any applicable laws to provide the services proposed to be
20 provided by it.

21 (3) In the case of any transfer pursuant to clause (A) or (B) of
22 subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding
23 Bonds, together with a written request on behalf of the Finance Director, issue a
24



1 single new Bond for each maturity then outstanding, registered in the name of such
2 successor or such substitute depository, or their nominees, as the case may be, all
3 as specified in such written request of the Finance Director.

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

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

14 (f) Bond Registrar's Ownership of Bonds. The Bond Registrar may
15 become the Registered Owner of any Bond with the same rights it would have if it
16 were not the Bond Registrar, and to the extent permitted by law, may act as
17 depository for and permit any of its officers or directors to act as a member of, or in
18 any other capacity with respect to, any committee formed to protect the right of the
19 Registered Owners of Bonds.
20

21 (g) Registration Covenant. The City covenants that, until all Bonds have
22 been surrendered and canceled, it will maintain a system for recording the
23 ownership of each Bond that complies with the provisions of Section 149 of the
24 Code.
25

26 (h) Place and Medium of Payment. Both principal of and interest on the
Bonds shall be payable in lawful money of the United States of America. Interest



1 on the Bonds shall be calculated on the basis of a year of 360 days and twelve
2 30-day months. For so long as all Bonds are held by a depository, payments of
3 principal and interest thereon shall be made as provided in accordance with the
4 operational arrangements of DTC referred to in the Letter of Representations. In
5 the event that the Bonds are no longer held by a depository, interest on the Bonds
6 shall be paid by check or draft mailed to the Registered Owners at the addresses
7 for such Registered Owners appearing on the Bond Register on the 15th day of the
8 month preceding the interest payment date, or upon the written request of a
9 Registered Owner of more than \$1,000,000 of Bonds (received by the Bond
10 Registrar at least 15 days prior to the applicable payment date), such payment shall
11 be made by the Bond Registrar by wire transfer to the account within the United
12 States designated by the Registered Owner. Principal of the Bonds shall be
13 payable upon presentation and surrender of such Bonds by the Registered Owners
14 at the principal office of the Bond Registrar.

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

22 Section 6. Redemption Prior to Maturity and Purchase of Bonds.

23
24 (a) Mandatory Redemption of Term Bonds and Optional Redemption, if
25 any. The Bonds shall be subject to optional redemption on the dates, at the prices
26 and under the terms set forth in the Bond Purchase Contract approved by the
Designated Representative pursuant to Section 20. The Bonds shall be subject to



1 mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract
2 approved by the Designated Representative pursuant to Section 20.

3 (b) Purchase of Bonds. The City hereby reserves the right at any time
4 and at any price to purchase any of the Bonds from amounts in the Sewer Fund
5 available for such purchase.
6

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

3 (d) Notice of Redemption.

4 (1) Official Notice. For so long as the Bonds are held in
5 uncertificated form, notice of redemption (which notice may be conditional) shall be
6 given in accordance with the operational arrangements of DTC as then in effect,
7 and neither the City nor the Bond Registrar will provide any notice of redemption to
8 any Beneficial Owners. Thereafter (if the Bonds are no longer held in uncertificated
9 form), notice of redemption shall be given in the manner hereinafter provided.
10

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

20 All official notices of redemption shall be dated and shall state:
21

22 (A) the redemption date,

23 (B) the redemption price,

24 (C) if fewer than all outstanding Bonds are to be redeemed,

25 the identification by maturity (and, in the case of partial redemption, the respective
26 principal amounts) of the Bonds to be redeemed,



1 (D) that unless conditional notice of redemption has been
2 given and such conditions have not been satisfied or waived or such notice has
3 been rescinded, on the redemption date the redemption price will become due and
4 payable upon each such Bond or portion thereof called for redemption, and if the
5 Bond Registrar then holds sufficient funds to pay such Bonds at the redemption
6 price, interest thereon shall cease to accrue from and after said date,
7

8 (E) any conditions to redemption, and

9 (F) the place where such Bonds are to be surrendered for
10 payment of the redemption price, which place of payment shall be the principal
11 office of the Bond Registrar.
12

13 On or prior to any redemption date, unless any condition to such redemption
14 has not been satisfied or waived or notice of such redemption has been rescinded,
15 the City shall deposit with the Bond Registrar an amount of money sufficient to pay
16 the redemption price of all the Bonds or portions of Bonds which are to be
17 redeemed on that date. The City retains the right to rescind any redemption notice
18 and the related optional redemption of Bonds by giving notice of rescission to the
19 affected registered owners at any time on or prior to the scheduled redemption
20 date. Any notice of optional redemption that is so rescinded shall be of no effect,
21 and the Bonds for which the notice of optional redemption has been rescinded shall
22 remain outstanding.
23
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25 (2) Effect of Notice; Bonds Due. If an unconditional notice of
26 redemption has been given and not rescinded, or if the conditions set forth in a
conditional notice of redemption have been satisfied or waived, the Bonds or



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

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



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(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 6, including, but not limited to, the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 7. Form of Bonds and Certificate of Authentication. The Bonds shall be in substantially the following form with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby:

UNITED STATES OF AMERICA

No. _____ \$ _____

STATE OF WASHINGTON
CITY OF TACOMA, WASHINGTON
SEWER REVENUE AND REFUNDING BOND, 2015

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

The City of Tacoma, Washington, a municipal corporation of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from _____, 2015, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____ 1, 20__, and semiannually thereafter on the first days of December and June. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.



1 This bond is one of an authorized issue of bonds of like date and tenor,
2 except as to number, amount, rate of interest, date of maturity and rights of
3 redemption, in the aggregate principal amount of \$_____, and is issued
4 pursuant to Ordinance No. _____ passed by the Council on _____, 2015
5 (the "Bond Ordinance") to provide the funds necessary to defease and/or refund
6 certain outstanding sewer revenue bonds of the City, to finance and/or reimburse
7 costs related to the acquisition, construction, and installation of additions and
8 improvements to and equipment for the City's municipal sewer system, to fund the
9 debt service reserve fund, and to pay costs of issuance.

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

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

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

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

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

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



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IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond to be signed with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and the seal of the City to be impressed or a facsimile thereof to be imprinted hereon, as of this ____ day of _____, 2015.

[SEAL]

CITY OF TACOMA, WASHINGTON

By _____
/s/ manual or facsimile
Mayor

ATTEST:

/s/ manual or facsimile
City Clerk

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

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Sewer Revenue and Refunding Bonds, 2015 of the City of Tacoma, Washington, dated _____, 2015.

WASHINGTON STATE FISCAL AGENCY, as Bond Registrar

By _____

Section 8. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form provided herein, manually executed by the Bond Registrar, shall be valid or



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

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

16
17
18 Section 9. Application of Bond Proceeds; Refunding Plan.

19 (a) Construction Fund. There is hereby created and established a
20 separate fund to be known as the "2015 Sewer Bond Construction Fund" (the
21 "Construction Fund"). A portion of the proceeds of the Bonds shall be deposited
22 into the Construction Fund for application to the payment of the costs of the
23 Projects and to pay costs of issuance for the Bonds (if not provided for under
24 subsection (b) below) as set forth in the closing memorandum for the Bonds.

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1 Except as provided by the Code, the income from the investment of Bond
2 proceeds in the Construction Fund shall be deposited in the Construction Fund and
3 applied to the payment of the costs of the Projects.

4 Except as provided by the Code, if any money allocable to the Bond
5 proceeds remains in the Construction Fund after payment of all the costs of the
6 Projects or after termination of the Projects by the City, such money shall be
7 transferred to the Bond Fund and applied after consultation with Bond Counsel to
8 the payment of the principal of or interest on the Bonds.

9 Pending application as described in this Section 9 and subject to the
10 requirements of the Code, money allocable to the Bond proceeds in the
11 Construction Fund may be temporarily invested in Permitted Investments.

12 (b) Refunding Plan. For the purpose of realizing a debt service savings,
13 the City proposes to defease and/or refund the Refunded Bonds as set forth herein.
14 If the Designated Representative determines that it is in the best interest of the City
15 to proceed with the refunding authorized herein, the Designated Representative
16 shall designate all or a portion of the Refunding Candidates as Refunded Bonds
17 and such designation shall be set forth in the Bond Purchase Contract.

18 A portion of the proceeds of the Bonds shall be deposited with the Refunding
19 Trustee pursuant to the Escrow Deposit Agreement to be used immediately upon
20 receipt thereof to defease the Refunded Bonds as authorized by the 2006 Bond
21 Ordinance and to pay costs of issuance of the Bonds. The net proceeds deposited
22 with the Refunding Trustee shall be used to defease the Refunded Bonds and
23 discharge the obligations thereon by the purchase of certain Acquired Obligations
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1 bearing such interest and maturing as to principal and interest in such amounts and
2 at such times which, together with any necessary beginning cash balance, will
3 provide for the payment of:

4 (1) interest on the Refunded Bonds as such becomes due on and
5 prior to the Call Date; and
6

7 (2) the redemption price (100 percent of the principal amount) of
8 the Refunded Bonds on the Call Date.

9 Such Acquired Obligations shall be purchased at a yield not greater than the
10 yield permitted by the Code and regulations relating to acquired obligations in
11 connection with refunding bond issues.
12

13 A beginning cash balance, if any, and the Acquired Obligations shall be
14 deposited irrevocably with the Refunding Trustee in an amount sufficient to defease
15 the Refunded Bonds. In order to carry out the purposes of this Section 9, the
16 Finance Director is authorized and directed to execute and deliver to the Refunding
17 Trustee, an Escrow Deposit Agreement.
18

19 The City hereby sets aside sufficient funds out of the purchase of Acquired
20 Obligations from proceeds of the Bonds to make the payments described above.

21 The City hereby calls the Refunded Bonds for redemption on the Call Date in
22 accordance with the provisions of the 2006 Bond Ordinance authorizing the
23 redemption and retirement of the 2006 Bonds prior to their fixed maturities.
24

25 Said defeasance and call for redemption of the Refunded Bonds shall be
26 irrevocable after the issuance of the Bonds and delivery of the Acquired Obligations
to the Refunding Trustee.



1 The Refunding Trustee is hereby authorized and directed to provide for the
2 giving of notices of the defeasance and/or redemption of the Refunded Bonds in
3 accordance with the applicable provisions of the 2006 Bond Ordinance. The costs
4 of publication of such notices shall be an expense of the City.
5

6 The Refunding Trustee is hereby authorized and directed to pay to the
7 Finance Director, or, at the direction of the Finance Director, to the paying agent for
8 the Refunded Bonds, sums sufficient to pay, when due, the payments specified in
9 this Section 9. All such sums shall be paid from the moneys and Acquired
10 Obligations deposited with the Refunding Trustee, and the income therefrom and
11 proceeds thereof. All such sums so paid to or to the order of the Finance Director
12 shall be credited to the Refunding Account. All moneys and Acquired Obligations
13 deposited with the Refunding Trustee and any income therefrom shall be held,
14 invested (but only at the direction of the Finance Director) and applied in
15 accordance with the provisions of this ordinance and with the laws of the State for
16 the benefit of the City and owners of the Refunded Bonds.
17
18

19 The City will take such actions as are found necessary to see that all
20 necessary and proper fees, compensation and expenses of the Refunding Trustee
21 for the Refunded Bonds shall be paid when due.
22

23 Section 10. Sewer Fund. A special fund of the City has been created and
24 designated the "Sewer Fund". The City covenants and agrees that so long as any
25 of the Parity Bonds are outstanding, it will pay or cause to be paid into the Sewer
26 Fund all Gross Revenues exclusive of ULID Assessments and earnings on money
and investments in any construction fund, the Rate Stabilization Fund, the Bond



1 Fund and any rebate fund, which earnings may be retained in such funds or
2 accounts or transferred to other funds or accounts as permitted or required by this
3 ordinance.

4 The amounts on deposit in the Sewer Fund shall be used only for the
5 following purposes and in the following order of priority:
6

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

8 (b) To make all payments required to be made into the Interest Account
9 in the Bond Fund or to make any Payment in accordance with Section 17.

10 (c) To make all payments required to be made into the Principal Account
11 in the Bond Fund and to make all payments into the Term Bond Retirement
12 Account in the Bond Fund.

13 (d) To make all payments pursuant to a reimbursement agreement
14 ranking on a parity of lien with the Parity Bonds and entered into in connection with
15 a Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility
16 with respect to the Reserve Fund, *and after the Outstanding Parity Bonds are fully*
17 *redeemed, refunded or defeased*, into any other reserve fund created in the future
18 for the payment of debt service on Parity Bonds; provided, that if there is not
19 sufficient money to make all payments under reimbursement agreements the
20 payments will be made on a pro rata basis.

21 (e) To make all payments required to be made into the Reserve Fund to
22 secure the payment of any Covered Bonds, *and after the Outstanding Parity Bonds*
23 *are fully redeemed, refunded or defeased*, into any other reserve fund created in
24 the future for the payment of debt service on Parity Bonds.
25
26



1 (f) To make all payments required to be made into any special fund or
2 account created to pay or secure the payment of obligations issued having a lien
3 upon amounts in the Sewer Fund junior and inferior to the lien thereon for the
4 payment of the principal of and interest on the Parity Bonds.
5

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

8 (h) To make payments into the Rate Stabilization Fund for the purposes
9 set forth in Section 12 or for any lawful purpose of the City related to the System.
10

11 Section 11. Bond Fund.

12 (a) A special fund of the City designated the "City of Tacoma Sewer
13 Revenue Bond Fund" (the "Bond Fund") has previously been created by the City.
14 The Bond Fund shall be used solely for the purposes of paying the principal of,
15 premium, if any, and interest on Parity Bonds and retiring Parity Bonds prior to
16 maturity in the manner provided herein or in any Parity Bond Ordinance.
17

18 The Bond Fund contains four funds and accounts: the Interest Account, the
19 Principal Account, the Term Bond Retirement Account, and the Reserve Fund. At
20 the option of the City, separate funds and accounts may be created in the Bond
21 Fund for the purpose of paying or securing the payment of principal, premium, if
22 any, and interest on any series of Parity Bonds. The City hereby obligates and
23 binds itself irrevocably to set aside and to pay into the Bond Fund all ULID
24 Assessments and out of the Sewer Fund certain fixed amounts sufficient (together
25 with other available funds on hand and paid into the Bond Fund) to pay the principal
26 of, premium, if any, and interest on the Bonds and all other Parity Bonds



1 outstanding pursuant to this ordinance and all other Parity Bond Ordinances when
2 due, either at maturity or in accordance with the terms of any Sinking Fund
3 Requirement schedule established for the retirement of Term Bonds. The fixed
4 amounts to be paid into the Bond Fund, to the extent that such payments are not
5 made from ULID Assessments, bond proceeds or from other legally available
6 money, shall be made out of the Sewer Fund in the following order of priority: first,
7 into the Interest Account; second, into the Principal Account and Term Bond
8 Retirement Account; and third, into the Reserve Fund. The City may create
9 subaccounts within such funds and accounts for the purpose of paying the Bonds.
10
11

12 (1) Interest Account. In the case of all Parity Bonds, no later than the
13 day prior to the date on which an installment of interest is due on any Parity Bonds,
14 the City shall transfer from the Sewer Fund to the Interest Account in the Bond
15 Fund an amount (together with other money as is on hand and available in such
16 Account) equal to the installment of interest then due on all outstanding Parity
17 Bonds.
18

19 (2) Principal Account and Term Bond Retirement Account. No later
20 than the day prior to the date upon which an installment of principal on Parity Bonds
21 that are Serial Bonds is due, the City shall transfer from the Sewer Fund to the
22 Principal Account in the Bond Fund an amount (together with such other money as
23 is on hand and available in such Account) equal to the installment of principal then
24 due on all outstanding Parity Bonds that are Serial Bonds.
25

26 No later than the day prior to the Sinking Fund Requirement date, the City
will transfer from the Sewer Fund to the Term Bond Retirement Account an amount



1 (together with such other money as is available and on hand in such account) equal
2 to the Sinking Fund Requirement for such date.

3 The City will apply all the money paid into the Term Bond Retirement
4 Account to the redemption or purchase of Term Bonds on the next ensuing Sinking
5 Fund Requirement due date (or may so apply such money prior to the Sinking Fund
6 Requirement due date). In addition to redeeming Term Bonds, the City may apply
7 the money paid into the Term Bond Retirement Account to retire Term Bonds by
8 purchasing such Term Bonds at a purchase price (including any brokerage charge)
9 that is not in excess of the principal amount thereof, in which event the principal of
10 such Term Bonds so purchased will be credited against the ensuing Sinking Fund
11 Requirement. If, as of any January 1, the principal amount of Term Bonds retired
12 by purchase or redemption exceeds the cumulative amount required to be
13 redeemed by Sinking Fund Requirement on or before such January 1, then the
14 excess may be credited against Sinking Fund Requirements in the manner
15 determined by the City at the time of the purchase or redemption. Any such
16 purchase of Term Bonds by the City may be made with or without tenders of such
17 Term Bonds in such manner as the City will deem, in its discretion, to be in its best
18 interest.

19
20
21
22 (3) Reserve Fund.

23 (A) A Reserve Fund has been created in the Bond Fund for
24 the purpose of securing the payment of the principal of and interest on the Covered
25 Bonds. *After the Outstanding Parity Bonds are fully redeemed, refunded or*
26 *defeased*, the City may create separate reserve funds and establish separate



1 equal monthly payments into the Reserve Fund from the money in the Sewer Fund,
2 in such amounts and at such times so that by no later than five years from the date
3 of issuance of such Future Parity Bonds or by the final maturity established for such
4 series of Future Parity Bonds, whichever occurs first, there will be credited to the
5 Reserve Fund an amount equal to the Reserve Fund Requirement.

6 Notwithstanding the foregoing provisions of this subparagraph (C), the proceedings
7 authorizing the issuance of Future Parity Bonds that are Covered Bonds, to the
8 extent permitted under the Code, may provide for payments into the Reserve Fund
9 from the proceeds of such Future Parity Bonds or from any other money lawfully
10 available therefor, or may provide for the City to obtain Qualified Insurance or a
11 Qualified Letter of Credit for amounts required by subparagraph (E) of this section
12 or parallel provisions in other Parity Bond Ordinances to be paid out of the Reserve
13 Fund. The face amount of any such Qualified Insurance or Qualified Letter of
14 Credit may be credited against the amounts required to be maintained in the
15 Reserve Fund by this section or parallel provisions in other Parity Bond Ordinances
16 to the extent that such payments and credits to be made are insured by an
17 insurance company or guaranteed by a letter of credit from a financial institution.

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 of
20 Credit or Qualified Insurance no longer meets the requirements specified herein,
21 the City shall substitute a Qualified Letter of Credit or Qualified Insurance in the
22 amount required to make up the deficiency created in the Reserve Fund or in the
23 alternative shall create a special account in the Sewer Fund and deposit therein, on
24
25
26



1 or before the 25th day of each of the 36 succeeding calendar months (commencing
2 with the 25th day of the calendar month next following the date of the notice) one
3 thirty-sixth of the amount sufficient, together with other money and investments on
4 deposit in the Reserve Fund, to equal the Reserve Fund Requirement in effect as of
5 the date the cancellation or disqualification of the entity becomes effective. Those
6 amounts shall be deposited in the special account from money in the Sewer Fund
7 after making provision for payment of Costs of Maintenance and Operation and for
8 required payments into the Bond Fund. Amounts on deposit in that special account
9 shall not be available to pay debt service on Covered Bonds or for any other
10 purpose of the City, and shall be transferred to the Reserve Fund on the effective
11 date of any cancellation of a Qualified Letter of Credit or Qualified Insurance to
12 make up all or part of the deficiency caused thereby. Amounts in that special
13 account or in the Reserve Fund may be transferred to the Sewer Fund and used for
14 any purpose if and when qualifying Qualified Letter of Credit or Qualified Insurance
15 is obtained.

19 (D) If at any time the money and value of Permitted
20 Investments in the Reserve Fund shall exceed the amount of money and value of
21 Permitted Investments then required to be maintained therein, such excess may be
22 transferred to the Sewer Fund.

24 (E) In the event that there shall be a deficiency in the Interest
25 Account, Principal Account or Term Bond Retirement Account in the Bond Fund
26 with respect to Covered Bonds, the City shall promptly make up such deficiency
from the Reserve Fund by the withdrawal of cash therefrom for that purpose and by



1 the sale or redemption of obligations held in the Reserve Fund, if necessary, in
2 such amounts as will provide cash in the Reserve Fund sufficient to make up any
3 such deficiency, and if a deficiency still exists immediately prior to a Payment Date
4 and after the withdrawal of cash, the City shall then draw from any Qualified Letter
5 of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount
6 to make up the deficiency. Such draw shall be made at such times and under such
7 circumstances as the agreement for such Qualified Letter of Credit or Qualified
8 Insurance shall provide. The City covenants and agrees that any deficiency
9 created in the Reserve Fund by reason of any withdrawal therefrom for payment
10 into the Interest Account, Principal Account or Term Bond Retirement Account shall
11 be made up from money in the Sewer Fund first available after providing for the
12 required payments into such Interest, Principal and Term Bond Retirement
13 Accounts and after providing for payments under a reimbursement agreement
14 entered into by the City under Section 19; *provided, after the Outstanding Parity*
15 *Bonds are fully redeemed, refunded or defeased, any such deficiency shall be*
16 *made up within 12 months of such deficiency.*

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



1 (b) In making the payments and credits to the Principal Account, Interest
2 Account, Term Bond Retirement Account and Reserve Fund required by this
3 Section 11 and parallel provisions in other Parity Bond Ordinances, to the extent
4 that such payments are made from bond proceeds, from money in any Capitalized
5 Interest account, or from other money that may legally be available, such payments
6 are not required to be made from the Sewer Fund.
7

8 (c) Money in the Bond Fund shall be transmitted to the Bond Registrar in
9 amounts sufficient to meet the maturing installments of principal of, premium, if any,
10 and interest on all Parity Bonds when due. All money remaining in the Bond Fund
11 after provision for the payment in full of the principal of, premium, if any, and
12 interest on all Parity Bonds shall be returned to the Sewer Fund.
13

14 The Bond Fund shall be drawn upon solely for the purpose of paying the
15 principal of, premium, if any, and interest on Parity Bonds. Money set aside from
16 time to time with the Bond Registrar for such payment shall be held in trust for the
17 owners of Parity Bonds in respect of which the same shall have been so set aside.
18 Until so set aside, and except as otherwise provided herein, all money in the Bond
19 Fund shall be held in trust for the benefit of the owners of all Parity Bonds at the
20 time outstanding equally and ratably.
21

22 (d) Money in the Bond Fund may, at the option of the City, be invested
23 and reinvested as permitted by law in Permitted Investments maturing, or which are
24 redeemable at the option of the owner, prior to the date needed or prior to the
25 maturity date of the final installment of principal of the Parity Bonds payable out of
26 the Bond Fund. At the City's option, earnings on investments in the Bond Fund



1 may be retained in the Bond Fund or transferred to the Sewer Fund, except that
2 earnings on investments in the Reserve Fund shall first be applied to remedy any
3 deficiency in such fund.

4 (e) Money in each of the subaccounts and funds established in this
5 Section 11 may be used, if necessary, to pay Rebate Amounts to the extent that
6 such Rebate Amounts are directly attributable to earnings on such subaccount.

7
8 Section 12. Rate Stabilization Fund. A special fund of the City designated
9 the "Rate Stabilization Fund" has been established by the City in the Sewer Fund.
10 In accordance with the priorities set forth in this ordinance, the City may from time
11 to time deposit Net Revenues into the Rate Stabilization Fund and may from time to
12 time withdraw amounts therefrom to enhance rate stability or for other lawful
13 purposes of the City related to the System.

14
15 Section 13. Security for Parity Bonds. All Parity Bonds are special limited
16 obligations of the City payable from and secured solely by a charge and lien as set
17 forth in this paragraph. There are hereby pledged as security for the payment of
18 the principal of, premium, if any, and interest on all Parity Bonds in accordance with
19 the provisions of this ordinance, subject to the provisions of this ordinance
20 restricting or permitting the application thereof, (a) the proceeds of the sale of Parity
21 Bonds to the extent held in funds established or continued by this ordinance,
22 (b) Net Revenues and ULID Assessments and (c) the money and assets credited to
23 the Sewer Fund and the Bond Fund and the income therefrom. The pledge of Net
24 Revenues, money and assets credited to the Sewer Fund and Bond Fund and ULID
25
26



1 Assessments constitutes a lien and charge on the Net Revenues, the funds and
2 ULID Assessments superior to all other charges of any kind or nature.

3 All Parity Bonds hereafter outstanding shall be equally and ratably payable
4 and secured hereunder without priority by reason of date of adoption of the
5 ordinance providing for their issuance or by reason of their number or date of sale,
6 issuance, execution or delivery, or by the liens, pledges, charges, trusts,
7 assignments and covenants made herein, except as otherwise expressly provided
8 or permitted in this ordinance and except as to insurance which may be obtained by
9 the City to insure the repayment of one or more series or maturities within a series.
10

11 Parity Bonds shall not in any manner or to any extent constitute general
12 obligations of the City or of the State, or any political subdivision of the State, or a
13 charge upon any general fund or upon any money or other property of the City or of
14 the State, or of any political subdivision of the State, not specifically pledged thereto
15 by this ordinance.
16

17 Section 14. Adequacy of Revenue of System to Make Required Payments.
18 The Council declares, in fixing the amounts to be paid into the Bond Fund as
19 provided herein, that it has exercised due regard for Costs of Maintenance and
20 Operation and has not obligated the City to set aside and pay into the Bond Fund a
21 greater amount of the Gross Revenues than in its judgment will be available over
22 and above such Costs of Maintenance and Operation.
23

24 Section 15. Defeasance. In the event that the City, to effect the payment,
25 retirement or redemption of any Bond, sets aside in the Bond Fund or in another
26 special account, cash or noncallable Government Obligations, or any combination



1 of cash and/or noncallable Government Obligations, in amounts and maturities
2 which, together with the known earned income therefrom, are sufficient to redeem
3 or pay and retire such Bond in accordance with its terms and to pay when due the
4 interest and redemption premium, if any, thereon, and such cash and/or noncallable
5 Government Obligations are irrevocably set aside and pledged for such purpose,
6 then no further payments need be made into the Bond Fund for the payment of the
7 principal of and interest on such Bond. The owner of a Bond so provided for shall
8 cease to be entitled to any lien, benefit or security of this ordinance except the right
9 to receive payment of principal, premium, if any, and interest from the Bond Fund or
10 such special account, and such Bond shall be deemed to be not outstanding under
11 this ordinance.
12
13

14 The City shall give written notice of defeasance to the registered owners of
15 all Bonds so provided for within 20 days of the defeasance and to each party
16 entitled to receive notice in accordance with Section 23.
17

18 Section 16. Covenants. The City covenants and agrees with the owners of
19 the Bonds, from time to time for as long as any such Bonds are outstanding, as
20 follows:

21 (a) Rate Covenant – General. The City shall establish, maintain and
22 collect rates or charges in connection with the ownership and operation of the
23 System that shall be fair and nondiscriminatory and adequate to provide Gross
24 Revenues sufficient for the payment of the principal of and interest on all Parity
25 Bonds for which payment has not otherwise been provided and all amounts that the
26 City is obligated to set aside in the Bond Fund, for the proper operation and



1 maintenance of the System, and for the payment of all amounts that the City may
2 now or hereafter become obligated to pay from Gross Revenues.

3 (b) Rate Covenant – Coverage. The City shall establish, maintain and
4 collect rates or charges in connection with the ownership and operation of the
5 System sufficient to provide Net Revenues in any calendar year hereafter in an
6 amount equal to at least 1.30 times the Adjusted Annual Debt Service. *After all of*
7 *the Outstanding Parity Bonds are fully redeemed, refunded or defeased, this*
8 *requirement shall read as follows:* The City shall establish, maintain and collect
9 rates or charges in connection with the ownership and operation of the System
10 sufficient to provide Net Revenues in any calendar year hereafter in an amount
11 equal to at least 1.25 times the Adjusted Annual Debt Service.
12
13

14 Solely for purposes of calculating the coverage requirement set forth above,
15 there shall be added to Gross Revenues in any Fiscal Year any amount withdrawn
16 from the Rate Stabilization Fund in such Fiscal Year and deposited in the Sewer
17 Fund, and there shall be subtracted from Gross Revenues in any Fiscal Year any
18 amount withdrawn from the Sewer Fund and deposited in the Rate Stabilization
19 Fund. *After all of the Outstanding Parity Bonds are fully redeemed, refunded or*
20 *defeased, credits to or from the Rate Stabilization Fund that occur within 90 days*
21 *after the end of a Fiscal Year may be treated as occurring within such Fiscal Year.*
22
23

24 The calculation of the coverage requirement set forth above, and in
25 Section 18, and the City's compliance therewith, may be made solely with reference
26 to this ordinance without regard to future changes in generally accepted accounting
principles. If the City has changed one or more of the accounting principles used in



1 the preparation of its financial statements, because of a change in generally
2 accepted accounting principles or otherwise, then an event of default relating to this
3 coverage requirement shall not be considered an event of default if the coverage
4 requirement ratio would have been complied with had the City continued to use
5 those accounting principles employed at the date of the most recent audited
6 financial statements prior to the date of this ordinance.

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

13 (d) Disposal of Properties. The City shall not sell, mortgage, lease or
14 otherwise dispose of the properties constituting the System except as provided by
15 law and subject to such additional restrictions as are provided in this section and as
16 may be provided in a reimbursement agreement with respect to Qualified Insurance
17 or a Qualified Letter of Credit, as follows:

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

24 (2) Except as provided in paragraph (3) below, the City will not sell,
25 mortgage, lease or otherwise dispose of any part of the System in excess of
26 5 percent of the book value of the net utility plant of the System unless provision is



1 made for the payment, redemption or other retirement of a principal amount of
2 Parity Bonds equal to the greater of the following amounts:

3 (A) An amount that will be in the same proportion to the net
4 Bond Obligation of Parity Bonds then outstanding (defined as the total Bond
5 Obligation of such Parity Bonds outstanding less the amount of cash and
6 investments in the Principal Account and Term Bond Retirement Account in the
7 Bond Fund) that the revenues attributable to the part of the System sold or
8 disposed of for the 12 preceding months bears to the total revenues for such
9 period; or
10

11 (B) An amount that will be in the same proportion to the net
12 Bond Obligation of Parity Bonds then outstanding that the book value of the part of
13 the System sold or disposed of bears to the book value of the entire System
14 immediately prior to such sale or disposition.
15

16 (3) The City may sell, lease, mortgage or otherwise dispose of any
17 part of the System which shall have become unserviceable, inadequate, obsolete or
18 unfit to be used in the operation of the System, or no longer necessary, material to
19 or useful in such operation.
20

21 (4) The proceeds of the sale, lease or disposal of any part of the
22 System shall be deposited in the Sewer Fund.
23

24 (5) If the sale, lease, mortgage or other disposal of any part of the
25 System is valued in excess of 10 percent of the book value of the physical assets of
26 the System, an opinion of an Engineer, based on financial statements of the
System for the most recent Fiscal Year available, shall be delivered in connection



1 with such disposition demonstrating that such sale, mortgage, lease or other
2 disposal would not prevent the City from meeting the requirements of Section 16(b).

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

9 (f) Books and Accounts – Operating Statement. The City shall keep and
10 maintain proper books and accounts with respect to the operations, income and
11 expenditures of the System that are in accordance with proper and legal accounting
12 procedures. On or before 120 days after each Fiscal Year of the City's operation of
13 the System, it will prepare or cause to be prepared an operating statement of the
14 System for such preceding Fiscal Year. Each such statement shall contain a
15 statement in detail of the Gross Revenues, Costs of Maintenance and Operation,
16 and expenses for capital purposes of the System for such Fiscal Year, shall contain
17 a statement as of the end of such year showing the status of all the funds and
18 accounts created by the various ordinances pertaining to the operation of the
19 System and authorizing the issuance of outstanding bonds payable from the
20 revenue of the System, and shall contain a statement of the number of sanitary and
21 storm sewage collection and disposal customers per class of customer at the end of
22 such year. Copies of such statement shall be placed on file in the office of the
23 Department of Finance and shall be open to inspection at any reasonable time by
24 any owner of the Bonds or of any other outstanding bonds of the City payable out of
25
26



1 the Gross Revenues of the System. Upon the request of any owner of Parity
2 Bonds, the City shall provide a copy of such statement to such owner. All expenses
3 incurred in the maintenance of such books and accounts and the preparation of
4 such statement may be regarded and paid as an expense of operation of the
5 System.
6

7 (g) Insurance. The City will keep the System insured, and will carry such
8 other insurance, with responsible insurers, with policies payable to the City, against
9 risks, accidents or casualties, at least to the extent that insurance is usually carried
10 by municipal corporations operating like properties; provided, however, that the City
11 may, if deemed necessary and advisable by the Council, institute or continue a
12 self-insurance program with respect to any or all of the aforementioned risks. In the
13 event of any loss or damage, the City will promptly deposit the insurance proceeds
14 into any construction fund hereafter created for the System, and use such funds to
15 repair or replace the damaged portion of the insured property and apply the
16 proceeds of any insurance policy or self-insurance funding for that purpose; or in
17 the event the City should determine not to repair or reconstruct such damaged
18 portion of the properties of the City, the proceeds of such insurance or self-
19 insurance funding shall be transferred to the Reserve Fund to the extent that such
20 transfer shall be necessary to make up any deficiency in the Reserve Fund and the
21 balance, if any, shall, at the option of the City, be used for repairs, renewals,
22 replacements, or additions to or extension of the System or be used in the
23 retirement of Parity Bonds prior to maturity, either by purchase at prices not to
24 exceed the next applicable redemption price or by call for redemption.
25
26



1 (h) Tax Covenants. The City covenants that it will not take or permit to be
2 taken on its behalf any action that would adversely affect the exemption from
3 federal income taxation of the interest on the Bonds and will take or require to be
4 taken such acts as may reasonably be within its ability and as may from time to
5 time be required under applicable law to continue the exemption from federal
6 income taxation of the interest on the Bonds.
7

8 (1) Arbitrage Covenant. Without limiting the generality of the
9 foregoing, the City covenants that it will not take any action or fail to take any action
10 with respect to the proceeds of sale of the Bonds or any other funds of the City
11 which may be deemed to be proceeds of the Bonds pursuant to Section 148 of the
12 Code and the regulations promulgated thereunder which, if such use had been
13 reasonably expected on the dates of delivery of the Bonds to the initial purchasers
14 thereof, would have caused the Bonds to be treated as "arbitrage bonds" within the
15 meaning of such term as used in Section 148 of the Code. The City will comply
16 with the requirements of Section 148 of the Code and the applicable regulations
17 thereunder throughout the term of the Bonds.
18

19 (2) Private Person Use Limitation for Bonds. The City covenants
20 that for as long as the Bonds are outstanding, it will not permit:
21

22 (A) More than 10 percent of the Net Proceeds of the Bonds
23 to be allocated to any Private Person Use; and
24

25 (B) More than 10 percent of the principal or interest
26 payments on the Bonds in a Bond Year to be directly or indirectly: (1) secured by
any interest in property used or to be used for any Private Person Use or secured



1 by payments in respect of property used or to be used for any Private Person Use,
2 or (2) derived from payments (whether or not made to the City) in respect of
3 property, or borrowed money, used or to be used for any Private Person Use.

4 The City further covenants that, if:

5 (C) More than 5 percent of the Net Proceeds of the Bonds
6 are allocable to any Private Person Use; and

7 (D) More than 5 percent of the principal or interest payments
8 on the Bonds in a Bond Year are (under the terms of this ordinance or any
9 underlying arrangement) directly or indirectly:

10 (i) secured by any interest in property used or to be
11 used for any Private Person Use or secured by payments in respect of property
12 used or to be used for any Private Person Use, or

13 (ii) derived from payments (whether or not made to
14 the City) in respect of property, or borrowed money, used or to be used for any
15 Private Person Use, then, (1) any Private Person Use of the projects described in
16 subsection (C) hereof or Private Person Use payments described in subsection (D)
17 hereof that is in excess of the 5 percent limitations described in such
18 subsections (C) or (D) will be for a Private Person Use that is related to the state or
19 local governmental use of the Projects financed and/or refinanced by the proceeds
20 of the Bonds; and (2) any Private Person Use will not exceed the amount of Net
21 Proceeds of the Bonds allocable to the state or local governmental use portion of
22 the Projects to which the Private Person Use of such portion of the Projects
23 financed and/or refinanced by the proceeds of the Bonds relate. The City further
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26



1 covenants that it will comply with any limitations on the use of the Projects financed
2 and/or refinanced by the proceeds of the Bonds by other than state and local
3 governmental users that are necessary, in the opinion of its bond counsel, to
4 preserve the tax exemption of the interest on the Bonds.
5

6 (3) Modification of Tax Covenants. The covenants of this section
7 are specified solely to assure the continued exemption from regular income taxation
8 of the interest on the Bonds. To that end, the provisions of this section may be
9 modified or eliminated without any requirement for formal amendment thereof upon
10 receipt of an opinion of the City's bond counsel that such modification or elimination
11 will not adversely affect the tax exemption of interest on any Bonds.
12

13 (4) The City does not designate the Bonds as "qualified tax-
14 exempt obligations" under Section 265(b)(3) of the Code for investment by financial
15 institutions.
16

17 Section 17. Parity Derivative Products. For purposes of this Section 17, the
18 following words shall have the following definitions:

19 (a) "Payment" means any payment (designated as such by an ordinance
20 or resolution) required to be made by or on behalf of the City under a Payment
21 Agreement and which is determined according to a formula set forth in the Payment
22 Agreement.
23

24 (b) "Parity Payment Agreement" means a Payment Agreement under
25 which the City's payment obligations are expressly stated to be secured by a pledge
26 of and lien on Net Revenues on an equal and ratable basis with the Net Revenues



1 required to be paid into the Bond Fund to pay and secure the payment of the
2 principal of and interest on Parity Bonds.

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

11
12 (d) "Payment Date" means any date specified in the Payment Agreement
13 on which a City Payment or Receipt is due and payable under the Payment
14 Agreement.

15 (e) "Receipt" means any payment (designated as such by an ordinance
16 or resolution) to be made to, or for the benefit of, the City under a Payment
17 Agreement by the Payor.
18

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

21 (g) "Qualified Counterparty" means a party (other than the City or a party
22 related to the City) who is the other party to a Payment Agreement that has or
23 whose obligations are unconditionally guaranteed by a party that has at least an
24 investment grade rating from a rating agency (who, if the City's Parity Bonds are
25 rated by Moody's, must have a rating of at least "A") and who is otherwise qualified
26



1 to act as the other party to a Payment Agreement under any applicable laws of the
2 State.

3 A Payment made under a Payment Agreement may be on a parity with the
4 Bonds if the Payment Agreement satisfies the requirements for Future Parity Bonds
5 described in Section 18, taking into consideration regularly scheduled Payments
6 and Receipts (if any) under a Payment Agreement. The following shall be
7 conditions precedent to the use of any Payment Agreement on a parity with the
8 Bonds:
9

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

17 (2) Prior to entering into a Payment Agreement, the City shall
18 adopt an ordinance, which shall:
19

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

22 (B) establish general provisions for the rights of parties to
23 Payment Agreements; and
24

25 (C) set forth such other matters as the City deems
26 necessary or desirable in connection with the management of Payment Agreements
as are not clearly inconsistent with the provisions of this ordinance.



1 The Payment Agreement may oblige the City to pay, on one or more
2 scheduled and specified Payment Dates, the Payments in exchange for the Payor's
3 obligation to pay or to cause to be paid to the City, on scheduled and specified
4 Payment Dates, the Receipts. The City may also enter into Payment Agreements
5 that are not reciprocated by the other party to the agreement.
6

7 If the City enters into a Parity Payment Agreement, Payments shall be made
8 from the Interest Account in the Bond Fund and Annual Debt Service shall include
9 any regularly scheduled City Payments adjusted by any regularly scheduled
10 Receipts during a Fiscal Year. Receipts shall be paid directly into the Bond Fund.
11 Obligations to make unscheduled payments, such as termination payments, may
12 not be entered into on a parity with the Parity Bonds.
13

14 Nothing in this section shall preclude the City from entering into Payment
15 Agreements with a claim on Net Revenues junior to that of the Bonds.
16 Furthermore, nothing in this section shall preclude the City from entering into
17 obligations on a parity with the Bonds in connection with the use of Payment
18 Agreements or similar instruments if the City obtains an opinion of Bond Counsel
19 that the obligations of the City thereunder are consistent with this ordinance.
20

21 Section 18. Future Parity Bonds.

22 (a) The City reserves the right to issue Future Parity Bonds from time to
23 time as may be required for any lawful purpose of the City relating to the System,
24 including but not limited to, acquiring, constructing and installing additions and
25 improvements to and extensions of, acquiring necessary equipment for, or making
26



1 necessary renewals, replacements or repairs and capital improvements to the
2 System and refunding any outstanding indebtedness.

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

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

7 (2) With respect to Covered Bonds, the ordinances authorizing the
8 issuance of the Future Parity Bonds shall require that there shall be paid into the
9 Reserve Fund in the Bond Fund (A) from the proceeds of such Future Parity Bonds
10 an amount such that the amount on deposit in the Reserve Fund, allowing for any
11 amount covenanted in an ordinance authorizing the issuance of outstanding Parity
12 Bonds to be paid into such Fund over five years, is equal to the Reserve Fund
13 Requirement, or (B) from the Sewer Fund in approximately equal monthly
14 payments, such amounts and at such times so that by no later than five years from
15 the date of issuance of such Future Parity Bonds or by the final maturity established
16 for such series of Future Parity Bonds, whichever occurs first, there will be credited
17 to the Reserve Fund an amount equal to the Reserve Fund Requirement. Upon the
18 issuance of any series of Future Parity Bonds, the City shall recalculate the
19 Reserve Fund Requirement, which recalculated Reserve Fund Requirement shall
20 become effective as of such date of recalculation.

21 (3) If such Future Parity Bonds are being issued to pay costs
22 incurred or to be incurred for purposes other than refunding purposes as described
23 in subsection 18(c), there shall be on file with the City Clerk either:
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(A) A certificate of the Finance Director of the City stating that Net Revenues in any 12 consecutive months out of the most recent 24 months preceding the delivery of the bonds then proposed to be issued, as determined from the financial statements of the System, were not less than 1.30 times Maximum Adjusted Annual Debt Service on all outstanding Parity Bonds and the bonds then proposed to be issued; *provided, after all of the Outstanding Parity Bonds are fully redeemed, refunded or defeased, this requirement shall read as follows:* A certificate of the Finance Director of the City stating that Net Revenues in any 12 consecutive months out of the most recent 24 months preceding the delivery of the bonds then proposed to be issued, as determined from the financial statements of the System, were not less than 1.25 times Maximum Adjusted Annual Debt Service on all outstanding Parity Bonds and the bonds then proposed to be issued. In issuing such certificate the Finance Director shall reflect in the certificate the Net Revenues he or she estimates would have been collected in such 12-month period if the Council at any time on or prior to the date of delivery of the bonds proposed to be issued had adopted any adjustment in the rates, fees and charges collected by the City for the services to the System if such new rates, fees and charges had been in effect for the entire 12-month period, or

(B) A certificate of an Engineer or a Certified Public Accountant showing that the “Adjusted Net Revenues” (as determined herein) for each calendar year during the life of the bonds proposed to be issued will equal not less than 1.30 times Maximum Adjusted Annual Debt Service on all outstanding Parity Bonds and the bonds then proposed to be issued; *provided, after all of the*



1 *Outstanding Parity Bonds are fully redeemed, refunded or defeased, this*
2 *requirement shall read as follows: A certificate of an Engineer or a Certified Public*
3 *Accountant showing that the “Adjusted Net Revenues” (as determined herein) for*
4 *each calendar year during the life of the bonds proposed to be issued will equal not*
5 *less than 1.25 times Maximum Adjusted Annual Debt Service on all outstanding*
6 *Parity Bonds and the bonds then proposed to be issued.*

8 The “Adjusted Net Revenues” shall be the Net Revenues for a period of any
9 12 consecutive months out of the 24 months immediately preceding the date of
10 delivery of such proposed Future Parity Bonds (the “Base Period”) as adjusted by
11 such Engineer or Certified Public Accountant to take into consideration changes in
12 Net Revenues estimated to occur under the following conditions for each year after
13 such delivery for so long as any Parity Bonds, including the Future Parity Bonds
14 proposed to be issued, shall be outstanding:

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

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

25 (3) the additional Net Revenues estimated by such
26 Engineer or Certified Public Accountant to be received as a result of any additions
and improvements to and extensions of any facilities of the System which are



1 (a) under construction at the time of such certificate or (b) will be constructed or
2 acquired from the proceeds of the Future Parity Bonds to be issued;

3 (4) the additional Net Revenues that would have been
4 received if any customers added to the System during the Base Period or
5 subsequent thereto were customers for the entire Base Period, and
6

7 (5) ninety percent of the additional Net Revenues estimated
8 by such Engineer or Certified Public Accountant to be derived from the new
9 customers that will be added to the System in the first 12 months after the
10 completion of the construction of the improvements to be made thereto or from
11 acquisitions out of the proceeds of the sale of such Future Parity Bonds.
12

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

18 (c) Refunding Bonds. In the event that any Future Parity Bonds provided
19 for in this section are issued for refunding purposes and the issuance of such
20 refunding Future Parity Bonds results in a present value monetary saving to the City
21 and 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 or calendar year thereafter
23 than would have been required to be paid in the same fiscal or calendar year for
24 Annual Debt Service on the bonds being refunded, then paragraph (3) of
25 subsection 18(b) need not be complied with to permit such refunding Future Parity
26



1 Bonds to be issued, although the provisions of paragraphs (1) and (2) of
2 subsection 18(b) must still be complied with.

3 (d) Junior Lien Bonds. Nothing herein shall prevent the City from issuing
4 bonds, notes, warrants or other obligations payable from and secured by a lien and
5 charge junior to the lien and charge securing the payment of Parity Bonds.
6

7 Section 19. Reimbursement Obligations. In the event that the City elects to
8 meet the requirements of subsection 11(a)(3) with respect to the Reserve Fund as
9 to any issue of Parity Bonds through the use of a Qualified Letter of Credit,
10 Qualified Insurance or other equivalent credit enhancement, the City may contract
11 with the entity providing such Qualified Letter of Credit, Qualified Insurance or other
12 equivalent credit enhancement that the City's reimbursement obligation, if any, to
13 such entity ranks on a parity of lien with the Parity Bonds.
14

15 In the event that the City elects additionally to secure any issue of Variable
16 Interest Rate Bonds through the use of a letter of credit, insurance or other
17 equivalent credit enhancement, the City may contract with the entity providing such
18 letter of credit, insurance or other equivalent credit enhancement that the City's
19 reimbursement obligation, if any, to such entity ranks on a parity of lien with the
20 Parity Bonds; provided, that the payments due under such reimbursement
21 agreement are such that if such reimbursement obligation were a series of Future
22 Parity Bonds, such Future Parity Bonds could be issued in compliance with the
23 provisions of Section 18.
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Section 20. Sale of Bonds.

(a) Bond Sale. The Bonds shall be sold by negotiated sale to the Underwriter selected by the Designated Representative pursuant to the terms of this ordinance and the Bond Purchase Contract. The Designated Representative is hereby authorized to select the Underwriter that submits the proposal that is in the best interest of the City.

Market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Council. The Council has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to select the Underwriter, approve the selection of Refunded Bonds (if any) and approve the final interest rates, aggregate principal amount, principal amounts of each maturity, and redemption rights for the Bonds.

Subject to the terms and conditions set forth in this Section 20, the Designated Representative is hereby authorized to enter into the Bond Purchase Contract with the Underwriter to issue and sell the Bonds upon his or her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as:

(1) the aggregate principal amount of the Bonds does not exceed \$125,000,000,

(2) the final maturity date for the Bonds is no later than December 1, 2045,



1 (3) the Bonds are sold (in the aggregate) at a price not less than
2 97 percent and not greater than 130 percent,

3 (4) the Bonds are sold for a price that results in an aggregate
4 minimum net present value debt service savings over the Refunded Bonds of at
5 least 5 percent,
6

7 (5) the true interest cost for the Bonds (in the aggregate) does not
8 exceed 5.5 percent, and

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

10 Subject to the terms and conditions set forth in this section, the Designated
11 Representative is hereby authorized to execute the Bond Purchase Contract. The
12 signature of one Designated Representative shall be sufficient to bind the City.
13

14 Following the execution of the Bond Purchase Contract, the Designated
15 Representative shall provide a report to the City Council describing the final terms
16 of the Bonds approved pursuant to the authority delegated in this section. The
17 authority granted to the Designated Representative by this Section 20 shall expire
18 120 days after the effective date of this ordinance. If a Bond Purchase Contract for
19 the Bonds has not been executed within 120 days after the effective date of this
20 ordinance, the authorization for the issuance of the Bonds shall be rescinded and
21 the Bonds shall not be issued nor their sale approved unless such Bonds shall have
22 been reauthorized by ordinance of the City Council. The ordinance reauthorizing
23 the issuance and sale of such Bonds may be in the form of a new ordinance
24 repealing this ordinance in whole or in part or may be in the form of an amendatory
25
26



1 ordinance approving a bond purchase contract or establishing terms and conditions
2 for the authority delegated under this Section 20.

3 (b) Delivery of Bonds; Documentation. Upon the passage and approval
4 of this ordinance, the proper officials of the City, including the Finance Director,
5 Treasurer, and City Manager, are authorized and directed to undertake all action
6 necessary for the prompt execution and delivery of the Bonds to the Underwriter
7 and further to execute all closing certificates and documents required to effect the
8 closing and delivery of the Bonds in accordance with the terms of this ordinance
9 and the Bond Purchase Contract.
10

11
12 Section 21. Approval of Official Statement. The Finance Director is hereby
13 authorized to ratify and to deem final the preliminary Official Statement relating to
14 the Bonds for the purposes of the Rule. The Finance Director is further authorized
15 to ratify and to approve for purposes of the Rule, on behalf of the City, the final
16 Official Statement relating to the issuance and sale of the Bonds and the
17 distribution of the final Official Statement pursuant thereto with such changes, if
18 any, as may be deemed by him or her to be appropriate.
19

20 Section 22. Supplemental Ordinances.

21 (a) The Council from time to time and at any time may pass an ordinance
22 or ordinances supplemental hereto, which ordinance or ordinances thereafter shall
23 become a part of this ordinance, for any one or more or all of the following
24 purposes:
25

26 (1) To add to the covenants and agreements of the City contained
in this ordinance other covenants and agreements thereafter to be observed which



1 shall not adversely affect the interests of the owners of any Parity Bonds or to
2 surrender any right or power reserved to or conferred upon the City.

3 (2) To make such provisions for the purpose of curing any
4 ambiguities or of curing, correcting or supplementing any defective provision
5 contained in this ordinance or any ordinance authorizing Parity Bonds in regard to
6 matters or questions arising under such ordinances as the Council may deem
7 necessary or desirable and not inconsistent with such ordinances and which shall
8 not adversely affect the interest of the owners of the Parity Bonds. Any such
9 supplemental ordinance of the City may be passed without the consent of the
10 owners of any Parity Bonds at any time outstanding, notwithstanding any of the
11 provisions of subsection (b) of this section, if the City obtains an opinion of Bond
12 Counsel to the effect that such supplemental ordinance is solely for one or more of
13 the purposes stated above and will not adversely affect the interests of the owners
14 of Parity Bonds.

15 (b) With the consent of the owners of not less than 51 percent in
16 aggregate Bond Obligations of the Parity Bonds at the time outstanding, the City
17 may pass an ordinance or ordinances supplemental hereto for the purpose of
18 adding any provisions to or changing in any manner or eliminating any of the
19 provisions of this ordinance or of any supplemental ordinance; provided, however,
20 that no such supplemental ordinance shall:

21 (1) Extend the fixed maturity of any Parity Bonds, or reduce the
22 rate of interest thereon, or extend the times of payment of interest thereon from
23 their due dates, or reduce the amount of the principal thereof, or reduce any
24



1 premium payable on the redemption thereof, without the consent of the owner of
2 each bond so affected; or

3 (2) Reduce the aforesaid percentage of bondowners required to
4 approve any such supplemental ordinance, without the consent of the owners of all
5 of the Parity Bonds then outstanding.
6

7 It shall not be necessary for the consent of bondowners under this
8 subsection (b) to approve the particular form of any proposed supplemental
9 ordinance, but it shall be sufficient if such consent shall approve the substance
10 thereof.
11

12 (c) Upon the passage of any supplemental ordinance pursuant to the
13 provisions of this section, this ordinance shall be deemed to be modified and
14 amended in accordance therewith, and the respective rights, duties and obligations
15 of the City under this ordinance and of all owners of Parity Bonds outstanding
16 hereunder shall thereafter be determined, exercised and enforced thereunder,
17 subject in all respects to such modification and amendments, and all the terms and
18 conditions of any such supplemental ordinance shall be deemed to be part of the
19 terms and conditions of this ordinance for any and all purposes.
20

21 Section 23. Ongoing Disclosure.

22 (a) Contract/Undertaking. This section constitutes the City's written
23 undertaking for the benefit of the owners, including Beneficial Owners, of the Bonds
24 as required by Section (b)(5) of the Rule.
25

26 (b) Financial Statements/Operating Data. The City agrees to provide or
cause to be provided to the MSRB the following annual financial information and



1 operating data for the prior fiscal year (commencing in 2015 for the fiscal year
2 ended December 31, 2014):

3 (1) Annual financial statements, which statements may or may not
4 be audited, showing ending fund balances for the System prepared in accordance
5 with Generally Accepted Accounting Principles prescribed by the Washington State
6 Auditor pursuant to RCW 43.09.200 (or any successor statute);

8 (2) Principal amount of outstanding Parity Bonds and debt service
9 coverage;

10 (3) Rates for the System substantially as provided in the rate
11 ordinance approved by the Council; and

12 (4) Number of wastewater and surface water customers.

13 Items (2)–(4) shall be required only to the extent that such information is not
14 included in the annual financial statements.

15 The information and data described above shall be provided on or before the
16 last day of the ninth month after the end of the City's fiscal year. The City's current
17 fiscal year ends December 31. The City may adjust such fiscal year by providing
18 written notice of the change of fiscal year to the MSRB. In lieu of providing such
19 annual financial information and operating data, the City may cross-reference to
20 other documents available to the public on the MSRB's internet website or filed with
21 the Commission.

22 If not provided as part of the annual financial information discussed above,
23 the City shall provide the City's audited annual financial statement prepared in
24 accordance with Generally Accepted Accounting Principles prescribed by the



1 Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute)
2 when and if available to the MSRB.

3 (c) Listed Events. The City agrees to provide or cause to be provided to
4 the MSRB, in a timely manner not in excess of 10 business days after the
5 occurrence of the event, notice of the occurrence of any of the following events with
6 respect to the Bonds:
7

- 8 • Principal and interest payment delinquencies;
- 9 • Non-payment related defaults, if material;
- 10 • Unscheduled draws on debt service reserves reflecting financial
11 difficulties;
- 12 • Unscheduled draws on credit enhancements reflecting financial
13 difficulties;
- 14 • Substitution of credit or liquidity providers, or their failure to perform;
- 15 • Adverse tax opinions, the issuance by the Internal Revenue Service of
16 proposed or final determinations of taxability, Notices of Proposed
17 Issue (IRS Form 5701-TEB) or other material notices or
18 determinations with respect to the tax status of the Bonds, or other
19 material events affecting the tax status of the Bonds;
20 • Modifications to the rights of Bondholders, if material;
- 21 • Optional, contingent or unscheduled Bond calls other than scheduled
22 sinking fund redemptions for which notice is given pursuant to
23 Exchange Act Release 34 23856, if material, and tender offers;
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- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the City;
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) Format for Filings with the MSRB. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(e) Notification Upon Failure to Provide Financial Data. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in subsection (b) above on or prior to the date set forth in subsection (b) above.



1 (f) Termination/Modification. The City's obligations to provide annual
2 financial information and notices of certain listed events shall terminate upon the
3 legal defeasance, prior redemption or payment in full of all of the Bonds. Any
4 provision of this section shall be null and void if the City (i) obtains an opinion of
5 Bond Counsel to the effect that the portion of the Rule that requires that provision is
6 invalid, has been repealed retroactively or otherwise does not apply to the Bonds
7 and (ii) notifies the MSRB of such opinion and the cancellation of this section.
8

9 The City may amend this section with an opinion of Bond Counsel in
10 accordance with the Rule. In the event of any amendment of this section, the City
11 shall describe such amendment in the next annual report, and shall include a
12 narrative explanation of the reason for the amendment and its impact on the type
13 (or in the case of a change of accounting principles, on the presentation) of financial
14 information or operating data being presented by the City. In addition, if the
15 amendment relates to the accounting principles to be followed in preparing financial
16 statements, (A) notice of such change shall be given in the same manner as for a
17 listed event under subsection (c), and (B) the annual report for the year in which the
18 change is made shall present a comparison (in narrative form and also, if feasible,
19 in quantitative form) between the financial statements as prepared on the basis of
20 the new accounting principles and those prepared on the basis of the former
21 accounting principles.
22
23
24

25 (g) Bond Owner's Remedies Under This Section. The right of any
26 bondowner or Beneficial Owner of Bonds to enforce the provisions of this section
shall be limited to a right to obtain specific enforcement of the City's obligations



1 under this section, and any failure by the City to comply with the provisions of this
2 undertaking shall not be an event of default with respect to the Bonds.

3 (h) No Default. Except as otherwise disclosed in the City's Official
4 Statement relating to the Bonds, the City is not and has not been in default in the
5 performance of its obligations of any prior undertaking for ongoing disclosure with
6 respect to its obligations.
7

8 Section 24. Lost or Destroyed Bonds. In case any Bonds shall be lost,
9 stolen or destroyed, the Bond Registrar may authenticate and deliver a new
10 Bond(s) of like series, amount, date, tenor, and effect to the owner thereof upon the
11 owner paying the expenses and charges of the City in connection therewith and
12 upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that
13 such Bond(s) were actually lost, stolen or destroyed and of ownership thereof, and
14 upon furnishing the City with indemnity satisfactory to both.
15

16 Section 25. Severability. If any one or more of the covenants or agreements
17 provided in this ordinance to be performed on the part of the City shall be declared
18 by any court of competent jurisdiction to be contrary to law, then such covenant or
19 covenants, agreement or agreements, shall be null and void and shall be deemed
20 separable from the remaining covenants and agreements of this ordinance and
21 shall in no way affect the validity of the other provisions of this ordinance or of the
22 Bonds.
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Section 26. 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 to the City of Tacoma

By _____



CLERK'S CERTIFICATE

1 I, the undersigned, the duly chosen, qualified City Clerk of the City of
2 Tacoma, Washington, and keeper of the records of the Council (herein called the
3 "Council"), DO HEREBY CERTIFY:
4

5 1. That the attached Ordinance No. ____ (herein called the "Ordinance")
6 is a true and correct copy of an Ordinance of the Council, as finally passed at a
7 regular meeting of the Council held on the 13th day of January, 2015, and duly
8 recorded in my office.

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

19 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the
20 official seal of the City as of this 13th day of January, 2015.
21

22 _____
23 City Clerk
24 City of Tacoma, Washington
25
26