



## ORDINANCE NO. 28669

1 AN ORDINANCE of the City of Tacoma, Washington, relating to Tacoma Power,  
2 approving a Supplemental Ordinance; authorizing the issuance of a  
3 short-term Electric System Subordinate Revenue Note in the principal  
4 amount of not to exceed \$100,000,000 to provide general credit,  
5 including liquidity, for the Electric System; authorizing the execution of a  
6 Note Purchase Agreement; delegating the authority to approve the final  
7 terms of the Note; and approving certain other matters related thereto.

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

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

24 WHEREAS, on April 21, 2015, the City Council passed Ordinance  
25 No. 28295 (as amended, the “Master Subordinate Ordinance”) to authorize a  
26



1 new issue of revenue bonds of the City, junior and subordinate to the Senior  
2 Bonds, to be known as the City of Tacoma Electric System Subordinate Revenue  
3 Bonds (“Subordinate Bonds”) in one or more series to finance costs of the  
4 Electric System, and

5  
6 WHEREAS, pursuant to the Master Subordinate Ordinance and  
7 Ordinance No. 28297, passed by the City Council on April 21, 2015, the City,  
8 acting through its Department of Public Utilities, Light Division (d.b.a. “Tacoma  
9 Power”), issued its Electric System Subordinate Revenue Note, Series 2015B, to  
10 provide general credit, including liquidity, for the Electric System in the principal  
11 amount of not to exceed \$50,000,000 outstanding at any time (the “2015B  
12 Note”), and

13  
14 WHEREAS the 2015B Note and the related Note Purchase Agreement  
15 between the City and KeyBank National Association, as purchaser, matured on  
16 May 12, 2018, and is no longer available to Tacoma Power for advances, and

17  
18 WHEREAS Tacoma Power’s Electric Rate and Financial Policy directs,  
19 among many things, that Tacoma Power maintain sufficient liquidity to support  
20 Tacoma Power’s operational objectives, preserve financial and management  
21 flexibility, and plan for maintaining or improving credit ratings, and

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23 WHEREAS financial sustainability, planning for unexpected future events,  
24 and strengthening and maintaining a strong fiscal management position are  
25 consistent with City policy and fundamental to sound long-range planning and  
26 government performance, and



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WHEREAS the Public Utility Board (the “Board”) has initiated and has recommended to the City Council for its approval the issuance of a Subordinate Bond in the form of a note (the “2020 Note”) to provide general credit, including liquidity, for the Electric System and to pay costs of issuance of the 2020 Note, and

WHEREAS KeyBank National Association has offered to extend a credit facility to Tacoma Power to replace the expired 2015B Note, and

WHEREAS the City Council hereby determines that it is in the best interests of the City and its ratepayers to issue the 2020 Note to provide general credit, including liquidity, for the Electric System and to pay costs of issuance for the 2020 Note, and that the 2020 Note be sold to and purchased by KeyBank National Association (the “Purchaser”) by private sale pursuant to a note purchase agreement to be entered into between the City and the Purchaser (the “Purchase Agreement”), and

WHEREAS, pursuant to RCW 39.46.040, the City Council wishes to delegate authority to the Director of Public Utilities, or in the alternative, the Tacoma Power Superintendent (each, a “Designated Representative”), as provided herein, for a limited time, to approve the principal amount available under the 2020 Note, the final maturity date for the 2020 Note, the terms of the Purchase Agreement, and other provisions relating to the 2020 Note within the parameters set by this Supplemental Ordinance, Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:



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ARTICLE I

DEFINITIONS

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

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

“Interest Rate” means the variable rate of interest on the 2020 Note as approved by a Designated Representative and set forth in the 2020 Note and in the Purchase Agreement.

“Maturity Date” means the date specified in the 2020 Note and in the Purchase Agreement, which shall be no later than two years from the date of issuance of the 2020 Note.

“Note Registrar” means Bond Registrar as defined in the Master Subordinate Ordinance.

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



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“Purchaser” means KeyBank National Association, and its affiliates and successors.

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

“State” means the State of Washington.

“2015A Note” means the City’s outstanding Electric System Subordinate Revenue Note, Series 2015A.

“2020 Note” means the City’s Electric System Subordinate Revenue Note, Series 2020 (Taxable), issued pursuant to the Master Subordinate Ordinance and this Supplemental Ordinance.

ARTICLE II

FINDINGS; PARITY CONDITIONS

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



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

8         The City Council hereby finds (1) it is in the best interest of Tacoma Power  
9 and its ratepayers that it issue a short-term note as a Subordinate Bond under  
10 the Master Subordinate Ordinance to provide general liquidity for Tacoma Power  
11 for its capital projects and operations; (2) Tacoma Power has or expects to  
12 receive a proposal from the Purchaser to purchase the 2020 Note; (3) the  
13 Purchaser's proposal is based on current market conditions and rates, which are  
14 changing in the current bond market environment; (4) the 2020 Note authorized  
15 herein will be issued without further City Council approval only if the parameters  
16 provided for herein are satisfied; and (5) the adoption of this Supplemental  
17 Ordinance and the authorization of the 2020 Note is necessary, routine, and  
18 consistent with City and Tacoma Power policy and Governor Inslee's emergency  
19 proclamation issued on March 24, 2020, suspending portions of the Open Public  
20 Meetings Act.  
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23         Section 2.2. Parity Conditions. In connection with the issuance of the  
24 2020 Note, the City hereby makes the following findings:  
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1           A. There is, and as of the effective date of the 2020 Note there will be, no  
2 deficiency in the Bond Fund, and no Event of Default has occurred or shall have  
3 occurred and being continuing.

4           B. This Supplemental Ordinance provides that the payment of the  
5 principal of and interest on the 2020 Note shall continue to be paid out of the  
6 Bond Fund and subject to the terms of the Master Subordinate Ordinance and  
7 the Purchase Agreement.  
8

9           C. On the effective date of the 2020 Note, there will be on file with the  
10 City a certificate satisfying the conditions set forth in Section 6.1 of the Master  
11 Subordinate Ordinance.  
12

13           Section 2.3. Findings Related to Revenues of the Electric System. The  
14 City hereby finds and determines that the Revenues of the Electric System at the  
15 rates to be charged for power and other services and commodities from the  
16 Electric System will be more than sufficient to meet all Operating Expenses, to  
17 make all required payments with respect to the Senior Bonds and the 2015A  
18 Note, and to permit the setting aside into the Bond Fund out of the Revenues of  
19 amounts sufficient to pay the principal of and interest on the 2020 Note as  
20 increased and extended and when due at maturity and upon any mandatory  
21 sinking fund redemption thereof.  
22

23           The City further finds and determines that in creating the Bond Fund and  
24 in fixing the amounts to be paid into the Bond Fund, it has exercised due regard  
25 for Operating Expenses, and the City has not bound and obligated itself to set  
26 aside and pay into the Bond Fund a greater amount or proportion of the



1 Revenues than in the judgment of the City will be available over and above the  
2 Operating Expenses.

3 ARTICLE III

4 AUTHORIZATION OF THE 2020 NOTE

5 Section 3.1. Authorization of 2020 Note. For the purpose of providing  
6 general credit, including liquidity, for the Electric System and to pay costs of  
7 issuance for the 2020 Note, the City is hereby authorized to issue the 2020 Note  
8 as set forth herein.  
9

10 The 2020 Note shall be designated "City of Tacoma, Washington, Electric  
11 System Subordinate Revenue Note, Series 2020 (Taxable)" or other such  
12 designation as set forth in the 2020 Note and approved by a Designated  
13 Representative. The 2020 Note shall constitute a Subordinate Bond within the  
14 meaning of the Master Subordinate Ordinance.  
15

16 The 2020 Note shall be issued as a draw-down obligation to evidence a  
17 revolving line of credit established with the Purchaser. The draw features,  
18 including process for draws on the 2020 Note, shall be as set forth in the  
19 Purchase Agreement and the 2020 Note. The City shall maintain, or caused to  
20 be maintained, records of amounts drawn on the 2020 Note. The City Council  
21 hereby delegates to each Designated Representative authority to make written  
22 requests for draw pursuant to the terms of this Supplemental Ordinance.  
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25 The 2020 Note shall be dated as of its date of delivery to the Purchaser,  
26 shall be fully registered as to both principal and interest, shall be in one  
denomination, shall be in the principal amount of not to exceed \$100,000,000





1 outstanding at any one time, and shall mature on the Maturity Date. The  
2 2020 Note shall bear interest on the outstanding principal balance drawn on the  
3 2020 Note at the Interest Rate, subject to any default rate or other interest rate  
4 changes provided for in the 2020 Note and in the Purchase Agreement.  
5

6 Interest on the outstanding principal balance on the 2020 Note shall be  
7 calculated as provided in the 2020 Note and in the Purchase Agreement.

8 Principal of and interest on the 2020 Note shall be payable at the times and in  
9 the amounts as set forth in the 2020 Note and in the Purchase Agreement. The  
10 2020 Note shall be subject to mandatory and optional redemption and to  
11 mandatory tender for purchase prior to maturity on the dates and at the prices,  
12 and the terms of the 2020 Note shall be as set forth in the Purchase Agreement.  
13

14 Section 3.2. Form of 2020 Note. The 2020 Note certificate shall be in  
15 substantially the form set forth in Exhibit "A" attached hereto and made a part  
16 hereof, with appropriate variations, omissions, and insertions as shall be required  
17 or appropriate consistent with the Master Subordinate Ordinance and this  
18 Supplemental Ordinance to reflect the terms as provided herein.  
19

20 The 2020 Note shall contain a legend to the effect that the transferability  
21 of such 2020 Note is subject to the restrictions set forth in the Purchase  
22 Agreement. Registered ownership of the 2020 Note, or any portion thereof or  
23 interest thereon, may not thereafter be transferred except as set forth in the  
24 Purchase Agreement.  
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Section 3.3. Registered Note; No Book-Entry System.

A. Note Book-Entry Bond. The 2020 Note shall be issued in the form of a separate single fully-registered 2020 Note but not as a Book-Entry Bond. The 2020 Note shall be registered in the name of the Purchaser as the original registered owner. The terms and provisions set forth in Sections 4.3(d), 4.3(e), and 4.4 of the Master Subordinate Ordinance shall not apply to the 2020 Note, and to the extent that the registration, transfer and exchange, place and medium of payment for the 2020 Note is not set forth herein, such provisions shall be as set forth in the 2020 Note and the Purchase Agreement.

B. No Offering Document. No official statement, prospectus, offering circular, or other offering statement containing material information with respect to the City or the 2020 Note will be provided in connection with the issuance of the 2020 Note.

C. Paying Agent and Note Registrar. The City Treasurer is hereby designated as the Paying Agent and Note Registrar for the 2020 Note in accordance with the Master Subordinate Ordinance. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the 2020 Note if transferred or exchanged in accordance with the provisions of the 2020 Note and this Supplemental Ordinance and to carry out all of the Note Registrar's powers and duties under this Supplemental Ordinance.

D. Owner of the 2020 Note. The City and the Note Registrar may deem and treat the Owner of the 2020 Note as the absolute owner for all purposes, and neither the City nor the Note Registrar shall be affected by any notice to the



1 contrary. Payment of the 2020 Note shall be made only as described in  
2 Subsection E below. All such payments made as described in Subsection E  
3 below shall be valid and shall satisfy the liability of the City upon the 2020 Note to  
4 the extent of the amount so paid.

5  
6 E. Payment of Principal of and Interest on the 2020 Note. Both principal  
7 of and interest on the 2020 Note shall be payable in lawful money of the United  
8 States of America. Principal and interest on the 2020 Note shall be payable by  
9 check, warrant, ACH transfer, or by other means mutually acceptable to the  
10 Owner and the City. Upon final payment of principal and interest of the 2020  
11 Note, the Owner shall surrender the 2020 Note for cancellation at the office of the  
12 Note Registrar.

#### 14 ARTICLE IV

#### 15 CREATION OF ACCOUNTS; APPLICATION OF 2020 NOTE PROCEEDS

#### 16 Section 4.1. Creation of Accounts.

17  
18 A. There is created in the Subordinate Construction Fund an account to  
19 be known as the 2020 Note Subordinate Draw Account.

20 B. There is hereby created in the Bond Fund the following subaccounts  
21 with respect to the 2020 Note:

- 22 1. the 2020 Note Interest Subaccount in the Interest Account;
- 23 2. the 2020 Note Principal Subaccount in the Principal Account;
- 24

25 and

- 26 3. the 2020 Note Bond Retirement Subaccount in the Bond

Retirement Account.



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C. The City hereby determines that the 2020 Note shall not be secured by the Reserve Account or any other debt service reserve account.

4.2. Deposit of Proceeds of the 2020 Note. Immediately upon receipt thereof, the Paying Agent shall deposit the proceeds of all advances drawn by a Designated Representative under the 2020 Note into the 2020 Note Subordinate Draw Account, which amounts shall be used for any lawful purposes for which such advances were made and the costs of issuance of the 2020 Note.

4.3. Deposits Into and Uses of the 2020 Subaccounts in the Bond Fund; Pledge of Revenues. The City hereby obligates and binds itself irrevocably to set aside and to pay into the 2020 Note Interest Subaccount, the 2020 Note Principal Subaccount, and the 2020 Note Bond Retirement Subaccount, respectively, out of the Revenues of the Electric System the amounts necessary (together with other available moneys on hand therein) to pay the principal of, interest on, and any mandatory sinking fund redemptions for the 2020 Note as and when the same respectively become due and payable in accordance with the terms hereof and of the Purchase Agreement. The 2020 Note Interest Subaccount, the 2020 Note Principal Subaccount, and the 2020 Note Bond Retirement Subaccount, respectively, shall be drawn upon solely for the purpose of paying the principal of, interest on, and mandatory sinking fund redemptions for the 2020 Note.

ARTICLE V

ADDITIONAL EVENTS OF DEFAULT

Section 5.1. Additional Events of Default. Any Event of Default set forth in the Purchase Agreement and approved by a Designated Representative



1 pursuant to this Supplemental Ordinance shall constitute an Event of Default  
2 under this Supplemental Ordinance.

3 ARTICLE VI

4 SALE OF THE 2020 NOTE;

5 ONGOING DISCLOSURE; ADDITIONAL COVENANTS

6 Section 6.1. Sale of the 2020 Note.

7 A. The City Council has determined that it would be in the best interest of  
8 the City to delegate to the Designated Representatives, for a limited time, the  
9 authority to approve the final terms of the 2020 Note subject to the provisions of  
10 this Supplemental Ordinance.  
11

12 Subject to the terms and conditions set forth in this Article VI, each  
13 Designated Representative is hereby authorized (1) to approve the principal  
14 amount, dated date, principal payment dates, interest payment dates, mandatory  
15 and/or optional redemption, mandatory and/or optional tender for purchase, the  
16 Maturity Date, and Interest Rate for the 2020 Note; (2) to negotiate and approve  
17 any unused line of credit fee in the Purchase Agreement, a structuring agent fee  
18 letter and fee with KeyBank Capital Markets, terms in the Purchase Agreement  
19 for replacement and substitution of LIBOR, and any additional terms and  
20 covenants with the Purchaser that are in the best interest of the City and  
21 consistent with this Supplemental Ordinance; (3) to approve and execute the  
22 Purchase Agreement; and (4) to execute the sale of the 2020 Note to the  
23 Purchaser; provided that:  
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(a) The principal amount of the 2020 Note shall be in the amount of not to exceed \$100,000,000 outstanding at any time;

(b) The final maturity of the 2020 Note is no later than the Maturity Date;

(c) The Interest Rate on the 2020 Note does not exceed a variable rate equal to the one-month LIBOR rate (subject to one-month LIBOR being a minimum of 50 basis points) plus 175 basis points for funds used, and 35 basis points for funds not drawn under the Purchase Agreement, as such terms may be adjusted under the Note Purchase Agreement; provided, that the 2020 Note may be subject to a default rate upon the occurrence and continuation of an Event of Default as provided for in the Purchase Agreement; and

(d) The terms of the 2020 Note otherwise conform to the terms of the Master Subordinate Ordinance and this Supplemental Ordinance.

Upon the passage and approval of this Supplemental Ordinance, the proper officials of the City, including the Designated Representatives, the Mayor, the Treasurer, the Finance Director, and the City Clerk are authorized and directed to undertake all action necessary for the prompt execution and delivery of the 2020 Note to the Purchaser and further to execute all closing certificates, agreements, rate lock agreement, term sheet, structuring agent fee letter, and other documents required to effect the closing and delivery of the 2020 Note in accordance with the terms of this Supplemental Ordinance.

Subject to the terms and conditions set forth in this Section 6.1, each Designated Representative is hereby authorized to negotiate and approve the



1 terms of the Purchase Agreement in coordination with Bond Counsel, the  
2 Municipal Advisor and the City Attorney's Office, to agree to any additional terms  
3 and covenants that are in the best interest of the City and consistent with this  
4 Supplemental Ordinance, and to execute and implement the Purchase  
5 Agreement (including the payment of any financing costs associated with the  
6 delivery of the Purchase Agreement from proceeds of the 2020 Note or available  
7 funds of the Electric System), and such approval shall be conclusively evidenced  
8 by his or her execution thereof.  
9

10           The authority granted to the Designated Representatives by this section  
11 shall expire on December 31, 2020. If the 2020 Note has not been issued and  
12 the Purchase Agreement has not been executed by such date, the authorization  
13 provided herein shall be rescinded, and the 2020 Note shall not be executed and  
14 the 2020 Note shall not be delivered to the Purchaser unless such authority has  
15 been re-authorized by ordinance of the City Council at the request of the Board.  
16  
17

18           Section 6.2. No Ongoing Disclosure; Additional Covenants. The 2020  
19 Note is exempt from ongoing disclosure requirements of the Rule. The City may  
20 agree to provide the Purchaser certain financial or other information and agree to  
21 such covenants as determined to be necessary by a Designated Representative  
22 and as set forth in the Purchase Agreement and approved by a Designated  
23 Representative pursuant to this Article.  
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ARTICLE VII

MISCELLANEOUS

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

Section 7.2. Terms of 2020 Note Subject to the Master Subordinate Ordinance; Ratification. Except as expressly provided herein, every term and condition contained in the Master Subordinate Ordinance shall apply to this Supplemental Ordinance and the 2020 Note with the same force and effect as if the same were herein set forth at length, with such omissions, variations, and modification as may be appropriate to make the same conform to this Supplemental Ordinance.

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

Section 7.3. Provisions of Purchase Agreement. The terms and provisions of the 2020 Note as set forth in the Purchase Agreement shall control over any inconsistent provisions of this Supplemental Ordinance.





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

Passed \_\_\_\_\_, 2020

\_\_\_\_\_  
Mayor

Attest:

\_\_\_\_\_  
City Clerk

Approved as to form and legality:

Pacifica Law Group LLP  
Bond Counsel

By \_\_\_\_\_



**EXHIBIT "A"**

FORM OF 2020 NOTE

UNITED STATES OF AMERICA

R-1

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

TRANSFER RESTRICTED

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

STATE OF WASHINGTON

CITY OF TACOMA

ELECTRIC SYSTEM SUBORDINATE REVENUE NOTE,  
SERIES 2020 (TAXABLE)

DATE OF ISSUANCE: \_\_\_\_\_  
REGISTERED OWNER: \_\_\_\_\_  
PRINCIPAL AMOUNT: NOT TO EXCEED \_\_\_\_\_ AND  
NO 100/DOLLARS

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



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This note evidences a revolving line of credit and is issued pursuant to Ordinance No. 28295 adopted on April 21, 2015 (the "Master Subordinate Ordinance"), as amended and supplemented from time to time, including as supplemented by Ordinance No. \_\_\_\_\_ adopted on \_\_\_\_\_, 2020 (collectively, the "Note Ordinance"), providing for the issuance of the Bonds (as defined herein), including this note. Interest on this note shall be calculated on the basis of actual days elapsed in a 360 day year consisting of 12 30-day months. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Note Ordinance and the Purchase Agreement, as applicable.

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

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

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

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

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



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

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

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

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

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

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



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

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this note to be executed by the manual or facsimile signature of the Mayor of the City Council and attested by the manual or facsimile signature of the Clerk, as of the date of this note, \_\_\_\_\_, 2020.

CITY OF TACOMA,  
WASHINGTON

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

ATTEST:

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

**CERTIFICATE OF AUTHENTICATION**

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

Date of Authentication: \_\_\_\_\_, 2020.

\_\_\_\_\_  
City Treasurer, City of Tacoma

**CERTIFICATE OF REGISTRATION**

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

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

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

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

Signature(s) Guaranteed

\_\_\_\_\_

(Signature)

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