



## ORDINANCE NO. 28534

1 AN ORDINANCE of the City of Tacoma, Washington, providing for the issuance  
 2 and sale of sewer revenue bonds of the City in the aggregate principal  
 3 amount of not to exceed \$110,000,000 to finance and/or reimburse the City  
 4 for costs associated with the construction, improvement and equipping of  
 5 the City's municipal sewer system and to pay costs of issuing the bonds;  
 6 providing the form and terms of the bonds; and delegating the authority to  
 7 approve the final terms of the bonds.

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

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

13	14	15	16	17
	Designation	Authorizing Documents	Date of Ordinance	Principal Amount Outstanding as of September 1, 2018
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	\$ 5,000
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
23	Sewer Revenue and Refunding Bonds, 2015 (the "2015 Bonds")	Ordinance No. 28287	01/13/2015	\$ 106,365,000



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Designation	Authorizing Documents	Date of Ordinance	Principal Amount Outstanding as of September 1, 2018
Sewer Revenue Refunding Bonds, 2016A (the "2016A Bonds")	Ordinance No. 28355	04/26/2016	\$ 30,355,000
Sewer Revenue Refunding Bonds, 2016B (the "2016B Bonds" and together with the 2016A Bonds, the "2016 Bonds")	Ordinance No. 28355	04/26/2016	\$ 9,700,000

(The outstanding sewer revenue bonds identified above are referred to as "Outstanding Parity Bonds" and the authorizing documents identified above are referred to as "Outstanding Parity Bond Ordinances"), and

WHEREAS the Outstanding Parity Bond Ordinances provide that additional sewer revenue bonds may be issued with a lien on Net Revenues (as defined herein) on a parity with the lien of the Outstanding Parity Bonds if certain conditions are met, and

WHEREAS the City Council has determined that it is in the best interest of the City to issue sewer revenue bonds in the aggregate principal amount of not to exceed \$110,000,000 ("Bonds") to finance and/or reimburse the City for costs associated with the construction, improvement, and equipping of the System and to pay costs of issuing the Bonds; and

WHEREAS the City Council wishes to delegate authority to the City Finance Director and Treasurer, or their designee (each, a "Designated Representative") for a limited time, to approve the interest rates, maturity dates,



1 redemption terms, principal maturities and other terms for the Bonds within the  
2 parameters set by this ordinance, and

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

4 Now, Therefore,

5 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 each Payment Date.

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



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“Adjusted Net Revenues” has the meaning set forth in Section 17 of this ordinance.

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

In the case of Variable Interest Rate Bonds, for the purpose of calculating Annual Debt Service, the interest rate thereon shall be calculated on the assumption that such bonds will bear interest during such period at a rate equal to the rate most recently reported by The Bond Buyer as the Bond Buyer Municipal Bond Index for long-term revenue bonds; provided, that if on such date of calculation the interest rate on any Variable Interest Rate Bonds shall then be fixed for a specified period, including pursuant to a Payment Agreement, the interest rate used for such specified period shall be such fixed interest rate. From and after the Springing Amendment Effective Date, this paragraph shall read as follows: In the case of Variable Interest Rate Bonds, for the purpose of calculating Annual Debt Service, the interest rate thereon shall be equal to the higher of (i) the average of the SIFMA Municipal Swap Index over the 60-month period immediately preceding the date of computation, or (ii) the average of the SIFMA Municipal Swap Index over the 12-month period immediately preceding the date of computation, in each case as determined within ten days prior to the date of computation, with the principal thereof amortized to provide for essentially level annual debt service of principal and interest over such period; provided, that if on such date of calculation



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

4 For purposes of computing Annual Debt Service on any Parity Bonds which  
5 constitute Balloon Indebtedness, it shall be assumed that the principal of such  
6 Balloon Indebtedness, together with interest thereon at the rate applicable to such  
7 Balloon Indebtedness, shall be amortized in equal annual installments over a term  
8 equal to the lesser of (a) 25 years or (b) the average weighted useful life (expressed  
9 in years and rounded to the next highest integer) of the properties and assets  
10 constituting the project (if any) financed out of the proceeds of such Balloon  
11 Indebtedness.  
12  
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14 From and after the Springing Amendment Effective Date, for purposes of  
15 satisfying the coverage test pursuant to Section 15 or the requirements for the  
16 issuance of Future Parity Bonds pursuant to Section 17, Annual Debt Service for  
17 any Fiscal Year or calendar year shall exclude any Debt Service Offsets received or  
18 expected to be received in such Fiscal Year or calendar year.  
19

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



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

5  
6 "Bond Counsel" means an attorney at law or a firm of attorneys, selected by  
7 the City, of nationally recognized standing in matters pertaining to the tax exempt  
8 nature of interest on bonds issued by states and their political subdivisions.

9  
10 "Bond Fund" means the Sewer Revenue Bond Fund created by the City for  
11 the purpose of paying and securing the payment of Parity Bonds.

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

17  
18 "Bond Purchase Contract" means the contract for the purchase of the Bonds  
19 between the Underwriter and the City, executed pursuant to Section 19.

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

23  
24 "Bond Registrar" means, initially, the fiscal agent of the state of Washington,  
25 for the purposes of registering and authenticating the Bonds, maintaining the Bond  
26 Register, effecting transfer of ownership of the Bonds, and paying interest on and  
principal of the Bonds.





1           “Bonds” mean the sewer revenue bonds authorized to be issued pursuant to  
2 this ordinance in the aggregate principal amount of not to exceed \$110,000,000.

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

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

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

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

11           “City Clerk” means the duly appointed and acting City Clerk of the City or the  
12 successor to the duties of that office.

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

15           “Closing” means the date of issuance and delivery of the Bonds to the  
16 Underwriter.

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

22           “Commission” means the Securities and Exchange Commission.



1 "Continuing Disclosure Certificate" means the written undertaking for the  
2 benefit of the holders of the Bonds as required by Section (b)(5) of the Rule.

3 "Costs of Maintenance and Operation" means all necessary operating  
4 expenses, current maintenance expenses, expenses of reasonable upkeep and  
5 repairs, insurance premiums and administrative expenses and reasonable pro rata  
6 charges for services provided to the System by City departments, but excludes  
7 (a) payments for debt service or into debt service reserve accounts or funds,  
8 (b) costs of capital additions to or replacements of the System, (c) money  
9 necessary to pay extraordinary legal claims and judgments against the System or  
10 amortized payments to the City's self-insurance fund with respect to extraordinary  
11 claims and judgments, (d) depreciation, (e) City taxes (or payments to the City in  
12 lieu of taxes) upon the properties and earnings of the System, and (f) any Rebate  
13 Amount.  
14  
15

16 "Council" means the Council of the City, as the same shall be duly and  
17 regularly constituted from time to time.  
18

19 "Covered Bonds" mean:

- 20 (a) the 2006 Bonds, the 2011 Bonds, and the 2015 Bonds,  
21 (b) prior to the Springing Amendment Effective Date, the 2016 Bonds,  
22 (c) from and after the Springing Amendment Effective Date, the  
23 2016 Bonds, unless and until the City determines pursuant to the ordinance  
24 authorizing the 2016 Bonds that the 2016 Bonds are no longer to be Covered  
25 Bonds secured by the Reserve Fund,  
26 (d) prior to the Springing Amendment Effective Date, the Bonds,



1 (e) from and after the Springing Amendment Effective Date, the Bonds,  
2 unless and until the conditions set forth in Section 10(a)(3)(A) of this ordinance are  
3 satisfied or confirmed, and

4 (f) those Future Parity Bonds designated in the Parity Bond Ordinance  
5 authorizing their issuance as Covered Bonds secured by the Reserve Fund.

6 "Current Interest Bonds" mean Parity Bonds, the interest on which is paid  
7 periodically.

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

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

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

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

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



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“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction, except for specified investments described in Treasury Regulation §1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows.

Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

“Federal Tax Certificate” means the certificate executed by the Finance Director setting forth the requirements of the Code for maintaining the tax exemption of interest on the Bonds, and attachments thereto.

“Finance Director” means the duly appointed and acting Finance Director of the City or the successor to the duties of that office.

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

“Fitch” means Fitch, Inc., a corporation duly organized and existing under and by virtue of the laws of the state of Delaware, and its successors and assigns.

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



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

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

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

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



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“Interest Account” means the Interest Account in the Bond Fund created by Ordinance No. 25562.

“Letter of Representations” means the Blanket Issuer Letter of Representations from the City to DTC.

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

“Maximum Annual Adjusted Debt Service” means Maximum Annual Debt Service minus the amount of ULID Assessments due in that year and not delinquent.

“Maximum Interest Rate” means, with respect to any particular Variable Interest Rate Bond, a numerical rate of interest, which shall be set forth in any Parity Bond Ordinance authorizing such Variable Interest Rate Bond, which shall be the maximum rate of interest such Variable Interest Rate Bond may at any time bear.

“Maximum Reserve Requirement” means the maximum dollar amount permitted by the Code to be allocated to a reserve fund from tax-exempt bond proceeds without requiring a balance to be invested at a restricted yield.

“Moody’s” means Moody’s Investors Service, Inc. or its comparable recognized business successor.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions.



1 "Net Revenues" mean, for any period, the excess of Gross Revenues over  
2 Costs of Maintenance and Operation for such period, excluding from the  
3 computation of Gross Revenues (a) ULID Assessments, (b) any profit or loss  
4 derived from the sale or other disposition, not in the ordinary course of business, of  
5 properties, rights or facilities of the System, or (c) gains or losses resulting from the  
6 early extinguishment of debt.  
7

8 "Outstanding Parity Bond Ordinances" mean the ordinances and resolutions  
9 authorizing the issuance of the Outstanding Parity Bonds as described in the  
10 recitals to this ordinance.  
11

12 "Outstanding Parity Bonds" mean, as of the date of this ordinance, the  
13 2006 Bonds, the 2011 Bonds, the 2015 Bonds, and the 2016 Bonds identified in the  
14 recitals to this ordinance.

15 "Parity Bond Ordinances" mean the Outstanding Parity Bond Ordinances,  
16 this ordinance, and any ordinance hereafter passed for the purpose of authorizing  
17 Future Parity Bonds.  
18

19 "Parity Bonds" mean the Outstanding Parity Bonds, the Bonds and any  
20 Future Parity Bonds.

21 "Payment Date" means each date on which principal and/or interest on the  
22 Parity Bonds is due and payable.  
23

24 "Permitted Investments" mean any investments that are now or may  
25 hereafter be permitted to the City by the laws of the State.

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



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“Project” has the meaning set forth in Section 3 of this ordinance.

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

“Qualified Insurance” means any municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in one of the two highest rating categories by Moody’s and S&P; provided, from and after the Springing Amendment Effective Date, this definition shall be amended to read as follows: “Qualified Insurance” means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are rated in one of the two highest rating categories by Moody’s, S&P or Fitch, or any other rating agency then maintaining a rating on the Bonds.

“Qualified Letter of Credit” means any letter of credit issued by a financial institution for the account of the City on behalf of the owners of the Bonds, which institution maintains an office, agency, or branch in the United States and as of the time of issuance of such letter of credit is currently rated in one of the two highest rating categories by Moody’s and S&P; provided, from and after the Springing Amendment Effective Date, this definition shall be amended to read as follows:





1 "Qualified Letter of Credit" means any irrevocable letter of credit issued by a  
2 financial institution for the account of the City on behalf of the owners of one or  
3 more series of Parity Bonds, which institution maintains an office, agency or branch  
4 in the United States and as of the time of issuance of such letter of credit is rated in  
5 one of the two highest rating categories by Moody's, S&P or Fitch, or any other  
6 rating agency then maintaining a rating on the Bonds.  
7

8 "Rate Stabilization Fund" means the fund of that name in the Sewer Fund.

9 "Rebate Amount" means the amount, if any, determined to be payable with  
10 respect to the Bonds by the City to the United States of America in accordance with  
11 Section 148(f) of the Code.  
12

13 "Record Date" means the close of business for the Bond Registrar that is 15  
14 days preceding any interest and/or principal payment or redemption date.

15 "Registered Owner" means the person named as the registered owner of a  
16 Bond in the Bond Register. For so long as the Bonds are held in book-entry only  
17 form, DTC or its nominee shall be deemed to be the sole Registered Owner.  
18

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

20 "Reserve Fund Requirement" is the dollar amount to be calculated with  
21 respect to all Covered Bonds and, from and after the Springing Amendment  
22 Effective Date, separately with respect to other Parity Bonds.  
23

24 (a) With respect to Covered Bonds, the Reserve Fund Requirement means  
25 as of any date an amount equal to the lesser of (1) the Maximum Annual Debt  
26 Service for Covered Bonds then outstanding, (2) 125 percent of average Annual  
Debt Service for Covered Bonds then outstanding, or (3) 10 percent of the initial



1 face amount of the Covered Bonds then outstanding; provided, however, that the  
2 dollar amount required to be contributed, if any, as a result of the issuance of a  
3 series of Future Parity Bonds shall not be greater than the Maximum Reserve  
4 Requirement. If the dollar amount required to be contributed at the time of issuance  
5 of a series of Future Parity Bonds exceeds the Maximum Reserve Requirement,  
6 then the amount required to be contributed shall be equal to the Maximum Reserve  
7 Requirement.  
8

9 (b) From and after the Springing Amendment Effective Date, with respect to  
10 other series of Parity Bonds, the Reserve Fund Requirement shall be equal to the  
11 amount, if any, specified in the Parity Bond Ordinance authorizing the issuance of  
12 such Parity Bonds or in a certificate or other document referenced in such Parity  
13 Bond Ordinance; provided, however, such Reserve Fund Requirement shall not  
14 exceed the Maximum Reserve Requirement.  
15

16 "Rule" means the Commission's Rule 15c2-12 under the Securities and  
17 Exchange Act of 1934, as the same may be amended from time to time.  
18

19 "S&P" means S&P Global Ratings, or its comparable recognized business  
20 successor.  
21

22 "Serial Bonds" mean Parity Bonds other than Term Bonds.

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

26 "Sinking Fund Requirement" means, for any Fiscal Year, the principal  
amount of Term Bonds required to be purchased, redeemed or paid in such year as



1 established by the ordinance or resolution of the City authorizing the issuance of  
2 such Term Bonds.

3 "Springing Amendment Effective Date" means the date that the 2006 Bonds  
4 and the 2011 Bonds are fully redeemed, refunded, or defeased.

6 "State" means the state of Washington.

7 "System" means the "Tacoma Municipal Sewer System," comprising  
8 Wastewater Management and Surface Water Management, as the same is defined  
9 in Section 1 of Ordinance No. 13989, as amended by Ordinance No. 14015, and  
10 reenacted in and referred to as the "Municipal Sewer System" in Section 1 of  
11 Ordinance No. 21632, as amended by Ordinance No. 21681 and as supplemented  
12 by Ordinance No. 21638, by adding thereto the system of storm and surface water  
13 drainage of the City, as the same has heretofore been added to, improved and  
14 extended and as the same will be added to, improved and extended for as long as  
15 any of the Parity Bonds are outstanding. Such additions, improvements and  
16 extensions shall include the water system of the City should the municipal sewer  
17 system ever be combined with such water system.

20 "Term Bond Retirement Account" means the Term Bond Retirement Account  
21 of the Bond Fund created by Ordinance No. 25562.

22 "Term Bonds" mean Parity Bonds designated by the City as term bonds.

24 "Treasurer" means the duly appointed and acting Treasurer of the City or the  
25 successor to the duties of that office.

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“2006 Bonds” mean the outstanding Sewer Revenue and Refunding Bonds, 2006 issued pursuant to Substitute Ordinance No. 27490 and Substitute Resolution No. 36895.

“2011 Bonds” mean the outstanding Sewer Revenue Refunding Bonds, 2011 issued pursuant to Substitute Ordinance No. 28015 and Substitute Resolution No. 38334.

“2015 Bonds” mean the outstanding Sewer Revenue and Refunding Bonds, 2015 issued pursuant to Ordinance No. 28287.

“2016 Bonds” mean the 2016A Bonds and the 2016B Bonds.

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

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

“ULID Assessments” mean all assessments (including any interest and penalties) levied in a utility local improvement district for the acquisition or construction of improvements to and extensions of the System if those assessments are pledged to be paid into the Bond Fund. In the case of ULID Assessments payable in installments, ULID Assessments shall be allocated to the years in which they would be received if the unpaid principal balance of each assessment roll were paid over the remaining number of installments with interest thereon at the rate and in the manner provided in the ordinance confirming the assessment roll.

“Underwriter” means, RBC Capital Markets, LLC, or its successors.



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

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

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



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(2) Words of the masculine or feminine gender shall mean and include correlative words of any gender 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.

On or prior to the Closing of the Bonds, the City shall satisfy, or cause to be satisfied, the conditions relating to the execution and delivery of Future Parity Bonds (as defined in the Outstanding Parity Bond Ordinances), as set forth in the Outstanding Parity Bond Ordinances for the then-outstanding Outstanding Parity Bonds. Upon the satisfaction of such conditions, the Bonds authorized herein shall have a lien and charge on Net Revenues and ULID Assessments equal in rank with the lien and charge upon the Net Revenues and ULID Assessments to pay and secure the payment of the then-outstanding Outstanding Parity Bonds.



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Section 3. Authorization and Description of Bonds.

The City is hereby authorized to issue and sell sewer revenue bonds (“Bonds”) in the principal amount of not to exceed \$110,000,000 to finance and/or reimburse the City for costs of capital improvements to the System (“Project”) and to pay costs of issuance of the Bonds. The cost of all necessary appraisals, negotiation, closing, architectural, engineering, financial, legal and other consulting services, inspection and testing, demolition, administrative expenses, and other costs incurred in connection with the foregoing capital improvements shall be deemed a part of the capital costs of such Project. Such Project shall be complete with all necessary equipment, extensions, and appurtenances.

The Bonds shall be designated as the “City of Tacoma, Washington, Sewer Revenue Bonds, Series 2018” with such series designation or other designation as set forth in the Bond Purchase Contract and approved by the Designated Representative. The Bonds shall be dated as of their date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof within a maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest payable on the dates set forth in the Bond Purchase Contract. The Bonds shall bear interest at the rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 19.



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

Section 4. Registration, Exchange and Payments.

(a) Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agent. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in the Continuing Disclosure





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

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

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

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

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity then outstanding, registered in the name of such



1 successor or such substitute depository, or their nominees, as the case may be, all  
2 as specified in such written request of the Finance Director.

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

16 (e) Registration of Transfer of Ownership or Exchange; Change in  
17 Denominations. The transfer of any Bond may be registered and Bonds may be  
18 exchanged, but no transfer of any such Bond shall be valid unless it is surrendered  
19 to the Bond Registrar with the assignment form appearing on such Bond duly  
20 executed by the Registered Owner or such Registered Owner's duly authorized  
21 agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the  
22 Bond Registrar shall cancel the surrendered Bond and shall authenticate and  
23 deliver, without charge to the Registered Owner or transferee therefor, a new Bond  
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1 (or Bonds at the option of the new Registered Owner) of the same date, maturity  
2 and interest rate and for the same aggregate principal amount in any authorized  
3 denomination, naming as Registered Owner the person or persons listed as the  
4 assignee on the assignment form appearing on the surrendered Bond, in exchange  
5 for such surrendered and canceled Bond. Any Bond may be surrendered to the  
6 Bond Registrar and exchanged, without charge, for an equal aggregate principal  
7 amount of Bonds of the same date, maturity and interest rate, in any authorized  
8 denomination. The Bond Registrar shall not be obligated to register the transfer or  
9 to exchange any Bond between the Record Date and the next principal payment or  
10 redemption date.  
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13 (f) Bond Registrar's Ownership of Bonds. The Bond Registrar may become  
14 the Registered Owner of any Bond with the same rights it would have if it were not  
15 the Bond Registrar, and to the extent permitted by law, may act as depository for  
16 and permit any of its officers or directors to act as a member of, or in any other  
17 capacity with respect to, any committee formed to protect the right of the Registered  
18 Owners of Bonds.  
19

20 (g) Place and Medium of Payment. Both principal of and interest on the  
21 Bonds shall be payable in lawful money of the United States of America. Interest  
22 on the Bonds shall be calculated on the basis of a year of 360 days and twelve  
23 30-day months. For so long as all Bonds are held by a depository, payments of  
24 principal and interest thereon shall be made as provided in accordance with the  
25 operational arrangements of DTC referred to in the Letter of Representations. In  
26 the event that the Bonds are no longer held by a depository, interest on the Bonds



1 shall be paid by check or draft mailed to the Registered Owners at the addresses  
2 for such Registered Owners appearing on the Bond Register on the Record Date,  
3 or upon the written request of a Registered Owner of more than \$1,000,000 of  
4 Bonds (received by the Bond Registrar by the Record Date), such payment shall be  
5 made by the Bond Registrar by wire transfer to the account within the United States  
6 designated by the Registered Owner. Principal of the Bonds shall be payable upon  
7 presentation and surrender of such Bonds by the Registered Owners at the  
8 designated office of the Bond Registrar.  
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11 If any Bond shall be duly presented for payment and funds have not been  
12 duly provided by the City on such applicable date, then interest shall continue to  
13 accrue thereafter on the unpaid principal thereof at the rate stated on such Bond  
14 until it is paid.

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

16  
17 (a) Mandatory Redemption of Term Bonds and Optional Redemption, if  
18 any. The Bonds shall be subject to mandatory redemption to the extent, if any, set  
19 forth in the Bond Purchase Contract approved by the Designated Representative  
20 pursuant to Section 19. The Bonds shall be subject to optional redemption on the  
21 dates, at the prices and under the terms set forth in the Bond Purchase Contract  
22 approved by the Designated Representative pursuant to Section 19.  
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24 (b) Purchase of Bonds. The City hereby reserves the right at any time and  
25 at any price to purchase any of the Bonds from amounts in the Sewer Fund  
26 available for such purchase.



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

(d) Notice of Redemption.

(1) Official Notice. For so long as the Bonds are held by a depository, notice of redemption shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar



1 will provide any notice of redemption to any beneficial owners. The notice of  
2 redemption may be conditional. Unless waived by any owner of Bonds to be  
3 redeemed, official notice of any such redemption (which redemption may be  
4 conditioned by the Bond Registrar on the receipt of sufficient funds for redemption  
5 or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a  
6 copy of an official redemption notice by first-class mail at least 20 days and not  
7 more than 60 days prior to the date fixed for redemption to the Registered Owner of  
8 the Bond or Bonds to be redeemed at the address shown on the Bond Register or  
9 at such other address as is furnished in writing by such Registered Owner to the  
10 Bond Registrar.  
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13 All official notices of redemption shall be dated and shall state:

14 (A) the redemption date,  
15 (B) the redemption price,  
16 (C) if fewer than all outstanding Bonds are to be redeemed,  
17 the identification by maturity (and, in the case of partial redemption, the respective  
18 principal amounts) of the Bonds to be redeemed,  
19

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



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

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or the notice has been rescinded or revoked, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

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





1 interest. All Bonds which have been redeemed shall be canceled by the Bond  
2 Registrar and shall not be reissued.

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

18 (4) Amendment of Notice Provisions. The foregoing notice provisions of this  
19 Section 5, including, but not limited to, the information to be included in redemption  
20 notices and the persons designated to receive notices, may be amended by  
21 additions, deletions and changes in order to maintain compliance with duly  
22 promulgated regulations and recommendations regarding notices of redemption of  
23 municipal securities.



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Section 6. Form of Bonds and Certificate of Authentication.

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

Section 7. 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 obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of such Bond, are the proper officers of the City,



1 although at the original date of such Bond any such person shall not have been  
2 such officer of the City.

3 Section 8. Application of Bond Proceeds.

4 A portion of the proceeds of the Bonds, net of any underwriter's discount and  
5 fees and any amount to be used to satisfy the Reserve Fund Requirement for the  
6 Bonds, if any, shall be deposited into a fund or account created by the Finance  
7 Director ("Project Fund"), and subaccounts therein as necessary, in the amounts  
8 specified in the closing memorandum prepared in connection with the issuance of  
9 the Bonds. Such proceeds shall be used to pay and/or reimburse the City for the  
10 costs of the Project and to pay costs of issuance of the Bonds.  
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13 The Finance Director shall invest money in the Project Fund and the  
14 subaccounts contained therein in Permitted Investments and which will mature prior  
15 to the date on which such money shall be needed, but only to the extent that the  
16 same are acquired, valued and disposed of at Fair Market Value. Upon completion  
17 of the Project, Bond proceeds (including interest earnings thereon) may be used for  
18 other capital projects of the System or shall be transferred to the Bond Fund.  
19

20 Section 9. Sewer Fund.

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



1 which earnings may be retained in such funds or accounts or transferred to other  
2 funds or accounts as permitted or required by this ordinance.

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

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

7 (b) To make all payments required to be made into the Interest Account in  
8 the Bond Fund or to make any Payment in accordance with Section 16.

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

13 (d) To make all payments pursuant to a reimbursement agreement ranking  
14 on a parity of lien with the Parity Bonds and entered into in connection with a  
15 Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility with  
16 respect to the Reserve Fund, and from and after the Springing Amendment  
17 Effective Date, into any other reserve fund created in the future for the payment of  
18 debt service on Parity Bonds; and to make all payments pursuant to a  
19 reimbursement agreement ranking on a parity of lien with the Parity Bonds and  
20 entered into in connection with a letter of credit, insurance or other equivalent credit  
21 enhancement with respect to Variable Interest Rate Bonds; provided, that if there is  
22 not sufficient money to make all payments under reimbursement agreements the  
23 payments will be made on a pro rata basis.  
24

25 (e) To make all payments required to be made into the Reserve Fund to  
26 secure the payment of any Covered Bonds, and from and after the Springing



1 Amendment Effective Date, into any other reserve fund created in the future for the  
2 payment of debt service on Parity Bonds.

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

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

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

13 Section 10. Bond Fund.

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

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



1 with other available funds on hand and paid into the Bond Fund) to pay the principal  
2 of, premium, if any, and interest on the Bonds and all other Parity Bonds  
3 outstanding pursuant to this ordinance and all other Parity Bond Ordinances when  
4 due, either at maturity or in accordance with the terms of any Sinking Fund  
5 Requirement schedule established for the retirement of Term Bonds. The fixed  
6 amounts to be paid into the Bond Fund, to the extent that such payments are not  
7 made from ULID Assessments, bond proceeds or from other legally available  
8 money, shall be made out of the Sewer Fund in the following order of priority: first,  
9 into the Interest Account; second, into the Principal Account and Term Bond  
10 Retirement Account; and third, into the Reserve Fund. The City may create  
11 subaccounts within such funds and accounts for the purpose of paying the Bonds.  
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14 (1) Interest Account. In the case of all Parity Bonds, no later than the  
15 day prior to the date on which an installment of interest is due on any Parity Bonds,  
16 the City shall transfer from the Sewer Fund to the Interest Account in the Bond  
17 Fund an amount (together with other money as is on hand and available in such  
18 Account) equal to the installment of interest then due on all outstanding Parity  
19 Bonds.  
20

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



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

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

26   (A) A Reserve Fund has been created in the Bond Fund for  
the purpose of securing the payment of the principal of and interest on the Covered



1 Bonds. From and after the Springing Amendment Effective Date, the City may  
2 create separate reserve funds and establish separate Reserve Fund Requirements,  
3 which may be zero to secure the payment of the principal of and interest on other  
4 Parity Bonds.

5  
6 If the Closing for the Bonds occurs prior to the Springing Amendment  
7 Effective Date, the Bonds shall initially be issued as Covered Bonds and the  
8 payment of the principal of and interest on the Bonds shall initially be secured by  
9 the Reserve Fund. From and after the Springing Amendment Effective Date, the  
10 City, in its sole discretion, may create a separate reserve fund and establish a  
11 separate Reserve Fund Requirement, which may be zero, to secure the payment of  
12 the principal of and interest on the Bonds. If the City determines to create a  
13 separate reserve fund and establish a Reserve Fund Requirement for the Bonds,  
14 from such date the Bonds will no longer be Covered Bonds and the payment of the  
15 principal of and interest on the Bonds will no longer be secured by the Reserve  
16 Fund. The new Reserve Fund Requirement for the Bonds shall be equal to the  
17 amount, if any, specified in a certificate of the Finance Director, Treasurer and  
18 Environmental Services Director, a form of which is attached hereto as Exhibit "B."  
19 The City shall provide notice of any such separate reserve fund and corresponding  
20 Reserve Fund Requirement for the Bonds in the same manner as a listed event  
21 notice that would be required upon the occurrence of a material "release,  
22 substitution, or sale of property securing repayment of the Bonds" in accordance  
23 with the Continuing Disclosure Certificate.  
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The City hereby covenants and agrees that if the Bonds are issued as Covered Bonds, it shall pay into the Reserve Fund out of proceeds of such Bonds and other funds lawfully available therefor and/or acquire Qualified Insurance or a Qualified Letter of Credit so that the amount in the Reserve Fund at least equals the Reserve Fund Requirement.

Notwithstanding the foregoing paragraphs or anything else to the contrary in this ordinance, if the Closing for the Bonds occurs on or after the Springing Amendment Effective Date, the City may create a separate reserve fund and establish a separate Reserve Fund Requirement, if any, to secure the payment of the principal of and interest on the Bonds. The creation of any separate reserve fund and establishment of a separate Reserve Fund Requirement, which may be zero, shall be set forth in the Bond Purchase Contract for the Bonds. If the Bonds are not initially issued as Covered Bonds, it shall not be necessary for the City to file the certificate referenced above of the Finance Director, Treasurer and Environmental Services Director relating to the Bonds.

The City may, at any time, substitute Qualified Insurance or a Qualified Letter of Credit for the money and investments in the Reserve Fund or may substitute money and investments for Qualified Insurance or a Qualified Letter of Credit in accordance with this subsection. The face amount of such Qualified Insurance or Qualified Letter of Credit shall be at least equal to the amount of the money or investments for which the Qualified Insurance or Qualified Letter of Credit is substituted.



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

(C) In the event of the issuance of any Future Parity Bonds that are Covered Bonds, the Parity Bond Ordinance authorizing the issuance of such Future Parity Bonds shall provide for approximately equal monthly payments into the Reserve Fund from the money in the Sewer Fund, in such amounts and at such times so that by no later than five years from the date of issuance of such Future Parity Bonds or by the final maturity established for such series of Future Parity Bonds, whichever occurs first, there will be credited to the Reserve Fund an amount equal to the Reserve Fund Requirement. Notwithstanding the foregoing provisions of this subparagraph (C), the proceedings authorizing the issuance of Future Parity Bonds that are Covered Bonds, to the extent permitted under the Code, may provide for payments into the Reserve Fund from the proceeds of such Future Parity Bonds or from any other money lawfully available therefor, or may provide for the City to obtain Qualified Insurance or a Qualified Letter of Credit for amounts required by subparagraph (E) of this section or parallel provisions in other Parity Bond Ordinances to be paid out of the Reserve Fund. The face amount of any such Qualified Insurance or Qualified Letter of Credit may be credited against the amounts required to be maintained in the Reserve Fund by this section or



1 parallel provisions in other Parity Bond Ordinances to the extent that such  
2 payments and credits to be made are insured by an insurance company or  
3 guaranteed by a letter of credit from a financial institution.

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



1 any purpose if and when a qualifying Qualified Letter of Credit or Qualified  
2 Insurance is obtained.

3 (D) If at any time the money and value of Permitted  
4 Investments in the Reserve Fund shall exceed the amount of money and value of  
5 Permitted Investments then required to be maintained therein, such excess may be  
6 transferred to the Sewer Fund.  
7

8 (E) In the event that there shall be a deficiency in the Interest  
9 Account, Principal Account or Term Bond Retirement Account in the Bond Fund  
10 with respect to Covered Bonds, the City shall promptly make up such deficiency  
11 from the Reserve Fund by the withdrawal of cash therefrom for that purpose and by  
12 the sale or redemption of obligations held in the Reserve Fund, if necessary, in  
13 such amounts as will provide cash in the Reserve Fund sufficient to make up any  
14 such deficiency, and if a deficiency still exists immediately prior to a Payment Date  
15 and after the withdrawal of cash, the City shall then draw from any Qualified Letter  
16 of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount  
17 to make up the deficiency. Such draw shall be made at such times and under such  
18 circumstances as the agreement for such Qualified Letter of Credit or Qualified  
19 Insurance shall provide. The City covenants and agrees that any deficiency  
20 created in the Reserve Fund by reason of any withdrawal therefrom for payment  
21 into the Interest Account, Principal Account or Term Bond Retirement Account shall  
22 be made up from money in the Sewer Fund first available after providing for the  
23 required payments into such Interest, Principal and Term Bond Retirement  
24 Accounts and after providing for payments under a reimbursement agreement  
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1 entered into by the City under Section 18; provided, from and after the Springing  
2 Amendment Effective Date, any such deficiency shall be made up within 12 months  
3 of such deficiency.

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

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

16 (c) Money in the Bond Fund shall be transmitted to the Bond Registrar in  
17 amounts sufficient to meet the maturing installments of principal of, premium, if any,  
18 and interest on all Parity Bonds when due. All money remaining in the Bond Fund  
19 after provision for the payment in full of the principal of, premium, if any, and  
20 interest on all Parity Bonds shall be returned to the Sewer Fund.

21 Subject to the foregoing sentence, the Bond Fund shall be drawn upon solely  
22 for the purpose of paying the principal of, premium, if any, and interest on Parity  
23 Bonds. Money set aside from time to time with the Bond Registrar for such  
24



1 payment shall be held in trust for the owners of Parity Bonds in respect of which the  
2 same shall have been so set aside. Until so set aside, and except as otherwise  
3 provided herein, all money in the Bond Fund shall be held in trust for the benefit of  
4 the owners of all Parity Bonds at the time outstanding equally and ratably.  
5

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

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

20 Section 11. Rate Stabilization Fund.

21 A special fund of the City designated the "Rate Stabilization Fund" has been  
22 established by the City in the Sewer Fund. In accordance with the priorities set  
23 forth in this ordinance, the City may from time to time deposit Net Revenues into the  
24 Rate Stabilization Fund and may from time to time withdraw amounts therefrom to  
25 enhance rate stability or for other lawful purposes of the City related to the System.  
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Section 12. Security for Parity Bonds.

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

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

Parity Bonds shall not in any manner or to any extent constitute general obligations of the City or of the State, or any political subdivision of the State, or a charge upon any general fund or upon any money or other property of the City or



1 of the State, or of any political subdivision of the State, not specifically pledged  
2 thereto by this ordinance.

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

4 The Council declares, in fixing the amounts to be paid into the Bond Fund as  
5 provided herein, that it has exercised due regard for Costs of Maintenance and  
6 Operation and has not obligated the City to set aside and pay into the Bond Fund a  
7 greater amount of the Gross Revenues than in its judgment will be available over  
8 and above such Costs of Maintenance and Operation and the amount of Gross  
9 Revenues previously pledged.  
10

11 Section 14. Defeasance.

12 In the event that the City, to effect the payment, retirement or redemption of  
13 any Bond, sets aside in the Bond Fund or in another special account, cash or  
14 noncallable Government Obligations, or any combination of cash and/or noncallable  
15 Government Obligations, in amounts and maturities which, together with the known  
16 earned income therefrom, are sufficient to redeem or pay and retire such Bond in  
17 accordance with its terms and to pay when due the interest and redemption  
18 premium, if any, thereon, and such cash and/or noncallable Government  
19 Obligations are irrevocably set aside and pledged for such purpose, then no further  
20 payments need be made into the Bond Fund for the payment of the principal of and  
21 interest on such Bond. The owner of a Bond so provided for shall cease to be  
22 entitled to any lien, benefit or security of this ordinance except the right to receive  
23 payment of principal, premium, if any, and interest from the Bond Fund or such  
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1 special account, and such Bond shall be deemed to be not outstanding under this  
2 ordinance.

3           The City shall give written notice of defeasance in accordance with the  
4 Continuing Disclosure Certificate.

5           Section 15. Covenants.

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

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

16           (b) Rate Covenant – Coverage. The City shall establish, maintain and  
17 collect rates or charges in connection with the ownership and operation of the  
18 System sufficient to provide Net Revenues in any calendar year hereafter in an  
19 amount equal to at least 1.30 times the Adjusted Annual Debt Service. From and  
20 after the Springing Amendment Effective Date, this requirement shall read as  
21 follows: The City shall establish, maintain and collect rates or charges in  
22 connection with the ownership and operation of the System sufficient to provide Net  
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1 Revenues in any calendar year hereafter in an amount equal to at least 1.25 times  
2 the Adjusted Annual Debt Service.

3         Solely for purposes of calculating the coverage requirement set forth above,  
4 there shall be added to Gross Revenues in any Fiscal Year any amount withdrawn  
5 from the Rate Stabilization Fund in such Fiscal Year and deposited in the Sewer  
6 Fund, and there shall be subtracted from Gross Revenues in any Fiscal Year any  
7 amount withdrawn from the Sewer Fund in such Fiscal Year and deposited in the  
8 Rate Stabilization Fund. From and after the Springing Amendment Effective Date,  
9 credits to or from the Rate Stabilization Fund that occur within 90 days after the end  
10 of a Fiscal Year may be treated as occurring within such Fiscal Year.

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

25         (c) Maintenance and Operation Standards. The City will at all times keep  
26 and maintain the System in good repair, working order and condition, and will at all



1 times operate the System and the business in connection therewith in an efficient  
2 manner and at a reasonable cost.

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

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

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

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



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

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

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

(5) If the sale, lease, mortgage or other disposal of any part of the System is valued in excess of 10 percent of the book value of the physical assets of 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 with such disposition demonstrating that such sale, mortgage, lease or other disposal would not prevent the City from meeting the requirements of Section 15(b).

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

(f) Books and Accounts – Operating Statement. The City shall keep and maintain proper books and accounts with respect to the operations, income and



1 expenditures of the System that are in accordance with proper and legal  
2 accounting procedures. On or before 120 days after each Fiscal Year of the City's  
3 operation of the System, it will prepare or cause to be prepared an operating  
4 statement of the System for such preceding Fiscal Year. Each such statement  
5 shall contain a statement in detail of the Gross Revenues, Costs of Maintenance  
6 and Operation, and expenses for capital purposes of the System for such Fiscal  
7 Year, shall contain a statement as of the end of such year showing the status of all  
8 the funds and accounts created by the various ordinances pertaining to the  
9 operation of the System and authorizing the issuance of outstanding bonds  
10 payable from the revenue of the System, and shall contain a statement of the  
11 number of sanitary and storm sewage collection and disposal customers per class  
12 of customer at the end of such year. Copies of such statement shall be placed on  
13 file in the office of the Department of Finance and shall be open to inspection at  
14 any reasonable time by any owner of the Bonds or of any other outstanding bonds  
15 of the City payable out of the Gross Revenues. Upon the request of any owner of  
16 Parity Bonds, the City shall provide a copy of such statement to such owner. All  
17 expenses incurred in the maintenance of such books and accounts and the  
18 preparation of such statement may be regarded and paid as an expense of  
19 operation of the System.  
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24 (g) Insurance. The City will keep the System insured, and will carry such  
25 other insurance, with responsible insurers, with policies payable to the City, against  
26 risks, accidents or casualties, at least to the extent that insurance is usually carried  
by municipal corporations operating like properties; provided, however, that the City



1 may, if deemed necessary and advisable by the Council, institute or continue a  
2 self-insurance program with respect to any or all of the aforementioned risks. In the  
3 event of any loss or damage, the City will promptly deposit the insurance proceeds  
4 into any construction fund hereafter created for the System, and use such funds to  
5 repair or replace the damaged portion of the insured property and apply the  
6 proceeds of any insurance policy or self-insurance funding for that purpose; or in  
7 the event the City should determine not to repair or reconstruct such damaged  
8 portion of the properties of the City, the proceeds of such insurance or self-  
9 insurance funding shall be transferred to the Reserve Fund to the extent that such  
10 transfer shall be necessary to make up any deficiency in the Reserve Fund and the  
11 balance, if any, shall, at the option of the City, be used for repairs, renewals,  
12 replacements, or additions to or extension of the System or be used in the  
13 retirement of Parity Bonds prior to maturity, either by purchase at prices not to  
14 exceed the next applicable redemption price or by call for redemption.

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

24 (1) Private Activity Bond Limitation. The City will assure that the  
25 proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private  
26 business tests of Section 141(b) of the Code or the private loan financing test of  
Section 141(c) of the Code.



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

(3) Federal Guarantee Prohibition. The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

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



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

4 (7) Record Retention. The City will retain its records of all accounting  
5 and monitoring it carries out with respect to the Bonds for at least three years after  
6 the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are  
7 redeemed and refunded, the City will retain its records of accounting and monitoring  
8 at least three years after the earlier of the maturity or redemption of the obligations  
9 that refunded the Bonds.  
10

11 (8) Compliance with Federal Tax Certificate. The City will comply  
12 with the provisions of the Federal Tax Certificate with respect to the Bonds, which  
13 are incorporated herein as if fully set forth herein. The covenants of this Section  
14 will survive payment in full or defeasance of the Bonds.  
15

16 Section 16. Parity Derivative Products.

17 For purposes of this Section 16, the following words shall have the following  
18 definitions:  
19

20 (a) "Payment" means any payment (designated as such by an ordinance or  
21 resolution) required to be made by or on behalf of the City under a Payment  
22 Agreement and which is determined according to a formula set forth in the  
23 Payment Agreement.  
24

25 (b) "Parity Payment Agreement" means a Payment Agreement under which  
26 the City's payment obligations are expressly stated to be secured by a pledge 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, as authorized by any applicable laws of the State and  
8 City policy. Such agreement may or may not be characterized by a structure of  
9 reciprocity of payment.  
10

11  
12 (d) "Payment Date" means any date specified in the Payment Agreement on  
13 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 or  
16 resolution) to be made to, or for the benefit of, the City under a Payment Agreement  
17 by the Payor.  
18

19 (f) "Payor" means a Qualified Counterparty to a Payment Agreement that is  
20 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 17, 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

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

20 (A) set forth the manner in which the Payments and Receipts  
21 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 necessary  
26 or desirable in connection with the management of Payment Agreements as are not  
clearly inconsistent with the provisions of this ordinance.



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

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

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

Section 17. Future Parity Bonds.

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



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 upon  
4 compliance with the following conditions:

5 (1) At the times of the issuance of such Future Parity Bonds there is  
6 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 incurred  
22 or to be incurred for purposes other than refunding purposes as described in  
23 subsection 17(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, from and after the Springing Amendment Effective Date, 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, from and after



1 the Springing Amendment Effective Date, this requirement shall read as follows: A  
2 certificate of an Engineer or a Certified Public Accountant showing that the  
3 “Adjusted Net Revenues” (as determined herein) for each calendar year during the  
4 life of the bonds proposed to be issued will equal not less than 1.25 times Maximum  
5 Adjusted Annual Debt Service on all outstanding Parity Bonds and the bonds then  
6 proposed to be issued.  
7

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 (“Base Period”) as adjusted by such  
11 Engineer or Certified Public Accountant to take into consideration changes in Net  
12 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:  
15

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;  
20

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;  
24

25 (3) the additional Net Revenues estimated by such Engineer  
26 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 (a) under



1 construction at the time of such certificate or (b) will be constructed or acquired  
2 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 by  
8 such Engineer or Certified Public Accountant to be derived from the new customers  
9 that will be added to the System in the first 12 months after the completion of the  
10 construction of the improvements to be made thereto or from acquisitions out of the  
11 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  
21 City and such refunding Future Parity Bonds will not require an increase of greater  
22 than \$5,000 in debt service payments to be paid in any fiscal or calendar year  
23 thereafter than would have been required to be paid in the same fiscal or calendar  
24 year for Annual Debt Service on the Parity Bonds being refunded, then  
25 paragraph (3) of subsection 17(b) need not be complied with to permit such  
26



1 refunding Future Parity Bonds to be issued, although the provisions of paragraphs  
2 (1) and (2) of subsection 17(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 18. Reimbursement Obligations.

8 In the event that the City elects to meet the requirements of  
9 subsection 10(a)(3) with respect to the Reserve Fund as to any issue of Parity  
10 Bonds through the use of a Qualified Letter of Credit, Qualified Insurance or other  
11 equivalent credit enhancement, the City may contract with the entity providing such  
12 Qualified Letter of Credit, Qualified Insurance or other equivalent credit  
13 enhancement that the City's reimbursement obligation, if any, to such entity ranks  
14 on a parity of lien with the Parity Bonds.  
15

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

(a) Bond Sale. The Bonds shall be sold by negotiated sale to the Underwriter pursuant to the terms of this ordinance and the Bond Purchase Contract.

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 approve the final interest rates, maturity dates, aggregate principal amounts, principal amounts of each maturity, and redemption rights for the Bonds.

Subject to the terms and conditions set forth in this Section 19, 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 \$110,000,000,

(2) the final maturity date for the Bonds is no later than December 1, 2049,

(3) the Bonds are sold (in the aggregate) at a price not less than 98 percent and not greater than 120 percent,

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

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



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Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to execute the Bond Purchase Contract to be dated the date of sale of the Bonds. The signature of one Designated Representative shall be sufficient to bind the City.

Following the execution of the Bond Purchase Contract, the Designated Representative shall provide a report to the City Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 19 shall expire 120 days after the effective date of this ordinance. If a Bond Purchase Contract for the Bonds has not been executed within 120 days after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been reauthorized by ordinance of the City Council. The ordinance reauthorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 19.

(b) Delivery of Bonds; Documentation. Upon the passage and approval of this ordinance, the proper officials of the City, including the Finance Director, Treasurer, and City Manager, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the



1 closing and delivery of the Bonds, in accordance with the terms of this ordinance  
2 and the Bond Purchase Contract.

3 Section 20. Approval of Official Statement.

4 The Finance Director is hereby authorized to approve and to deem final the  
5 preliminary Official Statement relating to the Bonds for the purposes of the Rule.  
6

7 The Finance Director is further authorized to approve for purposes of the Rule, on  
8 behalf of the City, the final Official Statement relating to the issuance and sale of  
9 the Bonds and the distribution of the final Official Statement pursuant thereto with  
10 such changes, if any, as may be deemed by him or her to be appropriate.  
11

12 Section 21. Supplemental Ordinances.

13 (a) The Council from time to time and at any time may pass an ordinance or  
14 ordinances supplemental hereto, which ordinance or ordinances thereafter shall  
15 become a part of this ordinance, for any one or more or all of the following  
16 purposes:  
17

18 (1) To add to the covenants and agreements of the City contained in  
19 this ordinance other covenants and agreements thereafter to be observed which  
20 shall not adversely affect the interests of the owners of any Parity Bonds or to  
21 surrender any right or power reserved to or conferred upon the City.  
22

23 (2) To make such provisions for the purpose of curing any  
24 ambiguities or of curing, correcting or supplementing any defective provision  
25 contained in this ordinance or any ordinance authorizing Parity Bonds in regard to  
26 matters or questions arising under such ordinances as the Council may deem



1 necessary or desirable and not inconsistent with such ordinances and which shall  
2 not adversely affect the interest of the owners of the Parity Bonds.

3 Any such supplemental ordinance of the City may be passed without the  
4 consent of the owners of any Parity Bonds at any time outstanding, notwithstanding  
5 any of the provisions of subsection (b) of this section, if the City obtains an opinion  
6 of Bond Counsel to the effect that such supplemental ordinance is solely for one or  
7 more of the purposes stated above and will not adversely affect the interests of the  
8 owners of Parity Bonds.  
9

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

17 (1) Extend the fixed maturity of any Parity Bonds, or reduce the rate  
18 of interest thereon, or extend the times of payment of interest thereon from their  
19 due dates, or reduce the amount of the principal thereof, or reduce any premium  
20 payable on the redemption thereof, without the consent of the owner of each bond  
21 so affected; or  
22

23 (2) Reduce the aforesaid percentage of bondowners required to  
24 approve any such supplemental ordinance, without the consent of the owners of all  
25 of the Parity Bonds then outstanding.  
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It shall not be necessary for the consent of bondowners under this subsection (b) to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

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

Section 22. Bond Insurance.

The Designated Representative is hereby further authorized to solicit proposals from municipal bond insurance companies for the issuance of a bond insurance policy. In the event that the Designated Representative receives multiple proposals in response to a solicitation, the Designated Representative may select the proposal having the lowest cost and resulting in an overall lower interest cost with respect to the Bonds to be insured. The Designated Representative may execute a commitment received from the insurer selected by the Designated Representative. The Council further authorizes all proper officers, agents, attorneys and employees of the City to cooperate with the insurer in preparing such



1 additional agreements, certificates, and other documentation on behalf of the City  
2 as shall be necessary or advisable in providing for the bond insurance policy.

3           Section 23. Ongoing Disclosure.

4           The City covenants to execute and deliver at the time of Closing of the  
5 Bonds a Continuing Disclosure Certificate. Each Designated Representative is  
6 hereby authorized to execute and deliver a Continuing Disclosure Certificate upon  
7 the issuance, delivery and sale of the Bonds with such terms and provisions as  
8 such officer shall deem appropriate and in the best interests of the City.  
9

10           Section 24. Lost or Destroyed Bonds.

11           In case any Bonds shall be lost, stolen or destroyed, the Bond Registrar may  
12 authenticate and deliver a new Bond(s) of like series, amount, date, tenor, and  
13 effect to the owner thereof upon the owner paying the expenses and charges of the  
14 City in connection therewith and upon filing with the Bond Registrar evidence  
15 satisfactory to the Bond Registrar that such Bond(s) were actually lost, stolen or  
16 destroyed and of ownership thereof, and upon furnishing the City with indemnity  
17 satisfactory to both.  
18

19           Section 25. Severability.

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

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 \_\_\_\_\_

**EXHIBIT "A"**

Form of Bond

[DTC Language]

UNITED STATES OF AMERICA

No. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON  
CITY OF TACOMA, WASHINGTON  
SEWER REVENUE BOND, SERIES 2018

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

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

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest, date of maturity and rights of redemption, in the aggregate principal amount of \$\_\_\_\_\_, and is issued pursuant to Ordinance No. \_\_\_\_\_ passed by the Council on \_\_\_\_\_, 2018 (the "Bond Ordinance") to provide the funds necessary to finance and/or reimburse the City for costs of capital improvements to the System and to pay costs of issuance. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Ordinance.

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





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

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

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

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

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

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



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IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond to be signed with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and the seal of the City to be impressed or a facsimile thereof to be imprinted hereon, as of this \_\_\_\_ day of \_\_\_\_\_, 2018.

[SEAL]

CITY OF TACOMA, WASHINGTON

By \_\_\_\_\_ /s/ manual or facsimile  
Mayor

ATTEST:

\_\_\_\_\_/s/ manual or facsimile  
City Clerk

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

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Sewer Revenue Bonds, Series 2018 of the City of Tacoma, Washington, dated \_\_\_\_\_, 2018.

WASHINGTON STATE FISCAL AGENT,  
as Bond Registrar

By \_\_\_\_\_



**EXHIBIT "B"**

FORM OF NOTICE OF SEPARATE RESERVE FUND\*

CITY OF TACOMA, WASHINGTON  
SEWER REVENUE BONDS, Series 2018  
(date of issuance \_\_\_\_\_, 2018)

CUSIP No.: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the City of Tacoma, Washington (the "City"), pursuant to Section 10(a)(3)(A) of Ordinance No. \_\_\_\_ adopted by the City Council on \_\_\_\_\_ (the "Bond Ordinance"), has established a separate reserve fund ("Reserve Fund") and a new reserve fund requirement (the "Reserve Fund Requirement") for the above-referenced bonds (the "Bonds"). As of \_\_\_\_\_, 20\_\_, the Bonds shall no longer be considered "Covered Bonds" as defined in the Bond Ordinance, and principal of and interest on the Bonds shall be secured by the separate Reserve Fund.

The Reserve Fund Requirement for the Bonds as of \_\_\_\_\_, 20\_\_ shall be \_\_\_\_\_.

[details of Reserve Fund to be added, if needed]

This notice is being given to provide interested parties information regarding the source of security and payment for the Bonds. No further notice or updates will be provided unless the City determines to revise the Reserve Fund Requirement at a later date.

Dated: \_\_\_\_\_, 20\_\_.

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

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

\_\_\_\_\_  
Environmental Services Director, City of Tacoma

\* This notice shall be required only if the Bonds are initially issued as Covered Bonds.



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

1. That the attached Ordinance No. \_\_\_\_ (herein called the "Ordinance") is a true and correct copy of an Ordinance of the Council, as finally passed at a regular meeting of the Council held on the \_\_\_\_ day of \_\_\_\_\_, 2018, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City as of this \_\_\_\_ day of \_\_\_\_\_ 2018.

\_\_\_\_\_  
City Clerk  
City of Tacoma, Washington