



## ORDINANCE NO. 28899

1 AN ORDINANCE of the City of Tacoma, Washington, relating to the water  
2 system; providing for the issuance and sale of water system revenue  
3 refunding bonds in an aggregate principal amount not to exceed  
4 \$75,000,000 to provide funds to defease and/or refund all or a portion of  
5 the City's Water System Revenue and Refunding Bonds, 2005 and  
6 Water System Revenue and Refunding Bonds, 2013; fixing or setting  
7 parameters with respect to certain terms and covenants of the bonds,  
8 and appointing the City's designated representatives to approve the final  
9 terms of the sale of the bonds; and approving certain other matters in  
10 connection therewith.

11 WHEREAS the City of Tacoma, Washington ("City"), acting by and through  
12 its Department of Public Utilities, Water Division (d/b/a "Tacoma Water"), owns and  
13 operates a water system ("Water System") for which capital improvements and  
14 other expenses may be financed through the issuance of water system revenue  
15 bonds, and

16 WHEREAS pursuant to Ordinance No. 27405, the City issued its Water  
17 System Revenue and Refunding Bonds, 2005 ("2005 Bonds"), and

18 WHEREAS pursuant to Ordinance No. 27837, the City issued its Water  
19 System Revenue Bonds, 2009 (Taxable Build America Bonds – Direct  
20 Payment) ("2009 Bonds"), and

21 WHEREAS pursuant to Ordinance No. 27902, the City issued its Water  
22 System Revenue Bonds, 2010B (Taxable Build America Bonds – Direct  
23 Payment) ("2010 Bonds"), and

24 WHEREAS pursuant to Ordinance No. 28138, the City issued its Water  
25 System Revenue and Refunding Bonds, 2013 ("2013 Bonds"), and  
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1           WHEREAS pursuant to Ordinance No. 28138, as supplemented by  
2 Ordinance No. 28290, the City issued its Water System Revenue Refunding  
3 Bonds, Series 2015A (“2015 Bonds”), and  
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5           WHEREAS the 2005 Bonds, the 2009 Bonds, the 2010 Bonds, the 2013  
6 Bonds, and the 2015 Bonds (together, “Outstanding Parity Bonds”) are  
7 payable from and secured by a pledge of Gross Revenue of the Water  
8 System, subject only to the payment of Operation and Maintenance Expenses  
9 (each as defined herein), and  
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11           WHEREAS the City has adopted financial policies which provide that as  
12 a general rule, existing bonds will not be refunded through the issuance of  
13 refunding bonds unless the refunding plan will achieve a net present value  
14 savings of at least 5%, or as an exception, to obtain more favorable covenants  
15 when it is in the City’s interest to do so, and  
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17           WHEREAS the 2005 Bonds are subject to redemption at the option of  
18 the City at any time on or after December 1, 2015, and

19           WHEREAS the 2013 Bonds maturing on or after December 1, 2023 are  
20 subject to redemption at the option of the City at any time on or after June 1,  
21 2023, and  
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23           WHEREAS the ordinances authorizing the Outstanding Parity Bonds permit  
24 the City to issue water system revenue bonds for purposes of the Water System  
25 with a lien and charge on revenue of the Water System equal to the lien and  
26 charge thereon of the Outstanding Parity Bonds, if specified conditions are met and  
complied with at the time of issuance of those bonds, and



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WHEREAS the Public Utilities Board (“Board”) has initiated and has recommended to the City Council for its approval the issuance of water system revenue bonds in one or more series (“2023 Bonds”), together with other available money, to defease and/or refund all or a portion of the 2005 Bonds and the 2013 Bonds (together, “Refunding Candidates”) for aggregate debt service savings and/or to restructure the debt if it is in the best interest of Tacoma Water, and

WHEREAS the City Council has determined that it is in the best interest of the City and its ratepayers to issue the 2023 Bonds to defease and/or refund all or a portion of the Refunding Candidates (if so refunded, “Refunded Bonds”) and to pay costs of issuance and sale of the 2023 Bonds, and

WHEREAS the City Council wishes to delegate authority to the individuals authorized herein (each, a “Designated Representative”), for a limited time, the authority to approve the final terms of the 2023 Bonds authorized herein within the parameters set by this ordinance, and

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

Now, Therefore,



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BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. Definitions and Interpretation of Terms.

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

“Accreted Value” means either: (1) with respect to any Capital Appreciation Bonds, as of the time of calculation, the sum of the amount representing the initial principal amount of such Capital Appreciation Bonds as set forth in the applicable Parity Bond Authorizing Ordinance plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date; or (2) with respect to original issue discount bonds under the Code, as of the time of calculation, the amount representing the initial public offering price of such original issue discount bonds plus the amount of the discounted principal which has accreted since the date of issue, determined in accordance with the provisions of the applicable Parity Bond Authorizing Ordinance.

“Acquired Obligations” means the Government Obligations, if any, acquired by the City under the terms of this ordinance and the Escrow Agreement to effect the defeasance and refunding of the Refunded Bonds, but only to the extent that the same are acquired at Fair Market Value.

“Annual Debt Service” means, for any Fiscal Year of the Water System, all amounts required to be paid in respect of interest on and principal of Parity Bonds (excluding interest payments capitalized by Parity Bonds and excluding



1 the accrued interest paid to the City upon the issuance of Parity Bonds) and  
2 Payment Agreement Payments in respect of Parity Payment Agreements, subject  
3 to the following:

4 (1) Debt Service on Term Bonds. For purposes of calculating debt  
5 service on Term Bonds, only the scheduled mandatory redemption amounts  
6 payable in respect of principal of Term Bonds shall be taken into account in any  
7 Fiscal Year prior to the Term Bond Maturity Year, and only the principal amount  
8 scheduled to remain outstanding after payment of all prior mandatory redemption  
9 amounts shall be taken into account in the Term Bond Maturity Year;

11 (2) Interest on Parity Bonds. For purposes of determining compliance  
12 with the Coverage Requirement, the Reserve Account Requirement and the  
13 conditions for the issuance of Future Parity Bonds or the creation of Contract  
14 Resource Obligations:

16 (a) Generally. Except as otherwise provided by  
17 Subparagraph (2)(b) with respect to Variable Interest Rate Bonds and by  
18 Subparagraph (2)(c) with respect to Parity Bonds with respect to which a  
19 Payment Agreement is in force, interest on any issue of Parity Bonds payable in  
20 a Fiscal Year shall be calculated based on the actual amount of accrued,  
21 accreted or otherwise accumulated interest that is payable in that Fiscal Year in  
22 respect of that issue taken as a whole, at the rate or rates set forth in the Parity  
23 Bond Authorizing Ordinance;

26 (b) Interest on Variable Interest Rate Bonds. The amount of  
interest deemed to be payable on any issue of Variable Interest Rate Bonds



1 shall be calculated on the assumption that the interest rate on those bonds  
2 would be equal to the rate (the “assumed RBI-based rate”) that is 90% of the  
3 average Bond Buyer Revenue Bond Index or comparable index during the fiscal  
4 quarter preceding the quarter in which the calculation is made; except that, for  
5 purposes of determining actual compliance with the Coverage Requirement  
6 under Section 16(B) in any past Fiscal Year, the actual amount of interest paid  
7 on any issue of Variable Interest Rate Bonds shall be taken into account;

9 (c) Interest on Parity Bonds with Respect to Which a Payment  
10 Agreement or Parity Payment Agreement is in Force. Debt service on Parity  
11 Bonds with respect to which a Payment Agreement or Parity Payment  
12 Agreement is in force shall be based on the net economic effect on the City  
13 expected to be produced by the terms of the Parity Bonds and the terms of the  
14 Payment Agreement, including but not limited to the effects set forth in Section  
15 17 of this ordinance.  
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18 (d) Interest on Parity Bonds designated as “Build America  
19 Bonds.” Interest on Parity Bonds designated as Build America Bonds, including  
20 the 2009 Bonds and the 2010 Bonds, only for purposes of calculating the  
21 Reserve Account Requirement, shall be based on the net interest after the 35%  
22 federal direct payment or such other federal direct payment to be received for  
23 Parity Bonds.  
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25 “Assistant Finance Director/Controller” means the duly appointed and  
26 acting Assistant Finance Director/Controller of the City, including anyone acting



1 in an interim or other capacity for the position, or the successor to the duties of  
2 that office.

3 "Average Annual Debt Service" means the sum of the Annual Debt  
4 Service for the remaining years to the last scheduled maturity of the applicable  
5 issue or issues of Parity Bonds divided by the number of those years.  
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7 "Beneficial Owner" means any person that has or shares the power,  
8 directly or indirectly, to make investment decisions concerning ownership of any  
9 2023 Bonds (including persons holding 2023 Bonds through nominees,  
10 depositories or other intermediaries).  
11

12 "Board" means the Public Utility Board of the City, as the same shall be  
13 duly and regularly constituted from time to time.

14 "Bond Counsel" means Pacifica Law Group LLP or another law firm  
15 selected by the City that is nationally recognized in matters concerning bonds  
16 and other securities issued by states and local governments.  
17

18 "Bond Fund" means the special fund or subfunds of the City known as  
19 the Water Revenue Bond Fund, created in the Water Division Fund of the City  
20 including any subfunds within such fund.

21 "Bond Insurance" means any bond insurance, letter of credit, guaranty,  
22 surety bond or similar credit enhancement device providing for or securing the  
23 payment of all or part of the principal of and interest on any Parity Bonds.  
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25 "Bond Insurer" means any provider of Bond Insurance approved by the  
26 City Council by ordinance or resolution.



1           “Bond Purchase Contract” means the contract between the Underwriters  
2 and the City for the purchase of the 2023 Bonds, executed pursuant to this  
3 ordinance and setting forth the final terms of the 2023 Bonds.  
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5           “Bond Register” means the registration books maintained by the Bond  
6 Registrar for purposes of identifying ownership of the 2023 Bonds or the  
7 nominee of each owner, and such other information as the Bond Registrar shall  
8 determine.  
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10           “Bond Registrar” means, initially, the fiscal agent of the State, whose  
11 duties include registering and authenticating the 2023 Bonds, maintaining the  
12 Bond Register, effecting transfer of ownership of the 2023 Bonds and paying  
13 interest on and principal of the 2023 Bonds.  
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15           “Bondowners’ Trustee” has the meaning set forth in Section 27(B) of this  
16 ordinance.  
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18           “Build America Bonds” means any series of Parity Bonds to which the  
19 City irrevocably elects to have Section 54AA of the Code apply.  
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21           “Call Date” means a date selected by a Designated Representative for  
22 the refunding of the Refunded Bonds which shall be no earlier than June 1,  
23 2023.  
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25           “Capital Appreciation Bonds” means any Parity Bonds, all or a portion of  
26 the interest on which is compounded and accumulated at the rates or in the  
manner, and on the dates, set forth in the applicable Parity Bond Authorizing  
Ordinance and is payable only upon redemption or on the maturity date of such  
Parity Bonds. Parity Bonds that are issued as Capital Appreciation Bonds, but





1 later convert to obligations on which interest is paid periodically, shall be Capital  
2 Appreciation Bonds until the conversion date and thereafter shall no longer be  
3 Capital Appreciation Bonds, but shall be treated as having a principal amount  
4 equal to their Accreted Value on the conversion date.  
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6 “City” means the City of Tacoma, Washington, a municipal corporation  
7 duly organized and existing under and by virtue of the laws of the State.

8 “City Attorney” means the duly appointed and acting City Attorney of the  
9 City, including anyone acting in an interim or other capacity for the position, or  
10 the successor to the duties of that office.  
11

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

15 “City Manager” means the duly appointed and acting City Manager of the  
16 City, including anyone acting in an interim or other capacity for the position, or  
17 the successor to the duties of that office.  
18

19 “Code” means the Internal Revenue Code of 1986 as in effect on the  
20 date of issuance of the Tax-Exempt Bonds or (except as otherwise referenced  
21 herein) as it may be amended to apply to obligations issued on the date of  
22 issuance of the Tax-Exempt Bonds, together with applicable proposed,  
23 temporary, and final regulations promulgated, and applicable official public  
24 guidance published, under the Code.  
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1 "Continuing Disclosure Certificate" means one or more written  
2 undertakings for the benefit of the owners and Beneficial Owners of the 2023  
3 Bonds as required by Section (b)(5) of the Rule.  
4

5 "Contract Resource Obligation" means an obligation of the City,  
6 designated as a Contract Resource Obligation and entered into pursuant to  
7 Section 21 of this ordinance, to make payments for water supply, transmission  
8 or other commodity or service to another person or entity (including, without  
9 limitation, a separate utility system created pursuant to Section 20 of this  
10 ordinance). The Water System has designated the Regional System as a  
11 Contract Resource Obligation.  
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13 "Council" or "City Council" means the City Council as the general  
14 legislative authority of the City, as duly and regularly constituted from time to  
15 time.  
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17 "Coverage Requirement" in any Fiscal Year of the Water System means  
18 an amount of Net Revenue of the Water System equal to at least 1.25 times the  
19 Annual Debt Service that year on all Parity Bonds.  
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21 "Debt Service Account" means the account of that name created in the  
22 Bond Fund.  
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24 "Designated Representative" means the Director of Utilities and the  
25 Superintendent of the Water Division, and their designees. The signature of one  
26 Designated Representative shall be sufficient to bind the City.



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

4 "DTC" means The Depository Trust Company.

5 "Escrow Agent" means the escrow agent appointed pursuant to Section  
6 8(C) of this ordinance.

7 "Escrow Agreement" means the Escrow Deposit Agreement between the  
8 City and the Escrow Agent to be dated as of the Issue Date of the 2023 Bonds.  
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10 "Fair Market Value" means the price at which a willing buyer would  
11 purchase an investment from a willing seller in a bona fide, arm's-length  
12 transaction, except for specified investments as described in Treasury  
13 Regulation § 1.148-5(d)(6), including United States Treasury obligations,  
14 certificates of deposit, guaranteed investment contracts, and investments for  
15 yield restricted defeasance escrows. Fair Market Value is generally determined  
16 on the date on which a contract to purchase or sell an investment becomes  
17 binding, and, to the extent required by the applicable regulations under the  
18 Code, the term "investment" will include a hedge.  
19

20 "Federal Tax Certificate" means the certificate of the City pertaining to  
21 the tax-exemption of interest on the Tax-Exempt Bonds, and any attachments  
22 thereto.  
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24 "Filtration Treatment Project" means the design and construction of the  
25 portion of the filtration treatment system financed by the Regional System.  
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1 "Finance Director" means the duly appointed and acting Finance Director  
2 of the City, including anyone acting in an interim or other capacity for the  
3 position, or the successor to the duties of that office.

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

7 "Future Parity Bonds" means all revenue bonds and other obligations  
8 (including Parity Payment Agreements) of the City issued or entered into after  
9 the date of the issuance of the 2023 Bonds and then outstanding, the payment  
10 of which constitutes a lien and charge equal to the lien and charge securing the  
11 payment of the principal of and interest on the 2023 Bonds and the Outstanding  
12 Parity Bonds.

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

18 "Gross Revenue of the Water System" or "Gross Revenue" means in any  
19 Fiscal Year of the Water System all of the revenues of the Water System,  
20 including, but not limited to, revenue from the sale or transmission of water; the  
21 sale, lease, or furnishing of other commodities, services, properties or facilities;  
22 the imposition of connection, capital improvement or other charges; utility local  
23 improvement district assessments that are pledged to Parity Bonds; and



1 earnings from the investment of money in the Water Division Fund. However,  
2 Gross Revenue shall not include earnings of the Regional System or any other  
3 separate utility system that may be acquired or constructed by the City pursuant  
4 to Section 20 hereof; principal proceeds of Parity Bonds or other borrowing;  
5 grants or other capital contributions to the Water System which by their terms  
6 are restricted to specific projects or purposes; or earnings or proceeds from any  
7 investments in a trust, defeasance or escrow fund created to defease or refund  
8 Water System obligations (until commingled with other earnings and revenues  
9 of the Water System defined as Gross Revenue) or held in a special account for  
10 the purpose of paying a rebate to the United States government under the  
11 Code.  
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14 "Independent Consulting Engineer" means either (1) an independent  
15 licensed professional engineer experienced in the design, construction or  
16 operation or the development of rates and charges of municipal utilities of  
17 comparable size and character to the Water System; or (2) an independent  
18 certified public accountant or other professional consultant experienced in the  
19 development of rates and charges for municipal utilities of comparable size and  
20 character to the Water System.  
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22 "Issue Date" means, with respect to any series of 2023 Bonds, the date  
23 of initial issuance and delivery of such series to the Underwriters.  
24

25 "Letter of Representations" means the blanket issuer letter of  
26 representations from the City to DTC.



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

4           “Mayor” means the duly elected Mayor of the City or the successor to  
5 such officer.

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

8           “Net Revenue of the Water System” or “Net Revenue” means, for any  
9 period, the Gross Revenue minus: (1) Operation and Maintenance Expenses;  
10 (2) deposits into the Rate Stabilization Account; and (3) proceeds from the sale  
11 of property of the Water System, and plus withdrawals from the Rate  
12 Stabilization Account.

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

15           “Operation and Maintenance Expenses” means all expenses incurred by the  
16 City in causing the Water System to be operated and maintained in good repair,  
17 working order and condition, including, without limitation: deposits, premiums,  
18 assessments, or other payments for insurance, if any, on the Water System;  
19 payments into pension funds; State-imposed taxes; amounts due under  
20 Contract Resource Obligations, including Regional System Costs, but only at  
21 the times described in Section 21 of this ordinance; payments made to any  
22 other person or entity for the receipt of water supply or transmission or other  
23 right, commodity or service; payments made to any other person or entity that  
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1 are required in connection with the operation of the Water System or the  
2 acquisition or transmission of water and that are not subordinate to the lien of  
3 the Parity Bonds; and payments with respect to any other expenses of the  
4 Water System that are properly treated as operation and maintenance  
5 expenses under generally accepted accounting principles applicable to  
6 municipal corporations. Operation and Maintenance Expenses do not include  
7 any depreciation or taxes levied or imposed by the City, Payment Agreement  
8 Payments, or payments to the City in lieu of taxes, any rebate amount, or  
9 capital additions or capital replacements to the Water System.  
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12 “Outstanding Parity Bonds” mean the City’s senior lien parity bonds  
13 outstanding on the date of this ordinance as identified in the recitals to this  
14 ordinance.

15 “Owners” mean, without distinction, the Registered Owners and the  
16 Beneficial Owners.

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18 “Parity Bond Authorizing Ordinances” means the ordinances and/or  
19 resolutions of the City authorizing the issuance and sale and establishes the  
20 terms of a particular issue of Parity Bonds.

21 “Parity Bonds” mean the Outstanding Parity Bonds, the 2023 Bonds and  
22 any Future Parity Bonds.

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24 “Parity Payment Agreement” means a Payment Agreement under which  
25 the City’s payment obligations are expressly stated to be secured by a pledge  
26 of and lien on Gross Revenue of the Water System on an equal and ratable



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

3 "Payment Agreement" means a written agreement, for the purpose of  
4 managing or reducing the City's exposure to fluctuations or levels of interest  
5 rates, currencies or commodities, or for other interest rate, investment, asset or  
6 liability management purposes, entered into on either a current or forward basis  
7 by the City and a Qualified Counterparty, all as authorized by any applicable  
8 laws of the State.

9 "Payment Agreement Payments" means the amounts periodically  
10 required to be paid by the City to the Qualified Counterparty pursuant to a  
11 Payment Agreement.

12 "Payment Agreement Receipts" means the amounts periodically required  
13 to be paid by the Qualified Counterparty to the City pursuant to a Payment  
14 Agreement.

15 "Projects" mean the capital facilities of the Water System financed or  
16 refinanced with proceeds of the Refunded Bonds.

17 "Qualified Counterparty" means a party (other than the City or a party related to  
18 the City) who is the other party to a Payment Agreement and (1)(a) whose  
19 senior debt obligations are rated in one of the three highest rating categories of  
20 each of the Rating Agencies (without regard to any gradations within a rating  
21 category) or (b) whose obligations under the Payment Agreement are  
22 guaranteed for the entire term of the Payment Agreement by a bond insurer or  
23 other institution which has been assigned a credit rating in one of the two  
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1 highest rating categories of each of the Rating Agencies, and (2) who is  
2 otherwise qualified to act as the other party to a Payment Agreement under any  
3 applicable laws of the State.

4 "Rate Stabilization Account" means the account of that name created in  
5 the Water Division Fund for the purposes described in this ordinance.  
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7 "Rating Agencies" means Moody's, S&P or another nationally recognized  
8 rating agency rating municipal bonds.

9 "Record Date" means the Bond Registrar's close of business on the 15th  
10 day of the month preceding an interest payment date. With respect to  
11 redemption of a Bond prior to its maturity, the Record Date shall mean the Bond  
12 Registrar's close of business on the date on which the Bond Registrar sends  
13 the notice of redemption in accordance with Section 5.  
14

15 "Refunded Bonds" mean all or a portion of the Refunding Candidates  
16 designated by a Designated Representative for refunding pursuant to this  
17 ordinance.  
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19 "Refunding Account" means the account of that name established  
20 pursuant to this ordinance.

21 "Refunding Candidates" mean all or a portion of the 2005 Bonds and the  
22 2013 Bonds currently outstanding.

23 "Regional System" means the Regional Water Supply System, comprised of  
24 certain property and facilities to deliver and receive water for the Regional  
25 System participants from the exercise by the City of its Second Diversion Water  
26 Right, which property and facilities include: (1) a Main Branch pipeline to the



1 City with a 72 MGD nominal capacity; (2) headworks improvements associated  
2 with the Second Diversion Water Right; (3) related fisheries and environmental  
3 enhancements; (4) improvements and additions to the Howard Hanson Dam to  
4 raise the summer storage pool to elevation of 1,167 feet in phase I to provide  
5 an additional 20,000 acre feet of water storage, together with improvements  
6 and additions related to accommodating fish passage; (5) the Filtration  
7 Treatment Project; and (6) additional related water treatment facilities; and as  
8 the same will be added to, improved, and extended for as long as any of the  
9 Regional System bonds are outstanding. The Regional System shall not include  
10 the Water System or any other separate system.  
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13 “Regional System Costs” means with respect to each month all costs  
14 attributable to the Regional System, to the extent not paid from the proceeds of  
15 bonds of the Regional System or other sources, resulting from the ownership,  
16 operation, maintenance, and termination of, and repair, renewals,  
17 replacements, additions, improvements, betterments, and modifications to the  
18 Regional System, including, without limitation: (1) operating expenses of the  
19 Regional System; (2) the amount required to be paid into the bond fund for  
20 Regional System bonds; (3) any amount that the City may be required during  
21 such month to pay for the prevention or correction of any unusual loss or  
22 damage or for renewals, replacements, repairs, additions, improvements,  
23 betterments, and modifications that are necessary to keep the Regional System  
24 in good operating condition, to improve the operation thereof or to prevent a  
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1 loss; and (4) all other charges or obligations against the revenues of the  
2 Regional System.

3 "Registered Owner" means the person named as the registered owner of  
4 a 2023 Bond in the Bond Register. For so long as the 2023 Bonds are held in  
5 book-entry only form, DTC or its nominee shall be deemed to be the sole  
6 Registered Owner.  
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8 "Reserve Account" means the Reserve Account created in the Bond  
9 Fund.

10 "Reserve Account Requirement" means, with respect to the Outstanding  
11 Parity Bonds and the 2023 Bonds (so long as the 2005 Bonds are outstanding),  
12 as of any date the lesser of Maximum Annual Debt Service or 125% of average  
13 Annual Debt Service on all the outstanding Parity Bonds. The Reserve Account  
14 Requirement for a series of Parity Bonds shall not exceed 10% of the net  
15 proceeds of such Bonds.  
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18 Once the 2005 Bonds are no longer outstanding, the Reserve Account  
19 Requirement with respect to the 2015 Bonds, the 2023 Bonds and any Future  
20 Parity Bonds will be either (1) as of any date the lesser of Maximum Annual  
21 Debt Service or 125% of average Annual Debt Service of such 2015 Bonds,  
22 2023 Bonds or Future Parity Bonds, but in no case shall the Reserve Account  
23 Requirement for a series of Parity Bonds exceed 10% of the net proceeds of  
24 such Bonds, or (2) the ordinance authorizing such issuance of such Bonds may  
25 provide for the creation of a separate reserve account, in which case the  
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1 Reserve Account Requirement, which may be zero (\$0.00), for such Bonds may  
2 be set in such ordinance.

3 “Reserve Insurance” means any bond insurance, letter of credit,  
4 guaranty, surety bond, or similar credit enhancement device obtained by the  
5 City equal to part or all of the Reserve Account Requirement for any Parity  
6 Bonds which is issued by an institution which has been assigned a credit rating  
7 at the time of issuance of the device in one of the two highest rating categories  
8 of each of the Rating Agencies.  
9

10 “Rule” means the Security and Exchange Commission’s Rule 15c2-12  
11 under the Securities Exchange Act of 1934, as the same may be amended from  
12 time to time.  
13

14 “S&P” means S&P Global Ratings, or its comparable recognized  
15 business successor.  
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17 “Second Diversion Water Right” means the City’s permit to appropriate  
18 up to 100 cubic feet per second of surface water from the Green River for  
19 municipal and industrial supply, obtained from the State Department of Ecology.  
20

21 “State” means the state of Washington.

22 “Taxable Bonds” means any 2023 Bonds of a series determined to be  
23 issued on a taxable basis pursuant to this ordinance.

24 “Tax-Exempt Bonds” means any 2023 Bonds of a series determined to  
25 be issued on a tax-exempt basis under the Code pursuant to this ordinance.

26 “Term Bond Maturity Year” means any calendar year in which Term  
Bonds are scheduled to mature.



1 "Term Bonds" means those Bonds designated as such by a Designated  
2 Representative and those Parity Bonds designated as such in the applicable  
3 Parity Bond Authorizing Ordinance.

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

7 "Underwriters" mean Wells Fargo Corporate & Investment Banking and  
8 KeyBanc Capital Markets Inc., and their successors.

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

19 "Variable Interest Rate Bonds" means, for any period of time, any Parity Bonds  
20 that bear a Variable Interest Rate during that period, except that Parity Bonds  
21 shall not be treated as Variable Interest Rate Bonds if the net economic effect  
22 of interest rates on particular Parity Bonds of an issue and interest rates on  
23 other Parity Bonds of the same issue, as set forth in the applicable Parity Bond  
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1 Authorizing Ordinance, or the net economic effect of a Payment Agreement with  
2 respect to particular Parity Bonds, in either case is to produce obligations that  
3 bear interest at a fixed interest rate; and Parity Bonds with respect to which a  
4 Payment Agreement is in force shall be treated as Variable Interest Rate Bonds  
5 if the net economic effect of the Payment Agreement is to produce obligations  
6 that bear interest at a Variable Interest Rate.  
7

8 "Water Division Fund" means Fund No. 4600 of the City, or any  
9 successor fund or funds, into which is paid the Gross Revenue of the Water  
10 System.  
11

12 "Water System" means the water system of the City as it now exists, and  
13 all additions thereto and betterments and extensions thereof at any time made  
14 for so long as any of the Parity Bonds are outstanding. The Water System shall  
15 not include the Regional System or any water supply or service or other  
16 facilities that may be created, acquired, or constructed by the City as a separate  
17 utility system, as provided in Section 20 of this ordinance.  
18

19 "2005 Bonds" has the meaning set forth in the recitals hereto.

20 "2009 Bonds" has the meaning set forth in the recitals hereto.

21 "2010 Bonds" has the meaning set forth in the recitals hereto.

22 "2013 Bonds" has the meaning set forth in the recitals hereto.

23 "2015 Bonds" has the meaning set forth in the recitals hereto.

24 "2023 Bonds" means the Water System Revenue Refunding Bonds  
25 authorized to be issued in one or more series pursuant to this ordinance.  
26

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



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

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

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

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

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

Section 2. Findings; Parity Bonds.

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



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(1) There is, and as of the Issue Date of the 2023 Bonds there will be, no deficiency in the Bond Fund and no Event of Default as defined in the Parity Bond Authorizing Ordinances for the Outstanding Parity Bonds has occurred or shall have occurred and be continuing as of such date.

(2) All assessments and interest thereon that may be levied in any utility local improvement district created by the City for the purpose of paying, in whole or in part, the principal of and interest on the 2023 Bonds, shall be paid directly into the Bond Fund, except for any prepaid assessments permitted by law to be paid into a construction fund or account.

(3) This ordinance provides that the payment of the principal of and interest on the 2023 Bonds shall be paid out of the Bond Fund as provided in and required by the Parity Bond Authorizing Ordinances for the Outstanding Parity Bonds.

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

B. Findings Related to Gross Revenue of the Water System. The City hereby finds and determines that the Gross Revenue of the Water System at the rates to be charged for water and other services and commodities from the Water System will be more than sufficient to meet all Operation and Maintenance Expenses to make all required payments with respect to the





1 Outstanding Parity Bonds and the 2023 Bonds, and to permit the setting aside  
2 into the Bond Fund out of the Gross Revenue of amounts sufficient to pay the  
3 principal of and interest on the 2023 Bonds when due at maturity and upon any  
4 mandatory sinking fund redemption thereof.  
5

6 The City further finds and determines that in creating the Bond Fund and  
7 in fixing the amounts to be paid into the Bond Fund, it has exercised due regard  
8 for Operation and Maintenance Expenses, and the City has not bound and  
9 obligated itself to set aside and pay into the Bond Fund a greater amount or  
10 proportion of the Gross Revenue than in the judgment of the City will be  
11 available over and above the Operation and Maintenance Expenses.  
12

13 The 2023 Bonds shall be issued as Future Parity Bonds under the terms  
14 of the Parity Bond Authorizing Ordinances for the Outstanding Parity Bonds,  
15 subject to the same rights and limitations as Parity Bonds set forth therein and  
16 herein.  
17

18 Section 3. Authorization of 2023 Bonds. For the purposes of providing  
19 part of the funds required to defease and/or refund the Refunded Bonds and  
20 pay costs of issuance of the 2023 Bonds, the City is hereby authorized to issue  
21 and sell one or more series of Water System revenue refunding bonds in an  
22 aggregate principal amount not to exceed \$75,000,000 ("2023 Bonds").  
23

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



1 designation to “Series 2024,” pursuant to the terms of this ordinance. The 2023  
2 Bonds may be issued in one or more series, may be designated as Taxable  
3 Bonds or Tax-Exempt Bonds, and may be issued on the same Issue Date or  
4 from time to time on different Issue Dates.  
5

6           The 2023 Bonds shall be dated as of the Issue Date for such 2023  
7 Bonds, shall be fully registered as to both principal and interest, shall be in the  
8 denomination of \$5,000 each or any integral multiple thereof within a series and  
9 maturity, shall be numbered separately in such manner and with any additional  
10 designation as the Bond Registrar deems necessary for purposes of  
11 identification and control, shall bear interest from their Issue Date payable on  
12 the dates and at the rates set forth in the Bond Purchase Contract, and shall be  
13 subject to optional and/or mandatory redemption, and mature on the dates and  
14 in the principal amounts set forth in the Bond Purchase Contract.  
15

16           The 2023 Bonds shall be special obligations of the City payable only  
17 from the Bond Fund and shall be payable and secured as provided herein and  
18 in the Parity Bond Authorizing Ordinances as applicable to Parity Bonds. The  
19 2023 Bonds shall not be general obligations of the City, the State or any  
20 political subdivision thereof.  
21

22           Section 4. Registration of 2023 Bonds.  
23

24           A. Bond Registrar/Bond Register. The City hereby specifies and adopts the  
25 system of registration approved by the Washington State Finance Committee  
26 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



1 2023 Bonds remain outstanding, the Bond Registrar shall make all necessary  
2 provisions to permit the exchange or registration or transfer of 2023 Bonds at its  
3 designated office. The Bond Registrar may be removed at any time at the  
4 option of the Finance Director upon prior notice to the Bond Registrar and a  
5 successor Bond Registrar appointed by the Finance Director. No resignation or  
6 removal of the Bond Registrar shall be effective until a successor shall have  
7 been appointed and until the successor Bond Registrar shall have accepted the  
8 duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on  
9 behalf of the City, to authenticate and deliver 2023 Bonds transferred or  
10 exchanged in accordance with the provisions of such 2023 Bonds and this  
11 ordinance, and to carry out all of the Bond Registrar's powers and duties under  
12 this ordinance. The Bond Registrar shall be responsible for its representations  
13 contained in the Certificate of Authentication of the 2023 Bonds.  
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17 B. Registered Ownership. The City and the Bond Registrar, each in its  
18 discretion, may deem and treat the Registered Owner of each 2023 Bond as  
19 the absolute owner thereof for all purposes (except as provided in the  
20 Continuing Disclosure Certificate), and neither the City nor the Bond Registrar  
21 shall be affected by any notice to the contrary. Payment of any such 2023 Bond  
22 shall be made only as described in subsection G below, but such 2023 Bond  
23 may be transferred as herein provided. All such payments made as described in  
24 subsection G below shall be valid and shall satisfy and discharge the liability of  
25 the City upon such 2023 Bond to the extent of the amount or amounts so paid.  
26



1 C. DTC Acceptance/Letters of Representations. The 2023 Bonds initially  
2 shall be held by DTC acting as depository. The City has executed and delivered  
3 to DTC a Blanket Issuer Letter of Representations. Neither the City nor the  
4 Bond Registrar shall have any responsibility or obligation to DTC participants or  
5 the persons for whom they act as nominees (or any successor depository) with  
6 respect to the 2023 Bonds in respect of the accuracy of any records maintained  
7 by DTC (or any successor depository) or any DTC participant, the payment by  
8 DTC (or any successor depository) or any DTC participant of any amount in  
9 respect of the principal of or interest on 2023 Bonds, any notice which is  
10 permitted or required to be given to Registered Owners under this ordinance  
11 (except such notices as shall be required to be given by the City to the Bond  
12 Registrar or to DTC (or any successor depository)), or any consent given or  
13 other action taken by DTC (or any successor depository) as the Registered  
14 Owner. For so long as any 2023 Bonds are held by a depository, DTC or its  
15 successor depository or its nominee shall be deemed to be the Registered  
16 Owner for all purposes hereunder, and all references herein to the Registered  
17 Owners shall mean DTC (or any successor depository) or its nominee and shall  
18 not mean the owners of any beneficial interest in such 2023 Bonds.  
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23 D. Use of Depository.

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



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

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

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



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

15 E. Registration of Transfer of Ownership or Exchange; Change in  
16 Denominations. The transfer of any 2023 Bond may be registered and 2023  
17 Bonds may be exchanged, but no transfer of any such 2023 Bond shall be valid  
18 unless it is surrendered to the Bond Registrar with the assignment form  
19 appearing on such 2023 Bond duly executed by the Registered Owner or such  
20 Registered Owner's duly authorized agent in a manner satisfactory to the Bond  
21 Registrar. Upon such surrender, the Bond Registrar shall cancel the  
22 surrendered 2023 Bond and shall authenticate and deliver, without charge to  
23 the Registered Owner or transferee therefor, a new 2023 Bond (or 2023 Bonds  
24 at the option of the new Registered Owner) of the same series, date, maturity,  
25 and interest rate and for the same aggregate principal amount in any authorized  
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1 denomination, naming as Registered Owner the person or persons listed as the  
2 assignee on the assignment form appearing on the surrendered 2023 Bond, in  
3 exchange for such surrendered and cancelled 2023 Bond. Any 2023 Bond may  
4 be surrendered to the Bond Registrar and exchanged, without charge, for an  
5 equal aggregate principal amount of 2023 Bonds of the same series, date,  
6 maturity, and interest rate, in any authorized denomination. The Bond Registrar  
7 shall not be obligated to register the transfer of or to exchange any 2023 Bond  
8 between the Record Date and the next principal payment or redemption date.  
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11 F. Bond Registrar's Ownership of 2023 Bonds. The Bond Registrar may  
12 become the Registered Owner of any 2023 Bond with the same rights it would  
13 have if it were not the Bond Registrar, and to the extent permitted by law, may  
14 act as depository for and permit any of its officers or directors to act as a  
15 member of, or in any other capacity with respect to, any committee formed to  
16 protect the right of the Registered Owners or Beneficial Owners of 2023 Bonds.  
17

18 G. Place and Medium of Payment. Both principal of and interest on the  
19 2023 Bonds shall be payable in lawful money of the United States of America.  
20 Interest on the 2023 Bonds shall be calculated on the basis of a year of 360  
21 days and twelve 30-day months. For so long as all 2023 Bonds of a series are  
22 held by a depository, payments of principal thereof and interest thereon shall be  
23 made as provided in accordance with the operational arrangements of DTC  
24 referred to in the Letter of Representations. In the event that the 2023 Bonds of  
25 a series are no longer held by a depository, interest on such 2023 Bonds shall  
26 be paid by check or draft mailed to the Registered Owners at the addresses for



1 such Registered Owners appearing on the Bond Register on the Record Date,  
2 or upon the written request of a Registered Owner of more than \$1,000,000 of  
3 2023 Bonds (received by the Bond Registrar at least by the Record Date), such  
4 payment shall be made by the Bond Registrar by wire transfer to the account  
5 within the United States designated by the Registered Owner. Principal of the  
6 2023 Bonds shall be payable upon presentation and surrender of such 2023  
7 Bonds by the Registered Owners at the designated office of the Bond Registrar.

9 If any 2023 Bond is duly presented for payment and funds have not been  
10 provided by the City on the applicable payment date, then interest will continue  
11 to accrue thereafter on the unpaid principal thereof at the rate stated on the  
12 2023 Bond until the 2023 Bond is paid.

14 Section 5. Redemption Terms and Right to Purchase.

15 A. Mandatory Redemption of Term Bonds and Optional Redemption, if  
16 any. Each series of 2023 Bonds shall be subject to optional redemption on the  
17 dates, at the prices and under the terms set forth in the Bond Purchase  
18 Contract. Each series of 2023 Bonds shall be subject to mandatory redemption  
19 to the extent, if any, set forth in the Bond Purchase Contract.

21 B. Selection of 2023 Bonds for Redemption. For as long as the 2023  
22 Bonds of a series are held in book entry only form, the selection of particular  
23 2023 Bonds within a series and maturity to be redeemed shall be made in  
24 accordance with the operational arrangements then in effect at DTC. If the 2023  
25 Bonds of a series are no longer held by a depository, the selection of such 2023  
26 Bonds of such series to be redeemed and the surrender and reissuance





1 thereof, as applicable, shall be made as provided in the following provisions of  
2 this subsection B or in the Official Statement. If the City redeems at any one  
3 time fewer than all of the 2023 Bonds of a series having the same maturity date,  
4 the particular 2023 Bonds or portions of 2023 Bonds of such series and maturity  
5 to be redeemed shall be selected by lot (or in such manner determined by the  
6 Bond Registrar) in increments of \$5,000. In the case of a 2023 Bond of a  
7 denomination greater than \$5,000, the City and the Bond Registrar shall treat  
8 each 2023 Bond as representing such number of separate 2023 Bonds each of  
9 the denomination of \$5,000 as is obtained by dividing the actual principal  
10 amount of such 2023 Bond by \$5,000. In the event that only a portion of the  
11 principal sum of a 2023 Bond is redeemed, upon surrender of such 2023 Bond  
12 at the designated office of the Bond Registrar there shall be issued to the  
13 Registered Owner, without charge therefor, for the then unredeemed balance of  
14 the principal sum thereof, at the option of the Registered Owner, a 2023 Bond  
15 or 2023 Bonds of like series, maturity and interest rate in any of the  
16 denominations herein authorized. Notwithstanding the foregoing or anything  
17 else to the contrary in this ordinance, the selection of any 2023 Bonds for  
18 redemption may be as provided in the Bond Purchase Contract or Official  
19 Statement for such 2023 Bonds.

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24 C. Notice of Redemption.

25 (1) Official Notice. For so long as the 2023 Bonds of a series are held by  
26 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



1 Bond Registrar shall provide any notice of redemption to any Beneficial  
2 Owners. The notice of optional redemption may be conditional. Unless waived  
3 by any owner of 2023 Bonds to be redeemed, official notice of any such  
4 redemption (which optional redemption may be conditioned by the Bond  
5 Registrar on the receipt of sufficient funds for redemption or otherwise) shall be  
6 given by the Bond Registrar on behalf of the City by mailing a copy of an official  
7 redemption notice by first class mail at least 20 days and not more than 60 days  
8 prior to the date fixed for redemption to the Registered Owner of the 2023 Bond  
9 or 2023 Bonds to be redeemed at the address shown on the Bond Register or  
10 at such other address as is furnished in writing by such Registered Owner to  
11 the Bond Registrar.  
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14 All official notices of redemption shall be dated and shall state:

- 15 (i) the redemption date,  
16 (ii) the redemption price,  
17 (iii) if fewer than all outstanding 2023 Bonds are to be  
18 redeemed, the identification by series and maturity (and, in the case of partial  
19 redemption, the respective principal amounts) of the 2023 Bonds to be  
20 redeemed,  
21 (iv) any conditions to redemption, and  
22 (v) the place where such 2023 Bonds are to be  
23 surrendered for payment of the redemption price, which place of payment shall  
24 be the principal office of the Bond Registrar.  
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1           On or prior to any optional redemption date, unless any condition to  
2 such redemption has not been satisfied or waived, or notice of such  
3 redemption has been rescinded or revoked, and on or prior to any mandatory  
4 redemption date, the City shall deposit with the Bond Registrar an amount of  
5 money sufficient to pay the redemption price of all the 2023 Bonds or portions  
6 of 2023 Bonds which are to be redeemed on that date. The City retains the  
7 right to rescind any optional redemption notice and the related optional  
8 redemption of 2023 Bonds by giving notice of rescission to the affected  
9 Registered Owners at any time on or prior to the scheduled redemption date.  
10 Any notice of optional redemption that is so rescinded shall be of no effect,  
11 and the 2023 Bonds for which the notice of optional redemption has been  
12 rescinded shall remain outstanding.

15           (2) Effect of Notice; 2023 Bonds Due. If notice of redemption  
16 has been given and not rescinded or revoked, or if the conditions set forth in a  
17 conditional notice of redemption have been satisfied or waived, the 2023  
18 Bonds or portions of 2023 Bonds to be redeemed shall, on the redemption  
19 date, become due and payable at the redemption price therein specified, and  
20 if the Bond Registrar then holds sufficient funds to pay such 2023 Bonds at  
21 the redemption price, then from and after such date such 2023 Bonds or  
22 portions of 2023 Bonds shall cease to bear interest. Upon surrender of such  
23 2023 Bonds for redemption in accordance with said notice, such 2023 Bonds  
24 shall be paid by the Bond Registrar at the redemption price. Installments of  
25 interest due on or prior to the redemption date shall be payable as herein  
26



1 provided for payment of interest. All 2023 Bonds which have been redeemed  
2 shall be canceled by the Bond 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  
6 any manner defeat the effectiveness of a call for redemption if notice thereof  
7 is given as above-prescribed. Each further notice of redemption given  
8 hereunder shall contain the information required above for an official notice of  
9 redemption plus (i) the CUSIP numbers of all 2023 Bonds being redeemed;  
10 (ii) the date of issue of the 2023 Bonds as originally issued; (iii) the rate of  
11 interest borne by each 2023 Bond being redeemed; (iv) the maturity date of  
12 each 2023 Bond being redeemed; and (v) any other descriptive information  
13 needed to identify accurately the 2023 Bonds being redeemed. Each further  
14 notice of redemption may be sent at least 20 days before the redemption date  
15 to each party entitled to receive notice pursuant to the Continuing Disclosure  
16 Certificate and with such additional information as the City shall deem  
17 appropriate, but such mailings shall not be a condition precedent to the  
18 redemption of such 2023 Bonds.

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

3 D. Purchase of 2023 Bonds. The City reserves the right to purchase  
4 any or all of the 2023 Bonds in the open market at any time at any price  
5 acceptable to the City plus accrued interest to the date of purchase.  
6

7 Section 6. Form of 2023 Bonds; Execution. The 2023 Bonds shall be in  
8 substantially the form set forth in Exhibit A, which is incorporated herein by this  
9 reference, with such changes thereto as may be approved by a Designated  
10 Representative, consistent with this ordinance.  
11

12 The 2023 Bonds shall be executed on behalf of the City with the  
13 manual or facsimile signatures of the Mayor and City Clerk and the seal of the  
14 City shall be impressed, imprinted, or otherwise reproduced thereon.  
15

16 Only such 2023 Bonds as shall bear thereon a Certificate of  
17 Authentication in the form provided herein, manually executed by the Bond  
18 Registrar, shall be valid or obligatory for any purpose or entitled to the benefits  
19 of this ordinance. Such Certificate of Authentication shall be conclusive  
20 evidence that the 2023 Bonds so authenticated have been duly executed,  
21 authenticated and delivered hereunder and are entitled to the benefits of this  
22 ordinance.  
23

24 In case either of the officers who shall have executed the 2023 Bonds  
25 shall cease to be an officer or officers of the City before the 2023 Bonds so  
26 signed shall have been authenticated or delivered by the Bond Registrar, or  
issued by the City, such 2023 Bonds may nevertheless be authenticated,



1 delivered, and issued and upon such authentication, delivery, and issuance,  
2 shall be as binding upon the City as though those who signed the same had  
3 continued to be such officers of the City. Any 2023 Bond may be signed and  
4 attested on behalf of the City by such persons who at the date of the actual  
5 execution of such 2023 Bond, are the proper officers of the City, although at  
6 the original date of such 2023 Bond any such person shall not have been  
7 such officer of the City.

9           Section 7. Lost or Destroyed 2023 Bonds. In case any 2023 Bonds  
10 shall be lost, stolen, or destroyed, the Bond Registrar may authenticate and  
11 deliver a new 2023 Bond or 2023 Bonds of like series, amount, date, tenor,  
12 and effect to the owner thereof upon the owner paying the expenses and  
13 charges of the City in connection therewith and upon filing with the Bond  
14 Registrar evidence satisfactory to the Bond Registrar that such 2023 Bond(s)  
15 were actually lost, stolen, or destroyed and of ownership thereof, and upon  
16 furnishing the City with indemnity satisfactory to both.

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

20           A. Upon closing of the 2023 Bonds, the City shall deposit proceeds of  
21 each series of 2023 Bonds (net of the Underwriters' discount and any  
22 associated fees and costs) as provided in this section.

24           B. An amount, if any, shall be deposited into the Reserve Account or a  
25 separate reserve account to satisfy the Reserve Account Requirement with  
26 respect to the 2023 Bonds.



1 C. For the purpose of realizing a debt service savings and/or to  
2 restructure the Refunded Bonds, the City proposes to apply a portion of the  
3 proceeds of the 2023 Bonds to defease and/or redeem the Refunded Bonds as  
4 set forth herein. If a Designated Representative determines that it is in the best  
5 interest of the City to proceed with the refunding authorized herein, a  
6 Designated Representative shall designate all or a portion of the Refunding  
7 Candidates as Refunded Bonds and such designation shall be set forth in the  
8 Bond Purchase Contract. Each Designated Representative is further authorized  
9 to appoint an escrow agent ("Escrow Agent") to assist in the refunding plan  
10 authorized herein.  
11  
12

13 A portion of the proceeds of such series of 2023 Bonds, together with  
14 other available funds of the City, if any, shall be deposited with the Escrow  
15 Agent on behalf of the City in the Refunding Account, which is hereby  
16 authorized to be created, pursuant to an Escrow Agreement to be used  
17 immediately upon receipt thereof to defease or redeem, as applicable, the  
18 Refunded Bonds as authorized by the bond ordinances authorizing the  
19 Refunded Bonds, and to pay costs of issuance of such series of 2023 Bonds.  
20 The net proceeds deposited with the Escrow Agent shall be used to defease  
21 the Refunded Bonds and discharge the obligations thereon by either holding  
22 the funds uninvested or through the purchase of certain Acquired Obligations  
23 bearing such interest and maturing as to principal and interest in such  
24 amounts and at such times which, together with any necessary beginning  
25 cash balance, will provide for the payment of interest on the Refunded Bonds  
26



1 as the same becomes due on and prior to the Call Date for the Refunded  
2 Bonds, and the redemption price (100 percent of the principal amount) of the  
3 Refunded Bonds on the Call Date. Such Acquired Obligations shall be  
4 purchased at a yield not greater than the yield permitted by the Code and  
5 regulations relating to acquired obligations in connection with refunding bond  
6 issues.

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

14 The City hereby irrevocably sets aside sufficient funds out of the  
15 purchase of Acquired Obligations from proceeds of one or more series of  
16 2023 Bonds to make the payments described above. In the Escrow  
17 Agreement, the City shall irrevocably call the Refunded Bonds for redemption  
18 on the Call Date in accordance with the provisions of the bond ordinances  
19 authorizing the redemption and retirement of the Refunded Bonds prior to  
20 their fixed maturities. Said defeasance and call for redemption of the  
21 Refunded Bonds shall be irrevocable after the delivery of the cash and  
22 Acquired Obligations to the Escrow Agent.

25 The Escrow Agent is hereby authorized and directed to provide for the  
26 giving of notices of the redemption of the Refunded Bonds in accordance with  
the applicable provisions of the bond ordinances authorizing the issuance of





1 the Refunded Bonds. The costs of publication of such notices shall be an  
2 expense of the City.

3 Section 9. Flow of Funds. The Gross Revenue of the Water System  
4 shall be used for the following purposes only and shall be applied in the  
5 following order of priority:  
6

7 A. To pay the Operation and Maintenance Expenses;

8 B. To pay interest on Parity Bonds and net payments on Parity  
9 Payment Agreements when due;

10 C. To pay the principal of Parity Bonds as it comes due at maturity or  
11 as the principal is required to be paid pursuant to mandatory redemption  
12 requirements applicable to Term Bonds, and to make payments due under  
13 any reimbursement agreement with a Bond Insurer which agreement requires  
14 those payments to be treated on a parity of lien with the Parity Bonds;  
15

16 D. To make all payments required to be made into the Reserve  
17 Account and into any separate reserve account that secures the payment of  
18 Parity Bonds, all payments required to be made under any agreement relating  
19 to the provision of Reserve Insurance, and payments due under any  
20 reimbursement agreement with a Bond Insurer which agreement requires  
21 those payments to be treated on a parity of lien with the payments required to  
22 be made into the Reserve Account or any separate reserve account that  
23 secures the payment of Parity Bonds;  
24  
25

26 E. To make all payments required to be made into any revenue bond,  
note, warrant, or other revenue obligation redemption fund, debt service



1 account, or reserve account created to pay or secure the payment of the  
2 principal of and interest on any revenue bonds, notes, warrants, or other  
3 obligations of the City having a lien upon the revenue of the Water System  
4 junior and inferior to the lien thereon for the payment of the principal of and  
5 interest on the Parity Bonds, including any junior lien State loans that are  
6 obligations of the Water System; and  
7

8 F. To retire by redemption or purchase in the open market any  
9 outstanding revenue bonds or other revenue obligations of the Water System;  
10 to make necessary additional betterments, improvements, and repairs to or  
11 extensions and replacements of the Water System; to make deposits into the  
12 Rate Stabilization Account; or for any other lawful Water System purposes,  
13 including payment of gross earnings taxes to the City's General Fund.  
14

15 The City may transfer any money from any funds or accounts of the  
16 Water System legally available therefor, except bond redemption funds,  
17 refunding escrow funds or defeasance funds, to meet the required payments  
18 to be made into the Bond Fund.  
19

20 The City shall promptly collect all assessments levied in any utility local  
21 improvement district now or hereafter created to secure the payment of the  
22 principal of and interest on any Parity Bonds and shall pay the same into the  
23 Bond Fund, except for any prepaid assessments permitted by law to be paid  
24 into a construction fund or account.  
25

26 Section 10. Bond Fund. The Bond Fund has been created in the Water  
Division Fund, known as the Water Revenue Bond Fund, and is further



1 divided into two accounts: the Debt Service Account and the Reserve  
2 Account. At the option of the City, separate accounts may be created in the  
3 Bond Fund for the purpose of paying or securing the payment of principal,  
4 premium, if any, and interest on any series of Parity Bonds. So long as any  
5 Parity Bonds are outstanding, the City shall set aside and pay into the Bond  
6 Fund out of the Net Revenue, certain fixed amounts without regard to any  
7 fixed proportion, namely:

9           A. Debt Service Account. Into the Debt Service Account on or before  
10 each interest or principal and interest payment date of any Parity Bonds at  
11 least an amount which, together with other money on deposit therein, will be  
12 sufficient to pay the interest, or principal and interest, to become due and  
13 payable on the Parity Bonds on that payment date, including any Parity Bonds  
14 subject to mandatory redemption on that date, and net payments due on  
15 Parity Payment Agreements; and

16           B. Reserve Account. Into the Reserve Account the Reserve Account  
17 Requirement for any Parity Bonds secured by the Reserve Account, and into  
18 any other separate reserve account the Reserve Account Requirement for any  
19 Parity Bonds secured by such separate reserve account.

20           (1) Once the 2005 Bonds are no longer outstanding, the City  
21 may establish separate reserve accounts and separate Reserve Account  
22 Requirements (which may be zero (\$0.00)) for a series of Future Parity  
23 Bonds, in which case the Reserve Account shall not secure such Future Parity  
24 Bonds. Further, once the 2005 Bonds are no longer outstanding, the 2015



1 Bonds will be released and will no longer be secured by the Reserve Account  
2 or any other debt service reserve account.

3 (2) Each Designated Representative is authorized to  
4 determine whether the 2023 Bonds will be secured by the Reserve Account  
5 for a period less than the initial final maturity date thereof, and thereafter (1)  
6 by a separate reserve account with a different Reserve Account Requirement,  
7 or (2) not be secured by a reserve account at all. Such determination shall be  
8 set forth in the Bond Purchase Contract. Notice of any change in the Reserve  
9 Account Requirement or release of the Reserve Account with respect to the  
10 2023 Bonds will be given by the City in a manner similar to a release or  
11 substitution of property securing the 2023 Bonds in accordance with the  
12 Continuing Disclosure Certificate.

13 (3) The following subsection (3) applies to the Reserve  
14 Account so long as it secures payment of any Parity Bonds. Provisions related  
15 to a separate reserve account established for one or more series of Future  
16 Parity Bonds shall be set forth in the applicable Parity Bond Authorizing  
17 Ordinance(s).

18 The City may, at any time, provide all or any part of the Reserve  
19 Account Requirement through Reserve Insurance, and the amount available  
20 to be drawn upon under that Reserve Insurance shall be credited against the  
21 Reserve Account Requirement, subject to the following:

22 The Reserve Insurance shall not be cancelable on less than three  
23 years' notice. On receipt of a notice of cancellation of any Reserve Insurance



1 or upon notice that the entity providing the Reserve Insurance no longer  
2 meets the requirements specified herein, the City shall substitute Reserve  
3 Insurance in the amount required to make up the deficiency created in the  
4 Reserve Account or in the alternative shall create a special account in the  
5 Water Division Fund and deposit therein, on or before the 25th day of each of  
6 the 36 succeeding calendar months (commencing with the 25th day of the  
7 calendar month next following the date of the notice) 1/36th of the amount  
8 sufficient, together with other money and investments on deposit in the  
9 Reserve Account, to equal the Reserve Account Requirement in effect as of  
10 the date the cancellation or disqualification of the entity becomes effective.  
11 Those amounts shall be deposited in the special account from money in the  
12 Water Division Fund after making provision for payment of Operation and  
13 Maintenance Expenses and for required payments into the Bond Fund.  
14 Amounts on deposit in that special account shall not be available to pay debt  
15 service on Parity Bonds or for any other purpose of the City, and shall be  
16 transferred to the Reserve Account on the effective date of any cancellation of  
17 a Reserve Insurance to make up all or part of the deficiency caused thereby.  
18 Amounts in that special account or in the Reserve Account may be transferred  
19 back to the Water Division Fund and used for any purpose if and when  
20 qualifying Reserve Insurance is obtained.

25           Except for withdrawals therefrom and payments over time as  
26 authorized herein, the Reserve Account shall be maintained at the Reserve  
Account Requirement applicable to the Parity Bonds secured by the Reserve



1 Account, as it may be adjusted from time to time, at all times so long as any  
2 Parity Bonds secured by the Reserve Account remain outstanding. For the  
3 purpose of determining the amount credited to the Reserve Account,  
4 obligations in which money in the Reserve Account has been invested shall  
5 be valued at the greater of cost or accreted value.  
6

7 In the event that there shall be a deficiency in the Debt Service Account  
8 to meet maturing installments of either principal or interest or mandatory  
9 redemption requirements for the Parity Bonds secured by the Reserve  
10 Account, as the case may be, that deficiency shall be made up from the  
11 Reserve Account by the withdrawal of cash or draws on the Reserve  
12 Insurance therefrom for that purpose. Any deficiency created in the Reserve  
13 Account by reason of any such withdrawal shall, within 12 months, be made  
14 up from Net Revenue available after making necessary provisions for the  
15 required payments into the Debt Service Account.  
16  
17

18 The money in the Reserve Account may be applied to the payment of  
19 the last outstanding Parity Bonds secured by the Reserve Account payable  
20 out of the Bond Fund, except that any money in the Reserve Account  
21 (including investment earnings) in excess of the applicable Reserve Account  
22 Requirement may be withdrawn and deposited in the Debt Service Account  
23 and spent for the purpose of retiring Parity Bonds secured by the Reserve  
24 Account or may be deposited in any other fund or account and spent for any  
25 other lawful Water System purpose.  
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(4) When the total amount in the Bond Fund (including investment earnings) shall equal the total amount of principal and interest for all Parity Bonds to the last maturity thereof, no further payment need be made into the Bond Fund.

The City may provide for the purchase, redemption, or defeasance of any Parity Bonds by the use of money on deposit in any account in the Bond Fund as long as the money remaining in those accounts is sufficient to satisfy the required deposits in those accounts for the remaining Parity Bonds.

All money in the Bond Fund may be kept in cash or invested in legal investments (including the City's investment pool) maturing, for investments in the Debt Service Account, not later than the dates when the funds are required for the payment of principal of or interest on the Parity Bonds and, for investments in the Reserve Account, maturing (or subject to redemption, or repurchase and redemption, at the option of the City) on a date not later than 15 years from the date of investment. All such investments shall be acquired at Fair Market Value.

Earnings from investments in the Debt Service Account shall be deposited in that account. Earnings from investments in the Reserve Account shall be deposited in that account if necessary to meet the applicable Reserve Requirement. Notwithstanding the provisions for the deposit of earnings, any earnings that are subject to federal arbitrage rebate requirements may be withdrawn from the Bond Fund for deposit into a separate fund or account created for the purpose of compliance with those rebate requirements.



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If the City provides for all or part of the applicable Reserve Account Requirement by Reserve Insurance, excess amounts in the Reserve Account may be withdrawn from that account and deposited either in the Debt Service Account and/or in the Water Division Fund, subject to applicable state and federal law.

The City may create sinking fund accounts or other accounts in the Bond Fund for the payment or securing the payment of Parity Bonds, as long as the maintenance of such accounts does not conflict with the rights of the owners of such Parity Bonds.

C. Money in each of the subaccounts described in this Section 10 may be used, if necessary, to pay rebate amounts to the extent that such rebate amounts are directly attributable to earnings on such subaccount.

Section 11. Rate Stabilization Account. There has previously been established in the Water Division Fund a Rate Stabilization Account. The City may, at any time, as determined by the City and as consistent with Section 9 of this ordinance, deposit in the Rate Stabilization Account Gross Revenue and any other money received by the Water System and available to be used therefor, excluding principal proceeds of Parity Bonds or other borrowing. Net Revenue for a Fiscal Year shall not include deposits into the Rate Stabilization Account. The City may withdraw money from the Rate Stabilization Account for inclusion in the Net Revenue for any Fiscal Year of the Water System, except that: (a) the total amount withdrawn from the Rate Stabilization Account in any Fiscal Year of the Water System may not exceed the total debt





1 service of the Water System in that year; and (b) the Net Revenue in that  
2 Fiscal Year, disregarding the amounts withdrawn from the Rate Stabilization  
3 Account, must equal at least 1.0 times the Annual Debt Service that year on  
4 all Parity Bonds. Such deposits or withdrawals may be made up to and  
5 including the date 90 days after the end of the Fiscal Year for which the  
6 deposit or withdrawal will be included as Net Revenue for that Fiscal Year.

8 Earnings from investments in the Rate Stabilization Account shall be  
9 deposited in that account or another fund or account of the Water System. If  
10 earnings from investments in the Rate Stabilization Account are deposited into  
11 that account, such amounts shall not be included in the calculation of Net  
12 Revenue unless and until withdrawn from that account as provided above.  
13 Investments shall be acquired at Fair Market Value.

15 No deposit of Gross Revenue shall be made into the Rate Stabilization  
16 Account to the extent that such deposit would prevent the City from meeting  
17 the Coverage Requirement in the relevant Fiscal Year.

19 Section 12. Finding as to Sufficiency of Gross Revenue. The City finds  
20 that the Gross Revenue and benefits to be derived from the operation and  
21 maintenance of the Water System of the City at the rates to be charged for  
22 water and other services and commodities from the Water System will be  
23 more than sufficient to meet all Operation and Maintenance Expenses and to  
24 permit the setting aside into the Bond Fund out of the Gross Revenue of  
25 amounts sufficient to pay the principal of and interest on the Bonds and any  
26 mandatory redemption requirements when due. The City further declares that



1 in creating the Bond Fund and in fixing the amounts to be paid into the Bond  
2 Fund it has exercised due regard for Operation and Maintenance Expenses,  
3 and the City has not bound and obligated itself to set aside and pay into the  
4 Bond Fund a greater amount or proportion of the Gross Revenue than in the  
5 judgment of the City will be available over and above the Operation and  
6 Maintenance Expenses.  
7

8           Section 13. Pledge of Gross Revenue and Lien Position. The Gross  
9 Revenue of the Water System and all money and investments held in the  
10 Bond Fund (including the Reserve Account or any separate reserve account  
11 to the extent such account secures the payment of Parity Bonds), the Rate  
12 Stabilization Account, and any construction fund (except money and  
13 investments held in a separate fund or account created for the purpose of  
14 compliance with rebate requirements under the Code), is pledged to the  
15 payment of the Parity Bonds and to make payments into the Reserve Account  
16 or any separate reserve account required by the Parity Bond Authorizing  
17 Ordinances, and this pledge shall constitute a lien and charge upon the Gross  
18 Revenue prior and superior to any other charges whatsoever, except subject  
19 to the Operation and Maintenance Expenses of the Water System. The  
20 pledge of Gross Revenue of the Water System to the payment of the Parity  
21 Bonds is on a parity of lien as the payment of other parity lien obligations as  
22 provided in the Parity Bond Authorizing Ordinances.  
23  
24  
25

26           The Gross Revenue and other money and securities hereby pledged  
shall immediately be subject to the lien of this pledge without any physical



1 delivery or further act, and the lien of this pledge shall be valid and binding as  
2 against all parties having claims of any kind in tort, contract or otherwise  
3 against the City.

4 All Parity Bonds hereafter outstanding shall be equally and ratably  
5 payable and secured without priority by reason of date of adoption of the  
6 ordinance providing for their issuance or by reason of their number or date of  
7 sale, issuance, execution or delivery, or by the liens, pledges, charges, trusts,  
8 assignments and covenants made herein or in any ordinance authorizing  
9 Future Parity Bonds, except as otherwise expressly provided or permitted in  
10 this ordinance and except as to insurance which may be obtained by the City  
11 to insure the repayment of one or more series or maturities within a series.  
12

13 Parity Bonds shall not in any manner or to any extent constitute general  
14 obligations of the City or of the State, or any political subdivision of the State,  
15 or a charge upon any general fund or upon any money or other property of the  
16 City or of the State, or of any political subdivision of the State, not specifically  
17 pledged thereto by this ordinance.  
18

19 Section 14. Defeasance. In the event that the City, to effect the  
20 payment, retirement, or redemption of any 2023 Bond, sets aside in the Bond  
21 Fund or in another special account, cash or noncallable Government  
22 Obligations, or any combination of cash and/or noncallable Government  
23 Obligations, in amounts and maturities which, together with the known earned  
24 income therefrom, are sufficient to redeem and retire such 2023 Bond in  
25 accordance with its terms and to pay when due the interest and redemption  
26



1 premium, if any, thereon, and such cash and/or noncallable Government  
2 Obligations are irrevocably set aside and pledged for such purpose, then no  
3 further payments need be made into the Bond Fund for the payment of the  
4 principal of and interest on such 2023 Bond. The owner of a 2023 Bond so  
5 provided for shall cease to be entitled to any benefit or security of this  
6 ordinance except the right to receive payment of principal, premium, if any,  
7 and interest from the Bond Fund or such special account, and such 2023  
8 Bond shall be deemed to be not outstanding under this ordinance.  
9

10  
11 The City shall give written notice of defeasance to the Registered  
12 Owners of the 2023 Bonds and to each party entitled to receive notice in  
13 accordance with the Continuing Disclosure Certificate.

14 Section 15. Tax Covenants. The 2023 Bonds of a series may be issued  
15 as Tax-Exempt Bonds. The City hereby covenants that it will take all actions  
16 necessary to assure the exclusion of interest on the Tax-Exempt Bonds from  
17 the gross income of the Owners of the Tax-Exempt Bonds, to the same extent  
18 as such interest is permitted to be excluded from gross income under the  
19 Code as in effect on the Issue Date of the Tax-Exempt Bonds, including, but  
20 not limited to, the following:  
21

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



1           B. Limitations on Disposition of Projects. The City will not sell or  
2 otherwise transfer or dispose of (i) any personal property components of the  
3 Projects refinanced with proceeds of the Tax-Exempt Bonds other than in the  
4 ordinary course of an established government program under Treasury  
5 Regulation Section 1.141-2(d)(4) or (ii) any real property components of such  
6 Projects, unless it has received an opinion of nationally recognized bond  
7 counsel to the effect that such disposition will not adversely affect the  
8 treatment of interest on the Tax-Exempt Bonds as excludable from gross  
9 income for federal income tax purposes.  
10

11  
12           C. Federal Guarantee Prohibition. The City will not take any action or  
13 permit to suffer any action to be taken if the result of such action would be to  
14 cause any of the Tax-Exempt Bonds to be “federally guaranteed” within the  
15 meaning of Section 149(b) of the Code.  
16

17           D. Rebate Requirement. The City will take any and all actions  
18 necessary to assure compliance with Section 148(f) of the Code, relating to  
19 the rebate of excess investment earnings, if any, to the federal government, to  
20 the extent that such section is applicable to the Tax-Exempt Bonds.  
21

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



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

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

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

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

Section 16. Covenants. The City covenants and agrees with the owner of each Bond at any time outstanding, as follows:

A. Operation and Maintenance. It will at all times maintain, preserve, and keep the properties of the Water System in good repair, working order, and condition; will make all necessary and proper additions, betterments, renewals, and repairs thereto, and improvements, replacements, and extensions thereof; and will at all times operate or cause to be operated the



1 properties of the Water System and the business in connection therewith in an  
2 efficient manner and at a reasonable cost.

3 B. Establishment and Collection of Rates and Charges and Other  
4 Covenants. It will establish, maintain, and collect rates and charges for  
5 services and facilities provided by the Water System which will be fair and  
6 equitable, and will adjust those rates and charges from time to time so that:  
7

8 (1) The Gross Revenue will be sufficient to: (i) pay all  
9 Operation and Maintenance Expenses; (ii) pay when due all amounts that the  
10 City is obligated to pay into the Bond Fund and the accounts therein; and (iii)  
11 pay all taxes, assessments, or other governmental charges lawfully imposed  
12 on the Water System or the revenue therefrom or payments in lieu thereof and  
13 any and all other amounts which the City may now or hereafter become  
14 obligated to pay from the Gross Revenue by law or contract; and  
15

16 (2) The Net Revenue of the Water System in each Fiscal  
17 Year of the Water System will be at least equal to the Coverage Requirement.  
18

19 The failure of the City to comply with subparagraphs (1) and (2) of this  
20 subsection B shall not be an Event of Default as defined in Section 27 of this  
21 ordinance if the City promptly retains an Independent Consulting Engineer or,  
22 once the 2005 Bonds and 2009 Bonds are no longer outstanding, an  
23 independent certified public accountant, to recommend to the City Council  
24 adjustments in the rates of the Water System necessary to meet the  
25 requirements of those subparagraphs and if the City Council adopts the  
26



1 recommended modifications within 180 days of the date the failure become  
2 known to the City Council.

3 C. Sale, Transfer, or Disposition of the Water System. It will sell,  
4 transfer, or otherwise dispose of any of the works, plant, properties, facilities,  
5 or other part of the Water System or any real or personal property comprising  
6 a part of the Water System only upon approval by ordinance and only  
7 consistent with one or more of the following:  
8

9 (1) The City may exchange any of the works, plant,  
10 properties, facilities, or other part of the Water System for works, plant,  
11 properties, or facilities of substantially the same type, use and value; or  
12

13 (2) The City, in its discretion, may carry out such a sale,  
14 transfer, or disposition (each, as used in this subparagraph, a "transfer") if the  
15 facilities or property transferred are not material to the operation of the Water  
16 System, or shall have become unserviceable, inadequate, obsolete or unfit to  
17 be used in the operation of the Water System or are no longer necessary,  
18 material, or useful to the operation of the Water System; or  
19

20 (3) The City, in its discretion, may carry out such a transfer if  
21 the aggregate depreciated cost value of the facilities or property being  
22 transferred under this subparagraph (iii) in any Fiscal Year of the Water  
23 System comprises no more than three percent of the total assets of the Water  
24 System; or  
25

26 (4) The City may sell, lease, mortgage, or otherwise dispose  
of the Water System, including all additions to and betterments and





1 extensions thereof at any time made, that are used, useful, or material in the  
2 operation of the Water System, if provision is made for the replacement  
3 thereof or if the City receives from the purchaser or transferee an amount  
4 equal to or greater than the greatest of the following:  
5

6 (i) An amount which will be in the same proportion to the  
7 net amount of Parity Bonds then outstanding (defined as the total amount of  
8 the Parity Bonds less the amount of cash and investments in the Bond Fund  
9 and accounts therein) that the Gross Revenue of the Water System from the  
10 portion of the Water System sold or disposed of for the preceding year bears  
11 to the total Gross Revenue of the Water System for that period;  
12

13 (ii) An amount which will be in the same proportion to the  
14 net amount of Parity Bonds then outstanding (as defined above) that the Net  
15 Revenue from the portion of the Water System sold or disposed of for the  
16 preceding year bears to the total Net Revenue of the Water System for such  
17 period; or  
18

19 (iii) An amount which will be in the same proportion to the  
20 net amount of Parity Bonds then outstanding (as defined above) that the  
21 depreciated cost value of the portion of the Water System sold or disposed of  
22 bears to the depreciated cost value of the entire Water System immediately  
23 prior to such sale or disposition.  
24

25 The amount required to be paid to the City under this paragraph may  
26 be reduced by any "equity credits" or similar amounts based on prior capital  
contributions or other payments to the City which, under any contract between



1 the City and the purchaser or transferee, are allowed as a setoff against the  
2 purchase or transfer price that would otherwise be payable to the City.

3           The City may accept from the purchaser or transferee the amount  
4 calculated as described in this paragraph, payable, with interest, amortized  
5 over the number of years of remaining life of the portion of the Water System  
6 sold or disposed of or such shorter period of time as determined by the City.  
7 However, the contract of transfer or sale must provide that the payments to  
8 the City shall be either superior to or equal to the lien on the revenues of the  
9 purchaser or transferee of all other obligations of the purchaser or transferee.  
10

11           D. No Free Service. Except to aid the poor or infirm and for firefighting  
12 purposes and if the City elects to provide free service for such purposes, it will  
13 not furnish or supply or permit the furnishing or supplying of any service or  
14 facility in connection with the operation of the Water System free of charge to  
15 any person, firm, or corporation, public or private.  
16

17           E. Liens Upon the Water System. Except as otherwise provided in this  
18 ordinance, it will not at any time create or permit to accrue or to exist any lien  
19 or other encumbrance or indebtedness upon the Gross Revenue or any part  
20 thereof, prior or superior to the lien thereon for the payment of the Parity  
21 Bonds, and will pay and discharge, or cause to be paid and discharged, any  
22 and all lawful claims for labor, materials, or supplies which, if unpaid, might  
23 become a lien or charge upon the Gross Revenue or any part thereof, prior or  
24 superior to, or on a parity with, the lien of the Parity Bonds, or which might  
25 impair the security of the Parity Bonds.  
26



1 F. Books and Accounts. It will keep proper books, records, and accounts  
2 with respect to the operations, income, and expenditures of the Water System in  
3 accordance with generally accepted accounting practices relating to municipal  
4 utilities and any applicable rules and regulations prescribed by the State, and  
5 will cause those books, records, and accounts to be audited on an annual basis  
6 by the State Auditor and/or independent auditor (or, if such audit is not made by  
7 the State Auditor within 270 days after the close of any Fiscal Year of the Water  
8 System, by a certified public accountant selected by the City). It will prepare  
9 annual financial and operating statements as soon as practicable after the close  
10 of each Fiscal Year of the Water System showing in reasonable detail the  
11 financial condition of the Water System as of the close of the previous year, and  
12 the income and expenses for such year, including the amounts paid into the  
13 Bond Fund and into any and all special funds or accounts created pursuant to  
14 the provisions of this ordinance, the status of all funds and accounts as of the  
15 end of such year, and the amounts expended for maintenance, renewals,  
16 replacements, and capital additions to the Water System. Such statements shall  
17 be sent to the owner of any Parity Bonds upon written request therefor being  
18 made to the City. The City may charge a reasonable cost for providing such  
19 financial statements.

24 G. Collection of Delinquent Accounts. On at least an annual basis, it will  
25 determine all accounts that are delinquent and will take such actions as the City  
26 determines are reasonably necessary to enforce payment of those delinquent  
accounts.



1 H. Maintenance of Insurance. It at all times will carry fire and extended  
2 coverage, public liability and property damage and such other forms of  
3 insurance with responsible insurers and with policies payable to the City on such  
4 of the buildings, equipment, works, plants, facilities and properties of the Water  
5 System as are ordinarily carried by municipal or privately owned utilities  
6 engaged in the operation of like systems, and against such claims for damages  
7 as are ordinarily carried by municipal or privately owned utilities engaged in the  
8 operation of like systems, or it will self insure or will participate in an insurance  
9 pool or pools with reserves adequate, in the reasonable judgment of the City, to  
10 protect the Water System and the owners of the Parity Bonds against loss.  
11

13 I. Condemnation Awards and Insurance Proceeds. If the City receives  
14 any condemnation awards or proceeds of an insurance policy in connection with  
15 any loss of or damage to any property of the Water System, it shall apply the  
16 condemnation award or insurance proceeds, in the City's sole discretion, either:  
17 (A) to the cost of replacing or repairing the lost or damaged properties; (B) to the  
18 payment, purchase or redemption of Parity Bonds; or (C) to the cost of  
19 improvements to the Water System.  
20

21 Section 17. Payment Agreements and Parity Payment Agreements.

22 A. Calculation of Debt Service on Parity Bonds With Respect to Which a  
23 Payment Agreement Is in Force. Debt service on Parity Bonds with respect to  
24 which a Payment Agreement is in force shall be calculated based on the net  
25 economic effect on the City expected to be produced by the terms of the Parity  
26 Bonds and the terms of the Payment Agreement, including, but not limited to,



1 the effects that: (1) Parity Bonds that would, but for a Payment Agreement, be  
2 treated as obligations bearing interest at a Variable Interest Rate instead shall  
3 be treated as obligations bearing interest at a fixed interest rate; and (2) Parity  
4 Bonds that would, but for a Payment Agreement, be treated as obligations  
5 bearing interest at a fixed interest rate instead shall be treated as obligations  
6 bearing interest at a Variable Interest Rate. Accordingly, the amount of interest  
7 deemed to be payable on any Parity Bonds with respect to which a Payment  
8 Agreement is in force shall be an amount equal to the amount of interest that  
9 would be payable at the rate or rates stated in those Parity Bonds plus Payment  
10 Agreement Payments minus Payment Agreement Receipts. For the purposes of  
11 calculating as nearly as practicable Payment Agreement Receipts and Payment  
12 Agreement Payments, under a Payment Agreement that includes a variable rate  
13 component determined by reference to a pricing mechanism or index that is not  
14 the same as the pricing mechanism or index used to determine the variable rate  
15 interest component on the Parity Bonds to which the Payment Agreement is  
16 related, it shall be assumed that the fixed rate used in calculating Payment  
17 Agreement Payments will be equal to 105% of the fixed rate specified by the  
18 Payment Agreement and that the pricing mechanism or index specified by the  
19 Payment Agreement is the same as the pricing mechanism or index specified by  
20 the Parity Bonds.

25 B. Debt Service on Parity Payment Agreements. No additional debt  
26 service shall be taken into account with respect to a Parity Payment Agreement  
for any period during which Payment Agreement Payments on that Parity



1 Payment Agreement are taken into account in determining Annual Debt Service  
2 on related Parity Bonds under subsection A of this Section 17. However, for any  
3 period during which Payment Agreement Payments are not taken into account  
4 in calculating Annual Debt Service on any outstanding Parity Bonds because the  
5 Parity Payment Agreement is not then related to any outstanding Parity Bonds,  
6 debt service on that Parity Payment Agreement shall be taken into account by  
7 assuming:  
8

9 (1) City Obligated to Make Payments Based on Fixed Rate. If  
10 the City is obligated to make Payment Agreement Payments based on a fixed  
11 rate and the Qualified Counterparty is obligated to make payments based on a  
12 variable rate index, that payments by the City will be based on the assumed  
13 fixed rate, and that payments by the Qualified Counterparty will be based on a  
14 rate equal to the average rate determined by the variable rate index specified by  
15 the Parity Payment Agreement during the fiscal quarter preceding the quarter in  
16 which the calculation is made; and  
17  
18

19 (2) City Obligated to Make Payments Based on Variable Rate  
20 Index. If the City is obligated to make Payment Agreement Payments based on  
21 a variable rate index and the Qualified Counterparty is obligated to make  
22 payment based on a fixed rate, that payments by the City will be based on a rate  
23 equal to the average rate determined by the variable rate index specified by the  
24 Parity Payment Agreement during the fiscal quarter preceding the quarter in  
25 which the calculation is made, and that the Qualified Counterparty will make  
26 payments based on the fixed rate specified by the Parity Payment Agreement.



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Section 18. Future Parity Bonds. The City reserves the right to issue Future Parity Bonds and to enter into Parity Payment Agreements for purposes of the Water System or to refund a portion of the Parity Bonds if the following conditions are met and complied with at the time of the issuance of those Future Parity Bonds or entering into the Parity Payment Agreement:

A. There shall be no deficiency in the Bond Fund and no Event of Default as defined in Section 27 shall have occurred and be continuing.

B. The Parity Bond Authorizing Ordinance shall provide that all assessments and interest thereon that may be levied in any utility local improvement district created for the purpose of paying, in whole or in part, the principal of and interest on those Future Parity Bonds, shall be paid directly into the Bond Fund, except for any prepaid assessments permitted by law to be paid into a construction fund or account.

C. The Parity Bond Authorizing Ordinance shall provide for the payment of the principal thereof and interest thereon out of the Bond Fund.

D. The Parity Bond Authorizing Ordinance shall provide for the payment of amounts into the Bond Fund to meet mandatory redemption requirements applicable to any Term Bonds to be issued and for regular payments to be made for the payment of the principal of such Term Bonds on or before their maturity, or, as an alternative, the mandatory redemption of those Term Bonds prior to their maturity date from money in the Debt Service Account.

E. If the Future Parity Bonds proposed to be issued are secured by the Reserve Account, the Parity Bond Authorizing Ordinance shall provide for the



1 deposit into the Reserve Account of: (1) an amount, if any, necessary to fund  
2 the Reserve Account Requirement upon the issuance of those Future Parity  
3 Bonds from Future Parity Bond proceeds or other money legally available; or (2)  
4 Reserve Insurance or an amount plus Reserve Insurance necessary to fund the  
5 Reserve Account Requirement upon the issuance of those Future Parity Bonds;  
6 or (3) amounts necessary to fund the Reserve Account Requirement from Net  
7 Revenue within five years from the date of issuance of those Future Parity  
8 Bonds, in five approximately equal annual payments. Once the 2005 Bonds are  
9 no longer outstanding, such Future Parity Bonds may be secured by a separate  
10 reserve account with a separate Reserve Account Requirement, which may be  
11 zero.  
12  
13

14 F. There shall be on file with the City either:

15 (1) A certificate of the Finance Director demonstrating that  
16 during any 12 consecutive calendar months out of the immediately preceding 24  
17 calendar months Net Revenue was at least equal to 1.25 times the projected  
18 Maximum Annual Debt Service for all Parity Bonds including the Future Parity  
19 Bonds proposed to be issued; or  
20

21 (2) A certificate of an Independent Consulting Engineer or,  
22 once the 2005 Bonds and 2009 Bonds are no longer outstanding, an  
23 independent certified public accountant, that, in such individual's opinion, the  
24 Net Revenue will be at least equal to 1.25 times the projected Average Annual  
25 Debt Service for all Parity Bonds including the Future Parity Bonds proposed to  
26 be issued. In providing that certificate, the Independent Consulting Engineer, or





1 independent certified public accountant, may take into account the following  
2 adjustments:

3 (i) Any changes in rates in effect and being charged, or  
4 rates expected to be charged in accordance with a program of specific rates,  
5 rate levels, or increases in overall rate revenue approved by ordinance or  
6 resolution;

7 (ii) Net revenue from customers of the Water System who  
8 have become customers during the 12 consecutive month period, or thereafter,  
9 and their estimate of net revenue from any customers to be connected to the  
10 Water System who have paid the required connection charges, adjusted to  
11 reflect one year's net revenue from those customers;

12 (iii) The Independent Consulting Engineer's, or  
13 independent certified public account's, estimate of customers anticipated to be  
14 served by facilities or improvements financed in substantial part by those Future  
15 Parity Bonds (or additional Parity Bonds expected to be issued during the five-  
16 year period); and

17 (iv) Net revenue from any person, firm, corporation, or  
18 municipal corporation under any executed contract for water or other utility  
19 service, which revenue was not included in the historical Net Revenue of the  
20 Water System.

21 If the Future Parity Bonds proposed to be issued are for the sole purpose  
22 of refunding outstanding bonds payable from the Bond Fund, no such coverage  
23 certification shall be required if the Annual Debt Service on the Parity Bonds  
24



1 after the issuance of the Future Parity Bonds is not, for any year in which Parity  
2 Bonds are outstanding, more than \$5,000 over the Annual Debt Service on the  
3 Parity Bonds prior to the issuance of those Future Parity Bonds.

4  
5 Nothing contained herein shall prevent the City from issuing Future  
6 Parity Bonds to refund maturing Parity Bonds, money for the payment of which  
7 is not otherwise available, or revenue bonds that are a charge or lien upon the  
8 Gross Revenue subordinate to the charge or lien of the Parity Bonds, or from  
9 pledging the payment of utility local improvement district assessments into a  
10 bond redemption fund created for the payment of the principal of and interest on  
11 those junior lien bonds as long as such utility local improvement district  
12 assessments are levied for improvements constructed from the proceeds of  
13 those junior lien bonds.

14  
15 Section 19. Reimbursement Obligations. If the City elects to meet the  
16 Reserve Account Requirement or any portion thereof through the use of Reserve  
17 Insurance or elects to secure any issue of Parity Bonds through the use of Bond  
18 Insurance, the City may contract with the entity providing such Reserve  
19 Insurance or Bond Insurance to the effect that the City's reimbursement  
20 obligation, if any, to such entity ranks on a parity of lien with the Parity Bonds.

21  
22 Section 20. Separate Utility Systems. The City may create, acquire,  
23 construct, finance, own, and operate one or more additional systems for water  
24 supply, transmission, treatment, or other commodity or service. The Regional  
25 System has been created as a separate system. The revenue of any separate  
26 utility system shall not be included in the Gross Revenue of the Water System



1 and may be pledged to the payment of revenue obligations issued to purchase,  
2 construct, condemn, or otherwise acquire or expand the separate utility system.  
3 Neither the Gross Revenue nor the Net Revenue of the Water System shall be  
4 pledged by the City to the payment of any obligations of a separate utility  
5 system except: (A) as a Contract Resource Obligation upon compliance with  
6 Section 21; and/or (B) with respect to the Net Revenue, on a basis subordinate  
7 to the lien of the Parity Bonds on that Net Revenue.  
8

9           Section 21. Contract Resource Obligations. The City may at any time  
10 enter into one or more contracts or other obligations for the acquisition, from  
11 facilities to be constructed, of water supply, transmission, treatment, or other  
12 commodity or service relating to the Water System. The City's obligation with  
13 respect to the Regional System is a Contract Resource Obligation. The City  
14 may determine that such contract or other obligation is a Contract Resource  
15 Obligation, and may provide that all payments under that Contract Resource  
16 Obligation (including payments prior to the time that water supply, transmission,  
17 treatment or other commodity or service is being provided, or during a  
18 suspension or after termination of supply or service) shall be Operation and  
19 Maintenance Expenses if the following requirements are met at the time such  
20 Contract Resource Obligation is entered into:  
21  
22

23           A. No Event of Default as defined in Section 27 of this ordinance has  
24 occurred and is continuing.  
25

26           B. There shall be on file a certificate of an Independent Consulting  
Engineer or, once the 2005 Bonds, the 2009 Bonds and the 2010 Bonds are no



1 longer outstanding, an independent certified public accountant, stating that: (1)  
2 the payments to be made by the City in connection with the Contract Resource  
3 Obligation are reasonable for the supply, transmission, treatment, or other  
4 service rendered; (2) the source of any new supply, and any facilities to be  
5 constructed to provide the supply, transmission, treatment, or other service, are  
6 sound from a water or other commodity supply or transmission planning  
7 standpoint, are technically and economically feasible in accordance with  
8 prudent utility practice, and are likely to provide supply or transmission or other  
9 service no later than a date set forth in the Independent Consulting Engineer's,  
10 or independent certified public accountant's, certification; and (3) the Net  
11 Revenue (further adjusted by the Independent Consulting Engineer's, or  
12 independent certified public accountant's, estimate of the payments to be made  
13 in accordance with the Contract Resource Obligation) for the five Fiscal Years  
14 following the year in which the Contract Resource Obligation is incurred, as  
15 such Net Revenue is estimated by the Independent Consulting Engineer, or  
16 independent certified public accountant (with such estimate based on such  
17 factors as he or she considers reasonable), will be at least equal to the  
18 Coverage Requirement.

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22  
23           Payments required to be made under Contract Resource Obligations  
24 shall not be subject to acceleration.

25           Nothing in this section shall be deemed to prevent the City from entering  
26 into other agreements for the acquisition of water supply, transmission,  
treatment, or other commodity or service from existing facilities and from



1 treating those payments as Operation and Maintenance Expenses of the Water  
2 System. Nothing in this section shall be deemed to prevent the City from  
3 entering into other agreements for the acquisition of water supply, transmission,  
4 treatment, or other commodity or service from facilities to be constructed and  
5 from agreeing to make payments with respect thereto, such payments  
6 constituting a lien and charge on Gross Revenue subordinate to that of Parity  
7 Bonds.  
8

9 Section 22. Sale of 2023 Bonds.

10 A. Bond Sale. The 2023 Bonds shall be sold by negotiated public sale to  
11 the Underwriters pursuant to the terms of the Bond Purchase Contract. The City  
12 Council has determined that it would be in the best interest of the City to  
13 delegate to the Designated Representatives, for a limited time, the authority to  
14 select the Refunded Bonds from the Refunding Candidates, to designate each  
15 series of 2023 Bonds as Tax-Exempt Bonds or Taxable Bonds, to determine  
16 the Reserve Account Requirement and other related provisions in accordance  
17 with Section 10, and to approve the final terms for each series of 2023 Bonds,  
18 including but not limited to final interest rates, final maturity date, redemption  
19 terms, principal maturities, and any other terms for each series of 2023 Bonds.  
20

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



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

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

14                   (1) the aggregate principal (face) amount of all 2023 Bonds issued  
15 under this ordinance does not exceed \$75,000,000,

17                   (2) the final maturity date for each series of 2023 Bonds is no later  
18 than December 1, 2043,

19                   (3) the aggregate purchase price for the 2023 Bonds of a series  
20 shall not be less than 95 percent of the aggregate stated principal amount of  
21 such 2023 Bonds, excluding any original issue discount, and not greater than  
22 140 percent,

24                   (4) the 2023 Bonds of each series shall bear interest at fixed rates  
25 per annum and the true interest cost for the 2023 Bonds of such series (in the  
26 aggregate) does not exceed 4.50 percent, and



1 (5) the 2023 Bonds of each series conform to all other terms of  
2 this ordinance.

3 The final terms of each series of 2023 Bonds shall be set forth in the  
4 Bond Purchase Contract. Subject to the terms and conditions set forth in this  
5 section, each Designated Representative is hereby authorized to execute the  
6 Bond Purchase Contract.  
7

8 The authority granted to the Designated Representatives by this section  
9 shall expire one year from the effective date of this ordinance. If a Bond  
10 Purchase Contract for the 2023 Bonds has not been executed by such date, the  
11 authorization for the issuance of the 2023 Bonds shall be rescinded, and the  
12 2023 Bonds shall not be issued nor their sale approved unless such 2023  
13 Bonds are re-authorized by ordinance of the City Council at the request of the  
14 Board. The ordinance re-authorizing the issuance and sale of such 2023 Bonds  
15 may be in the form of a new ordinance repealing this ordinance in whole or in  
16 part or may be in the form of an amendatory ordinance approving a Bond  
17 Purchase Contract or establishing terms and conditions for the authority  
18 delegated under this section.  
19

20  
21 Section 23. General Authorization; Documents. Following the passage  
22 and approval of this ordinance, the proper officials of the City, including the  
23 Designated Representatives, the Mayor, the Finance Director, the Treasurer,  
24 the City Manager, the Assistant Finance Director/Controller, and the City Clerk,  
25 are authorized and directed to undertake all action necessary for the prompt  
26 execution and delivery of the 2023 Bonds to the Underwriters and further to



1 execute all closing certificates and documents required to effect the closing and  
2 delivery of the 2023 Bonds in accordance with the terms of this ordinance and  
3 the Bond Purchase Contract. Such documents may include, but are not limited  
4 to, documents related to a municipal bond insurance policy delivered by a Bond  
5 Insurer to insure the payment when due of the principal of and interest on all or  
6 a portion of the 2023 Bonds as provided therein, if such insurance is  
7 determined by a Designated Representative to be in the best interest of the  
8 City.  
9

10           Notwithstanding anything herein to the contrary, the signature of one  
11 authorized official, including, but not limited to, the Designated Representatives,  
12 shall be sufficient to bind the City.  
13

14           Section 24. Preliminary and Final Official Statements. The Designated  
15 Representatives and the City Finance Director are each hereby authorized to  
16 deem final the preliminary Official Statement relating to the 2023 Bonds for the  
17 purposes of the Rule. The Designated Representatives and the City Finance  
18 Director are each further authorized to approve for purposes of the Rule, on  
19 behalf of the City, the final Official Statement relating to the issuance and sale  
20 of the 2023 Bonds and the distribution of the final Official Statement pursuant  
21 thereto with such changes, if any, as may be deemed by such individual to be  
22 appropriate.  
23  
24

25           Section 25. Ongoing Disclosure; Continuing Disclosure Certificate. The  
26 City covenants to execute and deliver on each Issue Date a Continuing  
Disclosure Certificate consistent with the Rule. The Finance Director is hereby





1 authorized to execute and deliver a Continuing Disclosure Certificate upon the  
2 issuance, delivery, and sale of the 2023 Bonds with such terms and provisions  
3 as such officer shall deem appropriate and in the best interests of the City.

4 Section 26. Amendatory and Supplemental Ordinances.

5 A. This ordinance shall not be modified or amended in any respect  
6 subsequent to the initial issuance of the Parity Bonds, except as provided in  
7 and in accordance with and subject to the provisions of this section.

8 B. Modification without Bondholder Consent. The City, from time to time,  
9 and at any time, without the consent of or notice to the registered owners of the  
10 Parity Bonds, may pass supplemental or amendatory ordinances as follows:

11 (1) To cure any formal defect, omission, inconsistency, or  
12 ambiguity in this ordinance in a manner not adverse to the owner of any Parity  
13 Bond;

14 (2) To impose upon the Bond Registrar (with its consent) for  
15 the benefit of the registered owners of the Parity Bonds any additional rights,  
16 remedies, powers, authority, security, liabilities, or duties which may lawfully be  
17 granted, conferred, or imposed and which are not contrary to or inconsistent  
18 with this ordinance as theretofore in effect;

19 (3) To add to the covenants and agreements of, and limitations  
20 and restrictions upon, the City in this ordinance, other covenants, agreements,  
21 limitations, and restrictions to be observed by the City which are not contrary or  
22 inconsistent with this ordinance as theretofore in effect;



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(4) To confirm, as further assurance, any pledge under, and the subjection to any claim, lien, or pledge created or to be created by this ordinance of any other money, securities, or funds;

(5) To authorize different denominations of the Parity Bonds and to make correlative amendments and modifications to this ordinance regarding exchangeability of Parity Bonds of different authorized denominations, redemptions of portions of Parity Bonds of particular authorized denominations, and similar amendments and modifications of a technical nature;

(6) To modify, alter, amend, or supplement this ordinance in any other respect which is not materially adverse to the registered owners of the Parity Bonds and which does not involve a change described in Section 26(C);

(7) Because of change in federal law or rulings, to maintain the exclusion from gross income of the interest on the Parity Bonds from federal income taxation; and

(8) To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance, other covenants, agreements, limitations, and restrictions to be observed by the City which are requested by a Bond Insurer or provider of Reserve Insurance and which are not materially adverse to the registered owners of the Parity Bonds.

Before the City shall adopt any such supplemental ordinance pursuant to this subsection, there shall have been delivered to the City and the Bond



1 Registrar an opinion of Bond Counsel, stating that such supplemental ordinance  
2 is authorized or permitted by this ordinance and, upon the execution and  
3 delivery thereof, will be valid and binding upon the City in accordance with its  
4 terms and will not adversely affect the exclusion from gross income for federal  
5 income tax purposes of interest on the tax-exempt Parity Bonds.  
6

7 C. Modification with Bondholder Consent.

8 (1) Except for any supplemental ordinance entered into  
9 pursuant to Section 26(B), subject to the terms and provisions contained in this  
10 section and not otherwise, registered owners of not less than 60% in aggregate  
11 principal amount of the Parity Bonds shall have the right from time to time to  
12 consent to and approve the passage by the City of any supplemental ordinance  
13 deemed necessary or desirable by the City for the purpose of modifying,  
14 altering, amending, supplementing, or rescinding, in any particular, any of the  
15 terms or provisions contained in this ordinance; except that, unless approved in  
16 writing by the registered owners of all Parity Bonds, nothing contained in this  
17 section shall permit, or be construed as permitting:  
18  
19

20 (i) A change in the times, amounts, or currency of payment  
21 of the principal of or interest on any outstanding Parity Bond, or a reduction in  
22 the principal amount or redemption price of any outstanding Parity Bond or a  
23 change in the redemption price of any outstanding Parity Bond or a change in  
24 the method of determining the rate of interest thereon;  
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26 (ii) A preference of priority of any Parity Bond or Bonds  
over any other Parity Bond or Bonds; or



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(iii) A reduction in the aggregate principal amount of Parity Bonds, the consent of the registered owners of Parity Bonds of which is required for any such supplemental ordinance.

(2) If, at any time, the City shall pass any supplemental ordinance for any of the purposes of this section, the Bond Registrar shall cause notice of the proposed supplemental ordinance to be given by first-class United States mail to all registered owners of the Parity Bonds, to any Bond Insurer, and to the Rating Agencies if the Parity Bonds are rated by those agencies. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file at the office of the Bond Registrar for inspection by all registered owners of the Parity Bonds.

(3) Within two years after the date of the mailing of such notice, the City may adopt such supplemental ordinance in substantially the form described in such notice, but only if there shall have first been delivered to the Bond Registrar: (i) the required consents, in writing, of the registered owners of the Parity Bonds; and (ii) an opinion of bond counsel stating that such supplemental ordinance is authorized or permitted by this ordinance and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Parity Bonds.

(4) If registered owners of not less than the percentage of Parity Bonds required by this section shall have consented to and approved the



1 execution and delivery thereof as herein provided, no owner of the Parity Bonds  
2 shall have any right to object to the passage of such supplemental ordinance, or  
3 to object to any of the terms and provisions contained therein or the operation  
4 thereof, or in any manner to question the propriety of the passage thereof, or to  
5 enjoin or restrain the City or the Bond Registrar from passing the same or from  
6 taking any action pursuant to the provisions thereof.  
7

8 D. Upon the execution and delivery of any supplemental ordinance  
9 pursuant to the provisions of this section, this ordinance shall be, and be  
10 deemed to be, modified and amended in accordance therewith, and the  
11 respective rights, duties, and obligations under this ordinance of the City, the  
12 Bond Registrar and all registered owners of Parity Bonds, shall thereafter be  
13 determined, exercised and enforced under this ordinance subject in all respects  
14 to such modifications and amendments.  
15

16 Section 27. Defaults and Remedies.

17 A. Events of Default. The following shall constitute "Events of Default"  
18 with respect to the Parity Bonds.  
19

20 (1) If a default is made in the payment of the principal of or  
21 interest on any of the Parity Bonds when the same shall become due and  
22 payable.  
23

24 (2) If the City defaults in the observance and performance of  
25 any other of the covenants, conditions, and agreements on the part of the City  
26 set forth in this ordinance or any covenants, conditions, or agreements on the  
part of the City contained in any Parity Bond Authorizing Ordinance and such



1 default or defaults have continued for a period of six months after the City has  
2 received from the Bondowners' Trustee (as defined below) or from the  
3 registered owners of not less than 25% in principal amount of the Parity Bonds,  
4 a written notice specifying and demanding the cure of such default. However, if  
5 the default in the observance and performance of any other of the covenants,  
6 conditions, and agreements is one which cannot be completely remedied within  
7 the six months after written notice has been given, it shall not be an Event of  
8 Default with respect to the Parity Bonds as long as the City has taken active  
9 steps within the six months after written notice has been given to remedy the  
10 default and is diligently pursuing such remedy.  
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12

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

15 B. Bondowners' Trustee. So long as such Event of Default has not been  
16 remedied, a bondowners' trustee (the "Bondowners' Trustee") may be  
17 appointed by the registered owners of 25% in principal amount of the Parity  
18 Bonds, by an instrument or concurrent instruments in writing signed and  
19 acknowledged by such registered owners of the Parity Bonds or by their  
20 attorneys in fact duly authorized and delivered to such Bondowners' Trustee,  
21 notification thereof being given to the City. That appointment shall become  
22 effective immediately upon acceptance thereof by the Bondowners' Trustee.  
23 Any Bondowners' Trustee appointed under the provisions of this section shall  
24 be a bank or trust company organized under the laws of the State, the State of  
25 New York, or a national banking association. The bank or trust company acting  
26



1 as Bondowners' Trustee may be removed at any time, and a successor  
2 Bondowners' Trustee may be appointed, by the registered owners of a majority  
3 in principal amount of the Parity Bonds, by an instrument or concurrent  
4 instruments in writing signed and acknowledged by such registered owners of  
5 the Parity Bonds or by their attorneys-in-fact duly authorized. The Bondowners'  
6 Trustee may require such security and indemnity as may be reasonable against  
7 the costs, expenses, and liabilities that may be incurred in the performance of  
8 its duties. In the event that any Event of Default in the sole judgment of the  
9 Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the  
10 City a certificate so stating, that Event of Default shall be conclusively deemed  
11 to be cured and the City, the Bondowners' Trustee and the registered owners of  
12 the Parity Bonds shall be restored to the same rights and position which they  
13 would have held if no Event of Default had occurred.

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16  
17 The Bondowners' Trustee appointed in the manner herein provided, and  
18 each successor thereto, is declared to be a trustee for the registered owners of  
19 all the Parity Bonds and is empowered to exercise all the rights and powers  
20 herein conferred on the Bondowners' Trustee.

21 C. Suits at Law or in Equity. Upon the happening of an Event of Default  
22 and during the continuance thereof, the Bondowners' Trustee may, and upon  
23 the written request of the registered owners of not less than 25% in principal  
24 amount of the Parity Bonds outstanding shall, take such steps and institute  
25 such suits, actions, or other proceedings, all as it may deem appropriate for the  
26 protection and enforcement of the rights of the registered owners of the Parity



1 Bonds, to collect any amounts due and owing to or from the City, or to obtain  
2 other appropriate relief, and may enforce the specific performance of any  
3 covenant, agreement, or condition contained in this ordinance or in any of the  
4 Parity Bonds.

5  
6 Nothing contained in this section shall, in any event or under any  
7 circumstance, be deemed to authorize the acceleration of maturity of principal  
8 of the Parity Bonds, and the remedy of acceleration is expressly denied to the  
9 registered owners of the Parity Bonds under any circumstances including,  
10 without limitation, upon the occurrence and continuance of an Event of Default.

11  
12 Any action, suit, or other proceedings instituted by the Bondowners'  
13 Trustee hereunder shall be brought in its name as trustee for the Bondowners  
14 and all such rights of action upon or under any of the Parity Bonds or the  
15 provisions of this ordinance may be enforced by the Bondowners' Trustee  
16 without the possession of any of those Parity Bonds and without the production  
17 of the same at any trial or proceedings relative thereto except where otherwise  
18 required by law. Any such suit, action, or proceeding instituted by the  
19 Bondowners' Trustee shall be brought for the ratable benefit of all of the  
20 registered owners of those Parity Bonds, subject to the provisions of this  
21 ordinance. The respective registered owners of the Parity Bonds, by taking and  
22 holding the same, shall be conclusively deemed irrevocably to appoint the  
23 Bondowners' Trustee the true and lawful trustee of the respective registered  
24 owners of those Parity Bonds, with authority to institute any such action, suit, or  
25 proceeding; to receive as trustee and deposit in trust any sums becoming  
26





1 distributable on account of those Parity Bonds; to execute any paper or  
2 documents for the receipt of money; and to do all acts with respect thereto that  
3 the registered owner himself or herself might have done in person. Nothing  
4 herein shall be deemed to authorize or empower the Bondowners' Trustee to  
5 consent to accept or adopt, on behalf of any registered owner of the Parity  
6 Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or  
7 any right of any registered owner thereof, or to authorize or empower the  
8 Bondowners' Trustee to vote the claims of the registered owners thereof in any  
9 receivership, insolvency, liquidation, bankruptcy, reorganization, or other  
10 proceeding to which the City is a party.  
11  
12

13 D. Application of Money Collected by Bondowners' Trustee. Any money  
14 collected by the Bondowners' Trustee, at any time pursuant to this section, shall  
15 be applied in the following order of priority:  
16

17 (1) First, to the payment of the charges, expenses, advances,  
18 and compensation of the Bondowners' Trustee and the charges, expenses,  
19 counsel fees, disbursements, and compensation of its agents and attorneys;

20 (2) Second, to the payment to the persons entitled thereto of  
21 all installments of interest then due on the Parity Bonds in the order of maturity  
22 of such installments and, if the amount available shall not be sufficient to pay in  
23 full any installment or installments maturing on the same date, then to the  
24 payment thereof ratably, according to the amounts due thereon to the persons  
25 entitled thereto, without any discrimination or preference; and  
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(3) Third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

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

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties



1 or in the exercise of any of its rights or powers as the Bondowners' Trustee,  
2 except as may result from its own negligent action, its own negligent failure to  
3 act or its own willful misconduct.

4  
5 The Bondowners' Trustee shall not be bound to recognize any person as  
6 a registered owner of any Parity Bond until such person's title thereto, if  
7 disputed, has been established to its reasonable satisfaction.

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

14  
15 F. Suits by Individual Bondowners Restricted. Neither the registered  
16 owner nor the beneficial owner of any one or more of Parity Bonds shall have  
17 any right to institute any action, suit, or proceeding at law or in equity for the  
18 enforcement of same unless:

- 19  
20 (1) An Event of Default has happened and is continuing;  
21 (2) A Bondowners' Trustee has been appointed;  
22 (3) Such owner previously shall have given to the Bondowners'  
23 Trustee written notice of the Event of Default on account of which such suit,  
24 action, or proceeding is to be instituted;  
25  
26 (4) The registered owners of 25% in principal amount of the Parity  
Bonds, after the occurrence of such Event of Default, have made written



1 request of the Bondowners' Trustee and have afforded the Bondowners'  
2 Trustee a reasonable opportunity to institute such suit, action, or proceeding;

3 (5) There have been offered to the Bondowners' Trustee security  
4 and indemnity satisfactory to it against the costs, expenses, and liabilities to be  
5 incurred therein or thereby; and  
6

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

9 No registered owner or beneficial owner of any Parity Bond shall have  
10 any right in any manner whatever by such individual's action to affect or impair  
11 the obligation of the City to pay from the Net Revenue the principal of and  
12 interest on such Parity Bonds to the respective owners thereof when due.  
13

14 G. Payment Solely From Net Revenue and Certain Funds. Nothing in  
15 this section shall be deemed to require payment to Bondowners from any  
16 source other than the Net Revenue and money and investments in the funds  
17 pledged in Section 13 of this ordinance.  
18

19 Section 29. Miscellaneous.

20 A. Ratification of Prior Acts. Any action taken consistent with the  
21 authority and prior to the effective date of this ordinance is ratified, approved  
22 and confirmed.  
23

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



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

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

Passed \_\_\_\_\_

\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
City Clerk

Approved as to form and legality:  
Pacifica Law Group LLP  
Bond Counsel

By \_\_\_\_\_



EXHIBIT A

FORM OF BOND

The 2023 Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

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

STATE OF WASHINGTON  
CITY OF TACOMA, WASHINGTON

WATER SYSTEM REVENUE REFUNDING BOND, SERIES 2023

INTEREST RATE: \_\_\_\_\_%      MATURITY DATE: \_\_\_\_\_      CUSIP NO.: \_\_\_\_\_

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: \_\_\_\_\_

The City of Tacoma, Washington (the "City") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from \_\_\_\_\_, 2023, or the most recent date to which interest has been paid or duly provided for, until payment of this bond at the Interest Rate set forth above, payable on \_\_\_\_\_, and semiannually thereafter on the first days of each succeeding \_\_\_\_ 1 and \_\_\_\_ 1. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal of and interest hereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations from the City to DTC. In the event that the bonds of this issue are no longer held in fully immobilized form, interest on this bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15<sup>th</sup> day of the month preceding the interest payment date, and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the fiscal agent of the State of Washington (the "Bond Registrar"); provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

This bond is one of an authorized issue of \$ \_\_\_\_\_ City of Tacoma, Washington, Water System Revenue Refunding Bonds, Series 2023 ("Bonds"). The Bonds are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, Ordinance No. \_\_\_\_\_ ("Bond Ordinance") of the City. The Bonds are issued for the purpose of



1 refunding the City's outstanding Water System Revenue and Refunding Bonds,  
2013 and paying costs of issuance.

2 Capitalized terms used in this bond and not otherwise defined shall have the  
3 meanings given them in the Bond Ordinance.

4 The bonds of this issue are subject to redemption prior to their maturities as  
5 provided in the Bond Ordinance.

6 The bonds of this issue are payable solely from the special fund of the City  
7 known as the Water Revenue Bond Fund of the Water Division Fund (the "Bond  
8 Fund"), created by Ordinance No. 25392. The City has irrevocably obligated and  
9 bound itself to pay into the Bond Fund out of Net Revenue of the Water System or  
10 from such other money as may be provided for such purpose certain amounts  
11 necessary to pay and secure the payment of the principal and interest on the Parity  
12 Bonds.

13 The City has pledged to set aside from the Gross Revenue of the Water  
14 System and to pay into the Bond Fund the various amounts required by the Bond  
15 Ordinance to be paid into and maintained in such Fund within the times provided by  
16 the Bond Ordinance.

17 To the extent more particularly provided by the Bond Ordinance, the  
18 amounts so pledged to be paid out of the Gross Revenue of the System into the  
19 Bond Fund shall be a lien and charge thereon equal in rank to the lien and charge  
20 upon such Gross Revenue of the amounts required to pay and secure the payment  
21 of the City's Outstanding Parity Bonds and any Future Parity Bonds, and superior  
22 to all other liens and charges of any kind or nature, except subject to the Operation  
23 and Maintenance Expenses of the Water System.

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

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

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

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



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

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

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

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

CITY OF TACOMA, WASHINGTON  
By \_\_\_\_\_ /s/ \_\_\_\_\_  
Mayor

ATTEST:  
\_\_\_\_\_/s/\_\_\_\_\_  
City Clerk

CERTIFICATE OF AUTHENTICATION

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

WASHINGTON STATE FISCAL  
AGENT, as Bond Registrar  
By \_\_\_\_\_  
Authorized Signer





## CLERK'S CERTIFICATE

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

4 1. That the attached Ordinance No. \_\_\_\_\_ (herein called the "Ordinance")  
5 is a true and correct copy of an Ordinance of the Council, as finally passed at a  
6 regular meeting of the Council held on the \_\_\_\_ day of \_\_\_\_\_, 2023 and  
7 duly recorded in my office.  
8

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

18 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the  
19 official seal of the City as of this \_\_\_\_ day of \_\_\_\_\_, 2023.  
20

21 \_\_\_\_\_  
22 City Clerk  
23 City of Tacoma  
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