



## ORDINANCE NO. 28444

1 AN ORDINANCE relating to the Electric System of the City of Tacoma; providing  
2 for the sale and issuance of Electric System Revenue Bonds in the  
3 aggregate principal amount of not to exceed \$90,000,000 to provide funds  
4 to finance or refinance costs of capital improvements to the Electric System  
5 and to refund all or a portion of the City's outstanding Electric System  
6 Subordinate Revenue Bonds, fixing certain terms and provisions thereof,  
7 and approving certain other matters in connection therewith.

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

16 WHEREAS the City has issued and has currently outstanding the following  
17 Series of Parity Bonds:

| Name of Bonds | Authorizing |               | Original Principal |
|---------------|-------------|---------------|--------------------|
|               | Ordinance   | Dated Date    | Amount             |
| 2010 Bonds    | 27889       | July 27, 2010 | \$187,255,000      |
| 2013 Bonds    | 28146       | June 13, 2013 | 181,610,000        |

18 which are outstanding in the total aggregate principal amount of approximately  
19 \$358,335,000, and

20 WHEREAS the Master Ordinance permits the City to issue obligations that  
21 are junior and subordinate to the payment of the Parity Bonds and that are payable  
22 from Revenues of the Electric System, after payment of the Operating Expenses,  
23 only after the prior payment of all amounts required to be paid or set aside under the  
24  
25  
26



1 Master Ordinance for the Parity Bonds as the same shall become due at the times  
2 and in the manner as required in the Master Ordinance, and

3 WHEREAS the City Council (the "Council"), on April 21, 2015, passed  
4 Ordinance No. 28295 (the "Master Subordinate Ordinance") authorizing the  
5 issuance of revenue bonds of the City junior and subordinate to the Parity Bonds to  
6 be known as the City of Tacoma Electric System Subordinate Revenue Bonds in  
7 one or more series to finance costs of the Electric System, and

8 WHEREAS the Council, on April 21, 2015, also passed Ordinance No. 28296  
9 (the "Supplemental Subordinate Ordinance" and together with the Master  
10 Subordinate Ordinance, the "Subordinate Ordinance") authorizing the issuance of  
11 the 2015A Subordinate Revenue Note in an aggregate principal amount of up to  
12 \$100,000,000 (the "2015A Subordinate Note") to finance and refinance costs of the  
13 Electric System, and

14 WHEREAS the Public Utility Board of the City (the "Board") has initiated and  
15 has recommended to the Council for its approval the issuance of Parity Bonds to  
16 refund all or a portion of the 2015A Subordinate Note, and

17 WHEREAS it is deemed necessary and advisable to acquire and construct  
18 certain additions and betterments to and extensions of the Electric System, and

19 WHEREAS the Board has initiated and has recommended to the Council for  
20 its approval the issuance of Parity Bonds (collectively with the Parity Bonds issued  
21 to refund all or a portion of the 2015A Subordinate Note, the "2017 Bonds") to  
22 finance and refinance such capital improvements to the Electric System and to pay  
23 costs of issuance, and

24 WHEREAS the Council has determined that it is in the best interests of the  
25 City and its ratepayers to issue the 2017 Bonds to (i) refund all or a portion of the  
26 2015A Subordinate Note, (ii) finance or refinance costs of capital improvements to



1 the Electric System, (iii) fund a debt service reserve account for the 2017 Bonds,  
2 and (iv) pay the costs of issuance in connection with the 2017 Bonds, and

3 WHEREAS the City deems it in the best interests of the City and its  
4 ratepayers that the 2017 Bonds be sold to and purchased by Goldman Sachs & Co.  
5 LLC and Citigroup Global Markets Inc. (the "Underwriters") pursuant to a Bond  
6 Purchase Agreement (the "Bond Purchase Agreement"), and

7 WHEREAS Section 14.1 of the Master Ordinance provides in relevant part  
8 that the City may adopt at any time without the consent of the owners of any Parity  
9 Bonds an ordinance or ordinances supplemental to or amendatory of the Master  
10 Ordinance to among other things (i) provide for the issuance of Future Parity Bonds  
11 and to prescribe the terms and conditions pursuant to which such bonds may be  
12 issued, paid or redeemed, (ii) add covenants and agreements of the City for the  
13 purpose of further securing the payment of the Parity Bonds, and (iii) to insert such  
14 provisions clarifying matters or questions arising under the Master Ordinance as are  
15 necessary or desirable in the event any such modifications are not contrary to or  
16 inconsistent with the Master Ordinance as theretofore in effect, and

17 WHEREAS the City desires to provide for the issuance and sale of the  
18 2017 Bonds as a Series of Parity Bonds, and

19 WHEREAS the City desires to add certain covenants to the Master  
20 Ordinance to further secure the Parity Bonds, and

21 WHEREAS the Council hereby finds and determines that any and all acts,  
22 conditions and things required to exist, to happen and to be performed, precedent to  
23 and in the incurring of the indebtedness to be evidenced by the 2017 Bonds, and in  
24 the issuing of the 2017 Bonds, as of the date of issuance thereof, shall exist, have  
25 happened and have been performed in due time, form and manner, as required by  
26 the Constitution and statutes of the State and the Charter of the City, and that the



1 2017 Bonds are within every debt limitation and other limit prescribed by the  
2 Constitution and statutes of the State and the Charter, and is not in excess of the  
3 amount of Bonds permitted to be issued under the Master Ordinance; Now,  
4 Therefore,

5 BE IT ORDAINED BY THE CITY OF TACOMA:

6 **ARTICLE I**

7 **DEFINITIONS**

8 **Section 1.1. Definitions.** Capitalized terms used but not otherwise defined  
9 herein shall have the meanings set forth in the Master Ordinance, including any  
10 amendments to such terms as provided in Section 7.1 of this 2017 Supplemental  
11 Ordinance. In addition, as used in this 2017 Supplemental Ordinance, the following  
12 words shall have the following meanings:

- 13 i. "Board" has the meaning set forth in the recitals.  
14 ii. "Bond Purchase Agreement" has the meaning set forth in the  
15 recitals.  
16 iii. "Designated Representative" means the officer(s) of the City  
17 appointed in Section 3.2 to serve as the City's representative in connection  
18 with the issuance and sale of the 2017 Bonds.  
19 iv. "Master Subordinate Ordinance" has the meaning set forth in  
20 the recitals.  
21 v. "Plan of Additions" has the meaning set forth in Section 2.2.  
22 vi. "Refunded Obligations" means that portion of the principal of  
23 the 2015A Subordinate Note specified by the Designated Representative  
24 pursuant to Section 3.3.  
25 vii. "Subordinate Ordinance" has the meaning set forth in the  
26 recitals.



viii. “Supplemental Subordinate Ordinance” has the meaning set forth in the recitals.

ix. “Tax-Exempt Bonds” has the meaning set forth in Section 7.3 in the new Section 13.15 of the Master Ordinance.

x. “2015A Subordinate Note” has the meaning set forth in the recitals.

xi. “2017 Bonds” has the meaning set forth in the recitals.

xii. “2017 Bonds Construction Account” means the account of that name created in the Construction Fund pursuant to Section 5.1.

xiii. “2017 Bonds Projects” means the facilities and projects to be financed or refinanced in whole or in part from proceeds of the 2017 Bonds, as provided in Section 2.2.

xiv. “2017 Bonds Reserve Subaccount” means the account of that name created in the Principal Account pursuant to Section 5.1.

xv. “Underwriters” has the meaning set forth in the recitals.

**Section 1.2. Authority for 2017 Supplemental Ordinance.** This 2017 Supplemental Ordinance is adopted pursuant to the laws of the State, the Tacoma City Charter and the Master Ordinance.

## ARTICLE II

## PARITY AND OTHER FINDINGS

**Section 2.1. Parity Findings.** In connection with the issuance of the 2017 Bonds, the City makes the following findings:

(A) There is, and as of the date of the issuance of the 2017 Bonds there will be, no deficiency in the Bond Fund and no Event of Default has occurred or shall have occurred and be continuing as of the Issue Date of the 2017 Bonds.



1 (B) This 2017 Supplemental Ordinance provides for the payment of the  
2 principal of and interest on the 2017 Bonds out of the Bond Fund.

3 (C) On the date of issuance of the 2017 Bonds, there will be on file with  
4 the City a certificate of the Finance Director stating that Net Revenues in twelve (12)  
5 consecutive months out of the most recent twenty-four (24) months preceding the  
6 authentication and delivery of the 2017 Bonds, as determined from the financial  
7 statements of the Electric System prepared by the Department of Public Utilities,  
8 were not less than one hundred twenty-five percent (125%) of maximum Annual  
9 Debt Service in any future Fiscal Year on all outstanding Parity Bonds and the  
10 2017 Bonds.

11 **Section 2.2. Plan of Additions.**

12 (A) The City specifies, adopts, and orders to be carried out the system or  
13 plan of capital additions to and betterments and extensions of the Electric System  
14 (the "Plan of Additions") as generally provided for in the capital portions of the 2015-  
15 2016 and 2017-2018 Biennial Budgets, as supplemented and amended, and in any  
16 subsequent such budgets if proceeds of the 2017 Bonds are available after 2018.

17 (B) The estimated cost of the Plan of Additions to be financed with the  
18 proceeds of the 2017 Bonds is not expected to exceed \$90,000,000. The portion of  
19 the Plan of Additions financed with proceeds of the 2017 Bonds is referred to herein  
20 as the "2017 Bonds Projects."

21 (C) The Plan of Additions shall include any amendments, supplements or  
22 revisions to the Electric System Comprehensive Plan. The Plan of Additions may  
23 be further modified by ordinance or resolution of the City.

24 (D) The Plan of Additions includes the purchase and installation of all  
25 materials, supplies, appliances, equipment (including, but not limited to, data  
26 processing hardware and software and conservation equipment) and facilities; the



acquisition of all permits, franchises, property and property rights; other capital assets; and all engineering, consulting, and other professional services and studies (whether performed by the City or by other public or private entities) necessary or convenient to carry out the Plan of Additions.

**Section 2.3. Findings as to Sufficiency of Revenues; Due Regard.** The City finds and determines that the Revenues of the Electric System at the rates to be charged for power and other services and commodities furnished thereby will be sufficient in the judgment of the City to meet all Operating Expenses, to make all required payments with respect to the Parity Bonds, and to permit the setting aside into the Bond Fund out of the Revenues of amounts sufficient to pay the principal of and interest on the 2017 Bonds when due, including at maturity and upon any mandatory sinking fund redemption thereof. The City further finds and determines that in creating the subaccounts in the Bond Fund for the 2017 Bonds and in fixing the amounts to be paid into such subaccounts in the Bond Fund, it has exercised due regard for the cost of operation and maintenance of the Electric System and to the proportion and part of the Revenues previously pledged for the payment of the Parity Bonds, the Subordinate Bonds and other indebtedness, and the City has not obligated itself to set aside into such subaccounts in the Bond Fund for the 2017 Bonds a greater amount or proportion of the Revenues than in the judgment of the City will be available above such cost of maintenance and operation and the amount and proportion of the Revenues so previously pledged.

## ARTICLE III

## AUTHORIZATION AND TERMS OF 2017 BONDS

### **Section 3.1. Authorization of 2017 Bonds; Purposes.**

(A) Authorization. The City hereby authorizes the issuance of its “City of Tacoma, Washington, Electric System Revenue Bonds, Series 2017” pursuant to



1 the Master Ordinance. The 2017 Bonds shall constitute "Parity Bonds" within the  
2 meaning of the Master Ordinance.

3 (B) Purposes. The 2017 Bonds shall be issued to: (i) finance and  
4 refinance the costs of the 2017 Bonds Projects, (ii) refund the Refunded Obligations,  
5 (iii) fund a debt service reserve with respect to the 2017 Bonds, and (iv) pay costs of  
6 issuance in connection with the 2017 Bonds.

7 **Section 3.2. Appointment of Designated Representative.** The Director of  
8 Utilities, and, in the alternative, the Superintendent of the Power Division, each is  
9 appointed as the Designated Representative. The Designated Representative is  
10 authorized to issue and sell the 2017 Bonds and to establish and determine the  
11 terms of the 2017 Bonds, all as provided herein.

12 **Section 3.3. Final Terms of 2017 Bonds.** In determining the Final Terms  
13 applicable to the 2017 Bonds and taking such other actions as are delegated  
14 pursuant to this 2017 Supplemental Ordinance, the Designated Representative shall  
15 seek to achieve the lowest practicable true interest cost on the 2017 Bonds. The  
16 Final Terms shall be established by the Designated Representative pursuant to the  
17 Pricing Certificate within the following parameters:

18 (A) Refunded Obligations. The Designated Representative shall specify  
19 all or a portion of the 2017 Note as the Refunded Obligations which will be refunded  
20 from proceeds of the 2017 Bonds together with other available moneys, if any.

21 (B) Principal Amount. The 2017 Bonds may be issued in one or more  
22 Series and shall not exceed the aggregate principal amount of \$90,000,000.

23 (C) Date or Dates. Each Series of 2017 Bonds shall be dated as of its  
24 Issue Date, which date shall not be later than December 1, 2017.

25 (D) Denominations, Series Designation. The 2017 Bonds shall be issued  
26 in authorized denominations of \$5,000 or any integral multiple thereof within a





1 maturity, and shall be numbered separately in the manner and shall bear any  
2 additional name or designation as deemed necessary or appropriate by the  
3 Designated Representative.

4 (E) Interest Rates. The 2017 Bonds shall bear interest at fixed rates per  
5 annum (computed on the basis of a 360-day year of consisting of 12 months of  
6 30 days) from their Issue Date or from the most recent date to which interest has  
7 been paid or duly provided for, whichever is later; provided, that no rate of interest  
8 for any 2017 Bond may exceed seven percent (7%), and the true interest cost to the  
9 City for a Series of 2017 Bonds may not exceed six percent (6%).

10 (F) Payment Dates. Interest shall be payable semiannually on January 1  
11 and July 1, commencing no later than one year following the Issue Date. Principal  
12 payments shall commence on the interest payment date determined by the  
13 Designated Representative and shall be payable at maturity or in mandatory sinking  
14 fund redemption installments on such dates as are determined by the Designated  
15 Representative; provided, that no more than ten percent (10%) of the par amount of  
16 the 2017 Bonds shall mature or become due by mandatory sinking fund redemption  
17 in any Fiscal Year.

18 (G) Final Maturity. The 2017 Bonds shall have a final maturity no later  
19 than December 1, 2047.

20 (H) Redemption Rights. In his or her discretion, the Designated  
21 Representative may approve provisions for the optional and mandatory redemption  
22 of 2017 Bonds, as follows:

23 i. Optional Redemption. Any 2017 Bond may be designated as  
24 being (A) subject to redemption at the option of the City prior to its maturity date on  
25 the dates and at the prices determined by the Designated Representative; or (B) not  
26 subject to redemption prior to its maturity date. If a 2017 Bond is designated as



1 subject to optional redemption prior to its maturity, it shall be subject to such  
2 redemption on one or more dates beginning not more than eleven (11) years after  
3 the Issue Date at such premium or premiums if any as shall be determined by the  
4 Designated Representative not to exceed five percent (5%) of the principal amount  
5 thereof.

6           ii.       Mandatory Redemption. Any 2017 Bond may be designated  
7 as a Term Bond, subject to mandatory sinking fund redemption prior to its maturity  
8 on the dates and in the amounts determined by the Designated Representative.

9           (I)       Price. The purchase price for any Series of 2017 Bonds may not be  
10 less than 95 percent or more than 125 percent of the stated principal amount of that  
11 Series.

12           (J)       Reserve Account Requirement. The Designated Representative shall  
13 specify the Reserve Account Requirement, if any, with respect to the 2017 Bonds,  
14 which shall not exceed the amount permitted to be funded from proceeds of the  
15 2017 Bonds pursuant to the Code.

16           (K)       Bondowners' Trustee. The Designated Representative is hereby  
17 authorized and directed to appoint the Bondowners' Trustee prior to the sale of the  
18 2017 Bonds.

19           (L)       Other Terms and Conditions. The Designated Representative may  
20 determine to provide for Qualified Insurance with respect to the 2017 Bonds and/or  
21 the 2017 Bonds Reserve Subaccount. The Designated Representative is  
22 authorized to execute and deliver such documents, agreements and certificates as  
23 may be necessary or desirable to obtain such bond insurance or Reserve  
24 Insurance, each of such documents, agreements and certificates to be in such form  
25 as may be approved by the Designated Representative upon consultation with the  
26



1 City Attorney, such approval to be evidenced conclusively by the execution and  
2 delivery thereof.

3 **Section 3.4. Registered Bonds; Book-Entry.** The 2017 Bonds shall be  
4 issued in the form of a single fully-registered 2017 Bond for each maturity. The  
5 2017 Bonds shall be registered in the name of DTC or its nominee, and initially held  
6 in book-entry only form.

7 **Section 3.5. Form of 2017 Bonds.** The definitive 2017 Bonds shall be in  
8 substantially the form set forth in Exhibit A attached hereto and made a part hereof,  
9 with such appropriate variations, omissions and insertions as shall be required or  
10 appropriate consistent with the Master Ordinance and this 2017 Supplemental  
11 Ordinance.

## 12 **ARTICLE IV**

### 13 **SALE OF 2017 BONDS**

#### 14 **Section 4.1. Manner of Sale of 2017 Bonds.**

15 (A) Manner of Sale. The Designated Representative is authorized to sell  
16 the 2017 Bonds by negotiated sale pursuant to a bond purchase agreement or by  
17 competitive sale in accordance with a notice of sale, in each case consistent with  
18 this 2017 Supplemental Ordinance.

19 (B) Negotiated Sale. The City authorizes the Designated Representative  
20 to select and appoint one or more investment banks to serve as underwriter (the  
21 "Underwriters") for the 2017 Bonds in connection with any negotiated sale(s) thereof  
22 and approves the selection of Goldman Sachs & Co. LLC and Citigroup Global  
23 Markets Inc. as the Underwriters with respect to the 2017 Bonds. The 2017 Bonds  
24 shall be sold to the Underwriters in accordance with a Bond Purchase Agreement  
25 substantially in the form approved by the Board, with such changes and additions as  
26 the Designated Representative may approve upon consultation with the City



1 Attorney, such approval to be evidenced conclusively by the delivery to the  
2 Underwriters of such Bond Purchase Agreement as so added to or changed;  
3 provided, that the total compensation to the Underwriters shall not exceed five-  
4 tenths of one percent (0.5%) of the principal amount of the 2017 Bonds.

5 (C) Delivery of 2017 Bonds. The 2017 Bonds shall be delivered to the  
6 Underwriters upon payment of the purchase price therefor pursuant to the terms of  
7 the Bond Purchase Agreement.

8 **Section 4.2. Official Statement.**

9 (A) Preliminary Official Statement. The City authorizes and approves the  
10 preparation of a Preliminary Official Statement for the 2017 Bonds. For the sole  
11 purpose of the Underwriters' compliance with paragraph (b)(1) of Rule 15c2-12, the  
12 Designated Representative is authorized to "deem final" the Preliminary Official  
13 Statement as of its date, except for the omission of information permitted by  
14 Rule 15c2-12. The City authorizes and approves the distribution of the Preliminary  
15 Official Statement to prospective investors.

16 (B) Final Official Statement. The City authorizes and approves the  
17 preparation of a final Official Statement for the 2017 Bonds in the form of the  
18 Preliminary Official Statement, with such modifications and amendments as the  
19 Designated Representative deems necessary or desirable upon consultation with  
20 the City Attorney, such approval to be evidenced conclusively by the execution by  
21 the Designated Representative of said final Official Statement as so modified or  
22 amended. The City authorizes and approves the distribution of the final Official  
23 Statement to prospective investors.

24 **Section 4.3. Continuing Disclosure.** The City adopts with respect to the  
25 2017 Bonds the continuing disclosure undertaking with respect to the 2013 Bonds  
26



1 set forth in Article VIII of the Master Ordinance, effective as of the Issue Date of the  
2 2017 Bonds.

## 3 **ARTICLE V**

### 4 **APPLICATION OF BOND PROCEEDS**

#### 5 **Section 5.1. Establishment and Designation of Accounts.**

6 (A) There is hereby created in the Construction Fund an account to be  
7 known as the 2017 Bonds Construction Account.

8 (B) There is hereby created in the Reserve Account in the Bond Fund a  
9 subaccount to be known as the 2017 Bonds Reserve Subaccount.

10 **Section 5.2. Deposit of Proceeds of 2017 Bonds.** Immediately upon  
11 receipt thereof, the City shall deposit the proceeds of the 2017 Bonds as follows:

12 (A) With the owner and holder of the Refunded Obligations an amount,  
13 together with other available moneys, if any, sufficient to pay the same;

14 (B) Into the 2017 Bonds Reserve Subaccount an amount equal to the  
15 Reserve Account Requirement with respect to the 2017 Bonds; and

16 (C) Into the 2017 Bonds Construction Account the remaining proceeds,  
17 which shall be applied to pay and reimburse the City for the costs of the 2017 Bonds  
18 Projects and to pay costs of issuance in connection with the 2017 Bonds.

19 **Section 5.3. Deposits Into and Uses of the 2017 Subaccounts in the**  
20 **Bond Fund.** The City obligates and binds itself irrevocably to set aside and to pay  
21 into the 2017 Bonds Interest Subaccount, the 2017 Bonds Principal Subaccount,  
22 and the 2017 Bonds Bond Retirement Subaccount, respectively, out of the  
23 Revenues the amounts necessary (together with other available moneys on hand  
24 therein) to pay the principal of, interest on and any mandatory sinking fund  
25 redemptions for the 2017 Bonds as and when the same respectively become due  
26 and payable in accordance with the terms hereof. The 2017 Bonds Interest



1 Subaccount, the 2017 Bonds Principal Subaccount, and the 2017 Bonds Bond  
2 Retirement Subaccount, respectively, shall be drawn upon solely for the purpose of  
3 paying the principal of, interest on and mandatory sinking fund redemptions for the  
4 2017 Bonds.

## 5 **ARTICLE VI**

### 6 **REFUNDING OF REFUNDED OBLIGATIONS**

#### 7 **Section 6.1. Refunding of the Refunded Obligations.**

8 (A) Use of Bond Proceeds. The portion of the proceeds of the  
9 2017 Bonds, together with other available money, allocated to refunding the  
10 Refunded Obligations shall be deposited and applied upon the receipt thereof to  
11 discharge the obligations of the City relating to the Refunded Obligations pursuant  
12 to and in accordance with the Subordinate Ordinance.

13 (B) Redemption of the Refunded Obligations. The proper City officials are  
14 authorized and directed to give or cause to be given such notices at the times and in  
15 the manner required pursuant to the Subordinate Ordinance in order to effect the  
16 payment and redemption of the Refunded Obligations.

## 17 **ARTICLE VII**

### 18 **AMENDMENTS TO MASTER ORDINANCE**

#### 19 **Section 7.1. Amendments to Definitions.**

20 (A) Except as may be otherwise provided in a Supplemental Ordinance  
21 with respect to a Series of Future Parity Bonds, the references in the following  
22 definitions in Section 1.1 of the Master Ordinance to "2013 Bonds" are amended to  
23 read "2013 Bonds and any Series of Future Parity Bonds":

- 24 i. "Code"
- 25 ii. "Final Terms"
- 26 iii. "Issue Date"



iv. "Pricing Certificate"

v. "Series"

(B) The following definitions in Section 1.1 of the Master Ordinance are hereby amended to read as follows:

i. "Bondowners' Trustee" means the Trustee appointed by the City pursuant to Article XVI hereof.

ii. "Master Ordinance" means Ordinance No. 28146, passed on April 30, 2013, as supplemented and amended pursuant hereto.

iii. "Parity Bonds" means the bonds of the City issued pursuant to this Master Ordinance.

**Section 7.2. Amendments to Articles and Sections.** Except as may be otherwise provided in a Supplemental Ordinance with respect to a Series of Future Parity Bonds, the term "2013 Bonds" in the following Articles and Sections of the Master Ordinance is amended to read "2013 Bonds and any Future Parity Bonds":

i. Section 4.4. Registration, Exchange and Payments.

ii. Section 4.5. Redemption Terms.

iii. ARTICLE V. FORM AND GENERAL TERMS

iv. ARTICLE VII. REFUNDING OR DEFEASANCE

v. ARTICLE XIII. COVENANTS TO SECURE PARITY BONDS

vi. ARTICLE XV. DEFAULTS AND REMEDIES

vii. Section 17.1. Ordinance and Laws a Contract with Bondowners.

viii. Section 17.2. Benefits of Ordinance Limited to City, Bondowners, and Paying Agent.

**Section 7.3. Additional Covenants.** The following additional covenants are hereby added to Article XIII of the Master Ordinance:



1           Section 13.13. Covenant to Comply with Licenses. The City  
2 shall at all times comply with the terms and conditions of any permits  
3 or licenses for the Electric System, or any property or facilities  
4 constituting a part thereof, issued by any federal or state governmental  
5 agency or body having jurisdiction thereof and with the power to issue  
6 orders with respect thereto and enforce the same, and with any federal  
7 or state law or regulation applicable to the construction, operation,  
8 maintenance and repair of the Electric System. The City shall use its  
9 best efforts to obtain renewals of such permits or licenses or obtain  
10 new permits or licenses unless such renewals or new permits or  
11 licenses are not, in the judgment of the Board, in the best interests of  
12 the City.

13           Section 13.14. Protection of Security. The City shall at all  
14 times, to the extent permitted by law, defend, preserve and protect the  
15 pledge of the Revenues and the rights of the owners of the Parity  
16 Bonds under this Master Ordinance against all claims and demands of  
17 all persons whatsoever.

18           Section 13.15. Tax Covenants. The City covenants that it shall  
19 not take any action, or fail to take any action, if any such action or  
20 failure to take action would adversely affect the exclusion from gross  
21 income of the interest on any Parity Bonds the interest on which is tax-  
22 exempt under Section 103 of the Code (the "Tax-Exempt Bonds"). The  
23 City shall not directly or indirectly use or permit the use of any  
24 proceeds of the Tax-Exempt Bonds in such a manner as would  
25 adversely affect the exclusion of interest on any Tax-Exempt Bonds  
26 from gross income under Section 103 of the Code. The City shall not





1 directly or indirectly use or permit the use of any proceeds of any Tax-  
2 Exempt Bonds, or of any facilities financed thereby, or other funds of  
3 the City, or take or omit to take any action, that would cause any Tax-  
4 Exempt Bonds to be "arbitrage bonds" within the meaning of  
5 Section 148 of the Code. To that end, the City shall comply with all  
6 requirements of Section 148 of the Code and all regulations of the  
7 United States Department of the Treasury promulgated thereunder to  
8 the extent such requirements are, at the time, in effect and applicable  
9 to the Tax-Exempt Bonds.

10 Section 13.16. Further Assurances. The City shall at any and  
11 all times, insofar as it may be authorized to do so by law, pass, make,  
12 do, execute, acknowledge and deliver all and every such further  
13 resolutions, acts, assignments, instruments and assurances as may be  
14 necessary or desirable for the better assuring, granting, pledging,  
15 assigning and confirming any and all of the rights, revenues, funds and  
16 other property hereby granted, pledged or assigned to pay or secure  
17 the payment of the Parity Bonds, in the manner and to the extent  
18 provided herein.

19 **Section 7.4. Amendment to Article XIV.** The following Section 14.3 is  
20 hereby added to the Master Ordinance, and the existing Section 14.3 is hereby  
21 renumbered as Section 14.4:

22 Section 14.3 Consent of Bond Owners and Opinions. Each  
23 Supplemental Ordinance enacted pursuant to the provisions of  
24 Section 14.2 shall take effect only when and as provided in this  
25 Section. A copy of such Supplemental Ordinance (or brief  
26 summary thereof or reference thereto in form approved by the



1 Bondowners' Trustee), together with a request to Parity Bond  
2 owners for their consent thereto in form satisfactory to the  
3 Bondowners' Trustee, shall be sent by the Bondowners' Trustee to  
4 the Parity Bond owners, at the expense of the City, by first class  
5 mail, postage prepaid; provided, that a failure to mail such request  
6 shall not affect the validity of the Supplemental Ordinance when  
7 consented to as provided below. Such Supplemental Ordinance  
8 shall not be effective unless and until there shall have been filed  
9 with the Bondowners' Trustee the written consents of Parity Bond  
10 owners of the percentage of Bonds specified in Section 14.2 given  
11 as provided in Section 16.4. Any such consent shall be binding  
12 upon the Parity Bond owner giving such consent and upon any  
13 subsequent owner of such Parity Bonds and of any Parity Bonds  
14 issued in exchange therefor or in lieu thereof (whether or not such  
15 subsequent Parity Bond owner has notice thereof), unless such  
16 consent is revoked in writing by the Parity Bond owner giving such  
17 consent or a subsequent owner of such Parity Bonds by filing such  
18 revocation with the Bondowners' Trustee prior to the date the  
19 Bondowners' Trustee receives the required percentage of  
20 consents.

21 **Section 7.5. Bondowners' Trustee.** Section 15.2 of the Master Ordinance  
22 is hereby deleted. The following new Article XVI is hereby added to the Master  
23 Ordinance as the successor to the prior Section 15.2 and Article XVI, the latter of  
24 which was no longer effective upon the final payment, defeasance and redemption  
25 of the Bonds issued prior to the 2010 Bonds:  
26



ARTICLE XVI

BONDOWNERS' TRUSTEE

Section 16.1. Duties and Responsibilities of the Bondowners' Trustee.

(A) Prior to the occurrence of an Event of Default of which it has or is deemed to have notice hereunder, and after the curing or waiver of any Event of Default that may have occurred: (i) the Bondowners' Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Master Ordinance, and no implied covenants or obligations shall be read into this Master Ordinance against the Bondowners' Trustee; and (ii) in the absence of bad faith on its part, the Bondowners' Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bondowners' Trustee that conform to the requirements of this Master Ordinance; but the Bondowners' Trustee is under a duty to examine such certificates and opinions to determine whether they conform to the requirements of this Master Ordinance.

(B) In case an Event of Default of which the Bondowners' Trustee has or is deemed to have notice hereunder has occurred and is continuing, the Bondowners' Trustee shall exercise such of the rights and powers vested in it by this Master Ordinance, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use in the conduct of such person's own affairs.

(C) No provision of this Master Ordinance shall be construed to relieve the Bondowners' Trustee from liability for its own negligent



1 action, its own negligent failure to act, or its own willful misconduct,  
2 except that: (i) this subsection shall not be construed to limit the effect  
3 of subsection B. of this Section; (ii) the Bondowners' Trustee is not  
4 liable for any error of judgment made in good faith by an authorized  
5 officer of the Bondowners' Trustee, unless it is proven that the  
6 Bondowners' Trustee was negligent in ascertaining the pertinent facts;  
7 (iii) the Bondowners' Trustee is not liable with respect to any action it  
8 takes or omits to be taken by it in good faith in accordance with the  
9 direction of the Parity Bond owners under any provision of this Master  
10 Ordinance relating to the time, method and place of conducting any  
11 proceeding for any remedy available to the Bondowners' Trustee, or  
12 exercising any trust or power conferred upon the Bondowners' Trustee  
13 under this Master Ordinance; and (iv) no provision of this Master  
14 Ordinance shall require the Bondowners' Trustee to expend or risk its  
15 own funds or otherwise incur any liability in the performance of any of  
16 its duties hereunder, or in the exercise of any of its rights or powers, if  
17 it has reasonable grounds for believing that the repayment of such  
18 funds or adequate indemnity against such risk or liability is not  
19 reasonably assured to it.

20 (D) The Bondowners' Trustee shall maintain proper books of  
21 record and accounts in which complete and correct entries shall be  
22 made of all investments and disbursements of proceeds in the Funds  
23 through the date ending six (6) years following the date on which all  
24 the Parity Bonds have been retired, and such records shall be  
25 available for inspection by the City upon reasonable notice.  
26



1 (E) Whether or not expressly so provided, every provision of  
2 this Master Ordinance relating to the conduct or affecting the liability of  
3 or affording protection to the Bondowners' Trustee is subject to the  
4 provisions of this Section.

5 Section 16.2. Certain Rights of the Bondowners' Trustee.  
6 Except as otherwise provided in Section 16.1:

7 (A) The Bondowners' Trustee may rely and is protected in  
8 acting or refraining from acting upon any resolution, certificate,  
9 statement, instrument, opinion, report, notice, request, direction,  
10 consent, order, approval, bond, debenture or other paper or document  
11 believed by it to be genuine and to have been signed or presented by  
12 the proper party or parties;

13 (B) Any statement or certification of the City under this Master  
14 Ordinance shall be sufficiently evidenced by a certificate of the City  
15 (unless other evidence thereof is specifically prescribed), any request,  
16 direction, order or demand of the City under this Master Ordinance  
17 shall be sufficiently evidenced by an order of the City (unless other  
18 evidence thereof is specifically prescribed) and any ordinance or  
19 resolution of the Council may be sufficiently evidenced by a copy  
20 thereof certified by the Secretary of the Council;

21 (C) Whenever in the administration of this Master Ordinance  
22 the Bondowners' Trustee deems it desirable that a matter be proved or  
23 established prior to taking, suffering or omitting any action hereunder,  
24 the Bondowners' Trustee (unless other evidence thereof is specifically  
25 prescribed) may, in the absence of bad faith on its part, rely upon a  
26 certificate of the City;



1 (D) The Bondowners' Trustee may consult with counsel and the  
2 written advice of such counsel or an opinion of Bond Counsel shall be  
3 full and complete authorization and protection for any action taken,  
4 suffered or omitted by it in good faith and in accordance with such  
5 advice or opinion;

6 (E) The Bondowners' Trustee is under no obligation to exercise  
7 any of the rights or powers vested in it by this Master Ordinance at the  
8 request or direction of any of the Parity Bond owners unless the  
9 owners have offered to the Bondowners' Trustee security or indemnity  
10 reasonably satisfactory to the Bondowners' Trustee as to its terms,  
11 coverage, duration, amount and otherwise with respect to the costs,  
12 expenses and liabilities which may be incurred by it in compliance with  
13 such request or direction, and the provision of such indemnity shall be  
14 mandatory for any remedy taken upon direction of the owners of a  
15 majority in aggregate principal amount of the Outstanding Parity  
16 Bonds;

17 (F) The Bondowners' Trustee is not required to make any  
18 inquiry or investigation into the facts or matters stated in any  
19 resolution, certificate, statement, instrument, opinion, report, notice,  
20 request, direction, consent, order, approval, bond, debenture or other  
21 paper or document but the Bondowners' Trustee, in its discretion, may  
22 make such further inquiry or investigation into such facts or matters as  
23 it may see fit and, if the Bondowners' Trustee determines to make such  
24 further inquiry or investigation, it is entitled to examine the books,  
25 records and premises of the City, in person or by agent or attorney;  
26



1 (G) The Bondowners' Trustee may execute any of its trusts or  
2 powers or perform any duties under this Master Ordinance either  
3 directly or by or through agents or attorneys, and may in all cases pay,  
4 subject to reimbursement as provided in Section 16.5, such reasonable  
5 compensation as it deems proper to all such agents and attorneys  
6 reasonably employed or retained by it, and the Bondowners' Trustee  
7 shall not be responsible for any misconduct or negligence of any agent  
8 or attorney appointed with due care by it;

9 (H) The Bondowners' Trustee is not required to take notice or  
10 deemed to have notice of any default or Event of Default hereunder,  
11 except an Event of Default under Section 16.1(A), unless an officer of  
12 the Bondowners' Trustee has actual knowledge thereof or has  
13 received notice in writing of such default or Event of Default from the  
14 City or the owners of at least 25 percent in aggregate principal amount  
15 of the Outstanding Parity Bonds, and in the absence of any such  
16 notice, the Bondowners' Trustee may conclusively assume that no  
17 such default or Event of Default exists;

18 (I) The Bondowners' Trustee is not required to give any bond or  
19 surety with respect to the performance of its duties or the exercise of  
20 its powers under this Master Ordinance;

21 (J) In the event the Bondowners' Trustee receives inconsistent  
22 or conflicting requests and indemnity from two or more groups of Parity  
23 Bond owners, each representing less than a majority in aggregate  
24 principal amount of the Outstanding Parity Bonds, pursuant to the  
25 provisions of this Master Ordinance, the Bondowners' Trustee, in its  
26 sole discretion, may determine what action, if any, shall be taken;



1           (K) The Bondowners' Trustee's immunities and protections  
2 from liability and its right to indemnification in connection with the  
3 performance of its duties under this Master Ordinance shall extend to  
4 the Bondowners' Trustee's officers, directors, agents, attorneys and  
5 employees. Such immunities and protections and right to  
6 indemnification, together with the Bondowners' Trustee's right to  
7 compensation, shall survive the Bondowners' Trustee's resignation or  
8 removal, the defeasance or discharge of this Master Ordinance and  
9 final payment of the Parity Bonds;

10           (L) The permissive right of the Bondowners' Trustee to take the  
11 actions permitted by this Master Ordinance shall not be construed as  
12 an obligation or duty to do so; and

13           (M) Except for information provided by the Bondowners'  
14 Trustee concerning the Bondowners' Trustee, the Bondowners'  
15 Trustee shall have no responsibility for any information in any offering  
16 memorandum or other disclosure material distributed with respect to  
17 the Parity Bonds, and the Bondowners' Trustee shall have no  
18 responsibility for compliance with any state or federal securities laws in  
19 connection with the Parity Bonds.

20           Section 16.3. Bondowners' Trustee Not Responsible for  
21 Recitals. The recitals contained in this Master Ordinance and in the  
22 Parity Bonds (other than the certificate of authentication on the Parity  
23 Bonds) are statements of the City, and the Bondowners' Trustee  
24 assumes no responsibility for their correctness. The Bondowners'  
25 Trustee makes no representations as to the value, condition or  
26 sufficiency of any assets pledged or assigned as security for the Parity





1 Bonds, the right, title or interest of the City therein, the security  
2 provided thereby or by this Master Ordinance or the tax status of  
3 interest on the Parity Bonds. The Bondowners' Trustee is not  
4 accountable for the use or application by the City of any of the Parity  
5 Bonds or the proceeds of the Parity Bonds, or for the use or application  
6 of any money paid over by the Bondowners' Trustee in accordance  
7 with any provision of this Master Ordinance.

8 Section 16.4. Bondowners' Trustee May Own Parity Bonds.  
9 The Bondowners' Trustee, in its commercial banking or in any other  
10 capacity, may in good faith buy, sell, own, hold and deal in any of the  
11 Parity Bonds and may join in any action which any Parity Bond owner  
12 may be entitled to take with like effect as if it were not Bondowners'  
13 Trustee. The Bondowners' Trustee, in its commercial banking or in  
14 any other capacity, may also engage in or be interested in any financial  
15 or other transaction with the City and may act as depository,  
16 Bondowners' Trustee or agent for any committee of Parity Bond  
17 owners secured hereby or other obligations of the City as freely as if it  
18 were not Bondowners' Trustee. The provisions of this Section shall  
19 extend to affiliates of the Bondowners' Trustee.

20 Section 16.5. Compensation and Expenses of the Bondowners'  
21 Trustee.

22 (A) The City hereby covenants and agrees:

23 i. to pay to the Bondowners' Trustee compensation for  
24 all services rendered by it hereunder and under the other  
25 agreements relating to the Parity Bonds to which the  
26 Bondowners' Trustee is a party in accordance with terms



1 agreed to from time to time, and, subsequent to default, in  
2 accordance with the Bondowners' Trustee's then-current fee  
3 schedule for default administration (the entirety of which  
4 compensation shall not be limited by any provision of law  
5 regarding compensation of a Bondowners' Trustee of an  
6 express trust);

7 ii. to reimburse the Bondowners' Trustee upon its  
8 request for all reasonable expenses, disbursements and  
9 advances incurred or made by the Bondowners' Trustee in  
10 accordance with any provision of this Master Ordinance, any  
11 other agreement relating to the Parity Bonds to which it is a  
12 party or in complying with any request by the City or any  
13 securities credit rating agency with respect to the Parity Bonds,  
14 including the reasonable compensation, expenses and  
15 disbursements of its agents and counsel, except any such  
16 expense, disbursement or advance attributable to the  
17 Bondowners' Trustee's negligence or bad faith; and

18 iii. to indemnify, defend and hold the Bondowners'  
19 Trustee harmless from and against any loss, liability or expense  
20 incurred without negligence or bad faith on its part, arising out of  
21 or in connection with the acceptance or administration of the  
22 office of Bondowners' Trustee under this Master Ordinance,  
23 including the costs of defending itself against any claim or  
24 liability in connection with the exercise or performance of any  
25 of its powers or duties hereunder or thereunder.  
26



1 (B) In the event the Bondowners' Trustee incurs expenses or  
2 renders services in any proceedings under federal or state bankruptcy  
3 law relating to the City, the expenses so incurred and compensation for  
4 services so rendered are intended to constitute expenses of  
5 administration under federal or state bankruptcy law. As security for  
6 the performance of the obligations of the City under this Section, the  
7 Bondowners' Trustee shall have a lien prior to the lien securing the  
8 Parity Bonds and Payment Agreement Payments, which it may  
9 exercise through a right of set-off, upon all property or funds held or  
10 collected by the Bondowners' Trustee pursuant to this Master  
11 Ordinance. The obligations of the City to make the payments  
12 described in this Section shall survive discharge of this Master  
13 Ordinance, the resignation or removal of the Bondowners' Trustee and  
14 payment in full of the Parity Bonds.

15 Section 16.6. Qualifications of the Bondowners' Trustee. There  
16 shall at all times be a Bondowners' Trustee hereunder which shall be a  
17 corporation or banking association organized and doing business  
18 under the laws of the United States of America or of any state,  
19 authorized under such laws to exercise corporate trust powers, which  
20 has a combined capital and surplus of at least \$100,000,000, or is an  
21 affiliate of a corporation or banking association meeting such capital  
22 and surplus requirement which guarantees the obligations and  
23 liabilities of the proposed Bondowners' Trustee, and which is subject to  
24 supervision or examination by federal or state banking authority. If  
25 such corporation or banking association publishes reports of condition  
26 at least annually, pursuant to law or the requirements of any



1 supervising or examining authority above referred to, then for purposes  
2 of this Section, the combined capital and surplus of such corporation or  
3 banking association shall be deemed to be its combined capital and  
4 surplus as set forth in its most recent report of condition so published.  
5 If at any time the Bondowners' Trustee shall cease to be eligible in  
6 accordance with the provisions of this Section, it shall resign promptly  
7 in the manner and with the effect specified in this Article.

8 Section 16.7. Resignation or Removal of the Bondowners'  
9 Trustee; Appointment of Successor Bondowners' Trustee.

10 (A) No resignation or removal of the Bondowners' Trustee and  
11 no appointment of a successor Bondowners' Trustee pursuant to this  
12 Article shall become effective until the acceptance of appointment by  
13 the successor Bondowners' Trustee under Section 16.8.

14 (B) The Bondowners' Trustee may resign at any time by giving  
15 written notice to the City. Upon receiving such notice of resignation,  
16 the City shall promptly appoint a successor Bondowners' Trustee by an  
17 instrument in writing. If an instrument of acceptance has not been  
18 delivered to the resigning Bondowners' Trustee within 30 days after the  
19 giving of such notice of resignation, the resigning Bondowners' Trustee  
20 or any owner of a Parity Bond then Outstanding may petition a court of  
21 competent jurisdiction for the appointment of a successor Bondowners'  
22 Trustee.

23 (C) Prior to the occurrence and continuance of an Event of  
24 Default hereunder, or after the curing or waiver of any such Event of  
25 Default, the City or the owners of a majority in aggregate principal  
26 amount of the Outstanding Parity Bonds may remove the Bondowners'



1 Trustee and shall appoint a successor Bondowners' Trustee. In the  
2 event there shall have occurred and be continuing an Event of Default  
3 hereunder, the owners of a majority in aggregate principal amount of  
4 the Outstanding Parity Bonds may remove the Bondowners' Trustee  
5 and shall appoint a successor Bondowners' Trustee. In each instance  
6 such removal and appointment shall be accomplished by an instrument  
7 or concurrent instruments in writing signed by the City or such Parity  
8 Bond owners, as the case may be, and delivered to the Bondowners'  
9 Trustee, the City and owners of the Outstanding Parity Bonds.

10 (D) If at any time: (i) the Bondowners' Trustee shall cease to be  
11 eligible and qualified under Section 16.6 and shall fail or refuse to  
12 resign after written request to do so by the City or the owner of any  
13 Parity Bond, or (ii) the Bondowners' Trustee shall become incapable of  
14 acting or shall be adjudged insolvent, or a receiver of the Bondowners'  
15 Trustee or its property shall be appointed, or any public officer shall  
16 take charge or control of the Bondowners' Trustee, its property or  
17 affairs for the purpose of rehabilitation, conservation or liquidation, then  
18 in either such case (A) the City may remove the Bondowners' Trustee  
19 and appoint a successor Bondowners' Trustee in accordance with the  
20 provisions of subsection (C) of this Section; or (B) any owner of a  
21 Parity Bond then Outstanding may, on behalf of the owners of all  
22 Outstanding Parity Bonds, petition a court of competent jurisdiction for  
23 removal of the Bondowners' Trustee and appointment of a successor  
24 Bondowners' Trustee.

25 (E) The City shall give written notice of each resignation or  
26 removal of the Bondowners' Trustee and each appointment of a



1 successor Bondowners' Trustee to each owner of Parity Bonds then  
2 Outstanding as listed in the Bond Register. Each such notice shall  
3 include the name and address of the applicable corporate trust office of  
4 the successor Bondowners' Trustee.

5 Section 16.8. Acceptance of Appointment by Successor  
6 Bondowners' Trustee.

7 (A) Every successor Bondowners' Trustee appointed hereunder  
8 shall execute, acknowledge and deliver to the City and the  
9 predecessor Bondowners' Trustee an instrument accepting its  
10 appointment. The resignation or removal of the retiring Bondowners'  
11 Trustee shall thereupon become effective, and the successor  
12 Bondowners' Trustee shall, without further act, deed or conveyance,  
13 become vested with all the estates, properties, rights, powers and  
14 duties of the predecessor Bondowners' Trustee. Upon the request of  
15 the City or the successor Bondowners' Trustee, the predecessor  
16 Bondowners' Trustee shall execute and deliver an instrument  
17 transferring to the successor Bondowners' Trustee all the estates,  
18 properties, rights, powers and duties of the predecessor Bondowners'  
19 Trustee under this Master Ordinance, shall duly assign, transfer,  
20 deliver and pay over to the successor Bondowners' Trustee all money  
21 and other property then held under this Master Ordinance, subject,  
22 however, to the lien provided for in Section 16.5, and shall deliver to  
23 the successor Bondowners' Trustee, all records maintained by the  
24 predecessor Bondowners' Trustee with respect to the Funds and the  
25 Parity Bonds and such records shall be proper books of record and  
26 accounts containing complete and correct entries. The successor



1 Bondowners' Trustee shall promptly give written notice of its  
2 appointment to the owners of all Parity Bonds Outstanding in the  
3 manner prescribed herein, unless such notice has previously been  
4 given.

5 (B) No successor Bondowners' Trustee shall accept  
6 appointment as provided in this Section unless, as of the date of such  
7 acceptance, it is eligible and qualified under the provisions of  
8 Section 16.6.

9 Section 16.9. Merger, Succession or Consolidation of  
10 Bondowners' Trustee. Any corporation or association: (i) into which  
11 the Bondowners' Trustee is merged or with which it is consolidated;  
12 (ii) resulting from any merger or consolidation to which the  
13 Bondowners' Trustee is a party; or (iii) succeeding to all or  
14 substantially all of the corporate trust business of the Bondowners'  
15 Trustee, shall be the successor Bondowners' Trustee without the  
16 execution or filing of any document or the taking of any further action.  
17 Any such successor must nevertheless be eligible and qualified under  
18 the provisions of Section 16.6.

19 Section 16.10. Notices to Bond Owners; Waiver.

20 (A) Where this Master Ordinance provides for notice to Parity  
21 Bond owners of any event, such notice shall be sufficiently given  
22 (unless otherwise expressly provided herein) if in writing and mailed,  
23 first-class postage prepaid, to each Parity Bond owner affected by  
24 each event, at such Parity Bond owner's address as it appears on the  
25 Bond Register, not later than the latest date, and not earlier than the  
26 earliest date, prescribed for the first giving of such notice. In any case



1 where notice to Parity Bond owners is given by mail, neither the failure  
2 to mail such notice nor any defect in any notice so mailed to any  
3 particular Parity Bond owner shall affect the sufficiency of such notice  
4 with respect to other Parity Bond owners. Where this Master  
5 Ordinance provides for notice in any manner, such notice may be  
6 waived in writing by the person entitled to receive such notice, either  
7 before or after the event, and such waiver shall be the equivalent of  
8 such notice. Waivers of notice by Parity Bond owners shall be filed  
9 with the Bondowners' Trustee, but such filing shall not be a condition  
10 precedent to the validity of any action taken in reliance upon such  
11 waiver.

12 (B) With respect to book-entry bonds, where this Master  
13 Ordinance provides for notice to the Parity Bond owners of the  
14 existence of, or during the continuance of, any Event of Default, or at  
15 any time upon the written request of the City, the Bondowners'  
16 Trustee, at the expense of the City, shall: (i) establish a record date for  
17 determination of the Persons entitled to receive such notice;  
18 (ii) request a securities position listing from the Securities Depository  
19 showing the participants holding positions in the Book-Entry Bonds  
20 affected by such notice as of the record date for such notice; (iii) mail,  
21 first class postage prepaid, copies of the notice as provided above to  
22 each participant identified in the securities position listing as holding a  
23 position in the Book-Entry Bonds as of the record date for the notice, to  
24 each nationally recognized municipal securities information repository  
25 and state information depository for the State, if any, and to any  
26 Person identified to the Bondowners' Trustee as a non-objecting





Beneficial Owner pursuant to the immediately following clause;

(iv) request that the participant retransmit the notice to all Persons for which it served as nominee on the record date, including non-objecting Beneficial Owners, or retransmit the notice to objecting Beneficial Owners and provide a listing of non-objecting Beneficial Owners for whom the participant served as nominee on the record date to the Bondowners' Trustee, (v) provide on behalf of the City and not as its agent, an undertaking of the City to pay to any participant or other nominee (other than the Securities Depository) the reasonable costs of transmitting the notice to Persons for whom the participant acts as nominee; and (vi) provide as many copies of the notice as may be requested by any nominee owner of the Parity Bonds. Any default in performance of the duties required by this subsection shall not affect the sufficiency of notice to the Parity Bond owners given in accordance with subsection A. of this Section, or the validity of any action taken under this Master Ordinance in reliance on such notice to Parity Bond owners.

(C) Where this Master Ordinance provides for notice to the Parity Bond owners of any event, the form of the notice shall prominently include a title block, separate from the body of the notice, which shall include the following information: (i) the complete title of the Parity Bonds; (ii) the CUSIP number of each affected Parity Bond; (iii) the record date for the notice; and (iv) a summary of the notice.

(D) Any notice required or permitted by this Master Ordinance to be given to the Securities Depository shall be given to it in the manner provided by this Section for giving notice to Parity Bond



1 owners, and also shall be given in the format requested by the  
2 Securities Depository to such address as may be specified by the  
3 Securities Depository in writing to the Bondowners' Trustee.

## 4 **ARTICLE VIII**

### 5 **MISCELLANEOUS**

6 **Section 8.1. Ratification of Prior Acts.** Any action taken consistent with  
7 the authority but prior to the effective date of this 2017 Supplemental Resolution is  
8 hereby ratified, approved, and confirmed.

9 **Section 8.2. General Authorization.** The Director of Utilities, the  
10 Superintendent of the Power Division, and other appropriate officers, agents and  
11 employees of the City are authorized and directed to execute and deliver such  
12 documents, agreements and certificates and to take such other actions, upon  
13 consultation with the City Attorney, as may be necessary or desirable and in the  
14 best interests of the City to carry out the purposes and intents of this 2017  
15 Supplemental Ordinance and the transactions contemplated hereby.

16 **Section 8.3. Terms of 2017 Bonds Subject to the Master Ordinance.**  
17 Except as is otherwise expressly provided in this 2017 Supplemental Ordinance,  
18 every term and condition contained in the Master Ordinance shall apply to this  
19 2017 Supplemental Ordinance and to the 2017 Bonds with the same force and  
20 effect as if the same were herein set forth at length, with such omissions, variations  
21 and modifications thereof as may be appropriate to make the same conform to this  
22 2017 Supplemental Ordinance.

23 **Section 8.4. Ratification of the Master Ordinance.** Except as  
24 supplemented and amended by this 2017 Supplemental Ordinance, the Master  
25 Ordinance is ratified, approved and confirmed and shall continue in full force and  
26 effect in accordance with the terms and provisions thereof, as amended and



1 supplemented, including as amended and supplemented by this 2017 Supplemental  
2 Ordinance.

3 **Section 8.5. Repealer.** The ordinances of the City authorizing and setting  
4 forth the terms and provisions of the Parity Bonds issued prior to the 2010 Bonds,  
5 which Parity Bonds have been deemed to be no longer outstanding under such  
6 ordinances, are hereby repealed and shall be of no further force or effect.

7 **Section 8.6. Severability.** If any one or more of the provisions of this  
8 2017 Supplemental Ordinance is or are held by any court of competent jurisdiction  
9 to be contrary to law, then such provision or provisions shall be null and void and  
10 shall be deemed separable from the remaining provisions and shall in no way affect  
11 the validity of the other provisions of this 2017 Supplemental Ordinance.

12 **Section 8.7. Effective Date of Ordinance.** This 2017 Supplemental  
13 Ordinance shall take effect and be in force 10 days from and after its publication.

14  
15 Passed: \_\_\_\_\_

16  
17 \_\_\_\_\_  
Mayor

18 Attest:

19  
20 \_\_\_\_\_  
City Clerk

21 Approved as to form:

22 ORRICK, HERRINGTON & SUTCLIFFE LLP  
23  
24 \_\_\_\_\_

25 Requested by Public Utility Board  
26 Resolution No. U-10937



**EXHIBIT A**  
**(FORM OF 2017 BONDS)**

**STATE OF WASHINGTON**  
**CITY OF TACOMA**  
**ELECTRIC SYSTEM REVENUE BONDS,**  
**SERIES 2017**

Registered Owner: \_\_\_\_\_

Principal Sum: \$[AMOUNT]

The CITY OF TACOMA, a municipal corporation duly organized and existing under and pursuant to the Charter of the City of Tacoma and the Constitution and laws of the State of Washington (hereinafter called the "City"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner hereinabove named or registered assigns, the principal amount hereof, together with unpaid accrued interest thereon, on the dates, at the rates and in the amounts as provided in the Master Ordinance (as hereinafter defined). This Bond is issued pursuant to Ordinance No. 28146 of the City, passed on April 30, 2013, as amended and supplemented, including as supplemented by Ordinance No. \_\_\_\_ of the City, passed on April \_\_, 2017, providing for the issuance of the Bonds, including the 2017 Bonds (hereinafter collectively called the "Master Ordinance"). Interest shall be calculated on the basis of actual days elapsed in a 360 day year consisting of twelve 30-day months. Payments shall be made solely from Revenues, after payment of Operating Expenses (as defined in the Master Ordinance), to the registered owner stated hereinabove by the Paying Agent without the necessity of presentation and surrender of this Bond.

This Bond is one of a duly authorized issue of Electric System Revenue Bonds of the City (hereinafter called the "Bonds") of the series and designation indicated on the face hereof. Said authorized issue of Bonds is not limited in aggregate principal amount and consists of multiple series and subseries of



1 varying denominations, dates, maturities, interest rates and other provisions, as  
2 provided in the Master Ordinance, all issued and to be issued pursuant to the  
3 provisions of the Charter of the City of Tacoma and applicable laws of the State  
4 of Washington (hereinafter collectively called the "Act").

5         Reference is hereby made to the Master Ordinance and to the Act for a  
6 description of the terms on which the Bonds are issued and to be issued, the  
7 provisions with regard to the nature and extent of the Revenues, as that term is  
8 defined in the Master Ordinance, and the rights of the registered owners of the  
9 Bonds; and all the terms of the Master Ordinance and the Act are hereby  
10 incorporated herein and made a contract between the City and the registered  
11 owner from time to time of this Bond, and to all the provisions thereof the  
12 registered owner of this Bond, by its acceptance hereof, consents and agrees.  
13 Additional series of Bonds may be issued on a parity with this Bond, but only  
14 subject to the conditions and limitations contained in the Master Ordinance.  
15 This Bond is subject to optional and mandatory redemption as provided in the  
16 Master Ordinance.

17         This Bond, including the interest hereon, together with all other Bonds,  
18 and the interest thereon, issued under the Master Ordinance (and to the extent  
19 set forth in the Master Ordinance), is payable from, and is secured by a charge  
20 and lien on, the Revenues, after payment of Operating Expenses, derived by the  
21 City from the Electric System (as those terms are defined in the Master  
22 Ordinance).

23         The Bonds are special limited obligations of the City payable from and  
24 secured solely by Net Revenues of the Electric System and by other money and  
25 assets specifically pledged under the Master Ordinance for the payment thereof.  
26 Pursuant to the Master Ordinance, the City has pledged as security for the



1 payment of the principal of, premium, if any, and interest on the Bonds in  
2 accordance with the provisions of the Master Ordinance, subject only to the  
3 provisions of the Master Ordinance restricting or permitting the application  
4 thereof for the purposes and on the terms and conditions set forth in the Master  
5 Ordinance: (i) the proceeds of the sale of the Bonds to the extent held in funds  
6 established by the Master Ordinance, (ii) Net Revenues, and (iii) the money and  
7 investments, if any, credited to the Revenue Fund and the Bond Fund, and the  
8 income therefrom.

9         The Bonds are not general obligations of the City, or the State of  
10 Washington, or a charge upon any general fund or other property of the City or  
11 the State of Washington not specifically pledge thereto by the Master  
12 Ordinance, and neither the full faith and credit nor the taxing power of the City or  
13 of the State of Washington, nor any revenues of the City derived from sources  
14 other than the Electric System, are pledged to the payment hereof. No holder of  
15 this Bond shall ever have the right to compel any exercise of the taxing power of  
16 the City of Tacoma to pay this Bond or the interest hereon.

17         This Bond is transferable by the registered owner hereof, but only in the  
18 manner and subject to the limitations provided in the Master Ordinance. Upon  
19 such transfer a new fully registered Bond for the same aggregate principal  
20 amount will be issued to the transferee in exchange herefor.

21         The rights and obligations of the City and of the registered owners of the  
22 Bonds may be modified or amended at any time in the manner, to the extent,  
23 and upon the terms provided in the Master Ordinance; provided, that no such  
24 amendment shall (a) extend the date of payment of the principal of any Bond or  
25 of any installment of interest thereon or reduce the principal or redemption price  
26 thereof or the rate of interest thereon or advance the date upon which any Bond



1 may first be called for redemption prior to its fixed maturity date; (b) give to any  
2 Bond or Bonds any preference over any other Bond or Bonds secured equally  
3 and ratably therewith; (c) reduce the aforesaid percentage of Bonds, the owners  
4 of which are required to consent to any ordinance amending the provisions of  
5 the Master Ordinance; or (d) authorize the creation of any pledge prior to or,  
6 except as provided in the Master Ordinance for the issuance of future Bonds, on  
7 a parity with the pledge afforded by the Master Ordinance, without the consent  
8 of the owner of each such Bond affected thereby.

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

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

23       IN WITNESS WHEREOF, the CITY OF TACOMA has caused this Bond  
24 to be executed in its name and on its behalf by its \_\_\_\_\_ and  
25  
26



1 countersigned by its \_\_\_\_\_, and the seal of said City to be imprinted or  
2 reproduced by facsimile hereon, and this Bond to be dated as of the \_\_\_\_ day of  
3 \_\_\_\_\_, \_\_\_\_.

4 CITY OF TACOMA

5 By

6 Title

7 Countersigned:

8 By

9 Title

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**CERTIFICATE OF AUTHENTICATION**

This is the Bond described in the within-mentioned Master Ordinance.

[NAME], as Paying Agent and Bond Registrar

By

Authorized Signatory

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

\_\_\_\_\_

(Name, address, and Taxpayer Identification Number of Assignee)

this Bond and all rights thereunder, hereby irrevocably constituting and appointing

\_\_\_\_\_ attorney to transfer said Bond on the books of the

City with full power of substitution in the premises.

Dated:

Signature(s) Guaranteed

(Signature)

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