



Legislation Text

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SUBSTITUTE

ORDINANCE \_ 23-114

2 An ordinance of the City of - Tacoma, Washington  
authorizing the issuance and sale of electric  
3 system refunding revenue bonds of the City in  
the aggregate principal amount of not to  
4 exceed \$150,000,000 for the purpose of  
providing part of the funds required to  
5 advance refund all the City's outstanding  
light and power revenue bonds; authorizing  
6 the execution of an escrow agreement related  
to such refunding; fixing the date, form,  
terms, and covenants of said bonds; estab-  
7 lishing certain funds and inic-counts; estab-  
lishing conditions for the issuance of  
additional parity bonds and establishing  
certain requirements related to the financing  
9 of one or more separate utility systems.

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SUBSTITUTE

1 ORDINANCE NO. 23514

2 An ordinance of the City of Tacoma Washington  
 3 authorizing the issuance and sale of electric  
 4 system refunding revenue bonds of the City in  
 5 the aggregate principal amount of not to  
 6 exceed \$150,000,000 for the purpose of  
 7 providing part of the funds required to  
 8 advance refund all the City's outstanding  
 9 light and power revenue bonds; authorizing  
 10 the execution of an escrow agreement related  
 11 to such refunding; fixing the date, form,  
 12 terms, and covenants of said bonds; estab-  
 13 lishing certain funds and accounts; estab-  
 14 lishing conditions for the issuance of  
 15 additional parity bonds and establishing  
 16 certain requirements related to the financing  
 17 of one or more separate utility systems.

18 WHEREAS, The City of Tacoma, Washington (the "City")  
 19 owns and operates an electric utility system (as such "Elec-  
 20 tric System" is hereinafter defined) for the generation,  
 21 transmission and distribution of electric energy for all  
 22 purposes; and

23 WHEREAS, the City presently has outstanding the fol-  
 24 lowing light and power revenue bonds in the following  
 25 amounts (the "Outstanding Bonds"):

19.	Ordinance No:	Issue	Amount Outstanding 7/1/85
20	17538	Light & Power Refunding Revenue Bonds of 1964	21,855,000
21	17538	Light & Power Revenue Bonds, Series of 1964	14,670,000
22	17538	Light & Power Revenue Bonds, Series of 1965	40,565,000
23	18202	Light & Power Revenue Bonds, Series A & B of 1967	32,250,000
24	18708	Light & Power Revenue Bonds, 1969 Series	17,515,000

19761 Light & Power Refunding Revenue Bonds of 1973 22,290,000  
 24 21615 Light & Power Revenue Bonds, 1979 Series 37,250,000

25

26

1 WHEREAS, the Outstanding Bonds mature in the following years

2 in the following amounts:

3 Matu-

4	rity	1964	1965	1967	1969	1973	1979
5	Dates	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds
6	1/1/86	455,000	405,000	300,000	260,000	565,000	425,000
7	7/1/86	460,000	410,000	305,000	-0-	-0-	-0-
8	1/1/87	470,000	420,000	310,000	275,000	595,000	450,000
9	7/1/87	475,000	425,000	315,000	-0-	-0-	-0-
10	1/1/88	490,000	435,000	320,000	290,000	625,000	500,000
11	7/1/88	495,000	445,000	325,000	-0-	-0-	-0-
12	1/1/89	455,000	450,000	335,000	305,000	655,000	525,000
13	7/1/89	470,000	460,000	345,000	-0-	-0-	-0-
14	1/1/90	525,000	470,000	350,000	320,000	690,000	550,000
15	7/1/90	535,000	475,000	355,000	-0-	-0-	-0-
16	1/1/91	360,000	485,000	365,000	340,000	725,000	600,000
17	7/1/91	555,000	495,000	375,000	-0-	-0-	-0-
18	1/1/92	570,000	505,000	380,000	355,000	765,000	650,000
19	7/1/92	580,000	515,000	390,000	-0-	-0-	-0-
20	1/1/93	490,000	525,000	395,000	375,000	800,000	700,000
21	7/1/93	485,000	535,000	405,000	-0-	-0-	-0-
22	1/1/94	615,000	545,000	415,000	395,000	845,000	725,000--
23	7/1/94	630,000	555,000	425,000	-0-	-0-	-0-
24	1/1/95	500,000	565,000	430,000	420,000	885,000	775,000
25	7/1/95	460,000	575,000	440,000	-0-	-0-	-0-
26	1/1/96	665,000	585,000	455,000	440,000	935,000	850,000
27	7/1/96	675,000	595,000	460,000	-0-	-0-	-0-
28	1/1/97	690,000	610,000	470,000	465,000	985,000	900,000
29	7/1/97	705,000	620,000	480,000	-0-	-0-	-0-
30	1/1/98	715,000	630,000	490,000	490,000	1,035,000	950,000
31	7/1/98	715,000	645,000	500,000	-0-	-0-	-0-
32	1/1/99	575,000	655,000	510,000	520,000	1,090,000	1,025,000
33	7/1/99	545,000	665,000	520,000	-0-	-0-	-0-
34	1/1/00	775,000	680,000	535,000	545,000	1,150,000	1,100,000
35	7/1/00	790,000	690,000	545,000	-0-	-0-	-0-
36	1/1/01	735,000	705,000	555,000	575,000	1,210,000	1,175,000
37	7/1/01	665,000	720,000	570,000	-0-	-0-	-0-
38	1/1/02	820,000	730,000	580,000	610,000	1,270,000	1,250,000
39	7/1/02	845,000	745,000	590,000	-0-	-0-	-0-
40	1/1/03	695,000	760,000	605,000	645,000	1,340,000	1,350,000



23	7/1/03	800,000	775,000	620,000	-0-	-0-	-0-
	1/1/04	900,000	790,000	630,000	680,000	1,410,000	1,450,000
	7/1/04	800,000	805,000	645,000	-0-	-0-	-0-
24	1/1/05	870,000	820,000	660,000	715,000	1,485,000	1,550,000
	7/1/05	940,000	835,000	670,000	-0-	-0-	-0-
25	1/1/06	870,000	850,000	690,000	755,000	1,565,000	1,650,000
26	7/1/06	970,000	865,000	700,000	-0-	-0-	-0-
	1/1/07	790,000	880,000	715,000	795,000	1,665,000	1,750,000

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1 Matu-

2	rity	1964	1965	1967	1969	1973	1979
	Dates	Bonds	Bonds	Bonds	Bonds	Bonds	Bonds
3	7/1/07	1,030,000	900,000	730,000	-0-	-0-	-0-
4	1/1/08	1,055,000	915,000	745,000	840,000		1,900,000
	7/1/08	1,075,000	930,000	765,000	-0-		-0-
5	1/1/09	945,000	950,000	780,000	885,000		2,025,000
	7/1/09	515,000	965,000	795,000	-0-		-0-
6	1/1/10	1,140,000	985,000	810,000	935,000		2,150,000
	7/1/10	365,000	1,005,000	825,000	-0-		-0-
7	1/1/11	375,000	1,025,000	850,000	985,000		2,325,000
	7/1/11	380,000	1,040,000	865,000	-0-		-0-
8	1/1/12	390,000	1,060,000	885,000	1,040,000		2,475,000
	7/1/12	395,000	1,080,000	900,000	-0-		-0-
9	1/1/13	405,000	1,100,000	920,000	1,100,000		2,650,000
	7/1/13	410,000	1,120,000	940,000	-0-		-0-
10	1/1/14	420,000	1,140,000	965,000	1,160,000		2,825,000

11 WHEREAS, the ordinances authorizing the issuance of the

12 Outstanding Bonds provided that such bonds may be def eased when

13 the City shall have irrevocably set aside for and pledged to the  
14 payment of such bonds money and/or direct obligations of, or  
15 obligations the principal of and interest on which are uncondi-  
16 tionally guaranteed by, the United States of America, or certain  
17 other specified obligations, sufficient in amount, together with  
18 the earnings thereon to provide funds to pay when due the inter-  
19 est on part or all of such bonds and to redeem and retire such  
20 bonds at or prior to their maturity in accordance with their  
21 terms; and

22 WHEREAS, after due consideration it appears to the City  
23 Council that the Outstanding Bonds may be advance refunded by the  
24 issuance of the refunding revenue bonds authorized herein, and  
25 that the capacity and ability of the City to finance future  
26 electric revenue production facilities will be improved by the

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issuance of such refunding bonds and the restructuring of the  
outstanding revenue debt of the City's Electric System as herein  
set forth;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF TACOMA:

ARTICLE I  
DEFINITIONS

Section 1.1 Definitions. As used in this ordinance, the  
following terms shall have the following meanings:

"Accreted Value" means with respect to any Capital Appreciation Bonds (A) as of any Valuation Date, the amount set forth for such date in any Future Parity Bond Ordinance authorizing such Capital Appreciation Bonds and (B) as of any date other than a Valuation Date, the sum of (1) the Accreted Value on the preceding Valuation Date and (2) the product of (a) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, calculated based on the assumption that Accreted Value accrues during any semiannual period in equal daily amounts on the basis of a year of twelve thirty-day months, times (b) the difference between the Accreted Values for such Valuation Dates.

"Annual Debt Service" for any Fiscal Year means the amount equal to:

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(A) the interest accruing during such Fiscal Year on all outstanding Bonds, excluding interest to be paid from the proceeds of sale of Bonds; and

(B) the principal of all outstanding Serial Bonds due in such Fiscal Year; and

(C) the Sinking Fund Requirement, if any, for such Fiscal Year.

For purposes of this definition, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Requirement shall be included in the calculations of accrued and unpaid and accruing interest or principal in such manner and during such period of time as is specified in any Future Parity Bond Ordinance authorizing such Capital Appreciation Bonds or Deferred Income Bonds.

For the purpose of calculating the principal and interest on Option Bonds in any Fiscal Year, such Bonds shall be assumed to mature on the stated maturity date or mandatory redemption date thereof.

"Appreciated Value" means with respect to any Deferred Income Bonds, (A) (1) as of any Valuation Date, the amount set forth for such date in any Future Parity Bond Ordinance authorizing such Deferred Income Bonds and (2) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (i) a fraction, the numerator of which is the number of days having elapsed

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from the preceding Valuation Date and the denominator of which is

2 the number of days from such preceding Valuation Date to the next  
3 succeeding Valuation Date calculated based on the assumption that  
4 Appreciated Value accrues during any semiannual period in equal  
5 daily amounts on the basis of a year of twelve thirty-day months,  
6 times (ii) the difference between the Appreciated Values for such  
7 Valuation Dates, and (B) as of any date of computation on and  
8 after the Interest Commencement Date, the Appreciated Value on  
9 the Interest Commencement Date.

10 "Bond Counsel" means an attorney at law or a firm of attor-  
11 neys, selected by the City, of nationally recognized standing in  
12 matters pertaining to the tax-exempt nature of interest on bonds  
13 issued by states and their political subdivisions, duly admitted  
14 to the practice of law before the highest court of any state of  
15 the United States of America.

16 "Bond Fund" means the Electric System Revenue Bond Fund  
17 created by Section 7.2 of this Ordinance.

18 "Bondowners' Trustee" means a trustee appointed by bondow-  
19 ners pursuant to Article XI hereof.

20 "Bonds" means the 1985 Bonds and any Future Parity Bonds.

21 "Bonds" may include bonds, notes, warrants, certificates of  
22 indebtedness or any other evidence of indebtedness issued on a  
23 parity with the 1985 Bonds.

24  
25 "1985 Bonds" means the Electric System Refunding Revenue  
26 Bonds, 1985 of the City issued pursuant to and under the author-  
ity of this Ordinance.

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1 "Capital Appreciation Bonds" means any Bonds hereafter  
2 issued as to which interest is payable only at the maturity or  
3 prior redemption of such Bonds. For the purposes of (i) receiv-  
4 ing payment of the redemption price, if any, of a Capital Appre-  
5 ciation Bond that is redeemed prior to maturity, or (ii) comput-  
6 ing the principal amount of Bonds held by the holder of a Capital  
7 Appreciation Bond in giving to the City or the Paying Agent any  
8 notice, consent, request, or demand pursuant to the Ordinance for  
9 any purpose whatsoever, the principal amount of a Capital Appre-  
10 ciation Bond shall be deemed to be its Accreted Value.

11 "Certified Public Accountant" means an independent certified  
12 public accountant (or firm of certified public accountants)  
13 selected by the City and having a favorable national reputation.'

14 "City" means the City of Tacoma, Washington, a home-rule  
15 charter municipal corporation duly organized and existing under  
16 and by virtue of the Constitution and laws of the State of  
17 Washington.

18 "Closing" means the delivery of the Bonds to, and payment of  
19 the purchase price therefor by, the initial purchasers of the  
20 Bonds.

21 "Contract Resource Obligation" means an obligation of the  
22 Electric System to pay the following costs, whether or not Power  
23 and Services are available to the Electric System in return for  
24 such payment:

25 (A) costs associated with generation, transmission or  
26 distribution facilities (including any common undivided

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1 interest therein) hereafter acquired, purchased or con-  
2 structed by the City and declared by the Council to be a  
3 separate utility system, which such costs shall include but  
4 are not limited to costs of normal operation and mainte-  
5 nance, renewals and replacements, additions and betterments  
6 and debt service on the bonds or other obligations of such  
7 separate electric utility system, or

8 (B) costs associated with the purchase of Power and  
9 Services under a contract.

10 "Council" means the legislative body of the City, as duly  
11 constituted from time to time, acting in accordance with the  
12 Tacoma City Charter, as now or hereafter amended.

13 "Deferred Income Bonds" means any Bonds issued under any  
14 Future Parity Bond Ordinance as to which accruing interest is not  
15 paid prior to the Interest Commencement Date specified in such  
16 ordinance and the Appreciated Value for such Bonds is compounded  
17 semiannually on the Valuation Date for such Deferred Income  
18 Bonds.

19 "Electric System" means the electric utility properties,  
20 rights and assets, real and personal, tangible and intangible,  
21 now owned and operated by the City and used or useful in the  
22 generation, transmission, distribution and sale of electric  
23 energy and the business incidental thereto, and all properties,  
24 rights and assets, real and personal, tangible and intangible,  
25 hereafter constructed or acquired by the City as additions,  
26 betterments, improvements or extensions to said electric utility

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1 properties, rights and assets, but shall not include any genera-  
2 tion, transmission and distribution facilities that may hereafter  
3 be purchased, constructed or otherwise acquired by the City and  
4 declared by the Council to be a separate utility system not  
5 financed from the Revenues (except as a Contract Resource Obliga-  
6 tion (i) included in Operating Expenses of the Electric System  
7 upon compliance with Section 6.2 hereof or (ii) on a basis junior  
8 and inferior to the lien on Revenues pledged to secure the  
9 Bonds), the revenue of which separate utility system may be  
10 pledged to the payment of revenue obligations issued to purchase,  
11 construct, condemn or otherwise acquire or expand such separate  
12 utility system. The Council may, by ordinance, elect to combine  
13 with and include as a part of the Electric System any other,  
14 separate utility system of the City, provided that full provision  
15 for the payment of any outstanding indebtedness of such separate  
16 system shall first be made in the manner substantially similar to  
17 that set forth in Section 7.4 hereof for the 1985 Bonds.

18 "Engineer" means an independent licensed professional  
19 engineer (or firm of licensed professional engineers) selected by  
20 the City and having a favorable national reputation for skill and  
21 experience with electric systems of comparable size and character  
22 to the Electric System in such of the following as are relevant  
23 to the purposes for which they are retained: (a) engineering and  
24 operations and (b) the design of rates.

25 "Escrow Agent" means the Escrow Agent appointed by the City  
26 pursuant to Section 8.2 hereof.

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1 "Escrow Agreement" means that agreement between the City and  
2 the Escrow Agent in the form attached hereto as Exhibit A.

3 "Event of Default" means those events described as Events of  
4 Default in Section 11.1 hereof.

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

8 "Future Parity Bonds" means any Bonds of the City issued  
9 after the date of issuance of the 1985 Bonds that will have a  
10 lien upon the Net Revenues of the Electric System for the payment  
11 of the principal thereof and interest thereon equal to the lien  
12 upon the Net Revenues of the Electric System for the payment of  
13 the principal of and interest on the 1985 Bonds.

14 "Future Parity Bond Ordinance" means any ordinance author-  
15 izing the issuance of Future Parity Bonds.

16 "Government Obligations" means direct obligations of, or  
17 obligations the principal of and interest on which are uncondi-  
18 tionally guaranteed by, the United States Government.

19 "Insurer" means an issuer of Qualified Insurance.

20 "Interest Commencement Date" means, with respect to any  
21 particular Deferred Income Bonds, the date specified in any  
22 Future Parity Bond Ordinance authorizing such Bonds (which date  
23 must be prior to the maturity date for such Bonds) after which  
24 interest accruing on such Bonds shall be payable semiannually,

25 with the first such payment date being the applicable interest  
26

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1 payment date immediately succeeding such Interest Commencement  
2 Date.

3 "Maximum Interest Rate" means, with respect to any particu-  
4 lar Variable Interest Rate Bond, a numerical rate of interest,  
5 which shall be set forth in any Future Parity Bond Ordinance  
6 authorizing such Bond, that shall be the maximum rate of interest  
7 such Bond may at any time bear.

8 "Minimum Interest Rate" means, with respect to any particu-  
9 lar Variable Interest Rate Bond, a numerical rate of interest  
10 which may include a zero interest rate and may (but need not) be  
11 set forth in any Future Parity Bond Ordinance authorizing such  
12 Bond, that shall be the minimum rate of interest such Bond may at  
13 any time bear.

14 "Net Revenues" means, for any period, the excess of Revenues  
15 over Operating Expenses for such period, excluding from the  
16 computation of Revenues (A) any profit or loss derived f r om the  
17 sale or other disposition, not in the ordinary course of busi-  
18 ness, of investments or fixed or capital assets of the Electric  
19 System, or resulting from the early extinguishment of debt;  
20 (B) insurance and condemnation proceeds; (C) income from invest-  
21 ment of money on hand in any construction fund and other invest-  
22 ment income restricted to a particular purpose inconsistent with  
23 its use for the payment of debt service; and (D) any other  
24 extraordinary, non-recurring income or contribution.

25 "1985 Defeasance Fund" means the fund of that name created  
26 by Section 8.1.A hereof.

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1 "Operating Expenses" means all the City's expenses for  
2 operation and maintenance of the Electric System, including all  
3 operation and maintenance expenses included in the Uniform System  
4 of Accounts and shall include, without limiting the generality of  
5 the foregoing, (A) all costs of purchased Power and Services  
6 required under contracts existing as of the date of passage of  
7 this Ordinance to be taken by the City for the account of the  
8 Electric System, and otherwise all costs of purchased Power and  
9 Services to the extent, but only to the extent, that the City is  
10 not obligated to make payment therefor unless the City is receiv-  
11 ing Power and Services in return for such payment and (B) costs  
12 of Contract Resource Obligations upon satisfaction of the  
13

14 requirements established by Article VI hereof. Operating  
15 Expenses shall include payments to the City for services rendered  
16 to the electric utility by other departments or offices of the  
17 City but shall not include any extraordinary, non-recurring  
18 expenses, any costs or expenses for new construction, interest,  
19 amortization, any allowance for depreciation or any taxes payable  
20 to the City (or payments in lieu of taxes) upon the properties or  
21 earnings of the Electric System or the earnings of any separate  
22 electric utility system derived from payments by the Electric  
23 System.

24 "Option Bonds" means Bonds that the owner or holder thereof  
25 may at its option demand payment of the principal and accrued  
26 interest thereof or the purchase of such Bonds by or on behalf of

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1 the City in advance of the otherwise scheduled dates for the  
2 payment of principal and interest thereon.

3 "Ordinance" means this Ordinance, including any amendments  
4 or supplements adopted pursuant hereto.

5 "Outstanding Bond Ordinances" means Ordinances Nos. 17538,  
6 18202, 18708, 19761 and 21615 of the, City authorizing the issu-  
7 ance of the Outstanding Bonds.

8 "Outstanding Bonds" means the outstanding \$186,395,000  
9 principal amount of light and power revenue bonds of the City,  
10 heretofore issued by the City pursuant to the Outstanding Bond  
11 Ordinances.  
12 "Paying Agent" means the designated fiscal agents of the  
13 State of Washington or any bank or banks designated as Payincl'  
14 Agent, by the City in accordance with applicable laws of the State  
15 of Washington hereinafter in effect.  
16 "Permitted Investments" means investments that are now or  
17 may hereafter be permitted to the City by the laws of the State  
18 of Washington.  
19 "Power and Services" means energy, capacity, reserves and  
20 services, excluding the purchase of ownership of generating  
21 capability.  
22 "Qualified Letter of Credit" means any irrevocable.letter of  
23 credit issued by a financial institution for the account of the  
24 City on behalf of the owners of the Bonds, which institution  
25 maintains an office, agency or branch in the United States and as  
26 of the time of issuance of such letter of credit, is currently

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1 rated in one of the two highest rating categories by either  
2 Moody's Investors Service, Inc. or Standard & Poor's Corporation  
3 or their comparably recognized business successors.  
4 "Qualified Insurance" means any non-cancelable municipal  
5 bond insurance policy or surety bond issued by any insurance  
6 company licensed to conduct an insurance business in any state of  
7 the United States (or by a service corporation acting on behalf  
8 of one or more such insurance companies) which insurance company  
9 or companies, as of the time of issuance of such policy or surety  
10 bond, are currently rated in one of the two highest rating  
11 categories by both Moody's Investors Service, Inc. and Standard &  
12 Poor's Corporation or their comparably recognized business  
13 successors.  
14 "Registrar" means the registrar and authenticating agent  
15 appointed pursuant to Section 4.1 hereof, its successor or suc-  
16 cessors and any other entity that may at any time be substituted  
17 in its place pursuant to this Ordinance.  
18 "Reserve Account Requirement" means an amount equal to the  
19 lesser of maximum Annual Debt Service in any Fiscal Year follow-  
20 ing the date of computation or one hundred twenty-five percent  
21 (125%) of average Annual Debt Service. In calculating the  
22 Reserve Account Requirement, in the case of Variable Rate Inter-  
23 est Bonds the interest rate calculated thereon shall be calcu-  
24 lated on the assumption that such Bonds will bear interest during  
25 such period at the Maximum Interest Rate for such Bonds; provided  
26 that, if on such date of calculation the interest rate on such

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1 Bonds shall then be fixed for a specified period, the interest  
2 rate used for such specified period for the purposes of the  
3 foregoing calculation shall be such actual interest rate.  
4 "Revenue Fund" means the Light Fund of the City heretofore  
5 created by Section 2 of Ordinance No. 2849 of the City and herein  
6 continued and redesignated the City of Tacoma Electric System  
7 Revenue Fund.  
8 "Revenues" means all income (including investment income),  
9 receipts and revenues received by the City through the ownership  
10 and operation of the Electric System, including any income  
11 derived by the City through the ownership and operation of any  
12 facilities that may hereafter be purchased, constructed, or  
13 otherwise acquired and operated by the City as a separate utilit"  
14 system, which income is available after meeting all requirements  
15 of the obligations of such separate system and is paid into the  
16 Revenue Fund. "Revenues" shall not include investment income  
17 restricted to a particular purpose inconsistent with its use for  
18 the payment of debt service, including investment income derived

19 pursuant to a plan of debt refunding.  
20 "Serial Bonds" means Bonds other than Term Bonds.  
21 "Sinking Fund Requirement" means, for any Fiscal Year, the  
22 amount required on account of Term Bonds to be deposited into the  
23 Bond Retirement Account in such Fiscal Year as established by the  
24 ordinance of the City authorizing the issuance of such Term  
25 Bonds.  
26

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1 "Supplemental Ordinance" means any ordinance amending,  
2 modifying or supplementing the provisions of this Ordinance.  
3 "Term Bonds" means Bonds of any principal maturity which are  
4 subject to mandatory redemption or for which mandatory sinking  
5 fund payments are required.  
6 "Uniform System of Accounts" means the Federal Energy  
7 Regulatory Commission (or its successor in function) Uniform  
8 System of Accounts prescribed for Class A and Class B Public  
9 Utilities and Licenses, as the same may be modified, amended or  
10 supplemented from time to time.  
11 "Valuation Date" means (i) with respect to any Capital  
12 Appreciation Bonds the date or dates set forth in any Future  
13 Parity Bond Ordinance authorizing such Bonds on which specific--  
14 Accreted Values are assigned to the Capital Appreciation Bonds,  
15 and (ii) with respect to any Deferred Income Bonds the date or  
16 dates prior to the Interest Commencement Date set forth in any  
17 Future Parity Bond Ordinance authorizing such Bonds on which  
18 specific Appreciated Values are assigned to the Deferred Income  
19 Bonds.  
20 "Variable Interest Rate" means a variable interest rate or  
21 rates to be borne by a series of Future Parity Bonds or any one  
22 or more maturities within a series of Future Parity Bonds. The  
23 method of computing such variable interest rate shall be speci-  
24  
25 fied in the Future Parity Bond Ordinance authorizing such series  
26 of Future Parity Bonds and shall be based on (i) a percentage or  
percentages or other function of an objectively determinable

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1 interest rate or rates (e.g., a prime lending rate) or a function  
2 of such objectively determinable interest rate or rates which may  
3 be in effect from time to time or at a particular time or times;  
4 provided that, such variable interest rate shall be subject to a  
5 Maximum Interest Rate and may be subject to a Minimum Interest  
6 Rate and that there may be an initial rate specified, in each  
7 case as provided in such Future Parity Bond Ordinance or (ii) a  
8 stated interest rate that may be changed from time to time as  
9 provided in the Future Parity Bond Ordinance authorizing such  
10 Bonds, provided that, such interest rate shall be subject to a  
11 Maximum Interest Rate. Such Future Parity Bond Ordinance shall  
12 also specify either (i) the particular period or periods of time  
13 or manner of determining such period or periods of time for which  
14 each value of such variable interest rate shall remain in effect  
15 or (ii) the time or times upon which any change in such variable  
16 interest rate shall become effective.  
17 "Variable Interest Rate Bonds" for any period of time, means  
18 Bonds which during such period bear a Variable Interest Rate,  
19 provided that Bonds the interest rate on which shall have been  
20 fixed for the remainder of the term thereof shall no longer be  
21 Variable Interest Rate Bonds.  
22 Section 1.2. Interpretation. Words of the masculine gender  
23 shall be deemed and construed to include correlative words of the  
24 feminine and neuter genders. Words imparting the singular number  
25 shall include the plural numbers and vice versa unless the  
26

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1 context shall otherwise indicate. Reference to Articles, Sec-  
2 tions and other subdivisions of this Ordinance are to the Arti-



3 cles, Sections and other subdivisions of this Ordinance as  
4 originally adopted unless expressly stated to the contrary. The  
5 headings or titles of the Articles and Sections hereof, and the  
6 Table of Contents appended hereto, are for convenience of refer-  
7 ence only and shall not define or limit the provisions hereof.

8 ARTICLE II  
9 FINDINGS

10 Section 2.1. Best Interests of the City. The City hereby  
11 finds and determines that it is in the best interests of the City  
12 and the customers of the Electric System that the City issue the  
13 1985 Bonds for the purpose of providing funds to refund the\*  
14 Outstanding Bonds. The refunding will result in substantial  
15 improvement in the covenants governing the future issuance of  
16 electric utility revenue indebtedness of the City.

17 Section 2.2. Defeasance. The Council hereby finds and  
18 determines that the money and Government Obligations to be  
19 deposited with the Escrow Agent for the payment of Outstanding  
20 Bonds in accordance with Article VIII of this Ordinance are,  
21 together with the known earned income from the investments there-  
22 of, sufficient to redeem, retire and pay the Outstanding Bonds in  
23 accordance with their terms and to pay when due the interest  
24 thereon and will discharge and satisfy the obligations of the  
25 City with respect to the Outstanding Bonds under Ordinances Nos.  
26 17538, 18202, 18708, 19761 and 21615 authorizing the issuance of

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1 said bonds, and the liens, pledges, charges, trusts, assignments,  
2 covenants and agreements of the City therein made as to all of  
3 said Outstanding Bonds, and the Outstanding Bonds shall no longer  
4 be deemed to be outstanding under said Ordinances immediately  
5 upon the deposit of such money and Government Obligations with  
6 the Escrow Agent.

7 Section 2.3. Revenues Sufficient. The Council hereby  
8 further finds and determines that the Revenues to be derived by  
9 the City from the operation of the Electric System at the rates  
10 to be charged for the electricity furnished thereby will be  
11 sufficient in the judgment of the City to meet all expenses of  
12 operation and maintenance, and to make all necessary repairs,  
13 replacements and renewals thereof, and to permit the setting,  
14 aside out of such Revenues and money in the Revenue Fund into the  
15 Bond Fund of such amounts as may be required to pay the principal  
16 of and interest on the 1985 Bonds as the same become due and  
17 payable.

18 Section 2.4. Due Regard. The Council hereby finds and  
19 determines that due regard has been given to the cost of the  
20 operation and maintenance of the Electric System and that it has  
21 not obligated the City to set aside into the Bond Fund for the  
22 account of the 1985 Bonds a greater amount of the revenues and  
23 proceeds of the Electric System than in its judgment will be  
24 available over and above such cost of maintenance and operation.  
25  
26

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ARTICLE III

2 AUTHORIZATION, ISSUANCE AND REDEMPTION OF 1985 BONDS

3 Section 3.1. Authorization of Bonds. There are hereby  
4 authorized to be issued bonds of the City, unlimited in amount,  
5 to be known as "City of Tacoma, Washington Electric System  
6 Revenue Bonds," consisting of the 1985 Bonds and any Future  
7 Parity Bonds hereafter issued pursuant to Article V of this  
8 ordinance.

9 Section 3.2. Authorization of 1985 Bonds. In order to  
10 finance the advance refunding of the Outstanding Bonds pursuant  
11 to Article VIII hereof, the City shall issue and sell not to  
12 exceed \$150,000,000 aggregate principal amount of Electric System  
13 Refunding Revenue Bonds, 1985 (the "1985 Bonds"), which shall  
14 bear interest from their date at such rates per annum and shall

15 mature or be subject to mandatory redemption by the operation of  
16 the Bond Retirement Account on January 1 of such years and in  
17 such amounts (and in such aggregate principal amount) as shall be  
18 fixed by resolution of the Council adopted after the final  
19 passage of this Ordinance.

20 The 1985 Bonds shall be dated December 1, 1985, shall be in  
21 fully registered form in the denomination of \$5,000, or any  
22 integral multiple thereof, provided that no 1985 Bond shall  
23 represent more than one maturity, and shall be numbered sepa-  
24 rately in such manner and with any additional designation as the  
25 Registrar deems necessary for purposes of identification.  
26

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1 Interest on the 1985 Bonds shall be payable from their date  
2 of issue on July 1, 1986 and semiannually thereafter on the first  
3 days of each January and July. Interest may be paid by check or  
4 draft drawn upon the Paying Agent or by wire transfer pursuant to  
5 section 4.2 hereof. Principal of the 1985 Bonds, at maturity or  
6 when otherwise due, shall be payable upon due presentment and  
7 surrender of the 1985 Bonds at the office of the Paying Agent in  
8 such coin or currency of the United States of America which at  
9 the time of payment is legal tender for public and private debts  
10 and in such manner as shall be in accordance with any fiscal  
11 agency agreement then in effect. The principal of and interest  
12 on the 1985 Bonds shall be payable solely from the Bond Fund.

13 Section 3.3. Reservation of Right to Purchase. The Cit<sup>y</sup>

14 reserves the right to use money in the Revenue Fund or any other  
15 funds legally available therefor at any time to purchase any of  
16 the 1985 Bonds in the open market if such purchase shall be found  
17 by the City to be economically advantageous and in the best  
18 interest of the City provided there is no deficiency in the  
19 accounts within the Bond Fund and provided further that there is  
20 no unreimbursed draw pursuant to a reimbursement agreement.

21 Any purchases of 1985 Bonds may be made with or without  
22 tenders of 1985 Bonds and at either public or private sale.

23 Section 3.4 Optional Redemption of 1985 Bonds. The 1985  
24 Bonds are subject to redemption prior to maturity, at the option  
25 of the City in whole or in part at the times and at the prices as  
26

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1 shall be fixed by resolution of the Council adopted after the  
2 final passage of this Ordinance.

3 If less than all of the 1985 Bonds subject to optional  
4 redemption are so called for redemption, the City shall choose  
5 the maturities to be redeemed. If less than the whole of a  
6 maturity is so called for redemption, the 1985 Bonds to be  
7 redeemed shall be chosen by lot by the Registrar.

8 Section 3.5. Mandatory Redemption of 1985 Bonds. The  
9 amounts specified by resolution of the Council pursuant to  
10 Sections 3.2 and 13.5 hereof for mandatory redemption of the 1985  
11 Bonds shall be deemed Sinking Fund Requirements for the 1985  
12 Bonds maturing on the dates specified by such resolution (which  
13 1985 Bonds shall be deemed to be Term Bonds). Redemption shall  
14 be made upon written notice as provided in Section 3.6 of this  
15 Ordinance and by payment of the principal amount of the 1985  
16 Bonds to be so redeemed, together with the interest accrued  
17 thereon to the date fixed for redemption.

18 The City may purchase or redeem Term Bonds through the  
19 application of part or all of the respective Sinking Fund

20 Requirements therefor at any time prior to any January 1 Sinking  
21 Fund Requirement due date at a price not to exceed par plus  
22 accrued interest. Any money not so used to redeem or to purchase  
23 such Term Bonds shall be substantially exhausted by application  
24 to the redemption of such 1985 Bonds on such succeeding Janu-

25 ary 1. If, as of any January 1, the principal amount of Term  
26 Bonds retired by purchase or redemption, from any source,

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1 exceeds the cumulative Sinking Fund Requirements through such  
2 date, such excess may be credited against the Sinking Fund  
3 Requirement for the next Fiscal Year.

4 For the purpose of selection of 1985 Bonds for redemption,  
5 each \$5,000 of principal amount of Bonds shall be treated as a  
6 separate Bond.

7 Section 3.6 Notice of Redemption. The City shall give, or  
8 shall cause the Registrar to give, written notice of any redemp-  
9 tion of 1985 Bonds, which notice shall specify the title, series,  
10 maturities, letters and numbers or other distinguishing marks of  
11 the 1985 Bonds to be redeemed, the redemption date and the place  
12 or places where the amount due upon such redemption will be  
13 payable and, in the case of 1985 Bonds to be redeemed in part  
14 only, such notice shall also specify the respective portions of  
15 the principal amount thereof to be redeemed. Such notice shall  
16 further state that upon the date fixed for redemption there shall  
17 become due and payable upon each 1985 Bond to be redeemed the  
18 principal amount thereof plus the premium, if any, due thereon  
19 upon the said redemption date, together with interest accrued to  
20 the redemption date, and that from and after the redemption date  
21 interest thereon, or on the portion of any 1985 Bond to be  
22 redeemed in part shall cease to accrue and become payable pro-  
23 vided, however, that such lien and pledge shall continue in full  
24 force and effect as to any 1985 Bond, or the portion of any 1985  
25 Bond, not so redeemed upon presentation made in accordance with  
26 such call for redemption. Such notice shall be mailed by first

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1 class mail, postage prepaid, not less than twenty-five (25) days  
2 nor more than sixty (60) days before the redemption date to the  
3 registered owners of 1985 Bonds which are to be redeemed in whole  
4 or in part at their last addresses, if any, appearing upon the  
5 bond register maintained by the Registrar, to Moody's Investors  
6 Service, Inc. and to Standard & Poor's Corporation or their  
7 comparably recognized business successors, but any defect with  
8 respect to the redemption of any 1985 Bond shall not invalidate  
9 the redemption of any other 1985 Bond. The City shall transfer  
10 to the Paying Agent of the 1985 Bonds so to be redeemed amounts  
11 that, in addition to other money, if any, held by such Paying  
12 Agent for such purpose, will be sufficient to redeem, on the  
13 redemption date, all the 1985 Bonds so to be redeemed.

14 Section 3.7. Payment of Redeemed 1985 Bonds; When Interest  
15 on 1985 Bonds Called for Redemption Ceases to Accrue. Notice  
16 having been given by mailing in the manner provided in Sec-  
17 tion 3.6 hereof, the 1985 Bonds or portions thereof so called for  
18 redemption, together with accrued interest to the date fixed for  
19 redemption, shall become due and payable on the redemption date  
20 designated in said notice, and the Paying Agent shall make  
21 payments thereof upon presentation and surrender thereof at the  
22 offices of the Paying Agent specified in such notice together  
23 with, in the case of 1985 Bonds for which payment is requested by  
24 a person other than the registered owner, a written instrument of  
25

transfer in form satisfactory to the Paying Agent, duly executed  
26 by the registered owner or his duly authorized attorney. In the

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1 event there shall be selected for redemption less than all of the  
2 1985 Bonds represented by a 1985 Bond, the City shall execute and  
3

the Registrar shall deliver upon the surrender of such 1985 Bond  
4 without charge to the owner thereof, for the unredeemed balance  
5 of the principal amount of the 1985 Bond so surrendered, a 1985  
6 Bond or 1985 Bonds of the same series, interest rate and matu-

7 rity, in either the denomination of such unredeemed balance or in  
8 any of the authorized-denominations as shall be requested by the  
9 registered owner of the 1985 Bond so surrendered; provided, how-  
10 ever, that the City may, upon written agreement with the owner of  
11 any 1985 Bond, make payment of the redemption price of a portion  
12 of such 1985 Bond directly to the registered owner thereof  
13 without presentation or surrender thereof upon such terms and  
14 conditions as the City may consent to in such agreement. The  
15 Paying Agent shall be advised by the City of each such agreement  
16 and shall be entitled to rely thereon, and to make payments in  
17 accordance therewith, until notified by the City of the termina-  
18 tion of such agreement.

19 If money for the redemption of all the 1985 Bonds, or  
20 portions thereof, to be redeemed on any redemption date, together  
21 with the interest to the redemption date, shall be held by the  
22 Paying Agent and set aside so as to be available therefor on the  
23 date fixed for the redemption thereof, and if notice of redemp-  
24 tion of said 1985 Bonds shall have been mailed as provided in  
25 Section 3.6 hereof, then from and after the redemption date,  
26 interest on the 1985 Bonds or portions thereof so called for

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1 redemption shall cease to accrue and become payable, and all 1985  
2 Bonds or portions thereof so called for redemption shall be  
3 payable solely from the money set aside for the payment thereof  
4 with the Paying Agent, and said 1985 Bonds or portions thereof  
5 shall no longer be secured by the lien on and pledge of the Net  
6 Revenues and other money and investments herein created for the  
7 security and payment thereof; provided, however, that such lien  
8 and pledge shall continue in full force and effect as to any 1985  
9 Bond, or the portion of any 1985 Bond, not so redeemed upon  
10 presentation made in accordance with such call for redemption.

#### ARTICLE IV

##### REGISTRATION., FORM AND GENERAL TERMS

13 Section 4.1 Registrar; Exchanges and Transfers. The  
14 initial Registrar shall be the fiscal agencies for the State of  
15 Washington in Seattle, Washington, and New York, New York. Any  
16 1985 Bond may be transferred pursuant to its provisions at the  
17 Registrar's principal office for such purpose by surrender of  
18 such 1985 Bond for cancellation, accompanied by a written instru-  
19 ment of transfer, in form satisfactory to the Registrar, duly  
20 executed by the registered owner in person or by the registered  
21 owner's duly authorized attorney. Upon payment of any applicable  
22 tax or governmental charge, the City will issue and the Registrar  
23 will authenticate and deliver at the principal office of the  
24

Registrar (or send by registered mail to the owner thereof at the  
25 owner's expense), in the name of the transferee or transferees, a  
26 new 1985 Bond of the same interest rate, principal amount and

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1 maturity, dated as of the last interest payment date to which  
2 interest has been paid so that there shall result no gain or loss  
3 of interest as a result of such transfer. To the extent of  
4 authorized denominations, one bond may be transferred for several  
5 bonds of the same interest rate and maturity, and for a like  
6 aggregate principal amount, and several bonds of the same inter-  
7 est rate and maturity may be transferred for one or several  
8 bonds, respectively, of the same interest rate and maturity and  
9 for a like aggregate principal amount.

10 Upon the request of the City, the Registrar shall notify the  
11 City of all registrations of 1985 Bonds and all changes in  
12 registrations of 1985 Bonds. The Registrar shall maintain the  
13 registration books on behalf of the City and make copies thereof  
14 available to the City on request.

15 In every case of a transfer of any 1985 Bonds the surren-  
16 dered bonds shall be canceled by the Registrar and a certificate  
17 evidencing such cancellation shall be promptly transmitted by the

18 Registrar to the City. As a condition of any such transfer, the  
19 City at its option may require the payment of a sum sufficient to  
20 reimburse it for any tax or other governmental charge that may be  
21 imposed thereon. All 1985 Bonds executed, authenticated and  
22 delivered in exchange for or upon transfer of 1985 Bonds so  
23 surrendered shall be valid obligations of the City evidencing the  
24 same debt as the 1985 Bonds surrendered, and shall be entitled to  
25 all the benefits and protection of this Ordinance to the same  
26 extent as the surrendered 1985 Bonds.

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1 The City shall not be required to issue, transfer, or  
2 exchange 1985 Bonds after the fifteenth day of the month prior to  
3 any interest payment date therefor.

4 Section 4.2. Payment of 1985 Bonds and Interest. The  
5 principal of the 1985 Bonds shall be payable in lawful money of  
6 the United States of America at the principal office of the  
7 Paying Agent upon presentation of the 1985 Bonds. Payment of the  
8 interest on each 1985 Bond shall be made by the Paying Agent on  
9 each interest payment date to the person whose name appears on  
10 the registration books as the registered owner thereof, by check  
11 or draft mailed to such registered owner at his or her address as  
12 it appears on such registration books as of the 15th day of the  
13 month prior to such interest payment date. Payment of interest:  
14 on the 1985 Bonds may at the option of any owner of Bonds in an  
15 aggregate principal amount of \$100,000 or more be transmitted by  
16 wire transfer to such owner to the bank account number on file  
17 with the Paying Agent as of the 15th day of the month prior to  
18 such interest payment date.

19 All payments of or on account of interest to any registered  
20 owner of any 1985 Bond, and all payments of or on account of  
21 principal to any registered owner of any 1985 Bond (or to his  
22 assigns), shall be valid and effectual and shall be a discharge  
23 of the City, the Paying Agent and the Registrar in respect of the  
24 liability upon the 1985 Bonds or claims for interest, as the case  
25 may be, to the extent of the sum or sums paid.  
26

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1 All 1985 Bonds upon the payment thereof shall be canceled  
2 and destroyed by the Paying Agent, and a certificate evidencing  
3 such payment, cancellation and destruction shall be promptly  
4 transferred by the Paying Agent to the City.

5 Section 4.3. Lost Bonds. In case any 1985 Bond shall at  
6 any time become mutilated or be lost, stolen or destroyed, the  
7 City in the case of such mutilated 1985 Bond shall, and in the  
8 case of such lost, stolen or destroyed 1985 Bond in its discre-  
9 tion may, execute and direct the Registrar to authenticate and  
10 deliver a new 1985 Bond of the same interest rate and maturity  
11 and of like tenor and effect in exchange or substitution for and  
12 upon surrender and cancellation of such mutilated 1985 Bond, or  
13 in lieu of or in substitution for such destroyed, stolen or lost  
14 1985 Bond. If such stolen, destroyed or lost 1985 Bond shall  
15 have matured, instead of issuing a substitute therefor, the City  
16 may without the surrender of such Bond at its option pay the same  
17 (in which case the City shall promptly file a certificate to that  
18 effect with the Paying Agent and Registrar) or cause the same to  
19 be paid by the Paying Agent by a certificate of the City direct-  
20 ing such payment filed with the Paying Agent. Except in the case  
21 where a mutilated 1985 Bond is surrendered, the applicant for the  
22 issuance of a substitute 1985 Bond shall furnish to the City and  
23 the Registrar evidence satisfactory to them of the theft,  
24 destruction or loss of the original 1985 Bond, and also such  
25 security and indemnity as may be required by the City or the  
26 Registrar, and no such substitute 1985 Bond shall be issued

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1 unless the applicant for the issuance thereof shall reimburse the

2 City and the Registrar for the expenses incurred in connection  
3 with the preparation, execution, authentication, issuance and  
4 delivery of the substitute 1985 Bond. Any such substitute 1985  
5 Bond shall be equally and proportionately entitled to the secu-  
6 rity of the Ordinance with all other 1985 Bonds issued hereunder,  
7 whether or not the 1985 Bond alleged to have been lost, stolen or  
8 destroyed shall be found at any time. The Registrar shall cancel  
9 all mutilated 1985 Bonds surrendered to it.

10 Section 4.4. CUSIP Numbers. At the sole option of the  
11 City, CUSIP identification numbers may be printed on the 1985  
12 Bonds, but no such number shall be deemed to be a part of any  
13 1985 Bond or a part of the contract evidenced thereby, and n&  
14 liability shall hereafter attach to the City or any officer or  
15 agent thereof (including the Registrar) because of or on account  
16 of said CUSIP identification numbers or any use made thereof.

17 Section 4.5. Form of 1985 Bonds. The 1985 Bonds shall be  
18 in substantially the following form:

19 UNITED STATES OF AMERICA  
20 STATE OF WASHINGTON  
21 CITY OF TACOMA  
22 ELECTRIC SYSTEM REFUNDING REVENUE BONDS, 1985  
23

24 No. \$  
25 The City of Tacoma, a municipal corporation of the State of  
Washington (hereinafter called the "City"), for value received,  
26 hereby promises to pay to . or registered  
assigns, on the first day of A 19 the sum of

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Dollars (\$) and to pay

1 interest on such principal sum from the date hereof or the most  
2 recent date to which interest has been paid or duly provided for,  
3 at the rate of percent (%) per annum, payable July 1,  
1986 and semiannually thereafter on the first day of each January  
4 and July until payment shall have been made or provided for.

Principal of and interest and premium, if any, on this bond  
5 are payable solely out of the special fund of the City known as  
6 the "Electric System Revenue Bond Fund" created and established  
by Ordinance No. 23514 of the City (hereinafter referred to as  
7 the "Bond Fund"). Both principal of and interest on this bond  
are payable in lawful money of the United States of America.

Interest shall be paid by mailing a check or draft or by wire  
8 transfer as provided in the Bond Ordinance (as hereinafter  
9 defined) to the registered owner or assigns at the address shown  
on the bond register as of the 15th day of the month prior to the  
interest payment date. Principal shall be paid to the registered  
10 owner or assigns upon presentation and surrender of this bond at  
11 the principal office of the Paying Agent or Agents which ini-  
tially are the fiscal agencies of the State of Washington in  
12 Seattle, Washington, and New York, New York. (Such fiscal  
agencies also act, and are hereinafter referred to collectively,

13 as the "Bond Registrar"). 1  
14 Reference is hereby made to additional provisions of this  
bond set forth on the reverse side hereof and such additional  
15 provisions shall for all purposes have the same effect as if set  
forth in this space.  
16 This bond shall not be valid or become obligatory for any  
17 purpose or be entitled to any security or benefit under the Bond  
Ordinance (as hereinafter defined) until the Certificate of  
Authentication hereon shall have been manually signed by the Bond  
18 Registrar.  
19 It is hereby certified, recited and declared that all acts,  
20 conditions and things required by the Constitution and statutes  
of the State of Washington to exist, to have happened and to have  
been performed precedent to and in the issuance of this bond do  
21 exist' have happened and have been performed in due time, form  
and manner as prescribed by law, and that the amount of this  
22 bond, together with all other obligations or indebtedness of the  
City, does not exceed any constitutional or statutory limitations  
23 of indebtedness.  
24 IN WITNESS WHEREOF, the City of Tacoma, by its City Council,  
has caused this bond to be executed in its name with the fac-  
25 simile signature of its Mayor, and attested by the facsimile  
26

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1 signature of its Clerk, and the seal of said City to be imprinted  
2 hereon, all as of the day of / 1985.

3 CITY OF TACOMA, WASHINGTON

4 By  
5 Mayor

6 (SEAL)

7 Attest:

8

9 City Clerk

CERTIFICATE OF AUTHENTICATION

10

11 This bond is one of the bonds described in the within  
mentioned Bond Ordinance and is one of the Electric System  
12 Refunding Revenue Bonds, 1985 of the City of Tacoma, Washington.

WASHINGTON STATE FISCAL AGENCY

13

Bond Registrar

14

By

15

Authorized Officer

16

ADDITIONAL BOND PROVISIONS

17 This bond is one of a duly authorized series of bonds aggre-  
18 @ating (\$) in principal amount and designated as "Electric System Refunding  
19 Revenue Bonds, 1985." This bond and the bonds of this series  
(hereinafter referred to as the "1985 Bonds") are issued under  
20 and pursuant to Ordinance No. 23514 and Resolution No. of  
the City (together the "Bond Ordinance"), and under the authority  
21 of and in full compliance with the Constitution and laws of the  
State of Washington. The 1985 Bonds are issued for the purpose  
22 of refunding certain outstanding revenue bonds of the City. The  
Bond Ordinance permits the issuance of Future Parity Bonds  
23 payable from the Bond Fund ranking on a parity with the Bonds and  
secured by an equal charge and lien on the Net Revenues and  
24 permits the costs associated with certain Contract Resource  
Obligations to be included in the Electric System's Operating  
25 Expenses (as such terms are defined in the Bond Ordinance).

26 Copies of the Bond Ordinance are on file at the office of



the City Clerk and at the principal office of each Paying Agent

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1 for this bond. Reference is hereby made to the Bond Ordinance  
2 and to any and all modifications and amendments thereof for a  
more complete description of the Revenues available for the  
3 payment of the principal of, premium, if any, and interest on the  
1985 Bonds and the rights and remedies of the owners of the 1985  
4 Bonds with respect thereto, the terms and conditions upon which  
the 1985 Bonds have been issued, and the terms and conditions  
5 upon which this bond shall no longer be secured by the Bond  
Ordinance or deemed to be outstanding thereunder if money or  
6 certain specified securities sufficient for the payment of this  
bond shall have been set aside in a special account and held in  
7 trust for the payment thereof.

8 Under the Bond Ordinance, the City is obligated to set aside  
and pay into the Bond Fund out of the Revenues of said Electric  
9 System certain fixed amounts sufficient to pay the principal of  
and interest and premium, if any, on all 1985 Bonds and any  
10 Future Parity Bonds at any time outstanding as the same become  
due and payable, all as is more fully provided in the Bond  
11 Ordinance. The 1985 Bonds and any Future Parity Bonds and the

interest thereon constitute the only charge against the Bond Fund

12 and the amount of the Net Revenues pledged to said Bond Fund, as  
provided in the Bond Ordinance.

13 In and by the Bond Ordinance, the City covenants to estab.;

14 lish, maintain and collect rates and charges for electric energy  
sold through the ownership or operation of the Electric System

15 and all other services, facilities and commodities sold, fur-  
nished or supplied by the City in connection with the owership or

16 operation of the Electric System which shall be fair and adequate  
to provide Revenues sufficient for the payment of the 1985 Bonds

17 and any Future Parity Bonds and all payments which the City is  
obligated to set aside in the Bond Fund and for the proper

18 operation and maintenance of the Electric System, including  
payment of all Contract Resource Obligations, all necessary

19 repairs, replacements and renewals thereof and other costs  
thereof, as provided in the Bond Ordinance.

20 The 1985 Bonds maturing and thereafter

21 are subject to redemption prior to maturity at the option of the  
City on any date on or after . in whole or in

22 part, upon written notice as provided hereinafter, at the redemp-  
tion prices with respect to each 1985 Bond (expressed as a

23 percentage of the principal amount of the 1985 Bonds to be

redeemed) set forth below, together with the interest accrued

24 thereon to the date fixed for redemption:

25 Redemption Period (Dates Inclusive) Redemption Prices

26

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1 If less than all of the 1985 Bonds subject to optional  
2 redemption are to be called for redemption, the City shall choose  
the maturities to be redeemed. In the event that less than all  
3 of the 1985 Bonds of any maturity are called for redemption, the  
particular 1985 Bonds of such maturity to be redeemed shall be  
4 selected by lot by the Bond Registrar.

5 The 1985 Bonds maturing on \_\_\_\_\_ and  
(hereinafter referred to as the "Term Bonds") shall be redeemed  
6 prior to maturity by lot, not later than January 1 in the years  
through ..., inclusive, from amounts credited to the  
7 Bond Retirement Account in the Bond Fund as sinking fund install-  
ments therefor (to the extent such amounts have not been used to  
8 redeem or purchase such 1985 Bonds as provided below) and in the  
principal amounts as set forth below, upon written notice as  
9 provided hereinafter by payment of the principal amount thereof,  
together with the interest accrued thereon to the date fixed for  
10 redemption.

11 Year Amount- Year Amount

12

13

14 The City may purchase or redeem the Term Bonds through the  
15 application of part or all of the respective sinking fund  
installments therefor at any time prior to any January 1 due  
16 date. Any money not so used to redeem or to purchase such Term  
Bonds shall be substantially exhausted by application to the  
17 redemption of such bonds on such succeeding January 1. If, as of  
any January 1, the principal amount of Term Bonds retired by  
18 purchase or redemption from any source exceeds the cumulative  
requirement for sinking fund installments through such date, such  
19 excess may be credited against the sinking fund installment for  
the next fiscal year.

20 Written notice of redemption shall be given by first class  
21 mail, postage prepaid, not less than twenty-five (25) days nor  
more than sixty (60) days before the redemption date to the  
22 registered owners of the 1985 Bonds to be redeemed in whole or in  
part at their last addresses, if any, appearing on the Bond  
23 Register, but any defect with respect to the redemption of any  
bond shall not invalidate the redemption of any other bond.  
24 Notice of redemption having been given by mailing, as aforesaid,  
the 1985 Bonds so called for redemption shall on the date speci-  
25 fied in such notice become due and payable at the applicable  
redemption price herein provided, and from and after the date so  
26 fixed for redemption (except as to any bond, or portion of any

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1 bond, not so redeemed in accordance with such call for redemp-  
2 tion).

3 A portion of the principal sum of this bond in the amount of  
\$5,000, or any integral multiple thereof, may be redeemed, and if  
4 less than all of the principal sum hereof is to be redeemed, in  
such case upon the surrender of this bond at the principal office  
5 of the Bond Registrar, there shall be issued to the registered  
owner, without charge therefor, for the then unredeemed balance

6 of the principal sum hereof, fully registered bonds of like  
series, maturity and interest rate in any of the denominations

7 authorized by the Bond Ordinance.

8 This bond shall be transferable by the registered owner at  
the principal offices of the Bond Registrar upon surrender and

9 cancellation of this bond, and thereupon a new registered bond of  
the same principal amount and interest rate and maturity will be  
issued to the transferee as provided in the Bond Ordinance. The

10 City, the Bond Registrar, the Paying Agents and any other person

11 may treat the person in whose name this bond is registered as the  
absolute owner hereof for the purpose of receiving payment hereof

12 and for all purposes and shall not be affected by any notice to  
the contrary, whether this bond be overdue or not.

13 ASSIGNMENT

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

15

16 PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER  
OF

17 TRANSFEREE

18

19

20 (Please print or typewrite name and address, including zip  
code, of Transferee)

21

22 the within bond and does hereby irrevocably constitute and  
appoint attorney-in-fact to transfer said

23

24

25

26

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1 bond on the books kept for registration thereof with full power  
2 of substitution in the premises.

3 DATED: 19-

4 SIGNATURE GUARANTEED:

5

6

7

8 NOTE: The signature on this Assign-  
9 ment must correspond with the name  
10 of the registered owner as it  
11 appears upon the face of the within  
12 bond in every particular, without  
13 alteration or enlargement or any  
14 change whatever.

12 Section 4.6. Execution and Authentication of 1985 Bonds.  
13 The 1985 Bonds shall be executed on behalf of the City with the  
14 manual or facsimile signature of the Mayor and attested with the  
15 manual or facsimile signature of the City Clerk and the seal of  
16 the City shall be imprinted or impressed on each of the 1985  
17 Bonds. The 1985 Bonds shall bear thereon a certificate of  
18 authentication, in the form set forth in Section 4.5 of this  
19 ordinance, executed manually by the Registrar. Only such 1985  
20 Bonds as shall bear thereon such certificate of authentication  
21 shall be entitled to any right or benefit under this Ordinance  
22 and no 1985 Bond shall be valid or obligatory for any purpose  
23 until such certificate of authentication shall have been duly  
24 executed by the Registrar. Such' certificate of the Registrar  
25 upon any 1985 Bond executed on behalf of the City shall be con-  
26 clusive evidence that the 1985 Bond so authenticated has been

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1 duly authenticated and delivered under the Ordinance and that the  
2 holder thereof is entitled to the benefits of this Ordinance.

3 In case any of the officers who shall have signed, attested,  
4 or sealed any of the 1985 Bonds shall cease to be such officers  
5 before the 1985 Bonds so signed, attested, authenticated, regis-  
6 tered or sealed shall have been actually issued and delivered,  
7 such 1985 Bonds shall be valid nevertheless and may be issued by  
8 the City with the same effect as though the persons who had  
9 signed, attested, authenticated, registered or sealed such 1985  
10 Bonds had not ceased to be such officers.

11 Section 4.7. Temporary Bonds. The 1985 Bonds may be  
12 initially issued in temporary form exchangeable for definitive  
13 1985 Bonds when ready for delivery. The temporary 1985 Bonds may  
14 be printed, lithographed or typewritten, shall be of such denomi-  
15 nations as may be determined by the City, and may contain such  
16 reference to any of the provisions of this Ordinance as may be  
17 appropriate. Every temporary 1985 Bond shall be executed by the  
18 City upon the same conditions and in substantially the same  
19 manner as the definitive 1985 Bonds. If the City issues tempo-  
20 rary 1985 Bonds, it will execute and furnish definitive 1985  
21 Bonds without delay, and thereupon the temporary 1985 Bonds shall  
22 be surrendered for cancellation at the corporate trust office of  
23 the Bond Registrar and the Bond Registrar shall deliver in  
24 exchange for such temporary 1985 Bonds so surrendered an equal  
25 aggregate principal amount of definitive 1985 Bonds of like  
26 principal amount and in authorized denominations of the same

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1 series, maturity or maturities, interest rate or rates. Until so  
2 exchanged, the temporary 1985 Bonds shall be entitled to the same  
3 benefits under this Ordinance as definitive 1985 Bonds delivered  
4 under this Ordinance.

5 ARTICLE V

6 ISSUANCE OF FUTURE PARITY BONDS

7 Section 5.1. Authorization of Series of Future Parity  
8 Bonds. Before any series of Future Parity Bonds shall be issued  
9 under the provisions of this Article, the City shall adopt an  
10 ordinance or ordinances authorizing the issuance of such Bonds,  
11 fixing the amount and the details thereof, describing in brief  
12 and general terms the purpose or purposes for which such Bonds  
13 are to be issued and specifying the amount, if any, of the  
14 proceeds of such Bonds to be deposited to the credit of a con-  
15 struction fund or to another fund for the payment of capitalized  
16 interest on such Bonds and to the Reserve Account; provided,  
17 however, that deposits to the Reserve Account shall be provided  
18 for as required under Section 7.2.D. The Bonds of each series  
19 issued under the provisions of this Section shall be designated  
20 "Electric System Revenue Bonds, and shall be in such  
21 denominations, shall be dated, shall bear interest at a rate or  
22 rates (including variable rates) not exceeding the maximum rate  
23 then permitted by law, shall be payable, both as to principal and  
24 interest, on such dates as the City shall provide, at such place  
25 or places, shall mature on such date or dates as the City shall  
26 provide, in such year or years, shall be made redeemable at such

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1 times and prices (subject to the provisions of this Ordinance),  
2 shall be numbered, shall have such Paying Agents, and any Term  
3 Bonds of such series shall have such amortization requirements,  
4 all as may be provided by ordinance or ordinances passed by the  
5 City prior to the issuance of such Bonds. In addition, such  
6 ordinance or ordinances shall specify if such Bonds are  
7 interest-bearing Bonds, the interest rate or rates or the method  
8 of calculation of the interest rate or rates of the Bonds and the  
9 interest payment dates therefor; if such Bonds are Capital  
10 Appreciation Bonds, the Valuation Dates and the Accreted Value on  
11 such Valuation Dates; if such Bonds are Deferred Income Bonds,  
12 the Interest Commencement Date for such Bonds, the Valuation  
13 Dates prior to the Interest Commencement Date for such Bonds and,  
14 the Appreciated Value on such Valuation Dates; in the case of  
15 Variable Interest Rate Bonds, the Maximum Interest Rate for such  
16 Bonds, and the provisions, if any, as to the calculation or  
17 change of Variable Interest Rates.

18 Section 5.2. Requirements for Issuance of Future Parity  
19 Bonds.

20 A. Future Parity Bonds may be issued payable from the Bond  
21 Fund on a parity with the 1985 Bonds and any Future Parity Bonds  
22 theretofore issued and secured by an equal charge and lien on Net  
23 Revenues, for any lawful purpose of the City related to the  
24 Electric System; provided that, (i) except as to Future Parity  
25 Bonds issued pursuant to Section 5.2.C, at the time of the  
26 issuance of such Future Parity Bonds, there is no deficiency in

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1 the Bond Fund, and no Event of Default has occurred and is  
2 continuing, and (ii) the requirements of the applicable provi-  
3 sions of this Section 5.2 are complied with.

4 B. Future Parity Bonds may be issued for any lawful  
5 purpose of the City related to the Electric System, including but  
6 not limited to acquiring, constructing and installing additions,  
7 betterments, and improvements to and extensions of, acquiring  
8 necessary equipment for, or making necessary renewals, replace-  
9 ments or repairs and capital improvements to the Electric System,  
10 if there shall be on file with the City Clerk either

11 (1) a certificate of an appropriate financial officer of  
12 the City stating that Net Revenues in any twelve consecutive  
13 months out of the most recent twenty-four months precedin"  
14 the authentication and delivery of the Bonds then proposed  
15  
16 to be issued, as determined from the financial statements of  
17 the Electric System prepared by the Department of Public  
18 Utilities, were not less than one hundred twenty-five  
19 percent (125%) of maximum Annual Debt Service in any future  
20 Fiscal Year on all outstanding Bonds and the bonds then  
21 proposed to be issued (provided that (i) in the event that  
22 any adjustment in the rates, fees and charges collected by  
23 the City for the services of the Electric System shall be  
24 effective at any time on or prior to the date of authenti-  
25 cation and delivery of the bonds then proposed to be issued,  
26 such officer shall reflect in his certificate the Net  
Revenues he estimates would have been collected in such

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1 twelve month period if such new rates, fees and charges had  
2 been in effect for the entire twelve month period and  
3 (ii) with respect to any Variable Interest Rate Bonds  
4 outstanding on the date such certificate is delivered, such  
5 officer shall estimate the debt service on such Bonds in  
6 accordance with Section 5.2.E(2)(b) hereof), or  
7 (2) a certificate of the Engineer stating that the average  
8 annual Net Revenues for the Fiscal Years in the period  
9 specified in the next sentence, as such Net Revenues are  
10 estimated by the Engineer in accordance with Section 5.2.E  
11 hereof, shall be at least equal to one hundred twenty-five  
12 percent (125%) of maximum Annual Debt Service in any future  
13 Fiscal Year, as estimated by the Engineer in accordance with  
14 Section 5.2.E hereof. The period for the determination of  
15 average annual Net Revenues shall be the period beginning  
16 with the first Fiscal Year following the earlier of (i) the  
17 date to which interest has been capitalized or (ii) the date  
18 of initial operation of the facilities to be financed by  
19 such Future Parity Bonds and ending with the fifth Fiscal  
20

Year after such date.

21 C. Future Parity Bonds may also be issued from time to  
22 time for the purpose of providing funds, with any other available  
23 funds, for retiring at or prior to their maturity or maturities  
24 any or all of the outstanding Bonds of any series or any reim-  
25 bursement obligation made pursuant to Section 5.3, including the  
26

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1 payment of any redemption premium thereon, and, if deemed neces-  
2 sary by the City, for paying the interest to accrue thereon to  
3 the date fixed for their retirement and any expenses incident to  
4 the issuance of such Future Parity Bonds.  
5 Future Parity Bonds issued under this subsection shall not  
6 be delivered unless the proceeds (excluding any accrued interest  
7 but including any premium) of such Future Parity Bonds, together  
8 with any other money that has been made available for such  
9 purposes, and the principal of and the interest on the investment  
10 of such proceeds or any such money, shall be sufficient to pay  
11 the principal of and the redemption premium, if any, on the Bonds  
12 to be refunded and the interest which will become due and payable  
13 on or prior to the date of their payment or redemption, and the'  
14 expenses incident to the issuance of such Future Parity Bonds.  
15 If such Future Parity Bonds are to be issued under this  
16 subsection, there shall be filed with the City Clerk a certifi-  
17 cate signed by an appropriate financial officer of the City,  
18 showing that the maximum Annual Debt Service in any Fiscal Year  
19 thereafter shall not be increased by more than \$5,000 by reason



20 of the issuance of the Future Parity Bonds, or there shall be  
21 filed with the City Clerk either of the certificates required by  
22 Section 5.2.B hereof.  
23 D. In rendering any certificate under this Section, the  
24 Engineer may rely upon, and such certificate shall have attached  
25 thereto, financial statements of the Electric System, certified  
26 by an appropriate financial officer of the City showing income

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1 and expenses for the period upon which the same are based and a  
2 balance sheet as of the end of such period, or similar certified  
3 statements by a Certified Public Accountant.

4 E. 1. In estimating Net Revenues for each of the Fiscal  
5 Years covered by any certificate required to be delivered by it  
6 pursuant to Section 5.2.B or 6.2 hereof, the Engineer may base  
7 its estimate upon such factors as it shall consider reasonable.

8 2. In estimating the Annual Debt Service for each of  
9 the Fiscal Years covered by any certificate required to be  
10 delivered by it pursuant to Section 5.2.B or Section 6.2 hereof,  
11 the Engineer shall include the Annual Debt Service on all Bonds  
12 estimated to be outstanding during each such Fiscal Year. With  
13

respect to (a) any Bonds which are not outstanding on the date'  
14 such certificate is delivered but which are projected to be  
15 issued during the period covered by such certificate to complete  
16 construction of the facilities being financed by the Future  
17 Parity Bonds then being issued, and (b) any Variable Interest  
18 Rate Bonds outstanding on the date such certificate is delivered,  
19 the Engineer shall estimate the debt service on such Bonds upon  
20 such assumptions as the Engineer shall consider reasonable and  
21 set forth in such certificate, including assumptions with respect  
22 to the interest rate or rates to be borne by such Bonds and the  
23 amounts and due dates of the principal installments for such  
24 Bonds; provided, however, that the interest rate or rates assumed  
25 to be borne by any Variable Interest Rate Bonds shall not be less  
26

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1 than the interest rate borne by such Variable Interest Rate Bonds  
2 at the time that the Engineer delivers such certificate.

3 F. Nothing contained herein shall prevent the City from  
4 refunding at one time all of the Bonds then outstanding. Nothing  
5 contained herein shall prevent the City from issuing obligations  
6 payable from a lien on the Net Revenues that is Junior and  
7 inferior to the 1985 Bonds or any Future Parity Bonds.

8 5.3 Reimbursement Obligations. In the event that the City  
9 elects to meet the requirements of Section 7.2 hereof with  
10 respect to the Reserve Account as to any issue of Bonds through  
11 the use of a Qualified Letter of Credit, Qualified Insurance or  
12 other equivalent credit enhancement device, the City may contract  
13 with the entity providing such Qualified Letter of Credit"  
14 Qualified Insurance or other equivalent credit enhancement device  
15 that the City's reimbursement obligation, if any, to such entity  
16 ranks on a parity of lien with the Bonds.

17 In the event that the City elects additionally to secure any  
18 issue of Option Bonds through the use of a Qualified Letter of  
19 Credit, Qualified Insurance or other equivalent credit enhance-  
20 ment device, the City may contract with the entity providing such  
21 Qualified Letter of Credit, Qualified Insurance or other equiva-  
22 lent credit enhancement device that the City's reimbursement  
23 obligation, if any, to such entity ranks on a parity of lien with  
24 the Bonds; provided that the payments due under such reimburse-  
25 ment agreement are such that if such reimbursement obligation  
26

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1 were a series of Future Parity Bonds, such Bonds could be issued  
2 in compliance with the provisions of Section 5.2 hereof.

ARTICLE VI

CONTRACT RESOURCE OBLIGATIONS

Section 6.1. Creation of Separate Systems. The City is hereby authorized to create, acquire, construct, finance, own and operate one or more additional electric utility systems for the purpose of generating, transmitting or distributing electric power and energy. The Council may declare any such system to be a separate utility system not financed from Revenues (except as a Contract Resource Obligation (i) included in Operating Expenses of the Electric System upon compliance with Section 6.2 hereof or

(ii) on a basis junior and inferior to the lien on Revenues pledged to secure the Bonds), the revenue of which separate utility system may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand such separate utility system. The costs associated with any such separate utility system may upon declaration of the Council constitute a Contract Resource Obligation and, upon compliance with Section 6.2 hereof, may be included in the Electric System's Operating Expenses, provided, however, no Contract Resource Obligation constituting the costs of a separate utility system for the retail distribution of electric power and energy may be included in the Electric System's Operating Expenses.

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Section 6.2 Contract Resource Obligations as Operating Expenses. A Contract Resource Obligation may be included in the Electric System's Operating Expenses if the following requirements are met at the time the Contract Resource Obligation is

incurred:

1. No Event of Default has occurred and is continuing.
2. There shall be on file with the City Clerk a certificate of the Engineer stating that the average annual Net Revenues for the Fiscal Years in the period specified in the next sentence, as such Net Revenues are estimated by the Engineer in accordance with Section 5.2.E. hereof, shall be at least equal to one hundred twenty-five percent (125%) of maximum Annual Debt Service in any future Fiscal Year, as estimated by the Engineer in accordance with Section 5.2.E. hereof. The period of the determination of average annual Net Revenues shall be the period beginning with the first Fiscal Year following the earlier of (i) the date to which interest is capitalized or (ii) the date of initial operation of the facilities to be financed and ending with the fifth full Fiscal Year after such date.
3. There shall be on file with the City Clerk an opinion of the Engineer to the effect stated in subparagraph (a) below if the Contract Resource Obligation is to be utilized to supply power and energy or to the effect stated in subparagraph (b) below if the Contract Resource Obligation is to be utilized to supply transmission capability:

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- (a) (i) The additional source of power and energy from such Contract Resource Obligation is sound from a power supply planning standpoint and is technically and economically feasible in accordance with prudent utility practice;
- and (ii) the estimated cost of such Contract Resource Obligation is reasonable.
- (b) (i) The transmission capability to be acquired pursuant to the Contract Resource Obligation will be necessary within a reasonable time after the estimated date of commercial operation of the transmission facilities;
- and (ii) the estimated cost of such Contract Resource Obligation is reasonable.

ARTICLE VII

14 SPECIAL FUNDS AND DEFEASANCE

15 Section 7.1. Revenue Fund.

16 A. A special fund of the City has heretofore been created  
17 and designated the "Light Fund of the City of Tacoma." Said Fund  
18 shall be maintained and continued in existence and shall be  
19 redesignated the "City of Tacoma Electric System Revenue Fund"  
20 (the "Revenue Fund"). The City covenants and agrees that it will  
21 pay or cause to be paid all Revenues into the Revenue Fund as  
22 promptly as practicable after receipt thereof.

23 The Revenues of the Revenue Fund shall be held by the City  
24 in trust for the equal and ratable benefit of owners of the Bonds  
25 and holders of reimbursement obligations ranking on a parity of  
26 lien with the Bonds subject to application thereof in accordance

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1 with the provisions of this Ordinance. The City will hold the  
2 Revenue Fund separate and distinct from all other funds of the  
3 Ci ty.

4 There are hereby created in the Revenue Fund two accounts to  
5 be known as (i) the General Account and (ii) the Operating  
6 Account, which accounts shall be held and used for the purposes  
7 hereinafter described. All money now on hand in the Light Fund  
8 shall be credited to the General Account of the Revenue Fund.

9 B. The Revenues paid into the Revenue Fund shall first be  
10 credited to the General Account and thereafter applied and used  
11 only for the following purposes and in the following order of  
12 priority:

13 First, to make all payments required to be mad@;  
14 into the Operating Account to pay Operating Expenses;

15 Second, to make all payments required to be made  
16 into the Interest Account in the Bond Fund for the payment  
17 of accrued interest on the next interest payment date;

18 Third, to make all payments required to be made  
19 into the Principal Account in the Bond Fund for the payment  
20 of the principal amount of Serial Bonds next coming due, and  
21 into the Bond Retirement Account in the Bond Fund for the  
22 mandatory redemption of Term Bonds;

23 Fourth, to make all, payments required to be made  
24 pursuant to a reimbursement agreement in connection with a  
25 Qualified Letter of Credit, Qualified Insurance, or other  
26 equivalent credit facility, provided that if there is not

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1 sufficient money to make all payments under reimbursement  
2 agreements the payments will be made on a pro rata basis;

3 Fifth, to make all payments required to be made  
4 into the Reserve Account in the Bond Fund created to secure  
5 the payment of the Bonds;

6 Sixth, to make all payments required to be made  
7 into any special fund or account created to pay or secure  
8 the payment of the principal of and interest on any revenue  
9 bonds, warrants or other revenue obligations of the City  
10 having a lien upon Net Revenues and money in the Revenue  
11 Fund and accounts therein junior and inferior to the lien  
12 thereon for the payment of the principal of and interest on  
13 the Bonds.

14 Seventh, to pay any taxes (or payments in lieu of  
15 taxes) upon the properties or earnings of the Electric  
16 System payable to the City; and

17 Eight , to deposit into a special fund of the City  
18 heretofore created and designated the "Cumulative Reserve  
19 Fund for Supplemental Purchases of Electric Energy" (the  
20 "Cumulative Reserve Fund") the amounts budgeted or appro-  
21 priated to be deposited therein which shall be used as  
22 provided by Ordinance No. 21862 of the City, as now or  
23 hereafter amended.  
24  
25

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1 Subject to the provisions of Section 9-1.A, after all of the  
2 above payments and credits have been made, amounts remaining in  
3 the General Account may be used for any other lawful purpose of  
4 the City related to the Electric System.

5 C. Nothing contained in this Section 7.1 shall be construed  
6 to require the deposit into the Revenue Fund of any of the  
7 revenues, income, receipts or other money of the City derived by  
8 the City through the ownership or operation of any separate  
9 utility system hereafter created or established from funds other  
10 than the proceeds of Bonds.

11 Section 7.2. Bond Fund. A special fund of the City is  
12 hereby created and designated the "Electric System Revenue Bond  
13 Fund" (hereinafter referred to as the "Bond Fund"). The Bond  
14 Fund shall be used solely for the purposes of paying the prin-  
15 cipal of, premium, if any, and interest on the 1985 Bonds and any  
16 Future Parity Bonds, and retiring the Bonds prior to maturity in  
17 the manner provided herein or in any ordinance authorizing the  
18 issuance of Future Parity Bonds.

19 The Bond Fund shall contain four accounts: the Interest  
20 Account, the Principal Account, the Bond Retirement Account and  
21 the Reserve Account. At the option of the City, separate  
22 accounts may be created in the Bond Fund for the purpose of  
23 paying or securing the payment of principal, premium, if any, and  
24 interest on the 1985 Bonds and any Future Parity Bonds. The City  
25 hereby obligates and binds itself irrevocably to set aside and to  
26 pay into the Bond Fund out of the Net Revenues certain fixed

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1 amounts, without regard to any fixed proportion of such Net  
2 Revenues, sufficient (together with other available funds on hand  
3 and paid into the Bond Fund) to pay the principal of, premium, if  
4 any, and interest on all the 1985 Bonds from time to time out-  
5 standing and all Future Parity Bonds from time to time outstand-  
6 ing pursuant to this Ordinance as the same respectively become  
7 due and payable, either at the maturity thereof or in accordance  
8 with the terms of any Sinking Fund Requirement established for  
9 the retirement of Term Bonds. The fixed amounts to be paid into  
10 the Bond Fund, to the extent that such payments are not made from  
11 Bond proceeds or from other money that may legally be available  
12 therefor, shall be as follows and in the following order of  
13

priority:

14 A. No later than the twenty-fifth day of the month next  
15 succeeding the date of Closing and on or before the twenty-fifth  
16 day of each succeeding calendar month, the City shall pay into  
17 the Interest Account in the Bond Fund amounts such that if the  
18 same amounts were so set aside and paid into said account on the  
19 twenty-fifth day of each succeeding calendar month prior to the  
20 next interest payment date, the aggregate of the amounts so set  
21 aside and paid into the Interest Account will on such date  
22 (together with such other money as is on hand and available in  
23 such account) be equal to the installment of interest then  
24 falling due on all outstanding Bonds.

25 B. No later than the twenty-fifth day of the twelfth month  
26 prior to a principal payment date for Bonds that are Serial

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1 Bonds, (or if there are less than twelve months preceding such  
2 maturity then no later than the last day of the month immediately  
3 succeeding the date of Closing), and on or before the twenty-  
4 fifth day of each succeeding calendar month, the City shall pay  
5 into the Principal Account in the Bond Fund amounts such that if  
6 the same amounts were so set aside and paid into said account on  
7 the twenty-fifth day of each succeeding calendar month prior to  
8 the next principal payment date, the aggregate of the amounts so

9 set aside and paid into the Principal Account will on such date  
10 (together with such other money as is on hand and available in  
11 such account) be equal to the installment of principal then  
12 falling due on all outstanding Bonds that are Serial Bonds.  
13 C. No later than the twenty-fifth day of the twelfth month  
14 prior to the due date of each Sinking Fund Requirement (or if  
15 there are less than twelve months preceding such Sinking Fund  
16 Requirement due date, then no later than the last day of the  
17 month immediately succeeding the date of Closing), and on or  
18 before the twenty-fifth day of each succeeding calendar month,  
19 the City shall pay into the Bond Retirement Account in the Bond  
20 Fund an amount such that, if the same amount were so set aside  
21 and paid into said account on the twenty-fifth day of each  
22 succeeding calendar month prior to such Sinking Fund Requirement  
23 due date, the aggregate of the amounts so set aside and paid into  
24 the Bond Retirement Account would be equal to the Sinking Fund  
25 Requirement for such date.  
26

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2 The City shall apply all the money paid into the Bond  
3 Retirement Account to the redemption of Term Bonds on the next  
4 ensuing Sinking Fund Requirement due date (or may so apply such  
5 money prior to such Sinking Fund Requirement due date), pursuant  
6 to the terms of this Ordinance or of the ordinance authorizing  
7 the issuance thereof. The City may also apply the money paid  
8 into the Bond Retirement Account for the purpose of retiring Term  
9 Bonds by the purchase of such Bonds at a purchase price (includ-  
10 ing any brokerage charge) not in excess of the principal amount  
11 thereof, in which event the principal amount of such Bonds so  
12 purchased shall be credited against the next ensuing Sinking Fund  
13 Requirement. If as of any January 1 the principal amount of Term  
14 Bonds retired by purchase or redemption exceeds the cumulative  
15 amount required to have been redeemed by sinking fund install-  
16 ments on or before such January 1, then such excess may be  
17 credited against the Sinking Fund Requirement for Term Bonds for  
18 the following Fiscal Year. Any such purchase of Bonds by the  
19 City may be made with or without tenders of Bonds in such manner  
20 as the City shall, in its discretion, deem to be in its best  
21 interest.  
22 D. The City hereby covenants and agrees that it will  
23 initially pay into the Reserve Account in the Bond Fund from the  
24 proceeds of the 1985 Bonds an amount that when added to other  
25 money credited to the Reserve Account will equal the Reserve  
26 Account Requirement.

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1 In the event of the issuance of any Future Parity Bonds, the  
2 ordinance authorizing the issuance of such Future Parity Bonds  
3 shall provide for further and additional approximately equal  
4 monthly payments into the Bond Fund for credit to the Reserve  
5 Account from the money in the Revenue Fund, in such amounts and  
6 at such times so that by no later than five years from the date  
7 of issuance of such Future Parity Bonds or by the final maturity  
8 established for such series of Future Parity Bonds, whichever  
9 occurs first, there will be credited to the Reserve Account an  
10 amount equal to the Reserve Account Requirement; provided,  
11 however, that the proceedings authorizing the issuance of Future  
12 Parity Bonds may provide for payments into the Bond Fund for  
13 credit to the Reserve Account from the proceeds of such Future"  
14 Parity Bonds or from any other money lawfully available therefor,  
15 in which event, in providing for deposits and credits required by  
16 the foregoing provisions of this paragraph, allowance shall be  
17 made for any such amounts so paid into such Account.  
18 Subject to the two preceding paragraphs, the money and value  
19 of Permitted Investments in the Reserve Account shall be deter-

20 mined as of the last business day of each Fiscal Year and main-  
21 tained at an amount at least equal to the Reserve Account  
22 Requirement, except where it is necessary to make a transfer  
23 therefrom to the Interest Account, Principal Account or Bond  
24 Retirement Account because of an insufficiency of money therein  
25 to make any required payment of principal of or interest on any  
26 Bonds when due.

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1 If at any time the money and value of Permitted Investments  
2 in the Reserve Account shall exceed the amount of money and value  
3 of Permitted Investments then required to be maintained therein  
4 by ten percent (10%), such excess may be transferred to the City  
5 for deposit in the General Account in the Revenue Fund.

6 For the purpose of determining the amount credited to the  
7 Reserve Account, obligations in which money in the Reserve  
8 Account shall have been invested shall be valued at the market  
9 value thereof. The term "market value" shall mean, in the case  
10 of securities that are not then currently redeemable at the  
11 option of the holder, the current bid quotation for such securi-  
12 ties, as reported in any nationally circulated financial journal,  
13

14 and the current redemption value in the case of securities that  
15 are then redeemable at the option of the holder. For obligations

16 that mature within six months, the market value shall be the par  
17 value thereof. The valuation of the amount in the Reserve  
18 Account shall be made by the City as of the close of business on  
19 each December 31 (or on the next preceding business day if  
20 December 31 does not fall on a business day) and may be made on  
21 each June 30 (or on the next preceding business day if June 30  
22 does not fall on a business day). If the valuation of the amount  
23 in the Reserve Account shall be less than the Reserve Account  
24 Requirement the City shall immediately transfer from the General  
25 Account an amount necessary to make the valuation of the amount  
26 in the Reserve Account equal to 100% of the Reserve Account  
Requirement. If the amounts available in the General Account for

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1 such transfer are insufficient to make the valuation of the  
2 amount in the Reserve Account equal to 100% of the Reserve  
3 Account requirement, the City shall then transfer to the Reserve  
4 Account on or before the twenty-fifth day of each of the six  
5 succeeding calendar months no less than one-sixth of the amount  
6 necessary to make the valuation of the amount in the Reserve  
7 Account equal to 100% of the Reserve Account Requirement.

8 In making the payments and credits to the Principal Account,  
9 Interest Account, Bond Retirement Account and Reserve Account  
10 required by this Section 7.2, to the extent that such payments  
11 are made from bond proceeds, from money in any capitalized  
12 interest account, or from other money that may legally be avail-  
13

14 able, such payments are not required to be made from the Revenue  
15 Fund.

16 In making the payments and credits to the Reserve Account  
17 required by this Section 7.2, to the extent that the City has  
18 obtained Qualified Insurance or a Qualified Letter of Credit for  
19 specific amounts required pursuant to this section to be paid out  
20 of the Reserve Account, such amounts so covered by Qualified  
21 Insurance or a Qualified Letter of Credit shall be credited  
22 against the amounts required to be maintained in the Reserve  
23 Account by Section 7.2 hereof to the extent that such payments  
24 and credits to be made are insured by an insurance company, or

guaranteed by a letter of credit from a financial institution.

25 Such Qualified Letter of Credit or Qualified Insurance shall not  
26 be cancelable on less than five years notice. In the event of any

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1 cancellation, the Reserve Account shall be funded in accordance  
2 with the first two paragraphs of this subsection D, as if the  
3 Bonds that remain outstanding had been issued on the date of such  
4 notice of cancellation.

5 E. In the event that there shall be a deficiency in the  
6 Interest Account, Principal Account or Bond Retirement Account in  
7 the Bond Fund, the City shall promptly make up such deficiency  
8 from the Reserve Account by the withdrawal of cash therefrom for  
9 that purpose and by the sale or redemption of obligations held in  
10 the Reserve Account, if necessary, in such amounts as will  
11 provide cash in the Reserve Account sufficient to make up any  
12 such deficiency, and if a deficiency still exists immediately  
13 prior to an interest payment date and after the withdrawal of  
14 cash, the City shall then draw from any Qualified Letter of  
15 Credit, Qualified Insurance, or other equivalent credit facility  
16 in sufficient amount to make up the deficiency. Such draw shall  
17 be made at such times and under such conditions as the agreement  
18 for such Qualified Letter of Credit or such Qualified Insurance  
19 shall provide. The City covenants and agrees that any deficiency  
20 created in the Reserve Account by reason of any withdrawal there-  
21 from for payment into the Interest Account, Principal Account or  
22 Bond Retirement Account shall be made up from money in the  
23 Revenue Fund first available after providing for the required  
24 payments into such Interest, Principal and Bond Retirement  
25 Accounts and after providing for payments under a reimbursement  
26 agreement entered into by the City under Section 5.3.

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1 Money in the Bond Fund shall be transmitted to the Paying  
2 Agents in amounts sufficient to meet the maturing installments of  
3 principal of, premium, if any, and interest on the 1985 Bonds and  
4 any Future Parity Bonds when due. All money remaining in the Bond  
5 Fund after provision for the payment in full of the principal of,  
6

premium, if any, and interest on the 1985 Bonds and any Future  
7 Parity Bonds shall be returned to the Revenue Fund.

8 The Bond Fund shall be drawn upon solely for the purpose of  
9 paying the principal of, premium, if any, and interest on the  
10 1985 Bonds and any Future Parity Bonds. Money set aside from  
11 time to time with the Paying Agent for such payment shall be held  
12 in trust for the owners of the 1985 Bonds and any Future Parity  
13 Bonds in respect of which the same shall have been so set aside'.  
14 Until so set aside, all money in the Bond Fund shall be held in  
15 trust for the benefit of the owners of all Bonds at the time  
16 outstanding equally and ratably.

17 Notwithstanding any provision of this Ordinance requiring  
18 the deposit of any earnings or other money in the Bond Fund, any  
19 such earnings that are subject to any rebate or other payment  
20 requirement pursuant to applicable provisions of the Internal  
21 Revenue Code and applicable regulations thereunder may be with-  
22 drawn from the Bond Fund for deposit into a separate fund or  
23 account created for that purpose... Any amounts required at any  
24 time to be withdrawn from the Reserve Account or other account@s  
25 in the Bond Fund in order to preserve the tax-exempt status of  
26

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1 the Bonds shall be withdrawn and deposited in the General Account  
2 in the Revenue Fund.

3 Section 7.3. Investment of Funds. Money held for the  
4 credit of the Revenue Fund, Cumulative Reserve Fund and the  
5 Interest Account, Principal Account and Bond Retirement Account  
6 in the Bond Fund shall, to the fullest extent practicable and  
7 reasonable, be invested and reinvested at the direction of the  
8 City solely in, and obligations deposited in such accounts shall  
9 consist of, Permitted Investments which shall mature on or prior  
10 to the respective dates when the money held for the credit of

11 such Accounts will be required for the purposes intended. Money  
12 in the Reserve Account in the Bond Fund not required for immedi-  
13  
14 ate disbursement for the purposes for which such Account is  
15 created shall, to the fullest extent practicable and reasonable,  
16 be invested and reinvested at the direction of the City solely  
17 in, and obligations deposited in the Reserve Account shall  
18 consist of, Permitted Investments maturing or subject to redemp-  
19 tion at the option of the owner thereof within 10 years from the  
20 date of such investment (but maturing prior to the final maturity  
21 date of the Bonds then outstanding).

22 Except to the extent there are deficiencies in any account  
23 in the Bond Fund, all income received from the investment of  
24 money in any account in the Bond Fund, shall be from time to time  
25 deposited in the Revenue Fund, or credited against the monthly  
26 amount required to be deposited in such account.

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1 Section 7.4. Defeasance. In the event that the City, in  
2 order to effect the payment, retirement or redemption of any 1985  
3 Bond, sets aside in the Bond Fund or in another special account,  
4 advance refunding bond proceeds or other money lawfully available  
5 or direct obligations of or obligations the principal of and the  
6 interest on which are unconditionally guaranteed by the United  
7 States Government ("Government Obligations"), or any combination  
8 of such proceeds, money and/or Government Obligations, in amounts  
9 which, together with known earned income from the investment  
10 thereof are sufficient to redeem, retire or pay such 1985 Bond in  
11 accordance with its terms and to pay when due the interest and  
12 redemption premium, if any, thereon, and such proceeds, money  
13 and/or Government Obligations are irrevocably set aside and  
14 pledged for such purpose, then no further payments need be made  
15 into the Bond Fund for the payment of the principal of and  
16 interest on such 1985 Bond, and the owner of such 1985 Bond shall  
17 cease to be entitled to any lien, benefit or security of this  
18 Ordinance except the right to receive payment of principal,  
19 premium, if any, and interest from such special account, and such  
20 1985 Bond shall be deemed not to be outstanding hereunder.  
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ARTICLE VIII

REFUNDING AND DEFEASANCE OF OUTSTANDING BONDS  
AND DISPOSITION OF 1985 BOND PROCEEDS

1 Section 8.1. Special Funds, Disposition of the Proceeds  
2 from the Sale of the 1985 Bonds, and Authorization of Inter-Fund  
3 Transfers.

4 A. There is hereby created with Seattle-First National  
5 Bank, Seattle, Washington (hereinafter called the "Escrow Agent")  
6 a special fund which shall be known as the 1985 Defeasance Fund.  
7 The 1985 Defeasance Fund shall be funded as hereinafter set forth  
8 in this section and be drawn upon for the sole purpose of paying  
9 the principal of and interest on the Outstanding Bonds.

10 The City shall purchase or cause the Escrow Agent to pur-  
11 chase Government Obligations which, together with the beginning  
12 cash balance, if any, will be sufficient for the payment of the  
13 principal of the Outstanding Bonds on the respective maturity  
14 dates thereof and interest thereon as the same shall become due.

15 The beginning cash balance and Government Obligations shall  
16 be irrevocably deposited in trust with the Escrow Agent pursuant  
17 to the Escrow Agreement. Such money and Government Obligations  
18 are hereby irrevocably pledged to be held and applied solely for  
19  
20  
21



22 the payment of the principal and interest due and to become due  
23 on the Outstanding Bonds, provided, however, that the City may  
24  
from time to time transfer or cause to be transferred, from the  
25 1985 Defeasance Fund to the Revenue Fund any money not required  
26 for such purposes upon securing a verification from a Certified

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1 Public Accountant and opinion of Bond Counsel as hereinafter set  
2 forth with respect to the Substitution of Government Obligations.  
3 The City reserves the right to substitute other Government  
4 Obligations in the event it may do so pursuant to applicable  
5 provisions of the Internal Revenue Code and applicable regula-  
6 tions thereunder, provided that at all times the money and  
7 Government Obligations deposited in the 1985 Defeasance Fund  
8 shall be sufficient for the payment of principal and interest due  
9 and to become due on the Outstanding Bonds. Prior to any such  
10 substitution, the City shall obtain (1) a verification by a  
11 Certified Public Accountant which shall be satisfactory to Bond  
12 Counsel to the City that the money and Government Obligations on  
13 deposit after such substitution will be sufficient to effect the  
14 advance refunding of the Outstanding Bonds; and (2) an opinion  
15 from Bond Counsel that such substitution shall not cause interest  
16 on any of the 1985 Bonds to become subject to federal income tax  
17 nor will it cause any change in the security or lien status of  
18 the 1985 Bonds.  
19 The Council hereby finds and determines that the money and  
20 Government Obligations to be deposited with the Escrow Agent to  
21 pay the principal and interest due and to become due on the  
22 Outstanding Bonds will be sufficient to discharge and satisfy the  
23 obligations of the City under the Outstanding Bond Ordinances  
24 authorizing the issuance of the Outstanding Bonds and all  
25 pledges, charges, trusts, covenants and agreements of the City  
26 therein made or provided for with respect to said Bonds shall no

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1 longer be deemed to be outstanding obligations payable from the  
2 Gross Revenue (as such term is defined in the Outstanding Bond  
3 Ordinances) immediately upon the deposit of such money and  
4 Government Obligations with the Escrow Agent. Prior to Closing,  
5 the City shall obtain a verification by a Certified Public  
6 Accountant which shall be satisfactory to Bond Counsel to the  
7 City that the money and Government Obligations to be deposited  
8 with the Escrow Agent will be sufficient to pay the principal and  
9 interest due and to become due on the Outstanding Bonds.  
10 B. The proceeds of the 1985 Bonds are hereby appropriated  
11 for the following purposes and shall be deposited as follows:  
12 1. The amount that, together with money, if any, on  
13  
hand in any fund of the City transferred to the 1985 Defeasance  
14 Fund, is necessary to provide for the purchase of Government  
15 Obligations, and any necessary beginning cash balance, sufficient  
16 for the advance refunding of the Outstanding Bonds, in accordance  
17 with the Escrow Agreement, Section 7.4 hereof and Section 9.1 of  
18 Ordinance No. 17538 of the City and corresponding sections of all  
19 other Outstanding Bond Ordinances shall be deposited with the  
20 Escrow Agent in the 1985 Defeasance Fund.  
21 2. The amount that when added to other money avail-  
22 able therefor will equal the Reserve Account Requirement shall be  
23 deposited in the Reserve Account of the Bond Fund.  
24 3. The amount equal to the interest accruing on the  
25 1985 Bonds from December 1, 1985, to the date of their delivery  
26 shall be deposited in the Interest Account in the Bond Fund.

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1 4. The amount equal to the costs of issuance shall be  
2 deposited in the Revenue Fund.  
3 S. The balance of the proceeds, if any, shall be

4 deposited in the General Account in the Revenue Fund.  
5 C. At the time of Closing and prior to the deposit of the  
6 proceeds of the 1985 Bonds, the Treasurer of the City is directed  
7 to make the following inter-fund transfers:  
8 1. To the 1985 Defeasance Fund, from money and  
9 investments of any fund of the electric utility of the City in an  
10 amount that, together with the proceeds of the 1985 Bonds trans-  
11 ferred to the 1985 Defeasance Fund, is necessary to provide for  
12 the purchase of Government Obligations, and any necessary begin-  
13 ning cash balance, sufficient for the advance refunding of the'  
14 Outstanding Bonds, in accordance with the Escrow Agreement,  
15 Section 9.1 of Ordinance No. 17538 of the City and corresponding  
16 sections of all other Outstanding Bond Ordinances.  
17 D. The deposits and inter-fund transfers specified in B and  
18 C of this Section may be changed to include modifications found  
19 to be necessary or advisable by the City and authorized in a  
20 certificate of the Treasurer of the City provided at the time of  
21 Closing.  
22 Section 8.2. Escrow Agreement Relating to the Outstanding  
23 Bonds.  
24 A. In order to carry out the refunding and defeasance of  
25 the Outstanding Bonds as provided for in this Ordinance, the  
26 Mayor and City Clerk are authorized and directed to execute and

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1 deliver to the Escrow Agent an Escrow Agreement substantially in  
2 the form attached to this Ordinance as Exhibit A, with such  
3 changes or modifications as the Mayor, with the advice of Bond  
4 Counsel to the City, considers necessary or advisable.  
5 B. The City irrevocably sets aside for and pledges to the  
6 payment of the Outstanding Bonds the money and securities to be  
7 deposited with the Escrow Agent pursuant to the Escrow Agreement  
8 entered into between the City and the Escrow Agent pursuant to  
9 paragraph A above (hereinafter the "Escrow Agreement") to accom-  
10 plish the plan of refunding and defeasance set forth herein and  
11 in the Escrow Agreement.  
12 Section 8.3. Payment and Redemption of Outstanding Bonds.  
13 The money and securities deposited in the 1985 Defeasance Fund'  
14 shall be sufficient to pay, when due, the principal of all  
15 Outstanding Bonds on the maturities thereof and to pay, when due,  
16 the interest on all Outstanding Bonds on and prior to the maturi-  
17 ties thereof.  
18

ARTICLE IX  
COVENANTS TO SECURE BONDS

19 The City covenants and agrees with the purchasers and owners  
20 of the Bonds from time to time so long as any such Bonds are  
21 outstanding, as follows:  
22 Section 9.1 Security for Bonds.  
23 A. All Bonds are special limited obligations of the City  
24 payable from and secured solely by Net Revenues, and by other  
25 money and assets specifically pledged hereunder for the payment  
26

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1 thereof. There are hereby pledged as security for the payment of  
2 the principal of, premium, if any, and interest on all Bonds in  
3 accordance with the provisions of this Ordinance, subject only to  
4 the provisions of this Ordinance restricting or permitting the  
5 application thereof for the purposes and on the terms and condi-  
6 tions set forth in this Ordinance: (i) the Revenues, and  
7 (ii) the money and investments, if any, credited to the Revenue  
8 Fund and the Bond Fund, and the income therefrom. The Revenues  
9 and other money and securities hereby pledged shall immediately  
10 be subject to the lien of this pledge without any physical  
11 delivery thereof or further act, and the lien of this pledge  
12 shall be valid and binding as against all parties having claims  
13 of any kind in tort, contract or otherwise against the Cit"

14 regardless of whether such parties have notice thereof.  
15 All Bonds now or hereafter outstanding shall be equally and  
16 ratably payable and secured hereunder without priority by reason  
17 of date of adoption of the ordinance providing for their issuance  
18 or by reason of their series, number or date of sale, issuance,  
19 execution or delivery, or by the liens, pledges, charges, trusts,  
20 assignments and covenants made herein, except as otherwise ex-  
21 pressly provided or permitted in this Ordinance and except as to  
22 Bonds covered by insurance that may be obtained by the City to  
23 insure the repayment of one or more series or maturities within a  
24 series.  
25 Except as provided by Section 5.3 hereof, the pledge of the  
26 Net Revenues and of the amounts to be paid into and maintained in

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1 the funds and accounts described above in this Section to pay and  
2 secure the payment of Bonds is hereby declared to be a prior lien  
3 and charge on the Net Revenues and the money and investments in  
4 such funds and accounts superior to all other liens and charges  
5 of any kind or nature.  
6 B. No money may be removed from the Revenue Fund for  
7 transfer to any fund of the City not described in this Ordinance  
8 while any deficiency exists and is continuing in any payment  
9 required by this Ordinance into the Bond Fund or any account  
10 therein.  
11 C. The Bonds shall not in any manner or to any extent  
12 constitute general obligations of the City or of the State of  
13 Washington, or any political subdivision of the State o@  
14 Washington, or a charge upon any general fund or upon any money  
15 or other property of the City or of the State of Washington, or  
16 of any political subdivision of the State of Washington, not  
17 specifically pledged thereto by this Ordinance.  
18 Section 9.2. Rate Covenant--General. The City shall  
19 establish, maintain and collect rates and charges for services,  
20 facilities and commodities sold, furnished or supplied through  
21 the facilities of the Electric System that shall be fair and  
22 adequate to provide Revenues sufficient for the punctual payment  
23 of the principal of, premium, if any, and interest on the Bonds  
24 for which the payment has not otherwise been provided, for all  
25 payments which the City is obligated to make into the Bond Fund,  
26 and for the proper operation and maintenance of the Electric

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1 System, including payment of all Contract Resource Obligations,  
2 and all necessary repairs, replacements and renewals thereof,  
3 including the payment of all taxes, assessments or other govern-  
4 mental charges lawfully imposed on the Electric System or the  
5 revenues therefrom, or payments in lieu thereof, and the payment  
6 of all other amounts that the City may now or hereafter become  
7 obligated to pay from the Revenues by law or contract.  
8 Section 9.3. Rate Covenant--Debt Service Coverage. The  
9 City shall also establish, maintain and collect rates and charges  
10 which shall be adequate to provide, in each Fiscal Year, Net  
11 Revenues in an amount equal to at least 1.25 times the actual  
12 Annual Debt Service for such year.  
13  
14 Solely for purposes of calculating the coverage requirement  
15 set forth above, there shall be added to Revenues in any Fiscal  
16 Year any amount withdrawn from the Cumulative Reserve Fund in  
17 such Fiscal Year and deposited in the Revenue Fund, and there  
18 shall be subtracted from Revenues in any Fiscal Year any amount  
19 withdrawn from the General Account in the Revenue Fund and  
20 deposited in the Cumulative Reserve Fund.  
21 The calculation of the coverage requirement set forth above,  
22 and in Section 5.2 hereof, and the City's compliance therewith,  
may be made solely with reference to this Ordinance without

23 regard to future changes in generally accepted accounting prin-  
24 ciples. If the City has changed one or more of the accounting  
25 principles used in the preparation of its financial statements,  
26 because of a change in generally accepted accounting principles

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

7 Section 9.4. Restrictions on Contracting of Obligations  
8 Secured by Revenues.

9 A. Except as provided in Section 6.2 hereof, the City will  
10 not hereafter create any other special fund or funds for the  
11 payment of revenue bonds, warrants or other revenue obligations,  
12 or issue any bonds, warrants or other obligations or create any  
13 additional indebtedness that will rank prior to the charge and  
14 lien on the Revenues or properties of the Electric System created  
15 herein to secure the payment of the principal of and interest on  
16 the 1985 Bonds.

17 B. The City will not hereafter create any other special  
18 fund or funds for the payment of revenue bonds, warrants or other  
19 revenue obligations, or issue any bonds, warrants or other obli-  
20 gations or create any additional indebtedness that will rank on a  
21 parity with the charge and lien on the Revenues or properties of  
22 the Electric System for the payments into the Bond Fund, except  
23 as provided under Article V hereof or with respect to a reim-  
24 bursement obligation made pursuant to Section 5.3 and ranking on  
25 a parity of lien with the Bonds.  
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1 C. The City may issue bonds, notes, warrants or other  
2 obligations payable from and secured by a lien on the Revenues of  
3 the Electric System that is subordinate or inferior to the lien  
4 on such Revenues securing the Bonds and may create a special fund  
5 or funds for payment of such subordinate obligations.

6 Section 9.5. Covenant to Maintain System in Good Condition.  
7 The City shall at all times maintain, preserve and keep, or cause  
8 to be maintained, preserved and kept, the properties of the  
9 Electric System and all additions and betterments thereto and  
10 extensions thereof and every part and parcel thereof, in good  
11 repair, working order and condition, and will from time to time  
12 make, or cause to be made, all necessary and proper repairs,  
13 renewals, replacements, extensions and betterments thereto so

14 that at all times the business carried on in connection therewith  
15 shall be properly and advantageously conducted. The City will at  
16 all times operate such properties and the business in connection  
17 therewith or cause such properties and business to be operated in  
18 an efficient manner and at a reasonable cost.

19 Section 9.6. Covenants Concerning Disposal of Properties  
20 of Electric System. The City shall not sell, mortgage, lease or  
21 otherwise dispose of the properties of the Electric System except  
22 as provided by law and subject to such additional restrictions as  
23 are provided in this Section and as may be provided in a reim-  
24 bursement agreement.

25 A. The City will not sell or otherwise dispose of the  
26 Electric System in its entirety unless simultaneously with such

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1 sale or other disposition, provision is made for the payment,  
2 redemption or other retirement of all Bonds then outstanding.

3 B. Except as provided in C below, the City will not sell  
4 or otherwise dispose of any part of the Electric System unless  
5 provision is made for the payment, redemption or other retirement

6 of a principal amount of Bonds equal to the greater of the  
7 following amounts, provided, such amount is in excess of  
8 \$200,000:

9 (1) An amount that will be in the same proportion to  
10 the net principal amount of Bonds then outstanding (defined as  
11 the total principal amount of such Bonds outstanding less the  
12 amount of cash and investments in the Principal Account and Bond  
13 Retirement Account in the Bond Fund) that the revenues attribute  
14 able to the part of the Electric System sold or disposed of for  
15 the twelve preceding months bears to the total revenues for such  
16 period; or

17 (2) An amount that will be in the same proportion to  
18 the net principal amount of Bonds then outstanding that the book  
19 value of the part of the Electric System sold or disposed of  
20 bears to the book value of the entire Electric System immediately  
21 prior to such sale or disposition.

22 C. The City may sell or otherwise dispose of any part of  
23 the Electric System which shall have become unserviceable,  
24 inadequate, obsolete or unfit to be used in the operation of the  
25 Electric System, or no longer necessary, material to or useful in  
26 such operation.

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1 D. The proceeds of sale of any part of the Electric System  
2 shall be deposited in the Revenue Fund.

3 E. No sale of any part of the Electric System, valued in  
4 excess of 10% of the book value of the physical assets of the  
5 Electric System, shall be made if, in the opinion of an Engi-  
6 neer, based on financial statements of the Electric System for  
7 the most recent Fiscal Year available, such sale would prevent  
8 the City from meeting the requirements of Section 9.2 and of the  
9 first paragraph of Section 9.3.

10 Section 9.7. Insurance. The City shall either self-insure  
11

in such manner and to such extent as the City shall determine to  
12 be necessary and appropriate or, as needed, and to the extent  
13 insurance coverage is available at reasonable cost with respon@,  
14 sible insurers, keep, or cause to be kept, the Electric System  
15 and the operation thereof insured, with policies payable to the  
16 City, against the risks of direct physical loss, damage to or  
17 destruction of the Electric System, or any part thereof, and  
18 against accidents, casualties or negligence, including liability  
19 insurance and employer's liability, at least to the extent that  
20 similar insurance is usually carried by utilities operating like  
21 properties.

22 In the event of any loss or damage, the City will promptly  
23 repair or replace the damaged portion of the insured property and  
24 apply the proceeds of any insurance policy for that purpose; or  
25 in the event the City should determine not to repair or recon-  
26 struct such damaged portion of the properties of the Electric

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1 System, the proceeds of such insurance shall be paid into the  
2 Reserve Account to the extent that such transfer shall be neces-  
3 sary to make up any deficiency in said Reserve Account and the  
4 balance, if any, shall at the option of the City, be used either  
5 for repairs, renewals, replacements, or capital additions to the  
6 Electric System or for the purchase, payment or redemption of  
7 Bonds.

8 Section 9.8. Condemnation. In the event of any loss or  
9 damage to the properties of the Electric System by reason of  
10 condemnation, the City will (i) with respect to each such loss,  
11 promptly replace, repair and reconstruct to the extent necessary  
12 to the proper conduct of the operations of the Electric System  
13 the condemned portion thereof and shall apply the proceeds of an@  
14 condemnation award for that purpose to the extent required  
15 therefor, and (ii) if the City shall not use the entire proceeds  
16 of such condemnation award to repair, replace or reconstruct such

17 lost or damaged property, such award not so used shall be paid  
18 into the Revenue Fund.  
19 Section 9.9. Books of Account. The City shall keep proper  
20 books of account in accordance with the rules and regulations  
21 prescribed by the Division of Municipal Corporations of the State  
22 Auditor's office of the State of Washington, or other State  
23 department or agency succeeding to such duties of the State  
24 Auditor's office, and if no such rules or regulations are pre-  
25 scribed as aforesaid then in substantial accordance with the  
26 uniform system of accounts prescribed by the Federal Energy

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1 Regulatory Commission or other federal agency having jurisdiction  
2 over electric public utility companies owning and operating  
3 properties similar to the electric public utility properties of  
4 the City, whether or not the City is at the time required by law  
5 to use such system of accounts. The City shall cause its books  
6 of account to be audited annually by the State Auditor's office  
7 or other State department or agency as may be authorized and  
8 directed by law to make such audits, or if such an audit shall  
9 not be made for twelve months after the close of any Fiscal Year  
10 of the City, by Certified Public Accountants. In keeping said  
11 books of account, the City shall accrue depreciation monthly  
@12 thereon on its depreciable properties in accordance with the  
13 accounting practice prescribed by the public departments or  
14 agencies above mentioned. The City will furnish to any owner of  
15 Bonds upon a written request therefor copies of the balance sheet  
16 and statement of income and retained earnings showing in reason-  
17 able detail the financial condition of the Electric System as of  
18 the close of each fiscal year, and the income and expenses of  
19 such year, including the amounts paid into the Revenue Fund, the  
20 Bond Fund, and in any and all special funds created or continued  
21 pursuant to the provisions of this Ordinance, and the amounts  
22 expended for maintenance, renewals, replacements, and gross  
23 capital additions to the Electric System.

24 Section 9.10. Covenant Not to Render Service Free of  
25 Charge. So long as any Bonds are outstanding and unpaid, the City  
26 shall not furnish or supply or permit the furnishing or supplying

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1 of any commodity, service or facility furnished by or in connec-  
2 tion with the operation of the Electric System free of charge to  
3 any person, firm or corporation, public or private, and the City  
4 will maintain and enforce reasonable procedures for the payment  
5 of any and all accounts owing to the City and delinquent, by  
6 discontinuing service or by filing suits, actions or proceedings,  
7 or by both discontinuance of service and filing suit.

8 Section 9.11. Covenant to Make Only Sound Improvements.  
9 The City shall not expend any money in the Revenue Fund or the  
10 proceeds of Future Parity Bonds or other obligations for any  
11 renewals, replacements, extensions, betterments and improvements  
12 to the Electric System that are not economically sound and that  
13 will not properly and advantageously contribute to the conduct of,  
14 the business of the Electric System in an efficient and economi-  
15 cal manner. The foregoing shall not preclude the City from  
16 paying any legal or contractual obligations.

17 Section 9.12. Covenant to Pay Bond Principal and Interest  
18 Punctually. The City shall duly and punctually pay or cause to  
19 be paid, but only from Revenues and other money pledged therefor  
20 under this Ordinance, the principal of, premium, if any, and  
21 interest on each and every Bond on the dates and at the places  
22 and in the manner provided in such Bonds, according to the true  
23 intent and meaning thereof, and will faithfully do and perform  
24 and fully observe and keep any and all covenants, undertakings,  
25 stipulations and provisions contained in the 1985 Bonds and in  
26

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1 this Ordinance and each ordinance authorizing Future Parity  
2 Bonds.  
3 Section 9.13. Covenant to Pay Taxes, Assessments and Other  
4 Claims. The City shall from time to time duly pay and discharge,  
5 or cause to be paid and discharged, when the same shall become  
6 due, all taxes, assessments and other governmental charges, or  
7 payments in lieu thereof, lawfully imposed upon the Electric  
8 System or the Revenues, and all claims for labor and materials  
9 and supplies that, if not paid, might become a lien or charge  
10 upon the Electric System, or any part thereof, or upon the  
11 Revenues (prior to the lien thereon for the payment of the  
12 Bonds), or that might in any way impair the security of the  
13 Bonds, except taxes, assessments, charges or claims that the City  
14 shall in good faith contest by proper legal proceedings.  
15 Section 9.14. Employees to be Bonded. All employees or  
16 agents of the City collecting or handling Revenue or money  
17 deposited in any fund or account hereby established shall at all  
18 times be bonded by a responsible surety company or companies in  
19 amounts sufficient to protect the City adequately from loss.  
20 Section 9.15. Arbitrage and Industrial Development Bond  
21 Provisions. No part of the proceeds of the Bonds 'or any other  
22 funds held under this Ordinance shall at any time be used for any  
23 purpose that would cause any such Bond to be an "industrial  
24 development bond" (as defined in subsection (b)(2) of Section 103  
25 of the Internal Revenue Code of 1954, as amended).  
26

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1 No part of the proceeds of the Bonds or any other funds held  
2 under this Ordinance shall at any time be used directly or indi-  
3 rectly to acquire securities or obligations, the acquisition of  
4 which would cause any Bond to be an "arbitrage bond" (as defined  
5 in subsection (c) of Section 103 of the Internal Revenue Code of  
6 1954, as amended).  
7 ARTICLE X  
8 SUPPLEMENTAL AND AMENDATORY ORDINANCES  
9 Section 10.1. Amendments Without Consent of Bondowners.  
10 The City may adopt at any time and from time to time without the  
11 consent of the owners of any Bonds an ordinance or ordinances  
12 supplemental to or amendatory of this Ordinance and any Supple-  
13 mental Ordinance theretofore adopted for any one or more of the@  
14 following purposes:  
15 A. In accordance with Article V hereof, to provide for the  
16 issuance of Future Parity Bonds and to prescribe the terms and  
17 conditions pursuant to which such Bonds may be issued, paid or  
18 redeemed;  
19 B. To add covenants and agreements of the City for the  
20 purpose of further securing the payment of the Bonds, provided  
21 such additional covenants and agreements are not contrary to or  
22 inconsistent with the covenants and agreements of the City  
23 contained in this Ordinance or any Supplemental Ordinance;  
24 C. To prescribe further limitations and restrictions upon  
25 the City's ability to issue bonds and incur indebtedness payable  
26 from the Revenues, provided that such further limitations and

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1 restrictions are not contrary to or inconsistent with those  
2 theretofore in effect;  
3 D. To surrender any right, power or privilege reserved to  
4 or conferred upon the City by the terms of this Ordinance;  
5 E. To confirm as further assurance any pledge under, and  
6 the subjection to any lien, claim or pledge created or to be  
7 created by, the provisions of this Ordinance of the Revenues or  
8 of any other money, securities or funds;  
9 F. To cure any ambiguity or defect or inconsistent provi-  
10 sion of this Ordinance or any Supplemental Ordinance or to insert  
11 such provisions clarifying matters or questions arising under

12 this Ordinance or any Supplemental Ordinance as are necessary or  
13 desirable in the event any such modifications are not contrary to'  
14 or inconsistent with this Ordinance or any Supplemental Ordinance  
15 as theretofore in effect;

16 G. To add such provisions as the Council, with the advice  
17 of Bond Counsel to the City, shall deem necessary in order to  
18 preserve the tax-exempt status of the Bonds.

19 Section 10.2. Amendments With Consent of Bondowners. The  
20 provisions of this Ordinance and of any Supplemental Ordinance  
21 may be modified at any time or from time to time by a Supple-  
22 mental Ordinance, with the consent of bondowners in accordance  
23 with and subject to the provisions of Article XII hereof.  
24

Section 10.3. Filing of Supplemental Ordinances. No  
25 Supplemental Ordinance shall become effective until filed with  
26 the City together with an opinion of Bond Counsel that such

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1 Supplemental Ordinance has been validly enacted and that it is  
2 effective in accordance with its terms.  
3

ARTICLE Xi  
DEFAULTS AND REMEDIES

4 Section 11.1 Events of Default. The Council hereby finds  
5 and determines that the continuous operation of the Electric  
6 System and the collection, deposit and disbursement of the Net  
7 Revenues in the manner provided in this Ordinance are essential  
8 to the payment and security of the Bonds, and the failure or  
9 refusal of the City to perform the covenants and obligations  
10 contained in this Ordinance will endanger the necessary continu-  
11 ous operation of the Electric System and the application of the  
12 Net Revenues to the purposes set forth in this Ordinance.

14 The City hereby covenants and agrees with the purchasers and  
15 owners from time to time of the Bonds, in order to protect and  
16 safeguard the covenants and obligations undertaken by the City  
17 securing the Bonds, that the following shall constitute "Events  
18 of Default":

19 A. If default shall be made in the due and punctual  
20 payment of the principal of and premium, if any, on any of the  
21 Bonds when the same shall become due and payable, either at  
22 maturity or by proceedings for redemption or otherwise;

23 B. If default shall be made in the due and punctual  
24 payment of any installment of interest on any Bond;  
25  
26

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1 C. If the City shall fail to purchase or redeem Term Bonds  
2 in an aggregate principal amount at least equal to the Sinking  
3 Fund Requirement for the applicable Fiscal Year; or

4 D. If the City shall default in the observance and per-  
5 formance of any other of the covenants, conditions and agreements  
6 on the part of the City contained in this Ordinance or any  
7 covenants, conditions or agreements on the part of the City  
8 contained in any ordinance of the City authorizing Future Parity  
9 Bonds as provided in Article V hereof and such default or  
10 defaults shall have continued for a period of ninety (90) days  
11 after the City shall have received from the Bondowners Committee  
12 or from the owners of not less than twenty percent (20%) in  
13 principal amount of the Bonds outstanding a written noticer  
14 specifying and demanding the cure of such default.

15 Section 11.2. Bondowners' Trustee. So long as such Event  
16 of Default shall not have been remedied, a Bondowners' Trustee  
17 may be appointed by the holders of twenty-five percent (25%) in  
18 principal amount of the Bonds, by an instrument or concurrent  
19 instruments in writing signed and acknowledged by such bondowners  
20 or by their attorneys-in-fact duly authorized and delivered to



21 such Trustee, notification thereof being given to the City. Any  
22 Bondowners' Trustee appointed under the provisions of this  
23 Section 11.2 shall be a bank or trust company organized under the  
24 laws of the State of Washington or the State of New York or a  
25 national banking association. The fees and expenses of the  
26 Bondowners' Trustee shall be borne by the bondholders and not by

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1 the City. The bank or trust company acting as Bondowners'  
2 Trustee may be removed at any time, and a successor Bondownerst  
3 Trustee may be appointed, by the holders of a majority in prin-  
4 cipal amount of the Bonds and any Future Parity Bonds issued  
5 pursuant to this Ordinance, by an instrument or concurrent  
6 instruments in writing signed and acknowledged by such bondowners  
7 or by their attorneys-in-fact duly authorized.

8 The Bondowners' Trustee appointed in the manner herein  
9 provided, and each successor thereto, is hereby declared to be a  
10 trustee for the holders of all the Bonds and is empowered to  
11 exercise all the rights and powers herein conferred on the  
12 Bondowners' Trustee.

13 Section 11.3. Suits at Law or in Equit The BondownersL  
14 Trustee may upon the happening of an Event of Default, and during  
15 the continuance thereof, take such steps and institute such  
16 suits, actions or other proceedings in its own name, or as  
17 trustee, all as it may deem appropriate for the protection and  
18 enforcement of the rights of bondowners to collect any amounts  
19 due and owing the City, or to obtain other appropriate relief,  
20 and may enforce the specific performance of any covenant, agree-  
21 ment or condition contained in this Ordinance, or in any of the  
22 1985 Bonds.

23 Any action, suit or other proceedings instituted by the  
24 Bondowners' Trustee hereunder shall be brought in its name as  
25 trustee for the bondowners and all such rights of action upon or  
26 under any of the Bonds or the provisions of this Ordinance may be

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1 enforced by the Bondowners' Trustee without the possession of any  
2 of said Bonds, and without the production of the same at any  
3 trial or proceedings relative thereto except where otherwise  
4 required by law, and the respective holders of said Bonds, by  
5 taking and holding the same, shall be conclusively deemed irrev-  
6 ocably to appoint the Bondowners' Trustee the true and lawful  
7 trustee of the respective owners of said Bonds, with authority to  
8 institute any such action, suit or proceeding; to receive as  
9 trustee and deposit in trust any sums becoming distributable on  
10 account of said Bonds; to execute any paper or documents for the  
11

receipt of such money, and to do all acts with respect thereto  
12 that the bondowner himself might have done in person. Nothing  
13 herein contained shall be deemed to authorize or empower th(i  
14 Bondowners' Trustee to consent to accept or adopt, on behalf of  
15

any holder of said Bonds, any plan or reorganization or adjust-  
16 ment affecting the said Bonds of the City or any right of any  
17 holder thereof, or to authorize or empower the Bondowners'  
18 Trustee to vote the claims of the holders thereof in any receiv-  
19 ership, insolvency, liquidation, bankruptcy, reorganization or  
20 other proceeding to which the City shall be a party.

21 Section 11.4. Suits by Individual Bondowners. No owner of  
22 any one or more of said Bonds shall have any right to institute  
23 any action, suit or proceeding at law or in equity for the  
24 enforcement of same, unless an Event of Default shall have  
25 happened and be continuing, and unless no Bondowners' Trustee has  
26 been created as herein provided, but any remedy herein authorized

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1 to be exercised by the Bondowners' Trustee may be exercised  
2 individually by any bondowner, in his own name and on his own

3 behalf or for the benefit of all bondowners, in the event no  
4 Bondowners' Trustee has been appointed, or with the consent of  
5 the Bondowners' Trustee if such Bondowners' Trustee has been  
6 appointed; provided, however, that nothing in this Ordinance or  
7 in said Bonds shall affect or impair the obligation of the City,  
8 which is absolute and unconditional, to pay from Net Revenues the  
9 principal of and interest on said Bonds to the respective holders  
10 thereof at the respective due dates therein specified, or affect  
11 or impair the right of action, which is absolute and uncondi-  
12 tional, of such holders to enforce such payment.

13 Section 11.5. Remedies Granted in Ordinance Not Exclusive':  
14 The remedies herein conferred upon or reserved to the holders of  
15 such Bonds of the City and to the Bondowners' Trustee are not  
16 intended to be exclusive of any other remedy or remedies, and  
17 each and every such remedy shall be cumulative and shall be in  
18 addition to every other remedy given hereunder or now or here-  
19 after existing at law or in equity or by statute. The privileges  
20 herein granted shall be exercised from time to time and continued  
21 so long as and as often as the occasion therefor may arise and no  
22 waiver of any default hereunder, whether by the Bondowners'  
23 Trustee or by the holders of Bonds, shall extend to or shall  
24 affect any subsequent default or shall impair any rights or  
25 remedies consequent thereon. No delay or omission of the bond-  
26 owners or of the Bondowners' Trustee to exercise any right or

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1 power accruing upon any default shall impair any such right or  
2 power or shall be construed to be a waiver of any such default or  
3 any acquiescence therein.

#### 4 ARTICLE XII

##### 5 AMENDMENTS AND BONDOWNERS MEETINGS

6 Section 12.1 Call of Bondowners Meetings. The City or the  
7 owners of not less than twenty percent (20%) in principal amount  
8 of the Bonds then outstanding may at any time call a meeting of  
9 the owners of the Bonds. Every such meeting shall be held at  
10 such place in the City of New York, State of New York, or in the  
11 City of Tacoma, State of Washington, as may be specified in the  
12 notice calling such meeting. Written notice of such meeting,  
13 stating the place and time of the meeting and in general term:-  
14 the business to be transacted, shall be mailed to the bondowners  
15 by the City, the Bondowners Committee or the bondowners calling  
16 such meeting not less than thirty (30) nor more than sixty (60)  
17 days before such meeting, and shall be published at least once a  
18 week for four (4) successive calendar weeks on any day of the  
19 week, the date of first publication to be not less than thirty  
20 (30) nor more than sixty (60) days preceding the meeting; pro-  
21 vided, however, that the publication of such notice shall in no  
22 case be a condition precedent to the validity of any action taken  
23 at any such meeting. The expenses of publication and mailing of  
24 such notice shall be paid or reimbursed by the City. Any meeting  
25 of bondowners shall, however, be valid without notice if the  
26 owners of all Bonds then outstanding are present in person or by

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1 proxy or if notice is waived before or within thirty (30) days  
2 after the meeting by those not so present.

3 Section 12.2 Notice to Bondowners. Except as otherwise  
4 provided in this Ordinance, any provision in this Ordinance for  
5 the mailing of a notice or other paper to bondowners shall be  
6 fully complied with if it is mailed by first class mail, postage  
7 prepaid, to each registered owner of any of the Bonds then out-  
8 standing at his address, if any, appearing upon the Bond Regis-  
9 ter; and any provision in this Ordinance contained for publica-  
10 tion of a notice or other matter shall require the publication  
11 thereof in "The Bond Buyer" in The City of New York, State of New  
12 York (or in lieu of publication in "The Bond Buyer", in a daily  
13 newspaper printed in the English language and customarily pub-  
14 lished on each business day of general circulation in the Borough

15 of Manhattan, The City of New York, State of New York), and also  
16 in a daily newspaper printed in the English language and custom-  
17 arily published on each business day and of general circulation  
18 in the City of Seattle, State of Washington.  
19 Section 12.3. Proxies; Proof of Ownership of Bonds. Attend-  
20 ance and voting by bondowners at such meetings may be in person  
21 or by proxy. Owners of Bonds may, by an instrument in writing  
22 under their hands, appoint any person or persons, with full power  
23 and substitution, as their proxy to. vote at any meeting for them.  
24 Officers or nominees of the City may be present or represented at  
25 such meeting and take part therein but shall not be entitled to  
26

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1 vote thereat, except as such of f icers or nominees are bondowners  
2 or proxies for bondowners.  
3 Any registered owner of Bonds shall be entitled in person or  
4 by proxy to attend and vote at such meeting as owner of the Bonds  
5 registered in his name without producing such Bonds, and such  
6 persons and their proxies shall, if required, produce such proof  
7 of personal identity as shall be satisfactory to the Secretary of  
8 the meeting. All proxies presented at such meeting shall be  
9 delivered to the Inspectors of Votes and filed with the Secretary  
10 of the meeting.  
11 The vote at any such meeting of the owner of any Bond enti-  
12 tled to vote thereat shall be binding upon such owner and upon  
13 every such subsequent owner of such Bond (whether or not such7  
14 subsequent owner has notice thereof).  
15 Section 12.4 Execution of Instruments by Bondowners. Any  
16 request, direction, consent or other instrument in writing  
17 required or permitted by this Ordinance to be signed or executed  
18 by bondowners may be in any number of concurrent instruments of  
19 similar tenor, and may be signed or executed by such bondowners  
20 in person or by agent appointed by an instrument in writing.  
21 Proof of the execution of any such instrument shall be sufficient  
22 for any purpose of this Ordinance if made in the following  
23 manner: (1) The f act and date of the execution by any person of  
24 any such instrument may be proved by either (a) an acknowledgment  
25 executed by a notary public or other officer empowered to take  
26

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1 acknowledgments of deeds to be recorded in the particular juris-  
2 diction, or (b) an affidavit of a witness to such execution sworn  
3 to before such a notary public or other officer. Where such  
4 execution is by an officer of a corporation or association or a  
5 member of a partnership on behalf of such corporation, associa-  
6 tion or partnership, such acknowledgment or affidavit shall also  
7 constitute sufficient proof of his authority.  
8 The foregoing shall not be construed as limiting the City to  
9 such proof, it being intended that the City may accept any other  
10 evidence of the matters herein stated that it may deem suffi-  
11 cient. Any request or consent of the owner of any Bond shall  
12 bind every future owner of the same Bond in respect of anything  
13 done by the City in pursuance of such request, direction o?  
14 consent.  
15 The right of a proxy for a bondowner to act may be proved  
16 (subject to the City's right to require additional proof) by a  
17 written proxy executed by such bondowner as aforesaid.  
18 Section 12.5 Appointment of Officers at Bondowners Meet-  
19 ings. Persons named by the City or elected by the owners of a  
20 majority in principal amount of the Bonds represented at the  
21 meeting in person or by proxy in the event the City is not  
22 represented at such meeting, shall act as temporary Chairman and  
23 temporary Secretary of any meeting of bondowners. A permanent  
24 Chairman and a permanent Secretary of such meeting shall be  
25 elected by the owners of a majority in principal amount of the  
26 Bonds represented at such meeting in person or by proxy. The

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1 permanent Chairman of the meeting shall appoint two (2) Inspectors of Votes who shall count all votes cast at such meeting, except votes on the election of Chairman and Secretary as aforesaid, and who shall make and file with the Secretary of the meeting and with the City their verified report of all such votes cast at the meeting.

7 Section 12.6 Quorum at Bondowners Meetings. The owners of not less than the principal amount of the Bonds required for any action to be taken at such meeting must be present at such meeting in person or by proxy in order to constitute a quorum for the transaction of business, less than a quorum, however, having power to adjourn from time to time without any other notice than

13 the announcement thereof at the meeting; provided, however, that - if such meeting is adjourned by less than a quorum for more than ten (10) days, notice thereof shall be published by the City at least five (5) days prior to the adjourned date of the meeting.

16 Section 12.7 Vote Required to Amend Ordinance. Any amendment to the provisions of this Ordinance, in any particular except the percentage of bondowners the approval of which is required to approve such amendment, may be made by a Supplemental Ordinance of the City and a resolution duly adopted by the affirmative vote at a meeting of bondowners duly convened and held, or with written consent as hereinafter provided in Section 12.9 hereof, of the owners of not less than sixty-six and two-thirds per cent (66 2/3%) in principal amount of the Bonds outstanding when such meeting is held or such consent is given;

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1 provided, however, that no such amendment shall (a) extend the date of payment of the principal of any Bond or of any installment of interest thereon or reduce the principal or redemption price thereof or the rate of interest thereon or advance the date upon which any Bond may first be called for redemption prior to its fixed maturity date; (b) give to any Bond or Bonds any preference over any other Bond or Bonds secured equally and ratably therewith; (c) reduce the aforesaid percentage of Bonds, the owners of which are required to consent to any such Ordinance amending the provisions of this Ordinance; or (d) authorize the creation of any pledge prior to or, except as provided in Article V hereof for the issuance of Future Parity Bonds, on a parity with the pledge afforded by this Ordinance, without the consent of the owner of each such Bond affected thereby.

15 Section 12.8 Obtaining Approval of Amendments at Bondowners Meeting. The City may at any time adopt a Ordinance amending the provisions of this Ordinance to the extent that such amendment is permitted by the provisions of Section 12.7 hereof, to take effect when and as provided in this Section. At any time thereafter such Supplemental Ordinance may be submitted by the City for approval to a meeting of the bondowners duly convened and held in accordance with the provisions of this Ordinance. A record in duplicate of the proceedings of each meeting of the bondowners shall be prepared by the permanent Secretary of the meeting and shall have attached thereto the original reports of the Inspectors of Votes and affidavits by a person or persons

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1 having knowledge of the facts, showing a copy of the notice of the meeting and setting forth the facts with respect to the mailing and publication thereof under the provisions of this Ordinance. Such a record shall be signed and verified by the affidavits of the permanent Chairman and the permanent Secretary of the meeting, and one duplicate thereof shall be delivered to the City. Any record so signed and verified shall be proof of the matters therein stated. If the Supplemental Ordinance shall be approved by a resolution duly adopted at such meeting of

10 bondowners by the affirmative vote of the owners of the required  
11 percentages of Bonds, a notice stating that a resolution approv-  
12 ing such Ordinance has been so adopted shall be mailed by the  
13 City to each bondowner who has requested such notice (but failur4  
14 so to mail copies of such notice shall not affect the validity of  
15 such Ordinance) and shall be published at least once in the  
16 manner provided in Section 12.2 hereof. Proof of such mailing  
17 and publication by the affidavit or affidavits of a person or  
18 persons having knowledge of the facts shall be filed with the  
19 City. Such Ordinance of the City making such amendment shall be  
20 deemed conclusively to be binding upon the City, the Paying Agent  
21 and the Registrar, and the owners of all Bonds at the expiration  
22 of thirty (30) days after the publication of the notice provided  
23 for in this Section, except in the event of a final decree of  
24 court of competent jurisdiction setting aside such Ordinance or  
25 annulling the action taken thereby in a legal action or equitable  
26

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1 proceeding for such purpose commenced within such period; pro-  
2 vided that the City, the Paying Agent and the Registrar during  
3 such thirty (30) day period and any such further period during  
4 which such action or proceeding may be pending shall be entitled  
5 in their absolute discretion to take such action, or to refrain  
6 from taking such action, with respect to such Supplemental  
7 Ordinance as they may deem expedient. Nothing in this Ordinance  
8 contained shall be deemed or construed to authorize or permit, by  
9 reason of any call of a meeting of bondowners or of any right  
10 conferred hereunder to make such a call, any hindrance or delay  
11 in the exercise of any rights conferred upon or reserved to the  
12 Paying Agent, the Registrar, or the bondowners under any of the  
13 provisions of this Ordinance.

14 Section 12.9 Alternate Method of Obtaining Approval of  
15  
16 Amendments. The City may at any time adopt a Ordinance amending  
17 the provisions of the Ordinance, or of any Bonds, to the extent  
18 that such amendment is permitted by the provisions of this  
19 Article, to take effect when and as provided in this Section.  
20 Upon adoption of such Ordinance, a request that bondowners  
21 consent thereto shall be mailed by the City to the bondowners and  
22 notice that the City is requesting bondowners to consent to such  
23 amendment shall be published at least once in the manner provided  
24 in Section 12.2 hereof. Such Ordinance shall not be effective  
25 unless and until there shall have been filed with the City the  
26 written consents of the percentages of owners of outstanding  
Bonds specified in Section 12.7 hereof and a notice shall have

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1 been published as hereinafter in this Section provided. Each  
2 such consent shall be effective only if accompanied by proof of  
3 ownership of the Bonds for which such consent is given, which  
4 proof shall be such as is permitted by Section 12.3 hereof. A  
5 certificate or certificates of the Secretary of the City that he  
6 has examined such proof and that such proof is sufficient shall  
7 be conclusive that the consents have been given by the owners of  
8  
9 the Bonds described in such certificate or certificates. Any  
10 such consent shall be binding upon the owner of the Bonds giving  
11 such consent and on every subsequent owner of such Bonds (whether  
12 or not such subsequent owner has notice thereof). A notice  
13 stating that the Ordinance has been consented to by the owners of  
14 the required percentages of Bonds and will be effective a:k  
15 provided in this Section, may be given to the bondowners by  
16 mailing such notice to the bondowners, and shall be given by  
17 publishing the same at least once in the manner provided in  
18 Section 12.2 hereof. A record, consisting of the papers required  
by this Section to be filed with the City shall be proof of the

19 matters therein stated, and the Ordinance shall be deemed con-  
20 clusively to be binding upon the City and the owners of all Bonds  
21 at the expiration of thirty (30) days after the notice last  
22 provided for in this Section, except in the event of a final  
23 decree of a court of competent jurisdiction setting aside such  
24 consent or annulling the action taken thereby in a legal action  
25 or equitable proceeding for such purpose commenced within such  
26 period.

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1 Section 12.10 Amendment of Ordinance In Any Respect by

2 Approval of All Bondowners. Notwithstanding anything contained

3 in the foregoing provisions of this Article, the rights and

4 obligations of the City and of the owners of the Bonds and the

5 terms and provisions of the Bonds and of this Ordinance, may be

6 amended in any respect with the consent of the City, by the

7 affirmative vote of the owners of all said Bonds then outstanding

8 at a meeting of bondowners called and held as hereinabove pro-

9 vided, or upon the adoption of a Ordinance by the City and the

10 consent of the owners of all the Bonds then outstanding, such

11 consent to be given as provided in Section 12.9 except that no

12 notice to bondowners either by mailing or publication shall be

13 required, and the amendment shall be effective immediately upon'

14 such unanimous vote or written consent of all of the bondowners.

15 Section 12.11 Bonds Owned by City. Bonds owned or held by

16 or for the account of the City shall not be deemed outstanding

17 for the purpose of any vote or consent or other action or any

18 calculation of outstanding Bonds in this Ordinance provided for,

19 and shall not be entitled to vote or consent or take any other

20 action in this Ordinance provided for.

21 Section 12.12 Endorsement of Amendment on Bonds. Bonds

22 delivered after the effective date of any action amending this

23 Ordinance taken as hereinabove provided may bear a notation by

24 endorsement or otherwise as to such action, and in that case,

25 upon demand of the owner of any Bond outstanding at such effec-

26 tive date and presentation of his Bond for the purpose at the

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1 principal office of the Paying Agents, suitable notation shall be  
2 made on such Bond by the Paying Agent as to any such action. If  
3 the City shall so determine, new Bonds so modified as in the  
4 opinion of the City and its counsel to conform to such action  
5 shall be prepared, delivered and upon demand of the owner of any  
6 Bond then outstanding shall be exchanged without cost to such  
7 bondowner for Bonds then outstanding hereunder, upon surrender of  
8 such Bonds.

9 ARTICLE XIII  
10 MISCELLANEOUS

11 Section 13.1. Ordinance and Laws a Contract With Bondowners.  
12 This Ordinance is adopted under the authority of and in full

13  
14 compliance with the Constitution and laws of the State of  
15 Washington, as amended and supplemented. In consideration of the  
16 purchase and acceptance of the Bonds by those who shall hold the  
17 same from time to time, the provisions of this Ordinance and of  
18 any Supplemental Ordinance authorizing the issuance of Future  
19 Parity Bonds and of said laws shall constitute a contract with  
20 the owner or owners of each Bond, and the obligations of the City  
21 and its Council under said acts and under this Ordinance shall be  
22 enforceable by any court of competent jurisdiction. The cove-  
23 nants and agreements herein set forth to be performed on behalf

24 of the City shall be for the equal benefit, protection and  
25 security of the owners of any and all of said Bonds, all of  
26 which, regardless of the time or times of their issue or matu-  
rity, shall be of equal rank without preference, priority or

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1 distinction of any of said Bonds over any others thereof except  
2 as expressly provided herein.

3 Section 13.2. Money Held by Paying Agent One Year After  
4 Due Date. Money or Permitted Investments held by the Paying  
5 Agent in trust for the payment and discharge of any of the Bonds  
6 which remain unclaimed for one (1) year after the date when such  
7 Bonds shall have become due and payable, either at their stated  
8 maturity dates or by call for earlier redemption, if such money  
9 were held by such Paying Agent at such date or for one year after  
10 the date of deposit of such money if deposited with the Paying  
11 Agent after the said date when such Bonds become due and payable,  
12 shall at the written request of the City be repaid by the Paying  
13

Agent to the City as the City's property and free from the trust'  
14 created by this Ordinance, and the Paying Agent shall thereupon  
15 be released and discharged with respect thereto, and the owners  
16 of the Bonds payable from such money shall look only to the City  
17 for the payment of such Bonds.

18 Section 13.3. Benefits of Ordinance Limited to City, Bon -  
19 owners, and Paying Agent. Nothing in this Ordinance, expressed  
20 or implied, is intended or shall be construed to confer upon or  
21 give to any person or corporation other than the City, the Paying  
22 Agent, the Registrar, and the owners from time to time of the  
23 Bonds any rights, remedies or claims under or by reason of this



24 Ordinance or any covenant, condition or stipulation thereof; and  
25 all the covenants, stipulations, promises and agreements in this  
26 Ordinance contained by or on behalf of the City shall be for the

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1 sole and exclusive benefit of the City, the Trustee, the Paying  
2 Agents, the Registrar and the owners from time to time of the  
3 Bonds.

4 Section 13.4. Severability. If any one or more of the  
5 covenants or agreements provided in this Ordinance on the part of  
6 the City to be performed shall be declared by any court of  
7 competent jurisdiction to be contrary to law, then such covenant  
8 or covenants, agreement or agreements shall be null and void and  
9 shall be deemed separable from the remaining covenants and agree-  
10 ments, and shall in no way affect the validity of the other  
11 provisions of this Ordinance or of the Bonds issued hereunder.

12 Section 13.5. Resolution Authorizing Sale of the 1985  
13 Bonds. The proper officials of the City are hereby authorized  
14 and directed to do all things necessary for the sale, execution  
15 and delivery of the 1985 Bonds and for the proper use and appli-  
16 cation of the proceeds of sale thereof, including but not limited  
17 to the preparation and approval of an official statement for the  
18 sale of the 1985 Bonds, the purchase of Qualified Insurance, and  
19 the execution of a contract for the sale and purchase of the 1985  
20 Bonds (the "Bond Purchase Contract"), an Escrow Agreement sub-  
21 stantially in the form of Exhibit A attached hereto and such  
22 other letters, certificates, agreements, papers, financing state-  
23 mentst assignments or instruments as in their judgment may be  
24

necessary, appropriate or desirable in order to carry out the  
25 terms and provisions of, and complete the transactions contem-  
26 plated by, this Ordinance. The Council shall by resolution give

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1 final approval to the official statement, the plan of refunding,  
2 the Bond Purchase Contract, the Escrow Agreement, and the terms  
3 of the 1985 Bonds (including the aggregate principal amount  
4 thereof, the schedule of maturities, interest rates, redemption  
5 times and prices, and Sinking Fund Requirements), and shall  
6 supplement the covenants herein as shall be required by any  
7 contract for the purchase of Qualified Insurance.

8 Section 13.6. Prior Acts. All acts taken pursuant to the  
9 authority of this Ordinance but prior to its effective date are  
10 hereby ratified and confirmed.

11 INTRODUCED AND READ THE FIRST TIME at a regular meeting of  
12 the City Council held this 12th day of November, 1985.

13 PASSED by the City Council of the City of Tacoma,  
14 Washington, and authenticated by its Mayor at a special meeting  
15 of the Council held this 20th day of Novembe , 1985.

16 CITY OF COMA TON  
17

18 .By  
19 ATTEST:  
20  
21 Clerk  
22  
23 APPROVED AS TO FORM:  
24  
25 City Attorney  
26

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EXHIBIT A  
ESCROW AGREEMENT

THIS AGREEMENT, dated as of December 1, 1985, is entered into between the City of Tacoma, Washington (the "City"), and Seattle-First National Bank, Seattle, Washington (the "Escrow Agent").

WITNESSETH:

WHEREAS, the City of Tacoma, Washington, a home rule charter municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington, owns and operates an electric utility system for the purpose of furnishing the City and the inhabitants thereof and any other persons, including public and private corporations, within or without its limits, electric current for all uses and purposes and electric service, and is authorized to issue revenue bonds secured by a pledge of the revenues of its electric utility system; and

WHEREAS, the City presently has outstanding the following light and power revenue bonds in the following amounts (the "Outstanding Bonds"):

Ordinance No:	Issue	Amount Outstanding	7/1/85
17538	Light & Power Refunding Revenue Bonds of 1964	\$ 21,855,000	
17538	Light & Power Revenue Bonds, Series of 1964	14,670,000	
17538	Light & Power Revenue Bonds, Series of 1965	40,565,000	
18202	Light & Power Revenue Bonds, Series A & B of 1967	32,250,000	
18708	Light & Power Revenue Bonds, 1969 Series	17,515,000	
19761	Light & Power Refunding Revenue Bonds of 1973	22,290,000	
21615	Light & Power Revenue Bonds, 1979 Series	37,250,000	

WHEREAS, the City now desires to advance refund its Outstanding Bonds which will be accomplished pursuant to this Escrow Agreement (including the Schedules attached hereto), and the Bond Resolution, which provide, inter alia, for (a) the subscription by the City for, and the purchase of, the United States Treasury Certificates of Indebtedness, Notes and Bonds--State and Local Government Series ("SLGS") and other government securities listed on Schedules A-1 and A-2 attached hereto (collectively with the SLGS the "Government Obligations"), in such principal

amounts and bearing such dates of maturity and such rates of interest as are calculated to provide a maturing cash flow, which is sufficient, together with the necessary beginning cash balances, to pay the principal of and the interest on the Outstanding Bonds as the same become due in accordance with the

schedule of such payments set forth in Schedule B hereto; (b) the payment by the Escrow Agent for the SLGS on the Date of Closing with proceeds of the 1985 Bonds deposited with the Escrow Agent on the Date of Closing; (c) the receipt by the Escrow Agent of the maturing installments of principal of and interest on the Government Obligations; and (d) the Escrow Agent's payment from time to time to the Paying Agent for the Outstanding Bonds of money sufficient for the payment, when due, of the principal of and the interest on the Outstanding Bonds (which documents, in the relevant provisions thereof, are referred to collectively as the "Refunding Plan"); and

WHEREAS, the City has, pursuant to the Bond Ordinance duly and validly authorized the execution and delivery of the documents necessary for the issuance of the 1985 Bonds and the carrying out of the Refunding Plan, including, among others, this Escrow Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, for the benefits of the holders of the Outstanding Bonds, the parties hereto covenant as follows:

Section 1. Delivery of Money and Securities to Escrow Agent. On December 23, 1985 (the "Date of Closing"), the Escrow Agent shall receive from the City cash in the sum of \$ \_\_\_\_\_ which represents the amount required to purchase the SLGS as set forth in Schedule A-1 attached hereto. The Escrow Agent shall also, on the Date of Closing, receive the additional government securities as set forth on Schedule A-2 attached hereto. Execution of this Escrow Agreement by the Escrow Agent shall constitute written acknowledgment by the Escrow Agent of its receipt on the Date of Closing of the sum of \$ \_\_\_\_\_ (beginning cash balance) and the Governmental Obligations described in Schedules A-1 and A-2.

Section 2. Investment of Money. On the Date of Closing, the Escrow Agent shall apply the funds delivered to it by the City to pay, on behalf of the City, the subscription price for the purchase of the SLGS listed on Schedule A-1 attached hereto, in the principal amounts, with the dates of maturity, at the prices and at the interest rates set forth therein. Upon receipt thereof from the Federal Reserve Bank, the Escrow Agent shall deliver to counsel for the City copies of the documents evidencing the purchase and receipt of said SLGS.

Section 3. Sufficiency of Government Obligations. The City represents to the Escrow Agent that the maturing principal and interest on the Government Obligations (together with the necessary beginning cash balances) as set forth in Schedules A-1 and A-2 and if paid when due, will be sufficient to pay, when due, all of the principal of and the interest on the Outstanding Bonds

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Section 4. Collection of Proceeds of Government Obligations and Application of Such Proceeds and Money. The Escrow Agent shall present for payment and shall collect and receive, on the due dates thereof, the maturing installments of principal of and the interest on the Government Obligations and any Substitute Obligations (as hereinafter defined).

From the proceeds of such Government Obligations and Substitute Obligations and other money held by the Escrow Agent for the purpose of making the payments described in Section 3, the Escrow Agent shall make timely payment from time to time to the Paying Agent of the amounts to be paid on the respective dates as shown on Exhibit A hereto or to be paid as provided in Section 10 hereof.

The paying agents hereto for the Outstanding Bonds are the Treasurer of the City and the fiscal agencies for the state of Washington in Seattle, Washington and New York, New York (referred to herein as the "Paying Agent").

Section S. All Obligations and Money and Proceeds Thereof Held in Trust. The Escrow Agent hereby irrevocably agrees to hold the Government Obligations, the Substitute Obligations, if any, and other money that it may receive pursuant to this Agreement, and the principal and interest thereof and thereon, and any reinvestments thereof, in trust and separate from all other funds and investments held by the Escrow Agent, solely for the purpose of making the payments described in Section 3 hereof. The City hereby irrevocably transfers to the Escrow Agent the Government Obligations and any Substitute Obligations, and the principal thereof and the interest thereon, and any other funds deposited with the Escrow Agent pursuant to this Agreement, for the purpose of making such payments. The Escrow Agent shall not sell, transfer, assign or hypothecate such funds, money and obligations, except pursuant to Sections 7 and 8 hereof.

Section 6. Reports and Notice of Insufficiency For as long as any of the Outstanding Bonds remain outstanding, within 10 days following the date on which each payment of debt service on the Outstanding Bonds becomes due, the Escrow Agent shall render statements to the City setting forth the Government Obligations and Substitute Obligations held hereunder by the Escrow Agent, any of such Obligations that have matured and amounts received by the Escrow Agent by reason of such maturity, the interest earned on such Obligations, a list of any investments or reinvestments made by the Escrow Agent in other such Obligations and the interest and/or principal derived therefrom, the sums paid to the Paying Agent, and any other transactions of the Escrow Agent pertaining to its duties and obligations as set forth herein. Any written request made to the City pursuant to Section 13 hereof need be based only on said reports. In the event the maturity of

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principal and interest of the Government Obligations and other money held by the Escrow Agent pursuant to this Escrow Agreement shall at any time be insufficient to make a payment described in Section 3, the Escrow Agent shall give the City prompt notice of such insufficiency, and shall deliver promptly to the City a written request to deposit with the Escrow Agent pursuant to Section 13 hereof, sums sufficient to make the payments described in Section 3.

Section 7. Substitution of Different Government Obligations. The City reserves the right to substitute from time to time, for the Government Obligations initially purchased in accordance with Section 2 hereof, other direct obligations of the United States or guaranteed by the United States (the "Substitute Obligations"); provided, however, that prior to effecting any such substitution, the City shall have obtained and delivered to the Escrow Agent:

(a) A verification addressed to the City and to the Escrow

Agent by a nationally recognized firm of certified public accountants that the Government Obligations, the Substitute Obligations and other money to be held by the Escrow Agent after the proposed substitution for purposes of making the payment described in Section 3 will be adequate to make all remaining payments described in said Section 3; and

(b) An opinion addressed to the City and the Escrow Agent from nationally recognized bond counsel that such substitution of obligations will not cause the interest on the 1985 Bonds to become subject to federal income taxes and will not cause any 1985 Bond to become an "arbitrage bond" as defined in Section 103(c) of the Internal Revenue Code of 1954 and the applicable regulations promulgated thereunder (as the same may be amended, to the extent such amendments apply to the 1985 Bonds).

Section 8. Reinvestment of Proceeds of Government Obligations. The proceeds (principal and interest) and reinvestment proceeds of any Government Obligations and/or Substitute Obligations purchased by the Escrow Agent in accordance with this Agreement that are not needed within five (5) business days of the receipt thereof to make a payment described in Section 3 shall be reinvested by the Escrow Agent (on such date of receipt) for the benefit of the City and the holders of the Outstanding Bonds, provided that,

(a) With respect to the escrow established for the Outstanding Bonds and invested in SLGS,

(1) Such proceeds and reinvestment proceeds shall be reinvested only in United States Treasury Certificates, Notes and Bonds--State and Local Government Series, bearing a yield of 0% ("yield" as used herein means that discount rate which,

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when computing the present worth of all payments of principal and interest to be paid on the obligation, produce an amount equal to its purchase price with calculations based upon a 360-day year and semiannual compounding);

(2) The obligations in which such proceeds are reinvested shall mature not later than the date the principal thereof and interest thereon are needed to make one or more payments, described in Section 3; and

(3) If such proceeds, together with other funds remaining in trust, are insufficient to reinvest in the smallest denomination of such obligations or are required sooner than the shortest maturity available for such obligations, said funds shall be converted to cash and retained in trust until required to make a payment described in Section 3, or until sufficient funds are accumulated to permit the investment thereof.

(b) With respect to the escrow established for the Outstanding Bonds and invested in Government Obligations other than SLGS,

(1) Such proceeds and reinvestment proceeds shall be reinvested only in direct obligations of the United States or guaranteed by the United States without regard to the rate of investment return so long as the aggregate amount so invested in the escrow, after taking into account other obligations held in the Reserve Fund and invested at an unrestricted yield, and by taking into account ratably each year any

discount on such obligations, does not exceed \$

Section 9. Surplus Money in Escrow. If at any time during the term of the escrow created pursuant to this Escrow Agreement, there should be Government Obligations, Substitute Obligations, and/or money held by the Escrow Agent that is in excess of that required to make all of the payments described in Section 3, when due, considering the interest to be earned on such Government Obligations or Substitute Obligations, and the City requests that such surplus obligations or the proceeds thereof or such surplus money be returned by the Escrow Agent to the City, the Escrow Agent shall do so forthwith. Provided, however, that prior to requesting any such transfer, the City i@hall have furnished to the Escrow Agent:

(a) A supplemental verification addressed to the City and the Escrow Agent by a nationally recognized firm of certified public accountants that the Government Obligations, Substitute Obligations, and other money to be retained by the Escrow Agent for the purpose of making the payments described in Section 3 will be adequate to make all such payments; and

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(b) An opinion addressed to the Escrow Agent and the City from nationally recognized bond counsel that such transfer will not cause the interest on the 1985 Bonds to become subject to federal income taxation, and will not cause any 1985 Bond to become an "arbitrage" bond, as defined in Section 103(c) of the Internal Revenue Code of 1954 and the applicable regulations promulgated thereunder (as the same may be amended, to the extent such amendments apply to the 1985 Bonds).

Section 10. Agreement to Remain in Force. The Escrow Agent and the City recognize that the holders from time to time of the Outstanding Bonds have a beneficial interest in the Government Obligations, Substitute Obligations and money to be held by the Escrow Agent as herein provided. It is therefore understood and agreed that this Escrow Agreement shall not be subject to revocation or amendment except for the purpose of (1) clarifying any ambiguity herein or (2) reflecting a change, which change is not detrimental to the holders of the Outstanding Bonds, in Section 103 of the Internal Revenue Code of 1954, as amended, and the applicable regulations promulgated thereunder.

Section 11. Limitation of Escrow Agent Duties. None of the provisions contained in this Escrow Agreement shall require the Escrow Agent to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Escrow Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

The Escrow Agent's liabilities and obligations in connection with this Escrow Agreement are confined to those specifically described herein. The Escrow Agent is authorized to comply with the requirements of this Escrow Agreement and is relieved from all liability for so doing notwithstanding any demand or notice to the contrary by any party hereto. The Escrow Agent shall not be responsible or liable for any promise, representation, agreement, condition or stipulation not herein set forth; for the sufficiency, correctness, genuineness or validity of any instruments deposited with it; for the form of execution thereof or the identity, authority or rights of any person executing or depositing the same; or for the performance or compliance by any party other than the Escrow Agent with the terms or conditions of any

such instruments; for any loss which may occur by reason of forgeries, false representations or the exercise of the Escrow Agent's discretion in any particular manner unless such exercise is negligent or constitutes willful misconduct. If any controversy arises between the parties hereto or with any third person, Escrow Agent shall not be required to determine the same or to take any action in the premises, but it may, in its discretion, institute such interpleader or other proceedings in connection

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therewith as it may deem proper, and in following either course, it shall not be liable, except as provided above.

Section 12. Deposit by the City of Additional Sums Require The City agrees that it will promptly and without delay deposit with the Escrow Agent, within ten days after receipt of written request from the Escrow Agent, such additional sum or sums of money as may be necessary to make the payments described in Section 3.

Section 13. Remission of Funds When Outstanding Bonds Paid in Full. At such time as the Escrow Agent shall have received the representations of the City that all of the payments described in Section 3 have been made, together with such evidence of payment of the Outstanding Bonds as is satisfactory to the Escrow Agent, the Escrow Agent shall deliver forthwith or remit to the City any remaining Government Obligations, Substitute Obligations and money held pursuant to this Agreement.

Section 14. Compensation of the Escrow Agent. The City hereby agrees to pay Escrow Agent the sum of \$28,600.00 for services rendered by the Escrow Agent pursuant to the provisions of this Escrow Agreement such amount is satisfactory to the Escrow Agent and to the City and no further payment to the Escrow Agent shall be required for such purpose unless Substitute Obligations are purchased pursuant to Section 7 hereof. Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this Escrow Agreement, and in the event that the Escrow Agent renders any service hereunder not provided for in this Escrow Agreement, or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this Escrow Agreement or institutes interpleader proceedings relative hereto, the Escrow Agent shall be reasonably compensated by the City for such extraordinary services and reimbursed for all fees, costs, liability and expenses (including reasonable attorneys' fees) occasioned thereby.

Section 15. Successor Escrow Agent. The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor; provided, that the Escrow Agent has presented evidence satisfactory to the City and its nationally recognized bond counsel that the successor meets the requirements of RCW 39.53.070, as now in effect or hereafter amended, and has assumed all the obligations of the Escrow Agent under this Agreement, and that all the Government Obligations, Substitute Obligations and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor.

Section 16. Notices. All notices or requests required or permitted to be given hereunder shall, until further notice in writing, be given in writing at the following addresses:

-7- CBRI74 85/11/20

Director of Finance  
City of Tacoma  
747 Market Street  
Tacoma, Washington 98402

Section 17. Miscellaneous. This Escrow Agreement is governed by Washington law and may not be modified except by a writing signed by the parties. In the event any one or more of the provisions contained in this Escrow Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Escrow Agreement, but this Escrow Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the parties have executed and delivered this Escrow Agreement pursuant to due and proper authorization, all as of the date and year first above written.

CITY OF T OMA, W 11@i TON

RV

ATTEST:

City Clerk

By  
Title

-8- CBR174 85/11/20

1 CERTIFICATE  
2  
3 I, the undersigned, the duly chosen qualified and acting  
4 City Cler, of the City of Tacoma, Washington, and keeper of the  
5 records of the City Council (herein called the "Council"), DO  
6 HEREBY CERTIFY:  
7 1. That the attached is a true and correct copy of Ordi-  
8 nance No. 23514 (herein called the "Ordinance") of the Council,  
9 as finally passed at a special meeting thereof held on the 20th  
10 day of November, 1985 and duly recorded in my office.  
11 2. That said meeting was duly convened and held in all  
12 respects in accordance with law, and to the extent required by  
13 law, due and proper notice of such meeting was given; that a  
14 legal quorum was present throughout the meeting and a legally  
15 sufficient number of members of the Council voted in the proper  
16 manner for the passage of said Ordinance; that all other require-



17 ments and proceedings incident to the proper passage of said  
18 Ordinance have been duly fulfilled, carried out and otherwise  
19 observed; and that I am authorized to execute this certificate.  
20 IN WITNESS WHEREOF, I have hereunto set my hand and affixed  
21 the official seal of the City as of this day of November,  
22 1985.

23  
24 Genelle Birk, City Clerk  
25 City of Tacoma, Washington

26  
1 CERTIFICATE

2 I, the undersigned, the duly chosen qualified and acting  
3 City Cler, of the City of Tacoma, Washington, and keeper of the  
records of the City Council (herein called the "Council"), DO

4 HEREBY CERTIFY:

5 1. That the attached is a true and correct copy of Ordi-  
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8 respects in accordance with law, and to the extent required by  
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9 legal quorum was present throughout the meeting and a legally  
sufficient number of members of the Council voted in the proper  
10 manner for the passage of said Ordinance; that all other require-  
ments and proceedings incident to the proper passage of said  
11 Ordinance have been duly fulfilled, carried out and otherwise  
observed; and that I am authorized to execute this certificate.

12 IN WITNESS WHEREOF, I have hereunto set my hand and affixed  
13 the official seal of the City as of this day of November  
1985.

14

15 Genelle Birk, City Clerk  
City of Tacoma, Washington

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WHITE - - - - City Clerk

TO BE COMPLETED BY

BLUE - - - - Legal Department

rAN

CITY CLERK'S OFFICE

PINK - - - - Finance Dept.

REQUEST for ORDINANCE

GOLDENROD -Departmental

d-rAmm

avwj)

or RESOLUTION

No.

INSTRUCTIONS: File request in the City Manager's Office no later than 5:00 p.m. FRIDAY, eleven days prior to the Council Meeting at which it is to be introduced. List facts necessary for the City Attorney's use in preparation of ordinance or resolution. Attach all material pertinent to the subject. NOTE: All appropriation requests must be cleared and approved by the Director of Finance or Controller before submitting to City Manager or Director of Public Utilities.

(See Section 2). Departments must complete all paragraphs except 2 and 3. (If necessary, refer to Guide 15.2 (LEG 210))

Subject: Departmental Request for Ordinance or Resolution).

14

DATE	REQU ST MADE BY (Name and Number)	DEPARTMENT/DivisiON	PROGRAM
11/8/85	Public Utility Board 2.	Utilities/Legal	
	0 Ality of Funds	3	
Mark L. Bubenik			
	Department Head	R0MQx-xxWMx/	ector of Public Utilities XXXV.&OONX

4. PREPARATION OF AN ORDINACE RMMfiW@indicate whic ) VIREQUESTED FOR THE CITY COUNCIL MEETING OF TUESDAY 11/12/85 - , T 0:

Authorize and approve the proposed ordinance for the City of Tacoma, Washington, Department of Public Utilities, Light Division Electric System Refunding Revenue Bonds, 1985.

5. BACKGROUND INFORMATION (Why is Request necessary?)

It is necessary to proceed with refunding the outstanding Light Division revenue bonds in order to obtain modern bond covenants which will make it easier to obtain financing for future Light Division Projects.

6. FUNDING SOURCE: (Enter Amount of Funding from each source)

Federal \$..State \$..City \$..Other	Total Amount \$
Funding for the proposed legislation is found in the	--budget, Division
Page -Fund Number & Name	NI
	6CJ

7. (a) Cleared by Affirmative Action  Yes  Conditional Approval  Not Applicable

(b) Contract Compliance  Approved  Not Approved  Delay Recommended  F-1 Not Applicable

COMMENTS:

(If needed, see Guide No. 3.1 (LEG 210), Subject: Affirmative Action and Contract Compliance.)

8. STATUS: NEW LEGISLATION Section FAMENDING LEGISLATION Chapter

9. SALIENT COMMENTS: List or identify significant information or exceptions that could be meaningful in processing this legislation.  
Light Division Electric System Refunding Revenue Bond of 1985

10. ESTIMATED TIME REQUIRED, AFTER LEGISLATION, TO IMPLEMENT PROJECT Fx N/A

11. ENVIRONMENTAL ASSESSMENT: FINon-Action F-1 Exempt F-1 Declaration of Non-Significance EIS COMMENTS:

(If needed, see Guide No. 43 (ADM 1600), Subject: Environmental (SEPA) Public Information Center.)

12. SOURCE DOCUMENTS: (List all material filed in the City Clerk's Office as backup information for the request, and attach said backup information.)

- A.Public Utility Board Resolution U-7304 B.Director of Utilities' letter to City Council and Public Utility Board dated November 8, 1985. C-Ordinance No. 23514 D.

13. SUMMARY TITLE: (A brief sentence, not to exceed fifty words, as it will appear on the Council Agenda.)

Approving the proposed bond ordinance for authorizing the issuance and sale of electric system refunding revenue bonds of 1985 and any other related matters

14. INDEX DATA: (Provide a minimum of three cross reference key words or phrases other than department or program.)

- A-Light Division Electric System Refunding Revenue Bonds 1985 B.Bonds--Light & Power refunding C.Refunding Light Division revenue bonds 1985

15. Ordinance Resolution Comments or Other Action Taken: a- First Read Adopted Passed NOV 2 0 1Q8

23514 -23'514

Ordinance No

Authorizing the issuance and sale of electric s stem refunding revenue bonds of the City of Y Tacoma.

Ist Reading MY1.91905

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Roll Call of

Referred to -

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Final Reading RON .. 2-0 1985

PASSED NOY-2-0 .. 198.5

Publi

Approved as to form

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description approved

Property

ttorne,v

City Engineer

indexed

CLK 020 (10/77)