



RESOLUTION NO. U-11153

1 A RESOLUTION related to the purchase of materials, supplies, equipment and
2 the furnishing of services; authorizing the City officials to enter into
3 contracts and, where specified, waive competitive bidding requirements,
4 authorize sale of surplus property, or increase or extend existing
5 agreements.

6 WHEREAS the City of Tacoma, Department of Public Utilities, requested
7 bids/proposals for the purchase of certain materials, supplies, equipment and/or
8 the furnishing of certain services, or proposes to purchase off an agreement
9 previously competitively bid and entered into by another governmental entity, or
10 for the sales of surplus, or desires to increase and/or extend an existing
11 agreement, all as explained by the attached Exhibit "A," which by this reference
12 is incorporated herein, and

13 WHEREAS in response thereto, bids/proposals (or prices from another
14 governmental agreement) were received, all as evidenced by Exhibit "A," and

15 WHEREAS the Board of Contracts and Awards and/or the requesting
16 division have heretofore made their recommendations, which may include
17 waiver of the formal competitive bid process because it was not practicable to
18 follow said process, or because the purchase is from a single source, or there is
19 an emergency that requires such waiver, and/or waiver of minor deviations, and
20 in the case of sale of surplus, a declaration of surplus has been made certifying
21 that said items are no longer essential for continued effective utility service, as
22 explained in Exhibit "A," and
23

24 WHEREAS the Director requests authorization, pursuant to
25 TMC 1.06.269 A, to amend contract amounts up to \$200,000 and to approve
26



term extensions and renewals for all items contained in Exhibit "A;" Now,
therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

That the Public Utility Board of the City of Tacoma hereby concurs and approves the recommendations of the Board of Contracts and Awards and/or the requesting division, and approves, as appropriate: (1) the purchase and/or furnishing of those materials, supplies, equipment or services recommended for acceptance; (2) the sale of surplus materials, supplies or equipment recommended for acceptance; (3) the Interlocal agreement that authorizes purchase off another governmental entity's contract; (4) the increase and/or extension of an existing agreement, and said matters may include waiver of the formal competitive bid process and/or waiver of minor deviations, all as set forth on Exhibit "A," and authorizes the execution, delivery and implementation of appropriate notices, contracts and documents by the proper officers of the City for said transactions, and (5) the administrative authority of the Director, per TMC 1.06.269 A., to amend contract amounts up to \$200,000 and to approve term extensions and contract renewals for all items in Exhibit "A."

Approved as to form:

/s/
Chief Deputy City Attorney

Clerk

Chair

Secretary

Adopted



RESOLUTION NO.: U-11153
ITEM NO.: 1
MEETING DATE: 4-8-20

TO: Board of Contracts and Awards
FROM: Joseph A. Wilson, Transmission & Distribution Manager
Don Ashmore, Fleet Manager, Transmission & Distribution/Fleet Services
COPY: Public Utility Board, Director of Utilities, Board Clerk, SBE Coordinator, LEAP Coordinator, and Doreen Klaaskate, Finance/Purchasing.
SUBJECT: Purchase of Utility Truck Body Devices – Increase Contract
Sourcewell Contract No. 012418-ALT, Ariba Contract C835 –
March 25, 2020
DATE: March 9, 2020

RECOMMENDATION SUMMARY:

Tacoma Public Utilities (TPU) Fleet Services requests approval to increase contract C835, to **Altec Industries Inc, Birmingham, AL**, by \$4,087,800.00 plus any applicable taxes, to continue purchasing various new utility truck bodies and devices planned for replacement in 2021-2022. This increase will bring the contract to a cumulative total of \$7,914,306.22, plus any applicable taxes.

BACKGROUND:

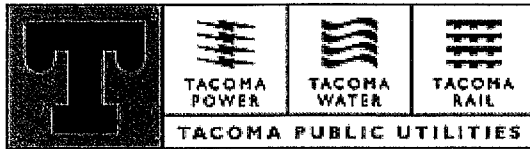
This contract includes various models of aerial, digger derrick, boom truck and knuckle boom crane device utility trucks and bodies that will be installed on new City-owned chassis to make completed unit(s). The contract amount requested is the total estimated replacement costs that include the base price plus options planned for the new vehicle purchases (detailed on the attached list) during the contract period. There is no guaranteed or minimum purchase requirement.

ISSUE: The new vehicles will be assigned across Tacoma Water and Tacoma Power work groups for crews to use for various maintenance and construction projects and fulfilling work responsibilities throughout our service area to include outlying site locations. Work performed in these vehicles will aid in timely responses to service requests, emergencies and outages and include various tasks such as vegetation management and year-round line clearance tree trimming which assist in reducing power outages and help maintain safe distances around power lines; lifting heavy utility vaults, transformers, poles and other related materials, and dig holes in prep for utility pole setting.

The new vehicles will replace a fleet of vehicles subject to Fleet replacement criteria, which addresses a combination of mileage, age, mechanical condition, job suitability and safety factors.

ALTERNATIVES:

Not replacing this equipment, which has reached its useful life due to age and mechanical condition and is not cost effective to maintain, runs the risk of equipment failure and breakdown. In the event of the equipment not being operational when required or alternatively, we would have to locate rental units and may likely not find the proper equipment available or the number necessary, which could delay utility project work schedules.



COMPETITIVE SOLICITATION: Sourcewell Contract No. 012418-ALT is a competitively solicited contract valid March 14, 2018 through March 14, 2022 with the option to extend for an additional one-year term. Sourcewell conducted a Request for Proposals, Specification No. 012418 and 14 submittals were received on January 25, 2018. This contract meets Tacoma's competitive solicitation requirements by means of a cooperative purchasing agreement with Sourcewell. Purchasing through this cooperative contract provides the City increased savings by pooling resources to leverage the market through volume discounts.

CONTRACT HISTORY: This contract was originally approved on April 24, 2019 per Public Utility Board Resolution No. U-11078 #1. The initial contract was approved for \$3,826,506.22 plus applicable taxes, for planned utility truck body and devices purchases for 2019-2020 only. This increase request is the first amendment to the contract.

SBE/LEAP COMPLIANCE: Not applicable.

FISCAL IMPACT:

Funds for this are available in the 2019-2020 budget of the Department of Public Utilities for the Power, Water and Rail Divisions and the Fleet Services Fund.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
5050 – TPU Fleet Services			\$4,087,800.00
TOTAL			\$4,087,800.00

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: N/A (spend to start in 2021)

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A.



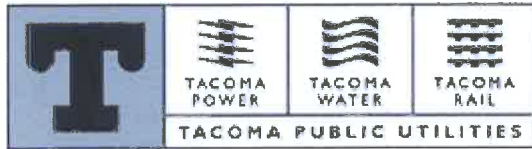

Chris Robinson, Power Superintendent


Scott Dewhirst
Water Superintendent


Dale King
Rail Superintendent

APPROVED:


Jackie Flowers, Director of Utilities



RESOLUTION NO.: U-11153
ITEM NO.: 2
MEETING DATE: 4-8-20

TO: Board of Contracts and Awards
FROM: Joseph A. Wilson, Transmission & Distribution Manager
Don Ashmore, Fleet Manager, Transmission & Distribution/Fleet Services
COPY: Public Utility Board, Director of Utilities, Board Clerk, SBE Coordinator, LEAP
Coordinator, and Doreen Klaaskate, Finance/Purchasing
SUBJECT: Purchase of Hybrid Walk-in Step Vans, Various Sizes
WA State Contract No. 00814 – March 25, 2020
DATE: March 6, 2020

RECOMMENDATION SUMMARY:

Tacoma Public Utilities (TPU) Fleet Services recommends a contract be awarded to **Gordon Truck Centers, Inc. dba Freightliner Northwest**, Pacific, WA, for purchase of new Freightliner model MT-55 Hybrid Walk-in Step Vans, in the amount of \$7,500,000.00, plus applicable taxes, for a contract term of March 1, 2020 to August 4, 2022.

BACKGROUND:

The contract amount requested is the total estimated replacement costs that include the base price plus options planned for the new vehicle purchases (detailed on the attached list) during the contract period. There is no guaranteed or minimum purchase requirement.

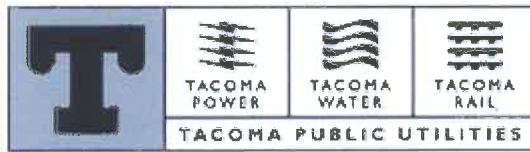
ISSUE: The new vehicles will be assigned across Tacoma Water and Tacoma Power work groups for crews to use for various maintenance and construction projects and fulfilling work responsibilities throughout our service area to include outlying site locations. The new vans are designed to be mobile work stations that typically have a work bench and storage compartments for tools, equipment, parts and other necessary cargo inside in order to accomplish required work tasks in the field. The new vehicles will replace a fleet of vehicles subject to Fleet replacement criteria, which addresses a combination of mileage, age, mechanical condition, job suitability and safety factors.

ALTERNATIVES:

Not replacing this equipment, which has reached its useful life due to age and mechanical condition and is not cost effective to maintain, runs the risk of equipment failure and breakdown. In the event of the equipment not being operational when required or alternatively, we would have to locate rental units and may likely not find the proper equipment available or the number necessary which could delay utility project work schedules.

COMPETITIVE SOLICITATION: This contract was awarded as a result of State of Washington Invitation for Bid 00814. The contract term is August 5, 2014 through August 4, 2022, and has no remaining options available to extend.

Through an interlocal cooperative purchasing agreement, the City of Tacoma purchases will be at State contract prices and terms, and meet competitive bidding requirements. Utilizing this State contract is the most cost-effective means as price concessions received by the State exceed those TPU would receive as a single entity. This is due to the high quantity of purchases made by State agencies, as well as municipalities and other government agencies.



CONTRACT HISTORY: New contract.

SUSTAINABILITY: These new vans will have Odyne Hybrid Systems that are plug-in hybrid electric vehicle (PHEV) systems for medium and heavy duty work trucks/vans. The advanced plug-in hybrid technology enables trucks to have substantially lower emissions, improved performance, quieter job site operation, lower fuel consumption and reduced operating and maintenance costs. In support of the City's Environmental Action Plan goals, TPU Fleet Services works with the vehicle work groups to make efforts to lower fossil fuel consumption through biofuel use and considers environmental friendly alternatives such as this when making vehicle related procurement decisions.

SBE/LEAP COMPLIANCE: Not applicable.

FISCAL IMPACT:

Funds for this are available in the 2019-2020 budget of the Department of Public Utilities for the Power and Water Divisions and the Fleet Services Fund.

EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
5050 – TPU Fleet Services		5641500	\$7,500,000.00
TOTAL			\$7,500,000.00

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

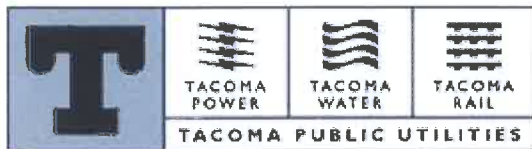
FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: N/A (spend to start in 2021)

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED. N/A.

Chris Robinson, Power Superintendent

Scott Dewhirst, Water Superintendent



APPROVED:

A handwritten signature in blue ink, which appears to read 'Jackie Flowers', is written over the 'APPROVED:' text.

Jackie Flowers, Director of Utilities

Hybrid Walk-in Step Vans Forecasted Purchase Detail

Replaces Equipment	Replaces Equip Description	New Van Description	Functional Loc.	Planned Repl Year	Estimated Cost
7112385	99 GMC TP31842 STEP VAN 1T	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-PWR -TD -563400	2021	\$300,000.00
7114730	03 WKHRS P31852 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-SDIV-FLEET -574201	2021	\$300,000.00
7114732	03 WKHRS STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2021	\$300,000.00
7117006	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117007	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2021	\$300,000.00
7117008	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117029	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117030	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -SPLY -584200	2021	\$300,000.00
7117031	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -SPLY -584200	2021	\$300,000.00
7117032	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -SPLY -584200	2021	\$300,000.00
7117033	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582100	2020	\$300,000.00
7117034	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117035	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117299	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117300	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117301	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117302	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7117303	08 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -SPLY -584400	2021	\$300,000.00
7118171	09 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -SPLY -584400	2021	\$300,000.00
7118173	10 FRGHT MT-45 STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -SPLY -584200	2021	\$300,000.00
7118569	11 FRGHT MT-55 HEV STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7118570	11 FRGHT MT-55 HEV STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7119149	11 FRGHT MT-55 HEV STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7119150	11 FRGHT MT-55 HEV STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
7119151	11 FRGHT MT-55 HEV STEP VAN	Freightliner MT55 Hybrid Cube Step Van	FM-U-FS-C-WTR -DIST -582400	2020	\$300,000.00
					\$7,500,000.00



RESOLUTION NO. U-11154

1 A RESOLUTION relating to a Collective Bargaining Agreement between the
2 City and the International Brotherhood of Electrical Workers, Local 483,
3 Custodial and Building Maintenance Unit.

4 WHEREAS the International Brotherhood of Electrical Workers, Local
5 483, Custodial and Building Maintenance Unit ("IBEW") and the City of Tacoma,
6 have negotiated a tentative Collective Bargaining Agreement ("Agreement"),
7 and

8 WHEREAS the Agreement covers approximately 26 full time equivalent
9 ("FTE") positions at the Department of Public Utilities, and covers three years
10 (2020-2022), and
11

12 WHEREAS the Agreement provides for a wage increase retroactive to
13 January 1, 2020, of 3 percent, and the classification of Custodian will receive a
14 market adjustment of 2 percent, and

15 WHEREAS additional rate increases will become effective January 1,
16 2021, of 2.5 percent and January 1, 2022, of 2.25 percent, and
17

18 WHEREAS the Agreement includes an increase from \$175 up to \$185
19 for the annual footwear allowance for employees to wear safety-toe boots or an
20 annual allowance of \$225 for employees required to wear safety-toed boots,
21 and
22

23 WHEREAS the Agreement also increases the annual clothing allowance
24 for employees to purchase suitable work clothing from \$300 up to \$325, and

25 WHEREAS this Agreement clarifies language in Article 2, Union
26 Recognition, regarding the employment status of City employees who are part



of the Union and may desire to act as the Union Business

1 Manager/Representative, and to reflect legal requirements based on the *Janus*
2 v. *AFSCME Council 31* court case, and

3 WHEREAS in addition, this Agreement makes changes to Article 8 –
4 Grievance Procedure, and to Article 12 – Hours of Work, regarding the Building
5 Maintenance “on call” shift, and Custodial overtime opportunities, and

6 WHEREAS it now appears in the best interest of the City and necessary
7 that the tentative Agreement negotiated by said Union and the City be
8 approved; Now, Therefore,
9

10 BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:
11

12 That said tentative Collective Bargaining Agreement between the City
13 and the International Brotherhood of Electrical Workers, Local 483, Custodial
14 and Building Maintenance Unit, is approved, and the Council of the City of
15 Tacoma is requested to concur in the approval and pass an implementing pay
16 and compensation ordinance, and authorize the proper officers of the City to
17 execute and implement said Agreement substantially in the form on file in the
18 Office of the Clerk of the Board, to be approved by the City Attorney, by
19 its terms to remain in full force and effect retroactive to January 1, 2020,
20 through December 31, 2022.
21

22 Approved as to form:

23 _____
24 /s/
25 Chief Deputy City Attorney

26 _____
Clerk

Chair

Secretary

Adopted



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Karen Short, Senior Human Resources Analyst
Dylan Carlson, Senior Labor Relations Manager
Bill Fosbre, City Attorney
MEETING DATE: April 8, 2020
DATE: March 27, 2020

SUMMARY:

A resolution authorizing the adoption of a Collective Bargaining Agreement as negotiated with the International Brotherhood of Electrical Workers, Local 483, Custodial and Building Maintenance Unit.

BACKGROUND:

The resolution will authorize the adoption of the proposed 2020-2022 collective bargaining agreement negotiated between the City of Tacoma and the International Brotherhood of Electrical Workers, Local 483, Custodial and Building Maintenance Unit. The agreement covers approximately 26 budgeted full time equivalent (FTE) positions within Tacoma Public Utilities. The agreement is scheduled for considered by the City Council as a resolution on April 21, 2020.

The agreement covers three years, and provides for a wage increase in each year of the agreement. Effective retroactive to January 1, 2020, wages will increase by 3 percent, and the classification of Custodian will receive a market adjustment of 2 percent. Effective January 1, 2021, rates will increase by 2.5 percent; and effective January 1, 2022, rates will increase by 2.25 percent.

The agreement includes an increase from \$175 to \$185 for the annual footwear allowance for employees not required to wear safety-toes boots, or an annual allowance of \$225 for employees required to wear safety-toed boots. It also increases the annual clothing allowance for employees to purchase suitable work clothing from \$300 to \$325.

The agreement clarifies language in Article 2, Union Recognition, regarding the employment status of City employees who are part of the Union, and may desire to act as the Union Business Manager/Representative; and to reflect legal requirements based on the *Janus v. AFSCME Council 31* court case. The agreement also makes changes in Article 8 – Grievance Procedure, and Article 12 – Hours of Work regarding the Building Maintenance “on call” shift, and Custodial overtime opportunities.

ATTACHMENTS: List any attachments (contracts, policies, agreements, etc.).

Collective Bargaining Agreement

Fiscal Impact Memorandum as provided by the Management Services Office

CONTACT:

Karen Short, Senior Human Resources Analyst, (253) 591-5424

Presenter: Cecily Hutton, Labor Negotiator, (253) 591-5892



TACOMA PUBLIC UTILITIES
3628 South 35th Street
Tacoma, Washington 98409-3192

To: Katie Johnston, Budget Manager
From: Jim Sant, Deputy Director for Administration, Management Services JS
Date: March 25, 2020
Subject: Fiscal Impact of the International Brotherhood of Electrical Workers, Local 483 – Custodial and Building Maintenance Unit Agreement

Background:

A Tentative Agreement between the City of Tacoma and the Local 483 Custodial and Building Maintenance Unit has been reached for a successor collective bargaining agreement for the years 2020-2022.

Effective January 1, 2020, the classification rates of pay shall be increased by 3%. Additionally, the Custodian classification shall receive a 2% market adjustment.

Code	Job Title	1	2	3	4	5
60060	Building Maintenance Supervisor, Assistant	33.10	34.76	36.50		
60050	Building Maintenance Worker	27.59	28.97	30.42		
60020	Custodian	19.64	20.62	21.65	22.73	23.87

Effective January 1, 2021, the classification rates of pay shall be increased by 2.5%.

Effective January 1, 2022, the classification rates of pay shall be increased by 2.25%.

Fiscal Impact:

	2020 Increase	2021 Increase	2022 Increase
General Government	\$12,387	\$8,662	\$7,960
Tacoma Public Utilities	57,654	34,825	32,003
Total	\$70,041	\$43,487	\$39,963

The 2020 wage adjustments are included in the 2019-2020 Adopted Biennial Budget.

Concur:

Jackie Flowers, Director of Utilities, CEO



2020-2022

AGREEMENT

By and Between

the

CITY OF TACOMA

and

**LOCAL 483, INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS
CUSTODIAL AND BUILDING MAINTENANCE UNIT**

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2020-2022

LOCAL 483, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS CUSTODIAL AND BUILDING MAINTENANCE UNIT

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2020-2022

AGREEMENT
By and Between
the
CITY OF TACOMA
and

LOCAL 483, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
CUSTODIAL AND BUILDING MAINTENANCE UNIT

PREAMBLE

THIS AGREEMENT is between the CITY OF TACOMA (hereinafter called the City) and LOCAL 483, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, CUSTODIAL AND BUILDING MAINTENANCE UNIT (hereinafter called the Union), for the purpose of setting forth the mutual understanding of the parties as to wages, hours, and other conditions of employment of those employees for whom the City has recognized the Union as the exclusive bargaining representative.

The City and the Union agree that the efficient and uninterrupted performance of municipal functions is a primary purpose of this Agreement, as well as the establishment of fair and reasonable compensation and working conditions for employees and the City. This Agreement has been reached through the process of collective bargaining with the objective of serving the aforementioned purposes and with the objective of fostering effective cooperation between the City and its employees. Therefore, this Agreement and procedure which it establishes for the resolution of differences is intended to contribute to the continuation of good employee relations and to be in all respects in the public interest.

It is understood that the parties hereto and the employees of the City are governed by the provisions of applicable State law, the City Charter and City Ordinances. When any provisions thereof are in conflict with or are different than the provisions of this Agreement, the provisions of said State law, City Charter, or City Ordinances are paramount and shall prevail.

ARTICLE 1 - TERM OF AGREEMENT

Section 1.1 - Term of Agreement This Agreement shall remain in full force and effect from January 1, 2020, to and including December 31, 2022, provided, however, that this Agreement shall be subject to such change or modification as may be mutually agreed upon by the parties hereto. It is the intent of the parties to this Agreement that negotiations for change or modification shall begin ninety (90) days and in no event later than sixty (60) days, prior to the termination of this Agreement.

Section 1.2 Only those letters of understanding, if attached at the end of this Agreement or those signed during the term of this Agreement shall be considered in force and subject to the provisions of the Agreement.

ARTICLE 2 - UNION RECOGNITION

Section 2.1 The City hereby recognizes the Union as the exclusive collective bargaining representative for the purposes stated in Chapter 41.56 RCW as last amended of all employees within the bargaining unit defined by the classifications listed in Appendix A to this Agreement.

Section 2.2 - Leave for Business Manager/Representative The Director of Public Utilities or City Manager will approve granting of leave of absence without pay for the period covered by this Agreement without loss of Civil Service status and/or without loss of continued accrual of seniority, and aggregate City service or tenure status for all purposes, to no more than two (2) employees of the City who are members of the Union, and whom the Union may desire to have act as its Business Manager/Representative to be locally engaged in the business of the Union.

Section 2.3 The City will inform new bargaining unit employees of the Union's exclusive representation status. The City will provide union access to new employees entering the bargaining unit within ninety (90) days of hire. The City will allow the Union thirty (30) minutes to meet with such individuals during work hours and at their usual worksite or a mutually agreed upon location. During such meetings, an employee designated by the Union will be permitted, for up to thirty (30) minutes and without loss of regular straight-time pay, to meet with new represented employee(s). The Employer shall incur no costs for travel time or mileage, nor shall the Union use City vehicles or resources in the conduct of this union business.

Section 2.4 - Deductions The City agrees to deduct from the pay of each employee, who has so authorized it, the Union initiation fees, monthly dues, and assessments as certified by the Union. The City will rely on information provided by the Union regarding the authorization and revocation of deductions, and the Union will provide such information to an email address provided by the City. Upon receiving notice of the employee's authorization from the Union, the City will deduct from the employee's pay membership dues and remit the same to the Union no later than the second payroll cycle following receipt of the authorization. The amounts deducted shall be remitted monthly by the City to the Union on behalf of the employees identified by the Union as authorizing deduction(s). The Union shall provide the City with at least one full pay period notice of any change in the amount of Union initiation fees, monthly dues, and assessments. The Union agrees to refund to the City any amounts paid to it in error on account of the provisions of this Section upon presentation of proper evidence thereof. There shall be no retroactive deduction of Union initiation fees, monthly dues, or assessments.

Upon receipt of an employee request for authorization of payroll deduction of Union initiation fees, monthly dues, or assessments, the City will forward the request to the Union electronically within two weeks. The City will take no action upon receiving an employee request until receiving confirmation from the Union to begin deductions.

The employee's authorization will remain in effect until expressly revoked by the employee by written notice to the Union in accordance with the terms and conditions of the authorization. The cancellation will become effective no later than the second payroll cycle after receipt of the confirmation from the Union that the employee has revoked authorization for deduction.

Section 2.5 The City will furnish to the Union a roster and pay status of current bargaining unit employees. It is understood that this tabulation will be used by the Union for the sole purpose of compiling the Union dues formula and that the Union will not divulge any information from the subject tabulation to any other person or agency.

Section 2.6 The Union agrees to indemnify and save the City harmless against any liability which may arise by reason of any action taken by the City to comply with the provisions of this Article, including reimbursement for any legal fees or expenses incurred in connection with such action.

Section 2.7 The Business Manager or Business Representative of the Union may, after notifying the City of Tacoma official, or their designated management representative in charge of the workgroup, visit the work location of employees covered by this Agreement for the purpose of investigating conditions on the job. There shall not be any interference with the duties of employees or the operations of the Department.

Section 2.8 The City recognizes and will not interfere with the right of their employees to become members of the union and agrees there shall be no discrimination, interference, restraint or coercion by the City against any employee because of their membership in the union.

Section 2.9 The City agrees to use reasonable efforts to notify the Union prior to releasing any requested information when the City receives a Public Disclosure Request specifically asking for the name, date of birth, membership status, duty station/location, address, or work email address of all of the members of the Union's bargaining unit. The Union agrees to use reasonable efforts to notify the City prior to filing any court action to prevent the City from releasing information under such a request. The parties' obligations under this section are not subject to grievance.

Section 2.10 The City agrees to provide space for a Union bulletin board at each major work site. Postings by the Union on such boards are to be confined to official business of the Union.

Section 2.11 – Shop Stewards The Union shall furnish the Labor Relations with an up-to-date list of Union shop stewards and shall keep such list current. Stewards shall be permitted to devote reasonable periods of time during normal working hours, without loss of pay, for the investigation, presentation and settlement of employee grievances, subject to the following conditions:

2.11.1 Such time shall be with the approval of the steward's immediate supervisor and such approval shall not be unreasonably withheld. The steward shall give the supervisor an estimate of the time needed. If the time needed would require extended time away from work time, then it may be more appropriate for a paid union official to be involved in the investigation.

2.11.2 A shop steward shall be permitted to be present at investigatory meetings or meetings where formal disciplinary action will occur and a member has requested a shop steward's presence. If a shop steward is not available, the Union shall designate another representative to attend.

2.11.3 A manager need only deal with one Union representative (Business Agent or shop steward) at a time, unless either party requests otherwise. If additional participants are deemed necessary, the party requesting the additional participants shall notify the other party.

ARTICLE 3 - MANAGEMENT RIGHTS

The Union recognizes the prerogative of the City to operate and manage its affairs in all respects in accordance with its lawful mandate, and the powers of authority which the City has not specifically abridged, delegated or modified by this Agreement are retained by the City, including but not limited to the right to contract for services of any and all types.

The direction of its working force is vested exclusively in the City. This shall include, but not be limited to, the right to: (a) direct employees; (b) hire, promote, transfer, assign, and retain employees; (c) suspend, demote, discharge, or take other legitimate disciplinary action against employees; (d) relieve employees from duty because of lack of work or other legitimate reasons; (e) maintain the efficiency of the operation entrusted to the City; (f) determine the methods, means, and personnel by which such operations are to be conducted; and (g) take any actions necessary in conditions of emergency, regardless of prior commitments, to carry out the mission of the agency; provided, however, that items (a) through (g) shall not be in conflict with City ordinances and Personnel Rules.

ARTICLE 4 - STRIKES AND LOCKOUTS

It is recognized that the City is engaged in a public service requiring continuous operation, and it is agreed that recognition of such obligation of continuous service during the term of this Agreement is imposed upon both the City and the Union.

The Union will not authorize a strike, work stoppage, or slowdown, and the Department will not engage in a lockout during the term of this Agreement. The Union will take every reasonable means within its power to induce employees engaged in strike, work stoppage or slowdown, in violation of this Agreement to return to work; but the Union, its officers,

representatives or affiliates shall not be held responsible for any strike, work stoppage, or slowdown which the Union, its officers, representatives or affiliates shall have expressly forbidden or declared in violation hereof. Every attempt shall be made to settle all disputes or controversies arising under this Agreement under the grievance procedure and/or arbitration procedures provide for herein.

ARTICLE 5 - DISCIPLINE

Section 5.1 Employees may be disciplined or discharged for just cause and with due process, in conformance with Sections 1.24.940 and 1.24.955 of the Official Code of the City of Tacoma. The discipline will be based on the severity of offense and prior record of discipline.

Section 5.2 The employee, upon request, shall be entitled to have a Union representative present at any meeting held with the employer to discuss potential disciplinary action.

Section 5.3 If an employee wishes to have a pre-disciplinary hearing, the employee and/or Union must follow the instructions outlined in the Notice of Intent letter.

Section 5.4 If requested by the employee, the employer shall hold a pre-disciplinary hearing as soon as reasonably possible after the time the employee was notified in writing of the specific alleged violation that may result in a suspension, demotion, or termination. At this hearing, the employee will be given an opportunity to present their side of the issue. Oral warnings/reprimands, written warnings/reprimands, Notice of Performance Concerns (NPC's), Employee Development Reviews (EDR's), performance evaluations, or any other actions that do not result in the loss of regular wages are not subject to the pre-disciplinary hearing process.

Section 5.5 No later than three (3) working days prior to the pre-disciplinary hearing, if possible, the employer shall make available to the employee and the employee's Union representative a copy of all documents relevant to the alleged violation the employer has in its possession. Where this is not possible, the employer and Union will reach a mutual agreement on the continuance of the hearing or other remedy fair to both parties. Subsequent information requests by the Union or the employee will not necessarily result in a hearing being rescheduled.

Section 5.6 The employer may place an employee on paid administrative leave pending the final decision as to the appropriate discipline resulting from the pre-disciplinary hearing and during an investigation if determined by management to be appropriate.

Section 5.7 The employee and the employee's Union representative, with the employee's authorization, shall have the right to inspect the contents of the personnel file maintained by the Employer.

No disciplinary document may be placed in the personnel file without the employee having first been notified of said document and provided a copy. The notification requirement shall be satisfied if the document is mailed to the employee's current address on file. The employee shall be required to sign a written reprimand or other disciplinary action acknowledging that they have read the contents of the document. An employee who disagrees **Section 5.8** with the content of any letter of reprimand added to the personnel

file shall have the opportunity to place a rebuttal statement in the personnel file, which shall be signed by the employee; however, letters of reprimand shall not be subject to the grievance procedure.

Section 5.9 A suspension of five (5) days or more, a dismissal or a disciplinary reduction in rank or pay may be processed under the Grievance Procedure provided for in Article 8 of this Agreement or may be submitted to Civil Service Rules, if applicable. Suspensions of four (4) days or less are not subject to Step 5 of the Grievance Procedure. The filing of such a grievance shall be considered a voluntary and irrevocable waiver of the right to pursue the matter under the Civil Service procedure.

ARTICLE 6 - LABOR/MANAGEMENT COMMITTEE

The Labor/Management Committee shall be advisory in nature. It is formed to foster a relationship of mutual respect, open communications, responsible issue resolution and to discuss items of mutual concern.

The City and Union agree to hold labor-management meetings as necessary. These meetings will be called upon request of either party to discuss contract or non-contract issues affecting employees covered by this Agreement. Subjects for discussion at labor-management meetings during the term of this Agreement shall be as agreed by the parties. The Union shall be permitted to designate members and/or stewards in affected department(s) to assist its Union Representatives in such meetings. The purpose of labor-management meetings is to deal with matters of general concern to the Union and management in a timely and efficient manner.

ARTICLE 7 - NON-DISCRIMINATION

Section 7.1 Pursuant to RCW 41.56 there shall be no discrimination against Union members or officers based on Union activity.

Section 7.2 Neither the City nor the Union shall discriminate against any employee covered by this Agreement in a manner which would violate any applicable local, state and federal laws. Union and Management shall work cooperatively to assure the achievement of equal employment opportunity.

Section 7.3 If an otherwise reasonable accommodation is requested, pursuant to the Americans With Disabilities Act, or the Washington Law Against Discrimination, which would result in or require a violation of any provision of this contract, or recognized work rule adopted by the parties pursuant to this contract, the City may propose a written amendment and the Union agrees to consider the proposal and respond in writing, either agreeing to the same, proposing a modification which would make the amendment acceptable, or explaining why the modification cannot be made.

Section 7.4 It is mutually agreed that there shall be no unlawful harassment, including sexual harassment. The City's Anti-Discrimination and Anti-Harassment Policy is set forth in Personnel Management Policy #130.

ARTICLE 8 - GRIEVANCE PROCEDURE

Section 8.1 - Definitions

Shop Steward - Union member appointed by the Union Business Manager.

Grievance - To be valid, a grievance must be submitted in writing within thirty (30) days of the alleged violation by the grieving party.

Section 8.2 It is the goal of both the Union and the City to settle problems at the lowest possible level in a cooperative, objective method. To this end, every effort will be made by both parties to resolve problems at the lowest level. Initially, the employee shall discuss the grievance with the shop steward. Both parties will make every effort to identify the appropriate manager at each step of the grievance process. Further contacts shall follow this procedure:

- Step 1** The employee and/or shop steward are encouraged to meet with the immediate supervisor (written communication not required). Such meeting shall take place as soon as possible.
- Step 2** If the grievance cannot be resolved at Step 1, it shall be reduced to writing specifying the section or sections violated, relevant facts, and the proposed remedy and shall be presented to the next level of management responsible for addressing grievances, with copies to the Union and Labor Relations within ten (10) working days of decision rendered at Step 1. This step shall not preclude contacts at lower levels if this may expedite the resolution process.

The specific manager responsible for addressing the grievance shall (within 10 working days) render a decision in writing to the employee and the Union.

- Step 3** If the employee is not satisfied with the response, then within ten (10) working days of receipt of the responsible manager's answer, the grievance will be forwarded to the department or division head. The Department/Division head may elect to submit the grievance to the Labor Management Committee who will hear it and offer a recommendation to the Department/Division head immediately following the committee meeting. The Department/Division may also respond to the grievance without Labor Management input.

The Department/Division head will, within ten (10) working days of either making a determination or of receiving the committee recommendation, render to the employee and the Union the decision, and the reason for it in writing.

- Step 4** If the employee is not satisfied with the response, then within ten (10) working days of receipt of the department head's or division head's answer, the employee (or designated representative) will forward the grievance to either the Utilities Director, Human Resource Director, or a respective designee for possible resolution. The Utilities Director Human Resource Director, or respective designee (after consultation with the

department head or division head, Labor Relations and Union Business Manager) shall submit their answer in writing within ten (10) working days after personal receipt of the grievance.

Option Optional Grievance Mediation. If the parties are unable to resolve a grievance at the Step 4 level, upon mutual agreement of the City and the Union, the parties may request grievance mediation utilizing services provided by the Public Employment Relations Commission. If mediation is agreed to the parties shall hold timelines of the grievance in abeyance until the conclusion of mediation.

Step 5 Grievances not resolved under the above steps shall be referred to arbitration by either party to this Agreement. Either party may give notice of its intention to arbitrate within fifteen (15) working days following completion of the steps listed in the aforementioned sections. A list of five (5) arbitrators shall be requested from the Public Employment Relations Commission, both parties shall meet and each shall strike a name until one (1) arbitrator is selected. Should the parties fail to arrive at the selection of an arbitrator, the Public Employment Relations Commission shall be asked to appoint one. Any decision by the arbitrator shall be final and binding upon both parties. Each party shall bear the expense of its own representation, including attorney's fees, and all other expenses incident to the arbitration shall be divided equally. Each party is responsible for the costs of its representatives, attorneys and all costs related to the development and presentation of their respective cases in arbitration. In the event that the City unsuccessfully challenges an arbitrator's decision in court, or the Union is forced to file an action in court to compel compliance with an arbitrator's award, the Union may seek recovery of attorney's fees incurred in the court action to the extent such recovery is permitted under RCW 49.48.030. The arbitrator shall have no power to render a decision that will add to, subtract from, or alter, change or modify this Agreement; and their power shall be limited to an interpretation or application of this Agreement and application of appropriate remedies.

Section 8.3 - Time Frames The time limitations in this Article may be adjusted by mutual agreement, in writing, between the Union and the Department. Failure by the non-grieving party to comply with any time limitations as provided in this Article shall constitute a right of the grieving party to proceed to the next Step without waiting. Failure of the grieving party to comply with the foregoing time limitations shall constitute resolution of the grievance.

ARTICLE 9 - SENIORITY

Section 9.1 For the purposes of this Agreement including temporary upgrades, seniority is defined as the length of continuous service by classification in which the employee is employed.

Section 9.2 An upgrade is defined as the filling of a temporary vacancy within the bargaining unit which is in the higher classification in the class series which receives a higher rate of pay.

Section 9.3 In the filling of temporary vacancies, the City need not upgrade an employee who, in the employer's opinion, does not possess the knowledge, skill, ability, adaptability for the job or employees assigned to other sections, divisions, or departments.

Section 9.4 Vacancies of five (5) working days or less, and in instances of emergency and illness, may be filled to meet the City's immediate needs.

Section 9.5 In the event the City, at its discretion, fills a vacancy that exceeds five (5) working days, such vacancy shall be filled from a layoff register or the existing Civil Service eligible list, providing the temporarily upgraded employee is in the same section, division or department. If no eligible list exists, such vacancy shall be filled on a seniority basis in accordance with the provisions in Section 9.1, 9.2 and 9.3.

Section 9.6 - TPU Process for Set Ups

1. If there is a need for a bargaining unit employee to be set up to a higher classification within the bargaining unit and there is no eligibility list for the desired classification, then the set up will be offered to a permanent employee in the next lower classification on the basis of seniority.
2. In the event no Building Maintenance Worker (BMW) accepts a set up assignment to Assistant Building Maintenance Supervisor (ABMS), then it will be offered to an employee on the current BMW eligibility list.
3. In the event that no one on the BMW eligibility list accepts a set up assignment to ABMS, it will then be offered to the Custodians on a seniority basis.
4. An employee in a higher classification may not accept a temporary vacancy assignment to a lower classification.

Section 9.7 Whenever a regular permanent position vacancy occurs, prior to interviewing from the Civil Service list established for the particular classification, employees may bid for the vacancy on a seniority basis, providing they have permanent status in the department in the affected classification. Regular permanent vacancies will be posted for a minimum of seven (7) days on employee bulletin boards, using employer's job vacancy bid sheets, as soon as possible after the employer has knowledge of the regular permanent position vacancy. The senior bidder shall be assigned to the vacant position, provided that the City need not consider employees who do not meet the qualifications required for the position. The Union will be sent a copy of the completed bid sheet.

Subsequent position vacancies, created as a result of implementing this procedure, shall be open to bidding on a seniority basis within the terms of this section.

This section shall not in any way interfere with the right of the City to assign, adjust assignments or temporarily rotate personnel for training or for purposes of increased efficiencies.

Where practicable, the City shall make every attempt to give advance notice to the Union whenever a regular permanent position vacancy occurs, or of its intent to so rotate and/or assign personnel.

Section 9.8 - Seniority Roster The City shall post on the designated Union bulletin board a seniority roster for each classification.

Section 9.9 The above provisions shall govern when not inconsistent with the Personnel Rules contained in Chapter 1.24 of the Official Code of the City of Tacoma.

ARTICLE 10 - SUBCONTRACTING

The City shall retain all rights, powers, and authority it had prior to entering into the Agreement, including, but not limited to, the sole right to manage its operations and direct the working force which specifically includes the right to determine whether and to what extent any work shall be performed by employees. The management of the City's operations and the direction of the work force, including, but not limited to, the contracting or subcontracting of work performed by the City shall be retained by the City. Sixty (60) days prior to implementing contracting/subcontracting out of bargaining unit work in excess of current practice, the City will notify the Union in writing. Upon written request by the Union, the City will bargain the impacts of such contracting/subcontracting out of bargaining unit work pursuant to the requirements of RCW 41.56.

ARTICLE 11 - SAFETY

All work shall be done in a competent and professional manner.

The City and Union mutually agree that those applicable safety standards as outlined in federal, state, City, and department regulations legally binding upon the City shall be complied with.

Employees who willfully disregard reasonable and/or mandatory safety regulations shall be subject to disciplinary action.

ARTICLE 12 - HOURS OF WORK

Section 12.1 Hours of Work Schedules may consist of eight (8) consecutive hours for five (5) shifts, ten (10) consecutive hours for four (4) shifts, or eighty (80) hours worked in nine (9) shifts, excluding the meal period, or any other mutually agreed to flexible schedule. Implementation of alternative work schedules shall comply with the provisions of the Fair Labor Standards Act.

Section 12.2 A day shift shall consist of at least eight (8) consecutive hours, exclusive of the unpaid lunch period, between the hours of 6:00 a.m. and 6:00 p.m. At the request of an employee, management and the Union may mutually agree to an earlier shift start time.

Section 12.3 All non-day shifts shall consist of at least eight (8) consecutive hours including a thirty (30) minute paid lunch period.

Section 12.4 The non-day shift for Custodial and Building Maintenance Employees at Public Utilities shall have an end time no later than 12:30 a.m. Monday through Friday. All shifts shall be bid based on seniority.

Section 12.5 The Standard non-day shift for Custodial and Building Maintenance employees at Environmental Services shall have an end time no later than 11:00 p.m.

Section 12.6 - Building Maintenance "On Call" Shift – Tacoma Public Utilities

- A. The "on call" shift for Building Maintenance shall be those hours when a Building Maintenance Worker or Assistant Building Maintenance Supervisor is not on regular duty but is considered "on call". The "on call" shift will be staffed on a rotational basis by each employee for one-week periods.
- B. The employee on the "on call" shift shall be responsible for monitoring the fire/security system and will coordinate and assist contract security personnel in dealing with alarm system, security problems and facility issues. The employee will be responsible for reporting within one (1) hour of the notification.
- C. When in an on-call status, an employee shall be compensated for one (1) hour at the overtime rate for the first emergency call not requiring a return to Tacoma Public Utilities Administration Complex or the work site. Subsequent calls after the first hour of paid time shall be paid at the overtime rate for the actual time spent to handle the call. During on-call status, a phone log will be maintained by the on-call employee.
- D. The employee on the "on call" shift will be compensated at the rate of \$3.00 per hour while "on call". In the event that the employee is required to travel to a worksite, the employee will be compensated for a minimum of two (2) hours at the appropriate overtime rate. There will be no pyramiding of rates.

Section 12.7 - Overtime

- A. Work performed in excess of the work schedules provided for in Section 12.1 (i.e., forty (40) hours) or work in excess of the shift (eight (8), nine (9) or ten (10) hours) shall be paid for at one and one-half (1-1/2) times the regular rate of pay. Employees shall receive two (2) consecutive days off. Work performed on a sixth (6th) consecutive day shall be paid for at one and one-half (1-1/2) times the regular rate of pay, and work performed on the seventh (7th) day shall be paid at two (2) times the regular rate of pay. There shall be no pyramiding of rates.

Compensatory time in lieu of cash payment for overtime worked may be authorized and or used in accordance with Tacoma Municipal Code 1.12.080. All accruals of compensatory time shall be in compliance with the Fair Labor Standards Act or qualify for its exemptions. Compensatory time not used in the year earned shall be paid out at the end of the calendar year in which it was earned.

- B. Scheduled overtime shall be offered to employees by classification on a voluntary basis. Overtime postings shall clearly identify the number of people required for each classification. The bid sheet will be posted no less than twenty-four (24) hours prior to the scheduled overtime work day. The most

senior employee volunteering will be assigned. If there are an insufficient number of volunteers for overtime, assignments will be made in the inverse order of seniority. To the extent practicable, seniority will be used to determine overtime assignments. In the event the overtime assignment requires special training, skills, or experience and the employee is not selected in order of seniority the Department, upon written request from the Union, shall submit in writing the reasons for the choice.

- C. When an employee or crew on a scheduled overtime assignment fails to complete the job, the same employee or crew may be asked to complete the job on a subsequent overtime assignment.
- D. For TPU Custodians only: Whenever possible, the bid sheet will be posted no less than twenty-four (24) hours prior to the scheduled overtime work day. Overtime opportunities for custodians will be offered to employees on a voluntary basis. The overtime list will be compiled by seniority, starting with the most senior custodian. Each individual thereafter will be given an opportunity to work, or they can pass the opportunity; however, they will not be given another opportunity until their name comes up again. Each opportunity will start where the last opportunity left off. This overtime will be separate and will exclude hours worked performing the regular weekly Fleet assignment.
- E. Should a custodial overtime opportunity for an employee and the rotation of the Fleet cleaning assignment land on the same day, the senior rotation eligible custodian may select which overtime opportunity they would like to accept but cannot select two opportunities on the same day.
- F. For TPU only: Overtime opportunities for building maintenance and repair tasks shall be offered jointly to the Assistant Building Maintenance Supervisor and Building Maintenance Worker classifications since both perform this work. In this instance, seniority shall be based on the length of continuous permanent service within both classifications, combined.

ARTICLE 13 - WORK RULES

Section 13.1 - Meal Allowance

- A. An employee working non-scheduled overtime at least two (2) hours before or beyond their regular shift and at six (6) hour intervals thereafter shall be eligible for a meal allowance of \$18.00 to be entered and claimed on time card only.
- B. Employees will not be eligible for a meal allowance when working scheduled overtime on their regularly scheduled day off unless the hours worked extends more than two (2) hours beyond their regularly scheduled total daily hours of work.

Section 13.2 - Footwear and Clothing Allowance

- A. Employees who have successfully completed probation shall be eligible for a \$185.00 annual footwear allowance when not required by management to wear safety toed boots. Employees who have successfully completed probation and are specifically required by management to wear safety toed boots shall be eligible for a \$225.00 annual footwear allowance. Safety related footwear must be worn at all times while on duty.
- B. The footwear and clothing allowances in this section shall be paid in the first pay-period of each year or when probation is successfully completed, provided at least seven (7) months remain until the next allowance is paid.
- C. Employees assigned outside of TPU will be provided a minimum of seven sets of suitable work clothing annually, or shall be provided clothing through an approved city vender and associated laundry service on an as-needed basis.
- D. Employees assigned to TPU will be provided an annual allowance of \$325.00 for the purchase of suitable work clothing and will be provided seven (7) shirts that will be worn while on duty. Employees will be responsible for laundering shirts and management will provide replacements as needed.

Section 13.3 - Training

- A. The City is committed to the principle of training for all employees. Training shall be provided in accordance with City policy insofar as it does not adversely affect and interfere with the orderly performance and continuity of City services.
- B. The City shall generally encourage equal access to training opportunities for all members represented by this bargaining group to the extent that operational requirements of the City permit. The Union shall be given the opportunity to offer suggestions to the City on ways to improve access to training opportunities.
- C. Employees attending voluntary training may be asked by management to split shifts in order to accommodate the needs of the work group. Split shifts shall not be allowed for mandatory training. In the event overtime is authorized for mandatory training, seniority shall not apply.

ARTICLE 14 - BENEFITS

Section 14.1 It is recognized by the parties involved, that for those items negotiated in the Joint Labor Committee, any changes in such items are appropriately negotiated with the Joint Labor Committee. Such changes in the mutually recognized fringe benefits as applied in the Joint Labor Committee Contract shall become a part of this Agreement.

The parties are participants in a Joint Labor Agreement, through which they have determined the amount of and basic rules regarding vacation leave, holidays, sick leave, personal time off and other benefits. Provisions of the Joint Labor Agreement governing these benefits are attached in Appendix B which shall independently expire or with the expiration of the Joint Labor Agreement. Appendix B shall be automatically updated and replaced in its entirety with any changes to the provisions of the Joint Labor Agreement during the term of this Agreement as long as both parties remain signatories to the Joint Labor Agreement. Should a party choose not to sign on to a future Joint Labor Agreement the provisions in Appendix B shall be "status quo" for the year following the expiration of the Joint Labor Agreement most recently ratified by both parties.

Items covered by Appendix B may be grieved through this collective bargaining agreement, except those items challenging the interpretation or application of the Joint Labor Agreement provisions which may be grieved only through the grievance procedure included in the Joint Labor Agreement.

The information contained in the remainder of this Article is specific to this Agreement and is to be read in conjunction with Appendix B.

Section 14.2 – Personal Time Off Employees may enroll in the Personal Time Off (PTO) program on a voluntary basis during the City's PTO open enrollment period.

Section 14.3 The City will pay overtime pay for all work performed on holidays in addition to holiday pay. Overtime pay shall be payable at time and one-half (1-1/2) actual time worked.

Section 14.4 Building Maintenance and/or Custodians assigned to the Police Department a total of three (3) mandatory holidays must be taken, they are: Independence Day, Thanksgiving Day and Christmas Day.

All other City recognized holidays shall be scheduled as mutually agreeable between the employee and supervisor. Holidays not scheduled and used by the end of the calendar year are lost.

ARTICLE 15 - WAGE SCALES

Section 15.1 All work performed shall be compensated for as provided in Chapter 1.12 of the Official Code of the City of Tacoma.

Section 15.2 Employees in those classifications represented by the Union shall be paid in accordance with the wage rates specified in Appendix A hereto and incorporated herein by this reference.

Section 15.3 - Application of Rates

Employees in the classifications of Custodian (CSC 6002), Building Maintenance Worker (CSC 6005) and Building Maintenance Supervisor, Assistant (CSC 6006), shall be paid an additional five percent (5%) above base rate for all hours worked when assigned as a "helper" to one or more of the following classifications:

- Facilities Maintenance Mechanic (CSC 6008)
- Facilities Maintenance Mechanic, Lead (CSC 6009)
- Heating/AC Maintenance Mechanic Supervisor (CSC 5145)
- Wastewater Treatment Plant Operator (CSC 5101)
- Wastewater Treatment Plant Maintenance Machinist (CSC 5105)

ARTICLE 16 - SAVING CLAUSE

Should any part hereof or any provision herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions thereof, and the remaining parts or portions remain in full force and effect.

EXECUTED ON THIS _____ DAY OF _____ 2020.

For the City of Tacoma:

For Local 483, International Brotherhood
of Electrical Workers, Custodial and
Building Maintenance Unit:

City Manager

Director of Public Utilities

Sr. Labor Relations Manager

Finance Director

Approved as to form:

City Attorney

Attest:

City Clerk

APPENDIX A

LOCAL 483, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS CUSTODIAL AND BUILDING MAINTENANCE UNIT

Effective January 1, 2020 the classification rates of pay shall be increased by 3%, additionally, the Custodian classification shall receive a 2% market adjustment.

Code	Job Title	1	2	3	4	5
60060	Building Maintenance Supervisor, Assistant	33.10	34.76	36.50		
60050	Building Maintenance Worker	27.59	28.97	30.42		
60020	Custodian	19.64	20.62	21.65	22.73	23.87

Effective January 1, 2021 the classification rates of pay shall be increased by 2.5%.

Code	Job Title	1	2	3	4	5
60060	Building Maintenance Supervisor, Assistant	33.94	35.63	37.42		
60050	Building Maintenance Worker	28.28	29.69	31.18		
60020	Custodian	20.13	21.14	22.19	23.30	24.47

Effective January 1, 2022 the classification rates of pay shall be increased by 2.25%.

Code	Job Title	1	2	3	4	5
60060	Building Maintenance Supervisor, Assistant	34.70	36.43	38.28		
60050	Building Maintenance Worker	28.92	30.36	31.88		
60020	Custodian	20.58	21.62	22.69	23.82	25.02

The following classification shall be benchmarked at the corresponding percentage:

- Building Maintenance Supervisor, Assistant top step shall maintain an index of twenty percent (20%) above the top step of Building Maintenance Worker.

Longevity shall be as provided in Section 1.12.133 of the Official Code of the City of Tacoma and the agreement with the Joint Labor Committee of Tacoma. The above classifications shall receive longevity pay consisting of:

- 1% of base pay for 5 through 9 years of service
- 2% of base pay for 10 through 14 years of service
- 3% of base pay for 15 through 19 years of service
- 4% of base pay for 20 or more years of service

APPENDIX B

This Appendix expires independently from the collective bargaining agreement to which it is attached. The following text is contained in the Joint Labor Agreement for the period 2020 - 2021:

3.4 Payroll Deduction.

3.4.1 Union Dues. As evidence of its recognition of employee membership in unions and organizations affiliated with the Joint Labor Committee and other bona fide unions and employees organizations and professional societies, the City of Tacoma agrees that upon receiving notice of an employee's authorization from the Union, it will deduct from the wages payable by the employer to such member, in the manner provided by law, such amounts as such member shall authorize, as dues to the organization, and transmit such dues to the organization. The City shall be given one full pay period advance notice of all dues changes. There shall be no retroactive deduction of dues.

3.4.2 Voluntary Contribution to Labor Funds, Committees or Subsidiary Organizations. The City will deduct from the pay of each employee, each month, the amount the employee wishes to voluntarily contribute to a fund, committee or subsidiary organization maintained or established by a labor organization; provided that the employee has submitted a written original authorization form signed by the employee to the City's Payroll Department, and further provided that a minimum of twenty-five (25) employees have authorized a contribution to the same fund, committee or organization. The first deduction will take effect at the end of the month following the City's receipt of sufficient authorization forms. The deduction will occur once per month on the second pay period of the month.

ARTICLE 6 - ENUMERATION OF BENEFITS

6.1 Domestic Partners. The City will make available to domestic partners benefits, including insurance, paid leave and statutory Family and Medical Leave, on the same basis that those benefits are provided to employee spouses. Domestic partners will be recognized if the domestic partnership is registered with or recognized by the State of Washington pursuant to RCW 26.60; provided, that the City will continue to recognize domestic partnerships on file with the City as of December 31, 2016, until the participating employee's separation from employment or dissolution of the domestic partnership, whichever occurs first.

6.2 Medical Insurance. The City of Tacoma and the Joint Labor Committee have negotiated and put in effect medical insurance programs which will continue in effect for the duration of this Agreement. During the term of this Agreement, the City will provide medical insurance to employees and their eligible dependents through the plans described in Appendix A.

6.2.1 Eligibility. Permanent, project, appointive, and temporary pending exam employees and their dependents are eligible for coverage beginning on the first day of the calendar month following the date of hire, unless the date of hire is also the first working day of the calendar month, in which case benefits eligibility begins on the date of hire. All other temporary employees and their dependents are eligible for coverage beginning on the first day of the calendar month following 60 days of continuous employment from the date of hire.

6.2.2 Default Options. If permanent, project, appointive and temporary pending exam employees fail to enroll or waive medical coverage within the required enrollment period, the employee will be enrolled automatically in the City's default medical plan. The default plan shall be the Regence BlueShield PPO Plan. If a temporary employee fails to timely enroll or waive coverage, the employee will be determined to have waived coverage, until such time as they enroll pursuant to a qualifying life event or an open enrollment period.

6.2.3 City Payment of Claims/Premiums. Except as provided below, the City will pay the claims or premiums (according to the plan selected by the employee) associated with the medical insurance selected by the employee and eligible dependents from the City's Health Care Trust. The City will not use reserve funds for purposes other than paying costs associated with the maintenance and administration of its health insurance plans without the express negotiation and consent of the Joint Labor Committee.

6.2.4 Employee Contributions to Premiums.

Effective January 1, 2020 through December 31, 2020, Employees selecting employee-only coverage will contribute \$40 per month towards the premium costs of medical insurance. Employees insuring dependents will contribute \$80 per month towards the premium costs of medical insurance.

Effective January 1, 2021, Employees selecting employee-only coverage will contribute \$50 per month towards the premium costs of medical insurance. Employees insuring dependents will contribute \$100 per month towards the premium costs of medical insurance.

Effective January 1, 2020, in addition to these amounts, part-time employees working at least twenty (20), but less than thirty (30) hours per week will be responsible for the remainder of the premium cost of the plan they have selected after the City has made a prorated contribution toward the cost of the plan based on the percentage that the part-time employee's FTE actual hours compensated in the previous month bears to full-time (40 hours per week). Employees will be eligible for benefits based on assigned work schedule. The work schedule shall be determined monthly, for pay periods in the upcoming month. Such schedules will be rounded up to the nearest four (4) hour increment. Part-time employees working thirty (30) or more hours per week will make contributions equal to those of full time employees.

For all other purposes or benefit calculations, the City's definitions and policies regarding part-time employment will govern.

- 6.2.5 Wellness Credit.** Employees participating in wellness will receive a \$20 per month credit toward their premium contribution for medical insurance coverage under the Regence PPO Plan or Kaiser Permanente HMO Plan, or a \$40 per month credit toward their premium contribution for coverage under the Regence HDHP/HSA Plan. Employees in a temporary status are not eligible to receive the credit.

Employees or their eligible dependents may not be insured on more than one City medical insurance plan. If an employee has a spouse/domestic partner or adult child under the age of 26 working for the City, and each completes the participation requirements of the Wellness Incentives, each employee will receive the Wellness Credit toward the employee premium contributions for medical insurance coverage.

- 6.2.6 Contributions to HSA Accounts.** Employees who select the Regence HDHP/HSA Plan will receive the following annual contributions to a health savings account. Contributions will be deposited on a monthly basis. Employees may contribute to their own accounts up to the maximum dollar value permitted by applicable law.

- a. Employees Who Participate in Wellness – \$1250 per year for employees selecting employee-only coverage; \$2500 per year for employees insuring one or more dependents.
- b. Employees Who Do Not Participate in Wellness – \$500 per year for employees selecting employee-only coverage; \$1000 per year for employees insuring one or more dependents.

- 6.3 Dental and Vision Insurance.** The City will provide dental and vision insurance to employees and eligible dependents according to the terms of its insurance plans. The City will not make changes to its dental or vision insurance plans during the term of this Agreement without first bargaining with the Joint Labor Committee. The City will pay the full premium cost for dental and vision insurance for employees and eligible dependents. Part time employees working at least twenty (20), but less than thirty (30) hours per week will be responsible for a prorated contribution toward the cost of the plan based on the percentage that the part-time employee's FTE actual hours compensated in the previous month bears to full-time (40 hours per week). Part-time employees working thirty (30) or more hours per week will make contributions equal to those of full time employees. For all other purposes or benefit calculations, the City's definitions and policies regarding part-time employment will govern.

- 6.4 Dual Coverage.** No City employee or eligible dependent may be insured under more than one City medical, dental, or vision insurance plan. Employees whose spouses/domestic partners/children up to age 26 are eligible for medical insurance benefits through the City will share the costs of insurance as follows:

- 6.4.1** Employees Choosing the Same Plan – One spouse/domestic partner will be placed on the other's medical, dental, or vision insurance, and the primary spouse/domestic partner will pay the appropriate premium cost for family coverage.
- 6.4.2** Employees Choosing Different Plans – If spouses/domestic partners elect coverage under different plans, they may not provide coverage to their spouse/domestic partner on their medical, dental, or vision insurance plan. Each employee will pay the appropriate cost share (individual or family) depending on whether they include children on their plan.
- 6.4.3** Children up to Age 26 – Benefit-eligible employees whose parents are City employees must elect coverage in their name (paying the applicable premium contribution) or coverage as a dependent on their parent's plan (with no premium contribution), but may not receive coverage under two medical, dental or vision insurance plans.
- 6.5** **Opt Out With Proof of Insurance.** Subject to any applicable legal restrictions imposed by the Employer's medical, dental and vision insurance providers, full-time and part-time employees may choose to opt out of the Employer provided medical, dental and/or vision insurance. To be eligible to opt out of the medical, dental and/or vision insurance, full-time permanent, project, appointive, and temporary pending exam employees shall be required to: (i) provide the Employer with written proof of alternative medical, dental and vision insurance coverage; and (ii) notify the Employer in writing within thirty (30) calendar days if he/she should lose their alternative medical, dental and vision coverage.
- 6.6** Vacations shall be as provided in Section 1.12.220 of the Tacoma Municipal Code. This section provides in part for the following:
- 6.6.1** Full-time employees shall accrue vacation leave hours for each biweekly pay period pursuant to the following schedule:

Completed Years of Aggregate Service	Accrued Hours per Pay Period	Hours of Vacation Leave
Completion of years 0, 1, 2, 3	3.69	96
Completion of years 4, 5, 6, 7	4.60	120
Completion of years 8, 9, 10, 11, 12, 13	5.22	136
Completion of years 14, 15, 16, 17, 18	6.14	160
Completion of 19 years	6.45	168
Completion of 20 years	6.76	176
Completion of 21 years	7.07	184
Completion of 22 years	7.38	192
Completion of 23 years	7.69	200
Completion of 24 years	8.00	208
Completion of 25 years	8.31	216
Completion of 26 years	8.62	224

Completion of 27 years	8.93	232
Completion of 28 years or more	9.24	240

Employees vacation accrual rates shall be established as of January 1 of each calendar year and shall be based on the rate applicable to the number of years of aggregate service the employee will complete within that calendar year.

- 6.6.2** Part time employees will accrue vacation on a pro-rated basis according to the percentage their FTE bears to full-time
- 6.6.3** Employees accrue vacation in each pay period in which they are in a paid status. An eligible employee shall accrue vacation based on the above schedule beginning from the date of their appointment.
- 6.6.4** Vacation accrual balances shall not exceed an amount equal to two (2) years' accrual at the employee's then-current accrual rate
- 6.6.5** Vacation leave may not be taken without the prior approval of the appointing authority and may not be taken in the pay period in which it was earned. Vacation leave shall be scheduled so as to meet the operating requirements of the City and, as far as practicable, the preferences of the employees. Authorized vacation time may be used in increments of one tenth (1/10) of an hour.
- 6.6.6** For the purposes of this Section, permanent employees of the Municipal Belt Line Railway who are assigned to the extra board will be considered as full-time employees.
- 6.7** Sick allowance with pay shall be as provided in Section 1.12.230 - 1.12.232 of the Tacoma Municipal Code. This section provides in part the following:
 - 6.7.1** Each regularly employed full-time employee, including temporary employees, shall accrue sick leave at the rate of 3.69 hours for each biweekly pay period in which he or she has been in a paid status. There is no limit to the number of sick leave days an employee may accrue. Part-time employees shall accrue sick leave on a prorated basis according to the percentage their FTE bears to full-time.
 - 6.7.2** An employee separated from service due to death or retirement for disability or length of service is compensated to the extent of twenty five percent (25%) of his/her sick leave accruals. An employee separated in good standing from service for any other reason who has a minimum of ten (10) days accrual, is compensated to the extent of ten percent (10%) of his/her sick leave accruals, up to a maximum accrual of one hundred twenty (120) days.
 - 6.7.3** Permissible uses of sick leave are described in Tacoma Municipal Code Sections 1.12.230 – 1.12.232.

6.8 Personal Time Off shall be as provided in Section 1.12.248 of the Tacoma Municipal Code. This section provides in part for the following:

6.8.1 Employees enrolled in the Personal Time Off (PTO) Plan shall accrue PTO hours for each bi-weekly pay period pursuant to the following schedule. Employees receive PTO in lieu of vacation and sick leave

Completed Years of Aggregate Service	Hours per Year	Hours per Pay Period
Completion of years 0, 1, 2, 3	144	5.54
Completion of years 4, 5, 6, 7	168	6.46
Completion of years 8, 9, 10, 11, 12, 13	184	7.08
Completion of years 14, 15, 16, 17, 18	208	8.00
Completion 19 years	216	8.31
Completion of 20 years	224	8.62
Completion of 21 years	232	8.92
Completion of 22 years	240	9.23
Completion of 23 years	248	9.54
Completion of 24 years	256	9.85
Completion of 25 years	264	10.15
Completion of 26 years	272	10.46
Completion of 27 years	280	10.77
Completion of 28 years or more	288	11.08

6.8.2 Employees shall accrue PTO on a prorated basis according to the percentage their FTE bears to full-time. Employees' PTO accrual rates shall be established as of January 1 of each calendar year and shall be based on the rate applicable to the number of years of aggregate service the employee will complete within that calendar year. An employee may accrue a maximum of 960 hours of PTO.

6.9 On-the-job injury shall be as provided in Section 1.12.090 of the Tacoma Municipal Code. That section provides in part:

6.9.1 In the case of a disability covered by State Industrial Insurance or Worker Compensation, the first three (3) calendar days shall be paid at the regular normal pay and charged to earned leave, in the event the time loss is less than fifteen (15) calendar days.

6.9.2 For one-hundred-twenty (120) working days, the City will pay a supplement payment such that State payment plus City supplement equals eighty-five percent (85%) of regular normal pay.

6.9.3 Pursuant to Ordinance 27753, adopted November 18, 2008, after the payment and use of the one hundred twenty (120) working days, the employee may request to use accumulated sick leave and/or planned time off (PTO) balances to supplement the time loss pay such that the

combination of the supplement and the time loss pay equals eighty-five percent (85%) of the employee's normal wage (the employee's rate at the time of injury plus any longevity pay to which the employee is eligible). If the employee elects to use paid sick leave and/or PTO the election will continue until such balances are exhausted or until the employee returns to work. Hours deductions from the employee's PTO or sick leave balances shall be determined by dividing the supplement by the employee's regular hourly wage. Example: Assume a supplement amount of \$596 dollars is necessary to bring the total to 85%. If the employee's regular wage is assumed to be \$23.84, the deduction from sick leave and/or PTO would be $\$596/\$23.84=25$ hours.

- 6.9.4** Any employee who becomes disabled prior to completing thirty (30) working days' employment with the City, shall receive the compensation disability allowance for a maximum of thirty (30) working days.
- 6.9.5** The above does not apply to Police and Fire commissioned hired prior to October 1, 1977, however, such employees shall have on-the-job injury claims charged against their sick leave accruals in the same manner as other employees of the City.
- 6.9.6** For the purposes of this Section, regular normal pay shall be that rate of the classification in which they were working in on the date of injury.
- 6.10** Group Life Insurance shall be as provided in Section 1.12.096 of the Tacoma Municipal Code. The City will pay one hundred percent (100%) of the cost of premiums for those employees electing to participate. The amount of insurance an employee may purchase is based on their annual salary rounded to the next highest \$1,000 of coverage.
- 6.11** Longevity pay may be provided to employees of member unions pursuant to the terms of Ordinance 20938, which reads in part as follows:
- 6.11.1** Regular, probationary, and appointive employees who through union agreement have elected the option of longevity pay shall receive additional compensation based on a percentage of their base rate of pay received for the class in which they are currently being paid. No application of rate may be used in computing longevity pay.
- 6.11.2** Eligible employees shall receive longevity pay in accordance with the following schedule:
- | | |
|--|--------------|
| From 5 through 9 years aggregate service | 1% per month |
| From 10 through 14 years aggregate service | 2% per month |
| From 15 through 19 years aggregate service | 3% per month |
| 20 years or more aggregate service | 4% per month |
- 6.11.3** Eligibility for longevity pay shall be determined by the length of aggregate City service and will be paid to an employee at the first of the calendar year in which any of the above stipulated periods of aggregate service will be completed.

- 6.12** Holidays shall be as provided in Section 1.12.200 of the Tacoma Municipal Code. This section provides in part that the following and such other days as the City Council, by resolution, may fix, are holidays for all regularly employed full-time employees of the City and shall be granted to employees or days off in lieu thereof.

New Year's Day (January 1)
Martin Luther King Day (third Monday in January)
Presidents' Day (third Monday in February)
Memorial Day (last Monday in May)
Fourth of July
Labor Day (first Monday in September)
Veterans' Day (November 11)
Thanksgiving Day (fourth Thursday in November)
The day immediately following Thanksgiving Day
Christmas Day (December 25)

- 6.12.1** A full-time employee shall receive eight (8) hours of holiday pay for each holiday listed above, provided he/she is in a paid status on both the entire regularly scheduled workday immediately preceding the holiday and the entire regularly scheduled workday following the holiday.
- 6.12.2** In addition to the days listed above, eligible employees shall receive two (2) additional eight (8) hour paid floating holidays per calendar year for which time off shall be mandatory. Floating holidays may not be carried over from one calendar year to the next, and may not be converted to cash in any circumstances. To be eligible for these floating holidays, employees must have been or scheduled to be continuously employed by the City for four (4) months as a full-time or part-time regular, probationary, or appointive employee during the calendar year of entitlement. An employee hired into a part time status shall receive holiday pay on a prorated basis on the hours that he/she is hired to work.
- 6.12.3** Full time employees working alternate schedules who are normally scheduled to work more than eight (8) hours on a day observed as a holiday may use vacation leave, personal time off, compensatory time, or leave without pay at the employee's option to make up the difference between the employee's normally scheduled shift and the eight (8) hours of holiday pay.
- 6.12.4** Unpaid Holidays. Employees will be granted two (2) unpaid holidays per calendar year for a reason of faith or conscience or an organized activity conducted under the auspices of a religious denomination, church, or religious organization. The employee will select the days on which to take the unpaid holiday(s) after consultation with his or her supervisor as provided by City policy. To the extent reasonably possible, employees should submit leave requests with at least thirty (30) calendar days' notice. Employees may elect to use accrued vacation leave, PTO, compensatory time or floating holidays to remain in paid status on a requested holiday to the extent that such leave is available on the requested date under applicable policies, procedures and/or collective

bargaining agreements governing the use of paid leave. An unpaid holiday requested pursuant to City policy will not be denied unless the employee's absence would impose an undue hardship on the City, as defined by applicable rule or regulation.

6.13 The City shall contribute up to \$3.00 per month for long term disability coverage for all permanent non-commissioned City employees.

6.14 The City will maintain an Internal Revenue Service Code Section 125 flexible benefits plan. The City shall pay the monthly per participant administrative fee. Employees cannot utilize this plan for Long Term Disability premium payments. Employees who participate in the City medical plan will be eligible to participate in the Section 125 flexible benefits plan. The maximum annual allowable employee contribution for medical reimbursement shall be based on IRS regulations. At the end of each year any unspent monies in employee flexible benefits accounts will revert to the Labor/Management Health Care Trust Account.

6.15 Wellness

6.15.1 Wellness Committee. The parties will maintain a Labor Management Health Care Committee (aka Wellness Committee) during the term of the Agreement to discuss and address issues regarding the City's insurance programs and wellness program. The Wellness Committee will be comprised of four (4) City and four (4) Labor representatives. The Committee will:

- a. Develop monthly or bimonthly newsletters to help educate and encourage the City employees.
- b. Review all Health Trust Fund/Flex Account balances.
- c. Review experience reports.

6.15.2 Wellness Funds. The City will establish a budget amount to fund activities associated with its Wellness Program. Expenditures of such budgeted funds will be recommended and reviewed by the Wellness Committee.

6.15.3 Participation. To receive the benefits associated with participating during each year of the Agreement, employees must complete participation requirements established by the Wellness Committee.

6.16 Meal allowances may be paid to employees pursuant to TMC Section 1.12.195 and the applicable collective bargaining agreement covering an individual member union of the Joint Labor Committee. Effective January 1, 2020, the meal allowance shall increase to \$18 per occurrence unless an applicable collective bargaining agreement covering an individual member union provides for a higher amount.



RESOLUTION NO. U-11156

1 A RESOLUTION relating to Tacoma Water; authorizing the issuance of a
2 subordinate lien refunding revenue bond; and approving other matters
related thereto.

3 WHEREAS the City of Tacoma, Washington ("City"), acting through its
4 Department of Public Utilities, Water Division (d/b/a "Tacoma Water") issued its
5 Water System Revenue Refunding Bonds, 2010A, in the original principal amount
6 of \$29,100,000 pursuant to Ordinance No. 27902, passed on July 20, 2010 (the
7 "2010A Bonds"), and
8

9 WHEREAS the 2010A Bonds may be redeemed prior to maturity on any
10 date on or after June 1, 2020, at a price of par plus accrued interest to the date of
11 redemption, and
12

13 WHEREAS the Public Utilities Board ("Board") now finds that the 2010A
14 Bonds can be defeased and redeemed through the issuance of a subordinate lien
15 water system revenue bond in the principal amount of not to exceed \$18,400,000
16 (the "Bond") at a savings to the Water System and its ratepayers; and
17

18 WHEREAS Tacoma Water has received a proposal from Key Government
19 Finance, Inc. (the "Purchaser") to purchase the Bond by private placement
20 pursuant to the terms of an ordinance adopted by the City Council ("Bond
21 Ordinance") and a Continuing Covenant Agreement between the City and the
22 Purchaser to be dated the date of issuance and delivery of the Bond ("Continuing
23 Covenant Agreement"), and
24
25
26



WHEREAS forms of the proposed Bond Ordinance and the Continuing
Covenant Agreement, copies of which are on file with the Clerk of the Board, have
been presented at this meeting, and

WHEREAS pursuant to Tacoma City Charter Section 4.11, the Board is
required to initiate and approve all matters related to the incurrence of
indebtedness and the issuance of bonds on behalf of Tacoma Water, and then
forward such matters to the Council of the City for concurring approval, and

WHEREAS the Board requests that the City Council delegate authority to the
Director of Utilities, or in the alternative, the Superintendent of the Water Division,
as provided herein, for a limited time, to approve the final principal amount of the
Bond, the final interest rate for the Bond, and the final terms of the Continuing
Covenant Agreement as set forth herein, and

WHEREAS the Board hereby recommends to the Council of the City that it
is in the best interest of the citizens of Tacoma that the Bond Ordinance be
approved by the Board and passed by the Council of the City to accomplish the
purposes set forth therein; Now, Therefore,

BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

Sec. 1. The City has established financial policies which provide, as a
general rule, that the City may issue refunding bonds to refund outstanding debt
when, among other reasons, such refunding results in a sufficient net present
value savings. Pursuant to Tacoma City Charter Section 4.11, it is necessary for
the Board to initiate and approve all matters related to the incurrence of
indebtedness and the issuance of bonds on behalf of Tacoma Water, and then



forward such matters to the Council of the City for concurring approval. The Board
1 hereby finds it is in the best interest of Tacoma Water and its ratepayers that the
2 City issue a revenue refunding bond to defease and refund the outstanding 2010A
3 Bonds for aggregate net present value debt service savings, and the adoption of
4 this resolution and the authorization of the refunding bond is routine and consistent
5 with City and Tacoma Water policy and procedures.
6

7 Sec. 2. Subject to the parameters set forth therein, that the terms and
8 conditions of the proposed Bond Ordinance, including delegating authority to the
9 Director of Utilities, and, in the alternative, the Superintendent of the Water Division
10 (each, a "Designated Representative"), to approve the issuance and sale of the
11 Bond in the principal amount of not to exceed \$18,400,000 and selling such Bond
12 to the Purchaser are hereby approved, and the Council of the City is requested to
13 concur in this approval by the passage of the same at the earliest opportunity in
14 the final form approved by the City Attorney.
15
16

17 Sec. 3. The form of Continuing Covenant Agreement is hereby approved,
18 with such changes as may be made by a Designated Representative in
19 consultation with the City Attorney.
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Sec. 4. This resolution shall become effective immediately upon its

adoption.

Approved as to form:

Chair

*Approved electronically via email 4/2/20 by
Deanna Gregory*

Pacifica Law Group LLP,
Bond Counsel

Secretary

Clerk

Adopted _____



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Scott Dewhirst, Superintendent of Tacoma Water
MEETING DATE: April 8, 2020
DATE: March 27, 2020

SUMMARY:

Tacoma Water requests approval for the Water System Subordinate Revenue Refunding Bond, Series 2020 Direct Purchase Option with Key Government Finance, Inc. in an amount not to exceed \$18.4 million in order to refund the 2010 Series A Water System Revenue Refunding Bonds.

BACKGROUND:

The 2010 Series A Water System Refunding Bonds mature on December 1, 2023 and interest rates have dropped significantly since they were issued in 2010. We have negotiated an extraordinarily low interest rate of 1.4% for the remaining term and have this rate locked until May 21, 2020. This refunding provides \$1,089,085 net present value savings for Tacoma Water ratepayers between 2020 and 2023. Percentage savings is 6.12% of refunded par, well above the City's recommended minimum of 5% for refunding bond transactions.

With assistance from Tacoma's Finance and Legal Departments, our municipal advisory firm, Montague DeRose and Associates, and bond counsel, Pacifica Law Group, we have prepared a bond ordinance for the Public Utility Board and City Council action (current request) that would authorize Tacoma Water to execute a direct sale with Key Government Finance, Inc.

Parameters for this refunding are clearly defined in the bond ordinance and this is a time-sensitive offer that expires at the end of the negotiated rate lock.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?

Debt service savings of approximately \$168,000 in 2020 have not been budgeted.

ATTACHMENTS:

- Council Action Memorandum (CAM)
- City Council Ordinance
- TPU Board Resolution
- Continuing Covenant Agreement

CONTACT:

- Primary Contact and Presenter: Jodi Collins, Water Division Manager, Assistant (253) 753-8369
- Supervisor: Sean Senescall, Water Division Manager



TO: Mayor and City Council
FROM: Jackie Flowers, Director of Utilities
COPY: Elizabeth Pauli, City Manager and Doris Sorum, City Clerk
SUBJECT: 2020 Water System Subordinate Revenue Refunding Bond, Bank Loan Ordinance –
April 21, 2020
DATE: March 27, 2020

SUMMARY:

Tacoma Water requests approval for the Water System Subordinate Revenue Refunding Bond, Series 2020 Direct Purchase Option with Key Government Finance, Inc. in an amount not to exceed \$18.4 million in order to refund the outstanding 2010 Series A Water System Revenue Refunding Bonds.

STRATEGIC POLICY PRIORITY:

Significant cash flow and net present value saving will be achieved by this refunding.

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

BACKGROUND:

The 2010 Series A Water System Revenue Refunding Bonds mature on December 1, 2023 and interest rates have dropped significantly since they were issued in 2010. We have negotiated an extraordinarily low interest rate of 1.4% for the remaining term and have this rate locked until May 21, 2020. This refunding provides \$1,089,085 net present value savings for Tacoma Water ratepayers between 2020 and 2023. Percentage savings is 6.12% of refunded par, well above the City's recommended minimum of 5% for refunding bond transactions.

ISSUE:

With assistance from Tacoma's Finance and Legal Departments, our municipal advisory firm, Montague DeRose and Associates, and bond counsel, Pacifica Law Group, we have prepared a bond ordinance for the Public Utility Board and City Council action (current request) that would authorize Tacoma Water to execute a direct sale with Key Government Finance, Inc.

Parameters for this refunding are clearly defined in the bond ordinance and this is a time-sensitive offer that expires at the end of the negotiated rate lock.

ALTERNATIVES:

There is no recommended alternative. A "do nothing" or "delay" alternative would result in lost savings of approximately \$1.1 million between 2020 and 2023.

RECOMMENDATION:

Due to the significant ratepayer savings that will be achieved by this bank loan refunding, it is recommended that the Public Utility Board and the City Council take the necessary approving actions. The recommended effective date is May 10, 2020 in order to close the transaction before the rate lock ends.

**FISCAL IMPACT:**

Refunding the 2010 Series A Water System Revenue Refunding Bonds will save Tacoma Water ratepayers nearly \$1.1 million over the four years remaining on the life of the bonds.

EXPENDITURES: N/A

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

* General Fund: Include Department

REVENUES: N/A

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
TOTAL			

POTENTIAL POSITION IMPACT: N/A

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: Approximately \$168,000 reduction in debt service expense in 2020.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No



Req. # _____

ORDINANCE NO.

1 AN ORDINANCE relating to the water system of the City of Tacoma; providing for
2 the sale and issuance of a subordinate lien water system revenue refunding
3 bond in the principal amount of not to exceed \$18,400,000 to provide funds
4 to defease and refund all or a portion of the City's Water System Revenue
5 Refunding Bonds, Series 2010A; fixing or setting parameters with respect to
6 certain terms and covenants of the bond, and appointing the City's
7 designated representatives to approve the final terms of the sale of the
8 bond; and approving certain other matters in connection therewith.

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

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

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

19 WHEREAS pursuant to Ordinance No. 27902, the City issued its Water
20 System Revenue Refunding Bonds, 2010A ("2010A Bonds") and its Water
21 System Revenue Bonds, 2010B (Taxable Build America Bonds — Direct
22 Payment) ("2010B Bonds," and collectively with the 2010A Bonds, the "2010
23 Bonds"), and



1 WHEREAS pursuant to Ordinance No. 28138, the City issued its Water
2 System Revenue and Refunding Bonds, 2013 ("2013 Bonds"), and

3 WHEREAS pursuant to Ordinance No. 28138, as supplemented by
4 Ordinance No. 28290, the City issued its Water System Revenue Refunding
5 Bonds, Series 2015A ("2015 Bonds"),
6

7 WHEREAS the 2005 Bonds, the 2009 Bonds, the 2010 Bonds, the 2013
8 Bonds, and the 2015 Bonds (together, the "Outstanding Senior Bonds") are
9 payable from and secured by a pledge of Gross Revenue of the Water System,
10 subject only to the payment of Operation and Maintenance Expenses (each as
11 defined herein), and
12

13 WHEREAS the 2010A Bonds maturing on or after December 1, 2020 are
14 subject to redemption at the option of the City on and after June 1, 2020, and

15 WHEREAS the ordinances authorizing the Outstanding Senior Bonds
16 ("Outstanding Senior Bond Ordinances") permit the City to issue obligations that
17 are junior and subordinate to the payment of the Senior Bonds and that are
18 payable out of revenue of the Water System, only after the prior payment of all
19 amounts required to be paid or set aside under the Outstanding Senior Bond
20 Ordinances for the Outstanding Senior Bonds, as the same shall become due
21 at the times and in the manner as required in the Outstanding Senior Bond
22 Ordinances, and
23
24

25 WHEREAS the Public Utilities Board ("Board") has initiated and has
26 recommended to the City Council for its approval the issuance of a subordinate



1 lien water system revenue refunding bond ("Bond") to defease and refund the
2 outstanding 2010A Bonds at a savings to the ratepayers of the Water System, and
3 to pay related costs of issuance, and

4 WHEREAS the City Council has determined that it is in the best interest of
5 the City and its ratepayers to issue the Bond in the principal amount of not to
6 exceed \$18,400,000 to defease and refund the 2010A Bonds and to pay costs of
7 issuance and sale of the Bond, and

9 WHEREAS the City deems it in the best interest of the City and its
10 ratepayers that the Bond be sold to and purchased by Key Government Finance,
11 Inc. ("Purchaser") by private sale pursuant to the terms of a Continuing Covenant
12 Agreement to be entered into between the City and the Purchaser (the "Continuing
13 Covenant Agreement"),

14
15 BE IT ORDAINED BY THE CITY OF TACOMA:

16 Section 1. Definitions and Interpretation of Terms.

17 (a) Definitions. Unless otherwise defined in the recitals and elsewhere in
18 this ordinance, capitalized terms used herein shall have the following meanings or
19 the meanings set forth in the Senior Bond Ordinances:

20 "Acquired Obligations" means the Government Obligations acquired by the
21 City under the terms of this ordinance and the Escrow Agreement to effect the
22 defeasance and refunding of the 2010A Bonds, but only to the extent that the
23 same are acquired at Fair Market Value.
24
25
26



1 “Annual Debt Service” has the meaning set forth in the Senior Bond
2 Ordinances.

3 “Bond” means the City’s Water System Subordinate Revenue Refunding
4 Bond, Series 2020, authorized to be issued pursuant to this ordinance.
5

6 “Bond Counsel” means Pacifica Law Group LLP or another law firm
7 selected by the City that is nationally recognized in matters concerning bonds and
8 other securities issued by states and local governments.

9 “Bond Fund” means the special fund or subfunds of the City known as the
10 Subordinate Water Revenue Bond Fund, created in the Water Division Fund of the
11 City for the payment of the principal of and interest on the Subordinate Bonds.
12

13 “Bond Register” means the registration records for the Bond maintained by
14 the Bond Registrar.

15 “Bond Registrar” means, as determined by the City, the City Treasurer or
16 the fiscal agency of the state of Washington, currently U.S. Bank National
17 Association.
18

19 “Call Date” means June 1, 2020.

20 “City” means the City of Tacoma, Washington.

21 “City Clerk” means the duly appointed and acting City Clerk of the City or
22 the successor to the duties of that office.
23

24 “Code” means the Internal Revenue Code of 1986 as in effect on the date of
25 issuance of the Bond or (except as otherwise referenced herein) as it may be
26 amended to apply to obligations issued on the date of issuance of the Bond,



1 together with applicable proposed, temporary and final regulations promulgated,
2 and applicable official public guidance published, under the Code.

3 "Continuing Covenant Agreement" means the continuing covenant
4 agreement or loan agreement between the City and the Purchaser pursuant to
5 which the Purchaser will make a loan to the City, evidenced by the Bond.
6

7 "Council" or "City Council" means the City Council as the general legislative
8 authority of the City, as duly and regularly constituted from time to time.

9 "Coverage Requirement" in any fiscal year of the Water System means an
10 amount of Net Revenue of the Water System equal to at least 1.25 times the
11 Annual Debt Service that year on all Senior Bonds and Subordinate Bonds;
12 provided, that for purposes of this Coverage Requirement, Annual Debt Service
13 shall be calculated to include debt service on the outstanding Subordinate Bonds
14 plus the Senior Bonds.
15

16 "Default Rate" has the meaning set forth in the Continuing Covenant
17 Agreement.
18

19 "Designated Representative" means the Director of Utilities and the
20 Superintendent of the Water Division, and their designees. The signature of one
21 Designated Representative shall be sufficient to bind the City.

22 "Escrow Agent" means U.S. Bank National Association, Seattle,
23 Washington.
24
25
26



1 “Escrow Agreement” means the Escrow Deposit Agreement between the
2 City and the Escrow Agent to be dated as of the date of closing and delivery of the
3 Bond.

4 “Event of Default” has the meaning set forth in the Continuing Covenant
5 Agreement.
6

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

17 “Federal Tax Certificate” means the certificate of the City pertaining to the
18 tax-exemption of interest on the Bond, and any attachments thereto.
19

20 “Finance Director” means the duly appointed and acting Finance Director of
21 the City or the successor to the duties of that office.
22

23 “Financial Advisor” means Montague DeRose and Associates, LLC.

24 “Future Senior Bonds” means all revenue bonds and other obligations
25 (including Parity Payment Agreements (as defined in the Senior Bond
26 Ordinances)) of the City issued or entered into after the date hereof, the payment



1 of which constitutes a charge and lien on the Net Revenue of the Water System
2 equal in rank with the charge and lien upon such revenue required to be paid into
3 the bond fund to pay and secure the payment of the principal of and interest on the
4 Outstanding Senior Bonds.

5
6 "Future Subordinate Bonds" means all revenue bonds and other obligations
7 of the City issued or entered into after the date of issuance of the Bond, the
8 payment of which constitutes a charge and lien on the Net Revenue of the Water
9 System equal in rank with the charge and lien upon such revenue required to be
10 paid into the Bond Fund to pay and secure the payment of the principal of and
11 interest on the Bond.

12
13 "Government Obligations" means direct or indirect obligations of, or
14 obligations the principal of and interest on which are unconditionally guaranteed
15 by, the United States of America.

16
17 "Gross Revenue" or "Gross Revenue of the Water System" means in any
18 fiscal year of the Water System all of the revenues of the Water System, including,
19 but not limited to, revenue from the sale or transmission of water; the sale, lease,
20 or furnishing of other commodities, services, properties or facilities; the imposition
21 of connection, capital improvement or other charges; utility local improvement
22 district assessments that are pledged to Senior Bonds; and earnings from the
23 investment of money in the Water Division Fund. However, Gross Revenue shall
24 not include earnings of the Regional System or any other separate utility system
25 that may be acquired or constructed by the City, proceeds of Senior Bonds,
26



1 Subordinate Bonds, or other borrowing; grants or other capital contributions which
2 by their terms are restricted to specific projects or purposes; or earnings or
3 proceeds from any investments in a trust, defeasance, or escrow fund created to
4 defease or refund Water System obligations (until commingled with other earnings
5 and revenues of the Water System defined as Gross Revenue) or held in a special
6 account for the purpose of paying a rebate to the United States government under
7 the Code.

9 "Interest Rate" means a fixed rate of interest for the Bond as set forth in the
10 Continuing Covenant Agreement.

12 "Mayor" means the duly elected Mayor of the City or the successor to such
13 officer.

14 "Maximum Annual Debt Service" has the meaning set forth in the Senior
15 Bond Ordinances.

16 "Net Revenue" or "Net Revenue of the Water System" means the Gross
17 Revenue minus: (1) Operation and Maintenance Expenses; (2) deposits into the
18 Rate Stabilization Account (as defined in the Senior Bond Ordinances); and (3)
19 proceeds from the sale of property of the Water System, and plus withdrawals from
20 the Rate Stabilization Account.

22 "Operation and Maintenance Expenses" means all expenses incurred by the
23 City in causing the Water System of the City to be operated and maintained in
24 good repair, working order and condition, including, without limitation: deposits,
25 premiums, assessments, or other payments for insurance, if any, on the Water
26



1 System; payments into pension funds; State-imposed taxes; amounts due under
2 Contract Resource Obligations, including Regional Supply System Costs, but only
3 at the times described in the Senior Bond Ordinances; payments made to any
4 other person or entity for the receipt of water supply or transmission or other right,
5 commodity or service; payments made to any other person or entity that are
6 required in connection with the operation of the Water System or the acquisition or
7 transmission of water and that are not subordinate to the lien of the Senior Bonds;
8 and payments with respect to any other expenses of the Water System that are
9 properly treated as operation and maintenance expenses under generally
10 accepted accounting principles applicable to municipal corporations. Operation
11 and Maintenance Expenses do not include any depreciation or taxes levied or
12 imposed by the City, Payment Agreement Payments, or payments to the City in
13 lieu of taxes; or capital additions or capital replacements to the Water System.

14
15
16 "Outstanding Senior Bond Ordinances" mean the ordinances authorizing the
17 Outstanding Senior Bonds as identified in the recitals to this ordinance.

18
19 "Outstanding Senior Bonds" mean the City's senior lien parity bonds
20 outstanding on the date of this ordinance as identified in the recitals to this
21 ordinance.

22 "Public Utility Board" or "Board" means the board of that name created
23 under the Tacoma City Charter.

24 "Purchaser" means Key Government Finance, Inc.



1 "Refunding Account" means the account of that name established pursuant
2 to this ordinance.

3 "Regional System" has the meaning set forth in the Senior Bond
4 Ordinances.

5 "Registered Owner" means the person in whose name the Bond is
6 registered on the Bond Register.

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

10 "Senior Bond Fund" means the Bond Fund created by or confirmed by the
11 Senior Bond Ordinances.

12 "Senior Bond Ordinances" mean the ordinances authorizing the Senior
13 Bonds.

14 "Senior Bonds" mean the Outstanding Senior Bonds and any Future Senior
15 Bonds.

16 "State" means the State of Washington.

17 "State Loans" mean the loans executed by the City under the State Drinking
18 Water Revolving Fund, Public Works Trust Fund, and other State financing
19 programs, the payment of which constitutes a charge and lien on the Net Revenue
20 of the Water System subordinate to the charge and lien upon such revenue
21 required to be paid into the Bond Fund to pay and secure the payment of the
22 principal of and interest on the Subordinate Bonds.



1 “Subordinate Bonds” mean the Bond and any Future Subordinate Bonds.

2 “Subordinate Bonds Parity Requirement” means Net Revenue (which may or
3 may not be audited), for any 12 consecutive calendar month period out of the
4 immediately preceding 24 calendar months, equal to or greater than 1.25 times the
5 Maximum Annual Debt Service in any future fiscal year for all the then outstanding
6 Senior Bonds and Subordinate Bonds, plus the Future Subordinate Bonds
7 proposed to be issued; provided, that for purposes of this Subordinate Bonds Parity
8 Requirement, Maximum Annual Debt Service shall be calculated to include the debt
9 service on the Subordinate Bonds plus the Senior Bonds.
10

11 “Treasurer” means the duly appointed and acting Treasurer of the City or the
12 successor to the duties of that office.
13

14 “2010A Bonds” means the City's Water System Revenue Refunding Bonds,
15 2010A, issued in the original principal amount of \$29,100,000 pursuant to
16 Ordinance No. 27902, passed on July 20, 2010.
17

18 “Water Division Fund” means Fund No. 4600 of the City, or any successor
19 fund or funds, into which is paid the Gross Revenue of the Water System.

20 “Water System” means the water system of the City as it now exists, and all
21 additions thereto and betterments and extensions thereof at any time made for so
22 long as any of the Senior Bonds are outstanding. The Water System shall not
23 include the Regional System or any water supply or service or other facilities that
24 may be created, acquired, or constructed by the City as a separate utility system.
25
26



1 (b) Interpretation. In this ordinance, unless the context otherwise
2 requires:

3 (1) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder”
4 and any similar terms, as used in this ordinance, refer to this ordinance as a whole
5 and not to any particular article, section, subdivision or clause hereof, and the term
6 “hereafter” shall mean after, and the term “heretofore” shall mean before, the date
7 of this ordinance;
8

9 (2) Words importing the singular number shall mean and include
10 the plural number and vice versa;
11

12 (3) Words importing persons shall include firms, associations,
13 partnerships (including limited partnerships), trusts, corporations, limited liability
14 companies and other legal entities, including public bodies, as well as natural
15 persons;
16

17 (4) Any headings preceding the text of the several articles and
18 sections of this ordinance, and any table of contents or marginal notes appended
19 to copies hereof, shall be solely for convenience of reference and shall not
20 constitute a part of this ordinance, nor shall they affect its meaning, construction or
21 effect; and
22

23 (5) All references herein to “articles,” “sections” and other
24 subdivisions or clauses are to the corresponding articles, sections, subdivisions or
25 clauses hereof.
26



1 Section 2. Findings; Senior Bonds.

2 (a) Findings. The City has established financial policies which provide,
3 as a general rule, that the City may issue refunding bonds to refund outstanding
4 debt when, among other reasons, such refunding results in a sufficient net present
5 value savings. Council approval is necessary prior to the issuance of debt under
6 the Tacoma City Charter and State law. The Council hereby finds (1) it is in the
7 best interest of the City and its ratepayers that it issue a revenue refunding bond to
8 defease and refund the outstanding 2010A Bonds for aggregate net present value
9 debt service savings; (2) the City has received a commitment from the Purchaser
10 pursuant to which it has agreed, for a limited time, to lock the rate of interest on the
11 proposed refunding bond; (3) the rate of interest agreed to by the Purchaser is
12 based on current market rates, which are changing in the current bond market
13 environment; (4) the refunding bond authorized herein will not be issued without
14 further Council approval unless the parameters provided for herein can be
15 satisfied; and (5) the adoption of this ordinance and the authorization of the
16 refunding bond is routine and consistent with City policy.

17
18 (b) Findings with Respect to Senior Bonds. The pledge, lien and charge
19 of the Senior Bonds on Gross Revenue and the obligation of the City to deposit
20 Gross Revenue into the Senior Bond Fund established by the Senior Bond
21 Ordinances have priority over the pledge, lien and charge of the Subordinate
22 Bonds on Gross Revenue.
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1 The City hereby finds and determines that the Gross Revenue of the Water
2 System at the rates to be charged for water and other services and commodities
3 from the Water System will be more than sufficient to meet all Operation and
4 Maintenance Expenses and to permit the setting aside into the Senior Bond Fund
5 and Bond Fund out of the Gross Revenue of amounts sufficient to pay the principal
6 of and interest on the Outstanding Senior Bonds and the Bond when due at
7 maturity and upon any mandatory sinking fund redemption thereof. The City
8 further finds and determines that in creating the Bond Fund and in fixing the
9 amounts to be paid into the Bond Fund, it has exercised due regard for Operation
10 and Maintenance Expenses, and the City has not bound and obligated itself to set
11 aside and pay into the Bond Fund a greater amount or proportion of the Gross
12 Revenue than in the judgment of the City will be available over and above the
13 Operation and Maintenance Expenses.

14 Section 3. Authorization of Bond. For the purposes of defeasing and
15 refunding the 2010A Bonds and paying costs of issuance of the Bond, the City is
16 hereby authorized to issue and sell a subordinate lien water system revenue
17 refunding bond in the principal amount of not to exceed \$18,400,000 (the "Bond").

18 The Bond shall be designated as the "City of Tacoma, Washington, Water
19 System Subordinate Revenue Refunding Bond, Series 2020," with additional
20 series designation or other designation as set forth in the Continuing Covenant
21 Agreement and approved by the Designated Representative.
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1 The Bond shall bear interest from its dated date or the most recent date to
2 which interest has been paid at the Interest Rate, subject to the Default Rate as set
3 forth in the Continuing Covenant Agreement. Interest on the outstanding principal
4 amount of the Bond shall be calculated per annum on a 30/360 basis, or as
5 otherwise provided in the Bond and in the Continuing Covenant Agreement.
6 Principal of and interest on the Bond shall be payable at the times and in the
7 amounts as set forth in the Continuing Covenant Agreement and in the payment
8 schedule attached to the Bond.
9

10 Section 4. Registration of Bond.

11 (a) Registrar/Bond Registrar. The Bond Registrar is authorized, on
12 behalf of the City, to authenticate and deliver the Bond if transferred or exchanged
13 in accordance with the provisions of the Bond and this ordinance and to carry out
14 all of the Bond Registrar's powers and duties under this ordinance.
15

16 (b) Registered Ownership. The City and the Bond Registrar may deem
17 and treat the Registered Owner of the Bond as the absolute owner for all
18 purposes, and neither the City nor the Bond Registrar shall be affected by any
19 notice to the contrary. Payment of the Bond shall be made only as described in
20 subsection (d) below. All such payments made as described in subsection (d)
21 below shall be valid and shall satisfy the liability of the City upon the Bond to the
22 extent of the amount so paid.
23
24
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26



1 (c) Transfer or Exchange of Registered Ownership. The Bond shall not
2 be transferrable without the consent of the City except as provided in the Bond or
3 the Continuing Covenant Agreement.

4 (d) Place and Medium of Payment. Both principal of and interest on the
5 Bond shall be payable in lawful money of the United States of America. Principal
6 and interest on the Bond shall be payable by check, warrant, ACH transfer or by
7 other means mutually acceptable to the Registered Owner and the City. Upon final
8 payment of principal and interest of the Bond, the Registered Owner shall
9 surrender the Bond for cancellation at the office of the Bond Registrar in
10 accordance with this ordinance.
11
12

13 Section 5. Form of Bond. The Bond shall be in substantially the form
14 provided for in Exhibit A to this ordinance, which is incorporated herein by this
15 reference, with appropriate or necessary insertions, depending upon the omissions
16 and variations as permitted or required hereby.
17

18 Section 6. Execution of Bond. The Bond shall be executed on behalf of
19 the City with the manual or facsimile signatures of the Mayor and City Clerk of the
20 City and the seal of the City shall be impressed, imprinted or otherwise reproduced
21 thereon.
22

23 Only such Bond as shall bear thereon a Certificate of Authentication in the
24 form set forth in Exhibit A, manually executed by the Bond Registrar, shall be valid
25 or obligatory for any purpose or entitled to the benefits of this ordinance. Such
26 Certificate of Authentication shall be conclusive evidence that the Bond so



1 authenticated have been duly executed, authenticated and delivered hereunder
2 and are entitled to the benefits of this ordinance.

3 In case either of the officers who shall have executed the Bond shall cease
4 to be an officer or officers of the City before the Bond so signed shall have been
5 authenticated or delivered by the Bond Registrar, or issued by the City, the Bond
6 may nevertheless be authenticated, delivered and issued and upon such
7 authentication, delivery and issuance, shall be as binding upon the City as though
8 those who signed the same had continued to be such officers of the City. The
9 Bond may be signed and attested on behalf of the City by such persons who at the
10 date of the actual execution of the Bond, are the proper officers of the City,
11 although at the original date of the Bond any such person shall not have been such
12 officer of the City.

15 Section 7. Application of Bond Proceeds; Refunding Plan.

16 (a) Refunding Plan. For the purpose of realizing a debt service savings
17 and benefiting the Water System and its ratepayers, the Council proposes to
18 refund and defease the 2010A Bonds as set forth herein. Proceeds of the Bond
19 shall be deposited with the Escrow Agent pursuant to the Escrow Agreement to be
20 used immediately upon receipt thereof to defease the 2010A Bonds as authorized
21 by the ordinance authorizing their issuance and to pay costs of issuance of the
22 Bond.
23

24 The net proceeds deposited with the Escrow Agent may be used to defease
25 the 2010A Bonds and discharge the obligations thereon by the purchase of certain
26



1 Government Obligations (which obligations so purchased, are herein called
2 "Acquired Obligations"), bearing such interest and maturing as to principal and
3 interest in such amounts and at such times which, together with any necessary
4 beginning cash balance, will provide for the payment of interest on the 2010A
5 Bonds due and payable on the Call Date and the redemption price of the 2010A
6 Bonds on the Call Date. Such Acquired Obligations shall be purchased at a yield
7 not greater than the yield permitted by the Code and regulations relating to
8 acquired obligations in connection with refunding bond issues.
9

10 (b) Escrow Agent/Escrow Agreement. The City hereby appoints U.S.
11 Bank National Association, Seattle, Washington, as the Escrow Agent for the
12 2010A Bonds (the "Escrow Agent"). A beginning cash balance and any Acquired
13 Obligations shall be deposited irrevocably with the Escrow Agent in an amount
14 sufficient to defease the 2010A Bonds. The proceeds of the Bond remaining after
15 acquisition of the Acquired Obligations and provision for the necessary beginning
16 cash balance shall be utilized to pay expenses of the acquisition and safekeeping
17 of the Acquired Obligations and expenses of the issuance of the Bond.
18

19 In order to carry out the purposes of this Section 7, the Designated
20 Representatives, the City Finance Director and the City Treasurer are each
21 authorized and directed to execute and deliver to the Escrow Agent, an Escrow
22 Agreement.
23

24 (c) Call for Redemption of 2010A Bonds. The Treasurer and the Finance
25 Director are hereby authorized to set aside sufficient funds out of the purchase of
26



1 Acquired Obligations and/or from proceeds of the Bond to make the payments
2 described in Section 7(b).

3 The Designated Representatives, the Treasurer and the Finance Director
4 are each hereby authorized to call the 2010A Bonds for redemption on their Call
5 Date in accordance with the provisions of the ordinance authorizing the redemption
6 and retirement of the 2010A Bonds prior to their stated maturities. Said defeasance
7 and call for redemption of the 2010A Bonds shall be irrevocable after the issuance
8 of the Bond and delivery of the Acquired Obligations and/or proceeds of the Bond
9 to the Escrow Agent.
10

11 The Escrow Agent is hereby authorized and directed to provide for the
12 giving of notice of the redemption of the 2010A Bonds in accordance with the
13 applicable provisions of the ordinance authorizing their issuance. The costs of
14 publication of such notices shall be an expense of the City.
15

16 The Escrow Agent is hereby authorized and directed to pay to the Finance
17 Director, or, at the direction of the Finance Director, to the paying agent for the
18 2010A Bonds, sums sufficient to pay, when due, the payments specified in this
19 ordinance. All such sums shall be paid from the moneys and Acquired Obligations
20 deposited with the Escrow Agent, and the income therefrom and proceeds thereof.
21 All such sums so paid shall be credited to the Refunding Account, which is hereby
22 authorized to be created. All moneys and Acquired Obligations deposited with the
23 Escrow Agent and any income therefrom shall be held, invested (but only at the
24 direction of the Finance Director) and applied in accordance with the provisions of
25
26



1 this ordinance and with the laws of the State for the benefit of the City and owners
2 of the 2010A Bonds.

3 The City will take such actions as are found necessary to see that all
4 necessary and proper fees, compensation and expenses of the Escrow Agent for
5 the 2010A Bonds shall be paid when due.
6

7 Section 8. Bond Fund; Pledge of Net Revenue. The City is hereby
8 authorized to create a special fund or subfunds of the City known as the
9 Subordinate Water Revenue Bond Fund (the "Bond Fund"), created in the Water
10 Division Fund, to be used for the payment of principal of and interest on the
11 Subordinate Bonds. Money in the Bond Fund not needed to pay the interest or
12 principal next coming due may temporarily be deposited in legal investments for
13 City funds, but only to the extent that the same are acquired, valued and disposed
14 of at Fair Market Value.
15

16 The City hereby irrevocably covenants and agrees that, unless the principal
17 of and interest on the Subordinate Bonds are paid from other sources, it will
18 deposit in the Bond Fund available Net Revenue of the Water System in amounts
19 sufficient to pay such principal and interest as the same shall become due. The
20 Net Revenue of the Water System is hereby pledged irrevocably to the payment of
21 the Subordinate Bonds, subject only to the equal and prior payment of Water
22 System obligations as provided in this ordinance. Any money received by the
23 Registered Owner of a Subordinate Bond which should have been paid to the
24 registered owners of the Senior Bonds by reason of such subordination shall be
25
26



1 held in trust for the registered owners of such Senior Bonds and shall be promptly
2 turned over to the registrar for such Senior Bonds for payment to the registered
3 owners of such Senior Bonds.

4 The Net Revenue and other money pledged to the payment of the
5 Subordinate Bonds shall be subject immediately to the lien of such pledge without
6 any physical delivery or further act, and the lien of such pledge shall be binding as
7 against all parties having claims of any kind in tort, contract or otherwise against
8 the City regardless of whether such parties have notice thereof. The Registered
9 Owner(s) of the Subordinate Bonds may bring an action to compel the City to set
10 aside and pay into the Bond Fund the amounts that the City is obligated to set
11 aside and pay therein.

12 The City shall not incur any obligations payable from Net Revenue of the
13 Water System that are subject to acceleration.

14 The Bond shall be a special limited obligation of the City payable only from
15 the Bond Fund and shall be payable from and secured by Net Revenue of the
16 Water System on a subordinate lien basis as provided herein. The City's
17 obligations with respect to the Bond shall not be deemed to constitute a general
18 obligation or a pledge of the faith and credit of the City, or a debt of any other
19 system of the City other than the Water System. The City's payment obligations
20 with respect to the Bond shall be subordinate to the City's obligations to make all
21 required payments related to the Senior Bonds as further described herein. The full
22 faith and credit of the City is not pledged to the repayment of the Bond.



1 The Bond shall not be secured by a reserve account or any real property or
2 other assets of the City or the Water System.

3 Section 9. Water Division Fund. The City covenants that it will pay all
4 Gross Revenue of the Water System into the Water Division Fund as promptly as
5 practicable after receipt thereof. The City further covenants that, for so long as the
6 Subordinate Bonds shall be outstanding, all of such money shall be trust funds of
7 the City to be used only for the following purposes and in the following order of
8 priority:
9

10
11 (a) to pay the Operation and Maintenance Expenses;

12 (b) to make all payments related to the Senior Bonds in accordance
13 with the Senior Bond Ordinances authorizing such Senior Bonds, including into
14 any reserve account, in connection with any Reserve Insurance, and in
15 connection with any Contract Resource Obligations not payable as Operation
16 and Maintenance Expenses;

17 (c) to pay principal of and interest on the Subordinate Bonds when
18 due and to make all payments required to be made into the Bond Fund with
19 respect to the Subordinate Bonds;
20

21 (d) to make all payments required to be made into any revenue bond,
22 note, warrant, or other revenue obligation redemption fund, debt service
23 account, or reserve account created to pay or secure the payment of the
24 principal of and interest on any revenue bonds, notes, warrants, or other
25 obligations of the City having a lien upon the revenue of the Water System
26



1 junior and inferior to the lien thereon for the payment of the principal of and
2 interest on the Senior Bonds and the Subordinate Bonds, including the State
3 Loans; and

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

11 Section 10. Covenants. The City covenants and agrees with the
12 Registered Owner of the Bond as follows:

13 (a) Operation and Maintenance. It will at all times maintain, preserve,
14 and keep the properties of the Water System in good repair, working order, and
15 condition; will make all necessary and proper additions, betterments, renewals,
16 and repairs thereto, and improvements, replacements, and extensions thereof;
17 and will at all times operate or cause to be operated the properties of the Water
18 System and the business in connection therewith in an efficient manner and at
19 a reasonable cost.
20

21 (b) Establishment and Collection of Rates and Charges and Other
22 Covenants. It will establish, maintain, and collect rates and charges for services
23 and facilities provided by the Water System which will be fair and equitable, and
24 will adjust those rates and charges from time to time so that:
25
26



1 (1) The Gross Revenue will be sufficient to: (i) pay all
2 Operation and Maintenance Expenses; (ii) pay when due all amounts that the
3 City is obligated to pay under Section 9(b), hereof with regard to Senior Bonds;
4 (iii) pay when due all amounts that the City is obligated to pay into the Bond
5 Fund and the accounts therein with regard to Subordinate Bonds; and (iv) pay
6 all taxes, assessments, or other governmental charges lawfully imposed on the
7 Water System or the revenue therefrom or payments in lieu thereof, and any
8 and all other amounts which the City may now or hereafter become obligated to
9 pay from the Gross Revenue by law or contract; and
10

11 (2) The Net Revenue of the Water System in each fiscal year
12 will be at least equal to the Coverage Requirement. Notwithstanding the
13 foregoing, failure to comply with this subsection (b)(2) shall not be an Event of
14 Default or an event of default under the Senior Bond Ordinances if the City
15 takes corrective action as set forth in the Senior Bond Ordinances.
16

17 (c) Future Subordinate Bonds. The City reserves the right to issue
18 Future Subordinate Bonds for purposes of the Water System if at the time of
19 issuance of those Future Subordinate Bonds (1) there is no deficiency in the
20 Bond Fund, and (2) there shall be a certificate of the Finance Director
21 demonstrating compliance with the Subordinate Bonds Parity Requirement.
22

23 Notwithstanding the foregoing, if the Future Subordinate Bonds are
24 issued to refund, for overall debt service savings, then outstanding Senior
25 Bonds or Subordinate Bonds, then no such certification shall be required.
26 Nothing in this ordinance shall restrict or prohibit the City from issuing additional



1 bonds or obligations that are otherwise junior and subordinate to the payment of
2 the Subordinate Bonds.

3 (d) Sale, Transfer, or Disposition of the Water System. The City will
4 not sell or otherwise dispose of the Water System except as otherwise provided
5 in the Senior Bond Ordinances. Further, the City shall not sell, lease or
6 otherwise dispose of all or substantially all of the Water System so long as the
7 Bond is outstanding and unpaid.

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

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



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

19 (h) Collection of Delinquent Accounts. On at least an annual basis,
20 the City will determine all accounts that are delinquent and will take such
21 actions as the City determines are reasonably necessary to enforce payment of
22 those delinquent accounts.

23 (i) Maintenance of Insurance. The City at all times will carry fire and
24 extended coverage, public liability and property damage, and such other forms
25 of insurance with responsible insurers and with policies payable to the City on
26



1 such of the buildings, equipment, works, plants, facilities, and properties of the
2 Water System as are ordinarily carried by municipal or privately-owned utilities
3 engaged in the operation of like systems, and against such claims for damages
4 as are ordinarily carried by municipal or privately-owned utilities engaged in the
5 operation of like systems, or it will self-insure or will participate in an insurance
6 pool or pools with reserves adequate, in the reasonable judgment of the City, to
7 protect the Water System and the owners of the Senior Bonds and the Bond
8 against loss.

9
10 (j) Condemnation Awards and Insurance Proceeds. If the City
11 receives any condemnation awards or proceeds of an insurance policy in
12 connection with any loss of or damage to any property of the Water System, it
13 shall apply the condemnation award or insurance proceeds, in the City's sole
14 discretion, either: (A) to the cost of replacing or repairing the lost or damaged
15 properties; (B) to the payment, purchase or redemption of Senior Bonds; or
16 (C) to the cost of improvements to the Water System.

17
18 Section 11. Tax Covenants. The City will take all actions necessary to
19 assure the exclusion of interest on the Bond from the gross income of the
20 Registered Owner of the Bond to the same extent as such interest is permitted
21 to be excluded from gross income under the Code as in effect on the date of
22 issuance of the Bond, including but not limited to the following:

23 (a) Private Activity Bond Limitation. The City will assure that the
24 proceeds of the Bond are not so used as to cause the Bond to satisfy the
25
26



1 private business tests of Section 141(b) of the Code or the private loan
2 financing test of Section 141(c) of the Code.

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

12 (c) Federal Guarantee Prohibition. The City will not take any action or
13 permit or suffer any action to be taken if the result of such action would be to
14 cause the Bond to be "federally guaranteed" within the meaning of Section
15 149(b) of the Code.

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

21 (e) No Arbitrage. The City will not take, or permit or suffer to be taken,
22 any action with respect to the proceeds of Bond which, if such action had been
23 reasonably expected to have been taken, or had been deliberately and
24 intentionally taken, on the date of issuance of the Bond would have caused the
25 Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code.
26



1 (f) Registration Covenant. The City will maintain a system for
2 recording the ownership of the Bond that complies with the provisions of
3 Section 149 of the Code until the Bond has been surrendered and canceled.
4

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

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

16 Section 12. Right of Prepayment. The Bond may be prepaid, in whole
17 or in part, as provided in the Continuing Covenant Agreement. Any
18 prepayments shall be applied first to accrued and unpaid interest and then
19 applied to reduce the outstanding principal amount of the Bond. If the Bond is
20 prepaid, in whole, in accordance with this Section 12, interest shall cease to
21 accrue on the date the Purchaser receives such prepayment.

22 Section 13. Sale of the Bond. The Bond shall be sold to the Purchaser
23 pursuant to the terms of this ordinance and the Continuing Covenant
24 Agreement. The City hereby accepts the Continuing Covenant Agreement, a
25 form of which is attached as Exhibit B. The Designated Representatives are
26



1 each hereby authorized to approve the final terms and conditions of the Bond
2 and the Continuing Covenant Agreement in coordination with Bond Counsel,
3 the Financial Advisor, and the City Attorney's Office, and to execute and
4 implement the Continuing Covenant Agreement (including the payment of any
5 financing costs associated with the delivery of the Continuing Covenant
6 Agreement), and such approval shall be conclusively evidenced by such
7 execution thereon, provided that:

- 9 (a) the principal amount of the Bond shall not exceed \$18,400,000,
10 (b) the Interest Rate (subject to the Default Rate) shall not exceed
11 1.75% per annum,
12 (c) the Bond is sold for a purchase price that results in a minimum net
13 present value debt service savings over the 2010A Bonds of 5.0%,
14 (d) the Bond otherwise conforms to the terms of this ordinance, and
15 (e) the Bond is issued and delivered to the Purchaser on or prior to
16 June 1, 2020.

17
18 If the Bond has not been issued and delivered to the Purchaser by
19 June 1, 2020, the authorization for the issuance of the Bond shall be rescinded,
20 and the Bond shall not be issued nor its sale approved unless such Bond shall
21 have been re-authorized by ordinance of the Council. The ordinance re-
22 authorizing the issuance and sale of such Bond may be in the form of a new
23 ordinance repealing this ordinance in whole or in part or may be in the form of
24 an amendatory ordinance establishing terms and conditions for the authority
25 delegated under this Section.
26



1 The appropriate City officials, including but not limited to the Designated
2 Representatives, the Treasurer, and the Finance Director, are hereby
3 authorized and directed to do everything necessary for the prompt issuance,
4 execution and delivery of the Bond and for the proper application and use of the
5 proceeds thereof. The proper officials of the City, including the Designated
6 Representatives, the Treasurer, and the Finance Director, are further
7 authorized and directed to execute all closing certificates, agreements, and
8 documents required to effect the closing and delivery of the Bond in accordance
9 with the terms of the Continuing Covenant Agreement.
10

11 Section 14. Ongoing Disclosure; Information to be Provided to the
12 Purchaser. The Bond is exempt from ongoing disclosure requirements of the
13 Rule. The City agrees to provide the Purchaser financial information as
14 provided in the Continuing Covenant Agreement.
15

16 Section 15. Event of Default and Remedies. From the date of
17 occurrence of an Event of Default until such Event of Default is remedied, the
18 Purchaser may increase the interest rate on the Bond to the Default Rate.
19 From the date that the Event of Default is cured, the interest rate on the Bond
20 shall be restored to the Interest Rate.

21 Section 16. Lost, Stolen or Destroyed Bond. In case the Bond shall be
22 lost, stolen or destroyed while in the Registered Owner's possession, the Bond
23 Registrar may at the request of the Registered Owner execute and deliver a
24 new Bond of like date, number and tenor to the Registered Owner thereof upon
25 the Registered Owner's paying the expenses and charges of the City and the
26



Bond Registrar in connection therewith and upon its filing with the City written certification that such Bond was actually lost, stolen or destroyed and of its ownership thereof. In the case the Bond shall be lost, stolen, or destroyed while in the Registered Owner's possession, the Registered Owner may elect upon final payment of principal and interest of the Bond to surrender a photocopy of the Bond for cancellation at the office of the Bond Registrar together with written certification that such Bond was actually lost, stolen or destroyed and of its ownership thereof.

Section 17. Ratification of Prior Acts. Any action taken consistent with the authority and prior to the effective date of this ordinance is ratified, approved, and confirmed.

Section 18. Effective Date of Ordinance. This ordinance shall take effect and be in force 10 days from and after its publication.

Passed _____

Mayor

Attest:

City Clerk

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

By _____



Req. # _____

Exhibit A

Form of Bond

UNITED STATES OF AMERICA

R-1

\$ _____

TRANSFER RESTRICTED

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

STATE OF WASHINGTON

CITY OF TACOMA

**WATER SYSTEM SUBORDINATE REVENUE
REFUNDING BOND, SERIES 2020**

DATE OF ISSUANCE: _____

REGISTERED OWNER: KEY GOVERNMENT FINANCE, INC.

INTEREST RATE: _____ % PER ANNUM, SUBJECT TO THE
DEFAULT RATE

PRINCIPAL AMOUNT: _____ AND NO 100/DOLLARS

The City of Tacoma, a municipal corporation duly organized and existing under and pursuant to the Charter of the City of Tacoma and the Constitution and laws of the State of Washington (hereinafter called the "City"), for value received, hereby acknowledges itself to owe and promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner identified above, or registered assigns, the Principal Amount indicated above and to pay interest thereon from the Date of Issuance set forth above, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above (the "Interest Rate"), subject to the Default Rate (as defined in the Continuing Covenant Agreement between Key Government Finance, Inc. and the City dated _____, 2020 (the "Continuing Covenant Agreement")). Interest on this bond shall accrue from its dated date until paid



1 and shall be computed per annum on the principal amount outstanding on a
2 30/360 basis. Principal of and accrued interest on this bond shall be payable
on the dates set forth in the payment schedule attached hereto.

3 Both principal of and interest on this bond are payable in lawful money of
4 the United States of America. Principal of and interest on this bond shall be
5 payable by check or warrant or by other means mutually acceptable to the
6 Registered Owner and the City. Upon final payment of principal of and interest
7 on this bond, the Registered Owner shall surrender this bond for cancellation at
8 the office of the Bond Registrar in accordance with Ordinance No. _____
9 of the City (the "Bond Ordinance"). Reference is made to the Bond Ordinance
and any and all modifications and amendments thereto for a description of the
nature and extent of the security for this bond, the funds or revenues pledged,
and the terms and conditions upon which such bond is issued.

10 Payments of principal and interest on this bond shall be made solely
11 from Gross Revenue of the Water System, after payment of Operating and
12 Maintenance Expenses and required payments with respect to the Senior
13 Bonds, to the Registered Owner stated above without the necessity of
14 presentation and surrender of this bond. Reference is hereby made to the
15 Bond Ordinance and to Charter of the City and all laws of the State of
Washington (the "State") (referred to as the "Act") for a description of the terms
on which this bond is issued, the provisions with regard to the nature and extent
of the Gross Revenue, and the rights of the Registered Owner of this bond.

16 All the terms of the Bond Ordinance, the Act and the Continuing
17 Covenant Agreement are hereby incorporated herein and made a contract
18 between the City and the Registered Owner from time to time of this bond, and
19 to all the provisions thereof the Registered Owner of this bond, by its
20 acceptance hereof, consents and agrees. Additional series and subseries of
bonds or other obligations of the Water System may be issued on a parity with
this bond.

21 This bond is subject to prepayment as provided in the Bond Ordinance
and the Continuing Covenant Agreement.

22 This bond, including the interest hereon, is payable solely from the Bond
23 Fund created under the Bond Ordinance, and is secured by a charge and lien
24 on, the Gross Revenue after payment of Operating and Maintenance Expenses
25 and required payments with respect to the Senior Bonds, derived by the City
26 from the Water System. This bond is not a general obligation of the City, the
State or any other political subdivision. No holder of this bond shall ever have
the right to compel any exercise of the taxing power of the City to pay this bond
or the interest hereon.



1 This bond is not a "private activity bond" as such term is defined in the
2 Internal Revenue Code of 1986, as amended (the "Code"). This bond has not
3 been designated by the City as a "qualified tax-exempt obligation" for purposes
4 of Section 265(b) of the Code.

5 [insert transfer provisions, if any]

6 THIS BOND IS A SPECIAL AND LIMITED OBLIGATION OF THE CITY
7 PAYABLE ONLY FROM THE SOURCES IDENTIFIED HEREIN, IN THE
8 CONTINUING COVENANT AGREEMENT AND IN THE BOND ORDINANCE
9 AND IS NOT A GENERAL OBLIGATION OF THE CITY, PIERCE COUNTY,
10 THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF. THIS
11 BOND DOES NOT CONSTITUTE A CHARGE UPON ANY GENERAL FUND
OR UPON ANY MONEY OR OTHER PROPERTY OF THE CITY, PIERCE
COUNTY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF
NOT SPECIFICALLY PLEDGED THERETO BY THE BOND ORDINANCE.

12 The rights and obligations of the City and of the Registered Owner from
13 time to time of this bond may be modified or amended at any time in the
manner, to the extent, and upon the terms provided in the Bond Ordinance.

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

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

23 In the event of any inconsistency between the terms and provisions of
24 the Bond Ordinance and this bond, the terms and provisions of the Bond
25 Ordinance shall control.

26 IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused
this bond to be executed by the manual or facsimile signature of the Mayor and



1 attested by the manual or facsimile signature of the Clerk, as of the date of the
2 execution of this bond, _____, 2020.

3 CITY OF TACOMA, WASHINGTON

4 By _____
5 Mayor

6 ATTEST:

7 _____
8 Clerk of the City

9 **CERTIFICATE OF AUTHENTICATION**

10 This is the bond described in the within-mentioned Bond Ordinance.

11 Date of Authentication: _____, 2020.

12 _____
13 City Treasurer, City of Tacoma

14 **CERTIFICATE OF REGISTRATION**

15
16 This bond is registered in the name of the Registered Owner on the
17 books of the City, in the office of the Treasurer of the City, as Bond Registrar
18 and Paying Agent, as to both principal and interest, as noted in the registration
19 blank below. All payments of principal of and interest on this bond shall be
20 made by the City as provided in the Bond Ordinance.

21
22
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26
Date of
Registration

Name and Address of
Registered Owner



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ASSIGNMENT

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

Dated: _____

Signature(s) Guaranteed

(Signature)

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

PAYMENT SCHEDULE

[To be provided]



Exhibit B

Form of Continuing Covenant Agreement

(Attached)

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CONTINUING COVENANT AGREEMENT

DATED _____, 2020,

BETWEEN

CITY OF TACOMA, WASHINGTON
ACTING BY AND THROUGH ITS PUBLIC UTILITIES BOARD

AND

KEY GOVERNMENT FINANCE, INC.

RELATING TO

\$ _____
CITY OF TACOMA, WASHINGTON
WATER SYSTEM SUBORDINATE REVENUE
REFUNDING BOND, SERIES 2020

§ _____

**CITY OF TACOMA, WASHINGTON
WATER SYSTEM SUBORDINATE
REVENUE REFUNDING BOND, SERIES 2020

CONTINUING COVENANT AGREEMENT**

This CONTINUING COVENANT AGREEMENT (as supplemented and amended hereafter, this “Agreement”) is entered into on _____, 2020, by and between the **CITY OF TACOMA, WASHINGTON** (the “City”), a municipal corporation duly organized and existing under the laws of the State of Washington, acting by and through its Public Utilities Board, and **KEY GOVERNMENT FINANCE, INC.** (together with its successors and assigns, in such capacity, the “Purchaser”).

RECITALS:

WHEREAS, the City has authorized the issuance of its Water System Subordinate Revenue Refunding Bond, Series 2020 in the principal amount of \$ _____ (the “Bond”) pursuant to Ordinance No. ____ adopted by the City Council on _____, 2020 (the “Bond Ordinance”); and

WHEREAS, proceeds of the Bond will be used to defease and refund, on a current basis, the City's Water System Revenue Refunding Bonds, Series 2010A, issued pursuant to Ordinance No. 27902, passed on July 20, 2010, and to pay costs of issuance of the Bond; and

WHEREAS, the Purchaser is willing to purchase the Bond and the City is willing to sell the Bond to the Purchaser subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and the Purchaser hereby agree as follows:

Section 1. Definitions. Capitalized terms not otherwise defined herein, including in the recitals hereto which are incorporated into this Agreement by reference, shall have the meanings given in the Bond Ordinance.

Section 2. Agreement to Purchase and Sell. Upon the terms and conditions and upon the basis of the representations set forth herein, the Purchaser hereby agrees to purchase from the City, and the City hereby agrees to sell and deliver to the Purchaser, the Bond as evidence of a loan made by the Purchaser to the City. Schedule A attached hereto, which is incorporated by reference into this Agreement, contains a brief description of the Bond, the purchase price to be paid and the date of delivery and payment therefor (the “Closing”).

Proceeds of the Bond shall be used to defease and refund, on a current basis, the City's Water System Revenue Refunding Bonds, Series 2010A, issued pursuant to Ordinance No. 27902, passed on July 20, 2010, and to pay costs of issuance of the Bond.

The Bond shall bear interest at the interest rate set forth in Schedule A (the "Interest Rate"), subject to the Default Rate (as defined herein). The principal of and accrued interest on the Bond shall be payable in lawful money of the United States of America by check, warrant, ACH transfer or by other means mutually acceptable to the Purchaser and the City, without the need for presentation or surrender of the Bond, on the dates set forth in Schedule A and in the payment schedule attached to the Bond.

Section 3. Representations of the City. The City represents to the Purchaser as follows:

(a) The City is a duly created and existing municipal corporation under the constitution and laws of the State.

(b) The Bond Ordinance has been duly enacted by the Council, has not been amended (except as described herein), modified, rescinded or superseded, and is a legal, valid and binding obligation of the City. The City is not in breach of or in default under the Bond Ordinance.

(c) The City has full legal right, power and authority under the constitution and the laws of the State to enter into and to perform, and has duly authorized the execution and delivery of this Agreement. When executed and delivered, this Agreement will be a legal, valid and binding obligation of the City.

(d) The City is duly authorized and has full legal right, power and authority to issue, sell and deliver the Bond to be purchased by the Purchaser and, when issued and delivered, the Bond will be a legal, valid, binding and enforceable obligation of the City.

(e) The City is duly authorized and has full legal right, power and authority to undertake the transactions contemplated by the Bond Ordinance and this Agreement.

(f) The officials of the City executing this Agreement, the Bond and any other documents and certificates related thereto to be delivered at the time of Closing, have been or will have been duly elected or appointed and are or will be qualified to serve as such officials of the City, and are or will be, duly authorized to execute and deliver such documents on behalf of the City.

(g) This Agreement and the Bond do not and will not conflict with or create a breach or default under any existing law, regulation, order or agreement to which the City is subject or by which it is bound.

(h) No governmental or public agency approval, consent, permit or authorization other than the Bond Ordinance and the resolution adopted by the City's Public Utilities Board on _____, 2020 is required in connection with the sale of the Bond to the Purchaser.

(i) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the acceptance of this Agreement, the passage of the Bond Ordinance or the execution and delivery of the Bond, or the collection and application of the Gross Revenue of the Water System as contemplated by the Bond Ordinance and this Agreement, that, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under this Agreement and the Bond.

(j) The City has never non-appropriated or defaulted on any of its payment or performance obligations or covenants, under any of its bonds, notes, leases, or other obligations of indebtedness for which its revenues or general credit are pledged.

(k) The City's audited financial statements for the Water System as of and for the fiscal year ended December 31, 2018, is a fair presentation of the financial position of the Water System as of the date indicated and the results of its operations and changes in its fund balances for the periods specified. Since December 31, 2018, there has been no material adverse change in the condition, financial or otherwise, of the Water System from that set forth in the audited financial statements as of and for the period ended that date; and the Water System has not incurred since December 31, 2018, any material liabilities, directly or indirectly, except in the ordinary course of its operations.

(l) The City will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bond to be applied or results in such proceeds being applied in a manner other than as provided in the Bond Ordinance.

(m) Each representation, warranty or agreement stated in any certificate signed by any official of the City and delivered to the Purchaser in connection with the transactions contemplated by the Bond Ordinance and this Agreement, at or before the Closing, shall constitute a representation, warranty or agreement by the City upon which the Purchaser shall be entitled to rely.

(n) The City is not currently, nor has it been at any time, in default in the payment of the principal of or interest on any obligation issued by it.

(o) The Bond will not be (i) assigned a separate rating by any rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP service.

Section 4. Representations of the Purchaser. The Purchaser does hereby represent that:

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including lending to political subdivisions and the purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the risks and merits represented by the loan represented by the purchase of the Bond.

(b) The Purchaser has authority to purchase the Bond and to execute this Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bond.

(c) The Purchaser is a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended.

(d) The Purchaser understands that an official statement, prospectus, offering circular, or other comprehensive offering statement has not been provided with respect to the Bond. The Purchaser has made its own inquiry and analysis with respect to the City, the Bond and the security therefor, and other material factors affecting the security for and payment of the Bond.

(e) The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information, regarding the City, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Bond and the security therefor, so that it has been able to make an informed decision to purchase the Bond; provided, however, that this representation shall not constitute a waiver of any rights or remedies the Purchaser may have with respect to any untrue information it may have received or any material information which was withheld from or omitted from information provided for its review.

(f) The Purchaser understands that the Bond: (i) is not registered under the Securities Act of 1933, as amended, and is not registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (ii) is not listed on any stock or other securities exchange, and (iii) has not been rated by any credit rating agency.

(g) The Bond is being acquired by the Purchaser at the price of par for its own account and not with a present view toward resale or distribution; provided, the Bond shall be transferrable without the consent of the City so long as such transfer is (i) made to either a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an “accredited investor” by virtue of being a “bank,” as defined in Section 3(a) (2) of the Securities Act of 1933, as amended (the “Securities Act”), (ii) made in compliance with this Agreement, the Bond Ordinance and all federal and state securities laws, (iii) the Purchaser provides written notice to the Bond Registrar of any such transfer prior to such transfer, and (iv) the subsequent purchaser executes an investor letter in substantially the form attached hereto as Exhibit A. The Purchaser also acknowledges that any transfer of the Bond which fails to comply with this provision and the transfer limitations set forth herein shall be null and void.

So long as no Event of Default has occurred, the Purchaser shall serve as servicing agent for any transferee or participant of the Bond, so that the City shall be required to make payment to, provide notice and otherwise deal only with the Purchaser with respect to matters that arise under this financing, including this Agreement, the Bond and the Bond Ordinance. Notwithstanding the preceding sentence, notice of such transfer or participation shall be provided to the Bond Register noting the servicing role of the Purchaser.

(h) Purchaser (i) is an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Purchaser is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph.

5. Conditions to Closing. As conditions to the Purchaser's obligation to make the loan hereunder:

(a) From the time of the execution and delivery of this Agreement to the date of Closing, there shall not have been, in the reasonable judgment of the Purchaser, any (i) material adverse change in the financial condition or general affairs of Water System including, without limitation, (1) any information contained in the City's audited financial statements for the Water System of and for the fiscal year ended December 31, 2018, and (2) any information known to the City relating to its financial condition or general affairs that the City believes may give rise to such a material adverse change, or (ii) event, court decision, proposed law or rule that may have the effect of changing the contemplated transactions.

(b) At the Closing, the City will deliver or make available to the Purchaser:

(i) the Bond, in definitive form, duly executed;

(ii) a certificate from authorized officials of the City, in form and substance acceptable to the Purchaser, to the effect that the representations of the City contained in this Agreement are true and correct as of the Closing;

(iii) the approving legal opinion, dated the date of Closing, of Pacifica Law Group LLP, Bond Counsel, addressed to the City and the Purchaser;

(iv) a certified copy of the Bond Ordinance;

(v) an executed counterpart of this Agreement;

(vi) an executed copy of the Federal Tax Certificate;

(vii) an Information Return for Tax-Exempt Bond Issues (Internal Revenue Service Form 8038 G), in a form satisfactory to Bond Counsel for filing, executed by a duly authorized officer of the City;

(viii) a transcript of all proceedings relating to the authorization and issuance of the Bond; and

(ix) such additional certificates, instruments and other documents as the Purchaser may deem necessary with respect to the issuance and sale of the Bond, all in form and substance satisfactory to the Purchaser.

6. Continuing Covenants of the City. So long as the Bond is outstanding, the City hereby covenants and agrees as follows:

(a) The City will deliver or make available to the Purchaser (i) the City's audited financial statements for the Water System no later than 270 days after the end of each fiscal year, beginning with its fiscal year ended December 31, 2019; (ii) the City's proposed budget for the Water System promptly after it is adopted; and (iii) such other information respecting the affairs, condition and/or operations, financial or otherwise, of the City and the Water System as the Purchaser may from time to time reasonable request.

(b) The City will provide the Purchaser prompt notice of any event or of any litigation or proceeding that is likely to have a material adverse impact on the financial condition of the Water System.

(c) The Net Revenue of the Water System in each fiscal year will be at least equal to the Coverage Requirement.

(d) The City covenants to comply with the terms of Senior Bond Ordinances.

(e) The City shall not issue any obligations or bonds on a parity of lien on the Net Revenues with the Bond without first satisfying the Subordinate Bonds Parity Requirement. Nothing in this Agreement shall restrict or prohibit the City from issuing additional bonds or obligations for refunding purposes or that are subordinate to the lien on Net Revenue of the Bond as further provided in the Bond Ordinance.

Section 7. Fees and Expenses. The City will pay the cost of the fees and disbursements of Bond Counsel; the fees and disbursements of counsel to the Purchaser, Davis Wright Tremaine LLC, the fees of the financial advisor to the City; and miscellaneous expenses of the City incurred in connection with the offering and delivery of the Bond.

The Purchaser will pay all reasonable direct "out-of-pocket" expenses incurred by the Purchaser, and all costs relating to the wiring of federal funds to purchase the Bond.

The obligation of the City to pay the above-described expenses and fees, except the fees of Purchaser's counsel, shall survive termination of this Agreement or the failure to consummate the transactions described herein. The City shall have no obligation to pay the fees of Purchaser's counsel if this Continuing Covenant Agreement is terminated prior to Closing.

Section 8. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" hereunder:

(a) failure to pay, or cause to be paid, when due any payment of the principal of or interest on the Bond;

(b) failure to comply with its obligations, or to perform any of its duties, under the Bond Ordinance or this Agreement, which failure continues and is not cured for

a period of more than 60 days after the Purchaser has made written demand to the City to cure such failure;

(c) insolvency of the City,

(d) unsatisfied judgment against City with respect to the Water System, in excess of \$10,000,000, or

(e) material misrepresentation to Purchaser by the City in the purchase of the Bond, as reasonably concluded by the Purchaser after investigation and discussion with the City.

Upon the occurrence of any Event of Default and until such time as such Event of Default has been remedied or waived in writing by the Purchaser, at the election of the Purchaser, the interest rate on the Bond shall be increased to the Default Rate. The Default Rate shall be a rate equal to the Interest Rate plus 300 basis points (3.00%). Notwithstanding the foregoing, the Bond shall not be subject to acceleration prior to maturity.

If the rate of interest on the Bond shall ever exceed the maximum rate allowed by law, such excess interest shall be deferred until such date that the interest rate calculated thereunder ceases to exceed such maximum rate. If there remains any excess interest owed hereunder after termination of the Bond the City shall pay such interest as a fee to the Purchaser.

Section 9. Fees and Expenses. If the Purchaser incurs any expenses in connection with the enforcement of the payment of the Bond or other provisions of any related document, the City shall pay the Purchaser's reasonable costs and expenses, including reasonable attorney's fees.

Section 10. Waiver of Jury Trial. IN THE EVENT THAT A DISPUTE BECOMES THE SUBJECT OF A JUDICIAL ACTION, TO THE EXTENT PERMITTED BY LAW, EACH PARTY HERETO WAIVES ITS RIGHT TO A JURY TRIAL OF ANY AND ALL CLAIMS OR CAUSES OF ACTION BASED UPON OR ARISING OUT OF THIS CONTINUING COVENANT AGREEMENT AND THE RELATED DOCUMENTS, TO THE FULLEST EXTENT PERMITTED BY LAW. IT IS HEREBY ACKNOWLEDGED THAT THE WAIVER OF A JURY TRIAL IS A MATERIAL INDUCEMENT FOR THE PURCHASER TO PURCHASE THE BOND AND THAT THE EXECUTION AND DELIVERY OF THIS CONTINUING COVENANT AGREEMENT BY THE CITY AND THE PURCHASER IS MADE IN RELIANCE UPON SUCH WAIVER. EACH PARTY HERETO FURTHER WARRANTS AND REPRESENTS THAT SUCH WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE FOLLOWING CONSULTATION WITH ITS RESPECTIVE LEGAL COUNSEL.

Section 11. Survival. This Agreement is intended to benefit only the parties hereto, and the City's representations and warranties shall survive any investigation made by or for the Purchaser, delivery and payment for the Bond, and the termination of this Agreement.

Section 12. Entire Agreement. This Agreement constitutes the complete and entire agreement between the City and the Purchaser and all prior communications and correspondence between the City and the Purchaser with respect to the subject matter of this Agreement, whether written or oral, are hereby superseded by this Agreement.

Section 13. Severability. The invalidity or unenforceability of any provision hereof as to any one or more jurisdictions shall not affect the validity or enforceability of the balance of this Agreement as to such jurisdiction or jurisdictions, or affect in any way such validity or enforceability as to any other jurisdiction.

Section 14. Waiver or Modification; Amendments. No waiver, modification or amendment of any one or more of the terms and conditions of this Agreement, the Bond Ordinance or the Bond shall be valid unless in writing and signed by the party or parties making such waiver or agreeing to such modification or amendment.

Section 15. Disputes; Venue. Any disputes or legal actions arising out of the transaction shall be brought in the courts of Pierce County, Washington, and each party, to the fullest extent permitted by law, shall consent to the jurisdiction of such courts.

Section 16. Governing Law. The validity, interpretation and performance of this Agreement shall be governed by the laws of the State of Washington.

Section 17. Notices. All notices, requests, etc. required hereunder shall be sent to the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

If to the Purchaser, to:

Key Government Finance, Inc.
1000 S. McCaslin Blvd.
Superior, CO 80027
Attention: Account Manager
janice.a.thoman@key.com
Tel: (720) 304-1636

If to the City, to:

City of Tacoma
3628 South 35th Street
Tacoma, Washington 98409
Attention:
Tel: (253)
Email:

Section 18. Headings. The captions in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

Section 19. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one instrument, and shall become effective when copies hereof which, when taken together, bear the signatures of all of the parties hereto shall be delivered to the City and the Purchaser.

Section 20. Washington Statutory Notice. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITY OF TACOMA, WASHINGTON

By: _____

Name:

Its:

KEY GOVERNMENT FINANCE INC.

By: _____

Name: Its:

[signature page to Continuing Covenant Agreement]

Schedule A

I. Principal Amount of the Bond: \$_____

II. Purchase Price of the Bond: \$_____

III. Maturity Date: December 1, 2023.

IV. Interest Rate: Tax-exempt interest rate of [1.40]%, subject to the Default Rate. Interest will be calculated on a 30/360 day basis.

V. Debt Service Schedule: Interest payable semi-annually on each June 1 and December 1, beginning on December 1, 2020, and principal payable annually beginning December 1, 2020, each according to the following schedule.

[schedule to be added]

VI. Prepayment. The Bond may be prepaid prior to maturity, in whole at any time with a penalty of three percent (3%) in the first year, two percent (2%) in the second year, one percent (1%) in the third year, and with no penalty thereafter. The penalty shall be based on the outstanding principal balance at the time of prepayment. Prepayment shall include interest accruing to the date of prepayment.

VII. Closing Date: _____, 2020.

VIII. Other Terms: The Bond shall have such other terms and provisions as are provided in the Bond Ordinance and this Agreement.

IX. Default Rate: Interest Rate plus 300 basis points (3.00%).

EXHIBIT A
FORM OF
INVESTOR LETTER

_____, 20____

City of Tacoma
Tacoma, Washington

Re: City of Tacoma, Washington, Water System Subordinate Revenue Refunding
Bond, Series 2020

Ladies and Gentlemen:

The undersigned, on behalf of the Purchaser and not in his/her individual capacity, hereby represents that _____ (the “Purchaser”) has made such investigation of the information furnished to it by the City of Tacoma, Washington (the “City”) relating to its Water System Subordinate Revenue Refunding Bond, Series 2020, issued in the principal amount \$ _____ (the “Bond”), pursuant to Ordinance No. _____, passed by the City Council of the City on _____ (the “Bond Ordinance”) as it has deemed necessary. Capitalized terms used in this letter have the meanings given such terms in the Bond Ordinance.

In connection with the acquisition of the Bond by the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The undersigned is a duly appointed, qualified and acting representative of the Purchaser and is authorized to cause the Purchaser to make the certifications and representations contained herein by execution of this letter on behalf of the Purchaser.

2. We understand that the Bond has not been registered pursuant to the Securities Act of 1933, as amended (the “Securities Act”), the securities laws of any state nor has the Bond Ordinance been qualified pursuant to the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. We acknowledge that the Bond (i) is not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (ii) will not be listed on any securities exchange, and (iii) will not carry a rating from any rating service.

3. We have not offered, offered to sell, offered for sale or sold any interest in the Bond by means of any form of general solicitation or general advertising, and we are not an underwriter of the Bond within the meaning of Section 2(11) of the Securities Act.

4. We have sufficient knowledge and experience in financial and business matters, including lending to political subdivisions and the purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the risks and merits represented by the loan represented by the purchase of the Bond.

5. We have authority to purchase the Bond and to execute this letter and any other instruments and documents required to be executed by the purchaser in connection with the purchase of the Bond.

6. The Purchaser is a “qualified institutional buyer” as defined in Rule 144A promulgated under the Securities Act or is a commercial bank organized under the laws of the United States, or any state thereof.

7. Purchaser (i) is an entity directly or indirectly controlled by a bank or under common control with a bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, and (ii) the present intent of the Purchaser is to hold the municipal securities to maturity or earlier redemption or mandatory tender. Any placement agent, broker or financial advisor may rely upon the representations and warranties contained in this paragraph

8. The Purchaser understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Bond. The undersigned has made its own inquiry and analysis with respect to the City, the Bond and the security therefor, and other material factors affecting the security for and payment of the Bond.

9. The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information, regarding the City, and has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the City, the Bond and the security therefor, so that it has been able to make an informed decision to purchase the Bond; provided, however, that this representation shall not constitute a waiver of any rights or remedies the Purchaser may have with respect to any untrue information it may have received or any material information which was withheld from or omitted from information provided for its review.

10. The Bond is being acquired by the Purchaser at the price of par for its own account and not with a present view toward resale or distribution; provided, the Bond shall be transferrable without the consent of the City so long as such transfer is (i) made to either a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act of 1933, as amended, or an “accredited investor” by virtue of being a “bank,” as defined in Section 3(a) (2) of the Securities Act of 1933, as amended (the “Securities Act”), (ii) made in compliance with the Bond Ordinance and all federal and state securities laws, (iii) the Purchaser provides written notice to the Bond Registrar of any such transfer prior to such transfer, and (iv) the subsequent purchaser executes an investor letter in substantially the same form as this

letter. The Purchaser also acknowledges that any transfer of the Bond which fails to comply with this provision and the transfer limitations set forth herein shall be null and void.

Very truly yours,

[_____]

By:_____

Name: _____

Title:_____