
NOTE PURCHASE AGREEMENT

May 21, 2020,

between

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

and

KEYBANK NATIONAL ASSOCIATION

relating to

\$100,000,000
CITY OF TACOMA ELECTRIC SYSTEM
SUBORDINATE REVENUE NOTE, SERIES 2020 (TAXABLE)

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NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT (as supplemented and amended hereafter, this “Agreement”) is entered into on May 21, 2020, by and between the CITY OF TACOMA, WASHINGTON (the “Borrower”), a municipal corporation duly organized and existing under the laws of the State of Washington, acting by and through its Public Utilities Board, and KEYBANK NATIONAL ASSOCIATION (together with its successors and assigns, in such capacity, the “Purchaser”).

RECITALS

WHEREAS, the Purchaser has agreed to extend a revolving line of credit to the Borrower in order to provide general credit and liquidity for the Electric System (as defined herein); and

WHEREAS, pursuant to Ordinance No. 28295, passed by the City Council on April 21, 2015 (as amended, supplemented and restated, the “Master Subordinate Ordinance”), and Ordinance No. 28669 passed by the City Council on May 5, 2020 (as the same may be amended, modified or restated in accordance with the terms thereof and hereof, the “Supplemental Ordinance” and together with the Master Subordinate Ordinance, the “Note Ordinance”), the City has authorized the issuance of its Electric System Subordinate Revenue Note, Series 2020 (Taxable) (the “Note”) to evidence the line of credit; and

WHEREAS, the Purchaser is willing to purchase the Note and make Advances (as defined herein) thereunder and the Borrower is willing to sell the Note 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 Borrower and the Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Certain Defined Terms. The capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Note Ordinance. In addition, the following capitalized terms shall have the following meanings as used herein:

“*Advance Date*” means each date on which an Advance occurs.

“*Advances*” means, collectively, each Advance made by the Purchaser pursuant to the terms hereof.

“*Agreement*” means this Note Purchase Agreement, as it may be amended and supplemented.

"Amortization End Date" means the earliest to occur of (a) the fifth (5th) anniversary of the Mandatory Tender Date, and (b) the date on which the Note is redeemed, repaid, prepaid or cancelled in accordance with the terms hereof and of the Note Ordinance.

"Amortization Payment" has the meaning set forth in Section 3.01(a) hereof.

"Amortization Payment Date" means (a) the Initial Amortization Payment Date and each anniversary of the Initial Amortization Payment Date occurring thereafter which occurs prior to the Amortization End Date and (b) the Amortization End Date.

"Amortization Period" has the meaning set forth in Section 3.01(a) hereof.

"Available Commitment" means, on any date, an initial amount equal to the Initial Available Commitment and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to the principal amount of any Advance pursuant to the terms hereof; (b) upward in an amount equal to the principal amount of the Note repaid by the Borrower pursuant to the terms of Section 2.05 hereof; and (c) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; provided, that, after giving effect to any of the foregoing adjustments the Available Commitment shall never exceed the Initial Available Commitment at any one time.

"Bank Agreement" means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for bonds or notes of the Borrower secured by or payable from Revenues.

"Benchmark Replacement" means [REDACTED]

[REDACTED]

“Benchmark Replacement Adjustment” means, with respect to any replacement of LIBOR with an Unadjusted Benchmark Replacement for each applicable LIBOR Interest Rate Period, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Purchaser, in consultation with the Borrower and subject to any amendment necessary to effect the Benchmark Replacement as contemplated in Section 2.07(a) and (c) hereof, giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of LIBOR with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities at such time. If the Purchaser and the Borrower have entered into a Related Swap, in selecting the spread adjustment, or method for calculating or determining such spread adjustment, as described above, the Purchaser shall also give due consideration to any Related Swap and the benchmark rate set forth therein, as the same may be replaced or amended in connection with a Benchmark Transition Event or otherwise, and any spread adjustment related thereto, and the timing thereof. Notwithstanding the foregoing, the Purchaser makes no representation nor guaranty of any kind that the alternate benchmark rate for the Note, or the date it becomes effective, shall be the same as the benchmark rate of the Related Swap or the date of effectiveness thereof.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “LIBOR Interest Rate Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Purchaser decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Purchaser in a manner substantially consistent with market practice (or, if the Purchaser decides that adoption of any portion of such market practice is not administratively feasible or if the Purchaser determines that no market practice for the administration of the Benchmark Replacement exists, in such other manner of administration as the Purchaser decides is reasonably necessary in connection with the administration of this Agreement). Any determination, decision or election made by the Purchaser in relation to Benchmark Replacement Conforming Changes shall be made in consultation with the Borrower and subject to any amendment necessary to effect the Benchmark Replacement as contemplated in Section 2.07(a) and (c) hereof.

“Benchmark Replacement Date” means the earlier to occur of the following events with respect to LIBOR:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of LIBOR permanently or indefinitely ceases to provide LIBOR; or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

“*Benchmark Transition Event*” means the occurrence of one or more of the following events with respect to LIBOR:

(a) a public statement or publication of information by or on behalf of the administrator of LIBOR announcing that such administrator has ceased or will cease to provide LIBOR, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR, the U.S. Federal Reserve System, an insolvency official with jurisdiction over the administrator for LIBOR, a resolution authority with jurisdiction over the administrator for LIBOR or a court or an entity with similar insolvency or resolution authority over the administrator for LIBOR, which states that the administrator of LIBOR has ceased or will cease to provide LIBOR permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide LIBOR; or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of LIBOR announcing that LIBOR is no longer representative.

“*Benchmark Transition Start Date*” means (a) in the case of a Benchmark Transition Event, the earlier of (i) the applicable Benchmark Replacement Date and (ii) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication), and (b) in the case of an Early Opt-in Election, the date specified by the Purchaser by notice to the Borrower.

“*Benchmark Unavailability Period*” means, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR and solely to the extent that LIBOR has not been replaced with a Benchmark Replacement (or if the parties have not reached agreement on the amendment necessary to effect the Benchmark Replacement as contemplated in Section 2.07(a) and (c) hereof), the period beginning at the time that such Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced LIBOR for all purposes hereunder in accordance with Section 2.07 hereof (or if the parties have not reached agreement on the amendment necessary to effect the Benchmark Replacement as contemplated in Section 2.07(a) and (c) hereof), and ending at the time that a Benchmark Replacement has replaced LIBOR for all purposes hereunder pursuant to Section 2.07.

“*Borrower*” means the City of Tacoma, a municipal corporation duly organized and existing under the laws of the State of Washington, acting by and through its Public Utilities Board, and any permitted successor or assign thereof hereunder.

“*Borrower Representative*” means any person authorized from time to time in writing by the Borrower, or its successors and assigns, to perform a designated act or execute a designated document, including but not limited to the Designated Representatives identified in the Note Ordinance.

“*Business Day*” means a day which is (a) not a Saturday, Sunday or legal holiday on which banking institutions in Tacoma, Washington or New York, New York or the states where the principal corporate office of the Borrower or the principal corporate trust office of the Paying Agent is located are authorized by law to close, (b) not a day on which the New York Stock Exchange or the Federal Reserve Bank is closed, (c) not a day on which the principal offices of the Calculation Agent or the principal office of the Purchaser is closed or (d) with respect to all notices and determinations in connection with, and payments of principal and interest on, the Note, any day that is a Business Day described in clauses (a), (b) and (c) and that is also a day for trading by and between banks in Dollar deposits in the London interbank market.

“*Calculation Agent*” means KeyBank National Association.

“*Closing*” means the date of issuance and delivery of the Note as described in Section 2.02 hereof.

“*Code*” means the Internal Revenue Code of 1986, as amended, and, where appropriate any statutory predecessor or any successor thereto.

“*Commitment*” means the agreement of the Purchaser pursuant to Section 2.02 hereof to make Advances against the Note under the terms hereof for the account of the Borrower the proceeds of which shall be used for the purpose of (a) providing funds to finance and refinance costs and expenses of the Electric System and (b) paying the costs and expenses of issuance of the Note, including fees for professional services.

“*Commitment Fee*” has the meaning set forth in Section 3.01(b) hereof.

“*Commitment Expiration Date*” means the later of (a) 5:00 p.m. New York City time on the May 21, 2022, and (b) 5:00 p.m. New York City time on the last day of any extension of such date pursuant to Section 3.09 hereof or, if such last day is not a Business Day, the Business Day next preceding such day.

“*Compliance Certificate*” means a certificate substantially in form of Exhibit A hereto.

“*Computation Date*” means, with respect to an Advance, the second London Banking Day immediately preceding each Libor Index Reset Date; provided that, if there are no Advances outstanding, then with respect to a new Advance, the initial Computation Date shall be the second London Banking Day immediately preceding the date of such Advance.

“*Controlled Group*” means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

“*Debt*” of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (d) all obligations of such Person as lessee under capital leases, (e) all Debt of others secured by a lien on any asset of such Person, whether or not such Debt is assumed by such Person, (f) all Guarantees by such Person of Debt of other Persons, (g) all payment obligations of such Person under any Swap Agreement, and (h) obligations of such Person to reimburse or repay any bank or other Person amounts paid or advanced under a Bank Agreement.

“*Default*” means any event or condition which, with notice, the passage of time or any combination of the foregoing, would constitute an Event of Default.

“*Default Rate*” means, [REDACTED]

“*Dollar*”, “*USD*”, “*\$*” and “*U.S. Dollar*” means the lawful currency of the United States of America.

“*Early Opt-in Election*” means the occurrence of: (a) a determination by the Purchaser that at least five currently outstanding U.S. dollar denominated syndicated or bilateral credit facilities at such time contain (as a result of amendment or as originally executed) as a benchmark interest rate, in lieu of LIBOR, a new benchmark interest rate to replace LIBOR, and (b) the election by the Purchaser to declare that an Early Opt-in Election has occurred and the provision by the Purchaser of written notice of such election to the Borrower.

“*Effective Date*” means May 21, 2020, subject to the satisfaction or waiver by the Purchaser of the conditions precedent set forth in Article IV hereof.

“*Electric System*” has the meaning set forth in the Note Ordinance.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, and regulations thereunder, in each case as in effect from time to time. References to Sections of ERISA shall be construed also to refer to any successor Sections.

“*Event of Default*” with respect to this Agreement has the meaning set forth in Section 7.01 of this Agreement and, with respect to any Related Document, has the meaning assigned therein.

“*Excess Interest Amount*” has the meaning set forth in Section 3.03 hereof.

“*Excluded Taxes*” means, with respect to the Purchaser, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Purchaser is organized or in which Borrower is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located.

“*Executive Order*” has the meaning set forth in Section 5.23 hereof.

“*Federal Funds Effective Rate*” means, [REDACTED]

“*Federal Reserve Bank of New York’s Website*” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“*Fiscal Year*” means the twelve month period from January 1 through the following December 31.

“*FRB*” means the Board of Governors of the Federal Reserve System of the United States, together with any successors thereto.

“*Generally Accepted Accounting Principles*” or “*GAAP*” means generally accepted accounting principles in effect from time to time in the United States and applicable to entities such as the Borrower.

“*Governmental Authority*” means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

“*Guarantee*” means, as to any Person, any (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt payable by another Person (the “*primary obligor*”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt, or (ii) to purchase or lease property for the purpose of assuring the obligee in respect of such Debt of the payment of such Debt, or (b) any Lien on any assets of such Person securing any Debt of any other Person, whether or not such Debt is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “*Guarantee*” as a verb has a corresponding meaning.

“*Indemnified Taxes*” means Taxes imposed on Purchaser other than Excluded Taxes.

“*Indemnitee*” has the meaning set forth in Section 8.01 hereof.

“*Index Rate*” means the LIBOR Index Rate or the Default Rate, as applicable.

“*Index Reset Date*” means the LIBOR Index Reset Date.

“*Initial Amortization Payment Date*” means the first anniversary day following the Mandatory Tender Date.

“*Initial Available Commitment*” means \$100,000,000.

“*Interest Payment Date*” means the first Business Day of each calendar month and the Termination Date.

“*Liabilities*” has the meaning set forth in Section 8.01 hereof.

“*LIBOR Business Day*” means a day on which (a) banks are not required or authorized to close in Cleveland, Ohio, and (b) dealings are carried on in the London interbank Eurodollar market.

“*LIBOR Fixed Rate*” means [REDACTED]

“*LIBOR Interest Rate Period*” means a period of one month, not to exceed the Commitment Expiration Date of the Note, or the Amortization End Date, should the Amortization Period be applicable.

“*LIBOR Index Rate*” [REDACTED]

“*LIBOR Index Reset Date*” shall mean the first Business Day of each calendar month.

“*Lien*” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Mandatory Tender Date” means the date on which the Note is subject to mandatory tender for purchase, which shall be on the Commitment Expiration Date.

“Mandatory Tender Price” means an amount equal to 100% of the principal amount of the Note subject to mandatory tender for purchase on the Mandatory Tender Date and accrued interest thereon, if applicable.

“Margin Stock” has the meaning ascribed to such term in Regulation U promulgated by the FRB, as now and hereafter from time to time in effect.

“Market Disruption” means any material event in the financial markets, including but not limited to any governmental action or other event, which materially adversely affects the extension of credit by banks or other lending institutions to government borrowers.

“Master Subordinate Ordinance” has the meaning set forth in the recitals of this Agreement.

“Material Adverse Effect” means (a) a change in, or an effect upon, the operations, business, properties, liabilities (actual or contingent), or condition (financial or otherwise) of the Borrower which materially impairs its ability to make payments due under this Agreement; or (b) any material term of this Agreement or any Related Document or any material rights, security or remedies of the Purchaser hereunder or thereunder shall no longer be legal, valid, binding or enforceable against the Borrower.

“Maximum Interest Rate” means the maximum rate of interest on the relevant obligation permitted by applicable law.

“Note Counsel” means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, selected by the Borrower, of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions.

“Note Ordinance” means the Master Subordinate Ordinance and the Supplemental Ordinance.

“Note” means the Electric System Subordinate Revenue Note, Series 2020 (Taxable), issued on the Effective Date by the Borrower to the Purchaser as the registered owner, which evidences and secures each Advance made under this Agreement.

“Obligations” means all amounts payable by the Borrower pursuant to this Agreement and the Related Documents.

“OFAC” has the meaning set forth in Section 5.17 hereof.

“Other Taxes” has the meaning set forth in Section 3.05(a) hereof.

“Paying Agent” means initially the City Treasurer of the City of Tacoma appointed as paying agent/registrar pursuant to the Note Ordinance and Section 6.07, hereof, and its successors and assigns.

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

“*PBGC*” means the Pension Benefit Guaranty Corporation or any successor thereto.

“*Permitted Investments*” shall have the meaning set forth in the Master Subordinate Ordinance.

“*Person*” means any individual, corporation, not for profit corporation, partnership, limited liability company, joint venture, association, professional association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other form of entity.

“*Plan*” means, with respect to the Borrower at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and either (i) is maintained, or has within the preceding five plan years been maintained, by a member of the Controlled Group for employees of a member of the Controlled Group of which the Borrower is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Borrower is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

“*Property*” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

“*Purchaser*” means, initially, KeyBank National Association, a national banking association, and its permitted successors and assigns.

“*Related Documents*” means this Agreement, the Note Ordinance, and the Note, as the same may be amended, modified or supplemented in accordance with the terms thereof and hereof.

“*Related Swap*” means an interest rate Swap Agreement or other interest rate derivative that relates to the Note.

“*Relevant Governmental Body*” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“*Request for Advance*” means the request for an Advance against the Note by the Purchaser, in the form of Exhibit B hereto.

“*Revenues*” has the meaning set forth in the Note Ordinance.

“*Senior Bond Ordinance*” means the Ordinance No. 28146, passed by the City Council on April 30, 2013, as amended and supplemented from time to time.

“*SOFR*” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“*State*” means the State of Washington.

“*Subordinate Debt*” means any Debt issued or incurred by or on behalf of the Borrower and secured on a parity with, the Lien on Revenues securing the payment of the principal and purchase price of and interest on the Note and the obligations under this Agreement, including but not limited to, all Subordinate Bonds issued pursuant to the Master Subordinate Ordinance.

“*Supplemental Ordinance*” has the meaning set forth in the recitals of this Agreement.

“*Swap Agreement*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Term SOFR*” means the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“*Taxes*” means all taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Termination Date*” means the Commitment Expiration Date, as such date may be extended pursuant to Section 3.09 hereof.

“*Unadjusted Benchmark Replacement*” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

“*Unutilized Amount*” means, as of any date, an amount equal to the Available Commitment on such date.

Section 1.02. Computation of Time Periods. In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.03. Construction. Unless the context of this Agreement otherwise clearly requires, references to the plural include the singular, to the singular include the plural and to the part include the whole. The word “including” shall be deemed to mean “including but not limited to,” and “or” has the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereunder” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. The Section headings contained in this Agreement and the table of contents preceding this Agreement are for reference purposes only and shall not control or affect the construction of this Agreement or the interpretation thereof in any respect. Section, subsection and exhibit references are to this Agreement unless otherwise specified.

Section 1.04. Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP. If, after the Effective Date, there shall occur any change in GAAP from those used in the preparation of the financial statements referred to in Section 6.04 hereof and such change shall result in a change in the method of calculation of any financial covenant, standard or term found in this Agreement, either the Borrower or the Purchaser may by notice to the other party hereto, require that the Purchaser and the Borrower negotiate in good faith to amend such covenants, standards, and terms so as equitably to reflect such change in accounting principles, with the desired result being that the criteria for evaluating the financial condition of the Borrower shall be the same as if such change had not been made. No delay by the Borrower or the Purchaser in requiring such negotiation shall limit their right to so require such a negotiation at any time after such a change in accounting principles. Until any such covenant, standard, or term is amended in accordance with this Section 1.04, financial covenants shall be computed and determined in accordance with GAAP in effect prior to such change in accounting principles.

Section 1.05. Relation to Other Documents; Acknowledgment of Different Provisions of Related Documents; Incorporation by Reference.

(a) Nothing in this Agreement shall be deemed to amend, or relieve the Borrower of its obligations under, any Related Document.

(b) All references to other documents shall be deemed to include all amendments, modifications and supplements thereto to the extent such amendment, modification or supplement is made in accordance with the provisions of such document and this Agreement.

ARTICLE II

ISSUANCE OF NOTE AND ADVANCES

Section 2.01. Issuance of Note; Commitment to Make Advances.

(a) From the Effective Date through the Termination Date, and upon and subject to the terms and conditions and on the basis of the representations, warranties and agreements contained herein, the Purchaser hereby agrees, when requested by the Borrower pursuant to this Agreement, to make Advances from time to time (but in no event more than two (2) per calendar month) in an aggregate principal amount not to exceed the Available Commitment, and the Borrower hereby agrees to issue the Note in an aggregate principal amount equal to \$100,000,000, to the Purchaser, under the terms and conditions of the Note Ordinance to evidence and secure the Advances.

The Note is authorized pursuant to the Note Ordinance, and is to be issued only for the purposes authorized under the Note Ordinance. The Note is issued as "Subordinate Bonds" under the Note Ordinance and, pursuant to the Note Ordinance, the principal of and interest on the Note is payable from and secured by a subordinate lien on and pledge of Revenues, subject to the terms and conditions of the Note Ordinance. The Note shall contain a schedule on which each Advance shall be recorded by the Purchaser; *provided, however*, that the failure to do so or any other act or omission of the Purchaser shall not relieve the Borrower from its obligations as provided herein. Such schedule shall be conclusive as to such amounts absent manifest error.

(b) The amount available for Advances as of the Effective Date is \$100,000,000.00.

(c) The obligations of the Borrower under this Agreement shall (i) be evidenced and secured by the Note, which will be delivered to the Purchaser on the Effective Date, (ii) be secured by the Revenues as set forth in the Note Ordinance, and (iii) mature on the Commitment Expiration Date. Each Advance made under this Agreement shall be in a minimum principal amount of \$100,000. Interest on each Advance shall be calculated on the basis of a year of 360 days and actual days elapsed from the Advance Date.

Section 2.02. Closing. At such date and time as shall have been mutually agreed upon by the Borrower and the Purchaser, the certificates, opinions and other documents required by Article IV below shall be executed and delivered (all of the foregoing actions are herein referred to collectively as the "*Closing*"). Assuming the Closing is completed in accordance with the provisions of this Agreement then, subject to the provisions of this Agreement and the conditions set forth in Article IV hereof the Purchaser shall make Advances upon the request of the Borrower pursuant to Section 2.03 hereof.

Section 2.03. Method of Requesting Advances.

(a) Each Advance shall be made upon the Borrower's irrevocable notice to the Purchaser in the form of a Request for Advance with blanks appropriately completed. Each Request for Advance shall be signed by a Borrower Representative and shall specify: (1) the Advance Date which shall be a LIBOR Business Day and shall be at least three (3) LIBOR Business Days after the date of the Request for Advance; and (2) the principal amount of the Advance, which shall not exceed the Available Commitment as of the proposed Advance Date. Each Request for Advance must be received by the Purchaser not later than 12:00 noon Cleveland time three LIBOR Business Days immediately prior to the requested Advance Date.

(b) Upon receipt of a Request for Advance by the Purchaser, the Purchaser, subject to the terms and conditions of this Agreement, shall be required to make an Advance by 3:00 p.m. Cleveland time on the proposed Advance Date for the account of the Borrower in an amount equal to the amount of the requested Advance. Notwithstanding the foregoing, in the event such Request for Advance is received by the Purchaser after 12:00 noon Cleveland time on the Business Day which is three (3) LIBOR Business Days immediately prior to the day of the proposed Advance, the Purchaser shall be required to make the related Advance by 3:00 p.m. on the fourth LIBOR Business Day after receipt of the related Request for Advance. The Purchaser shall determine the LIBOR Index Rate with respect to any Advance two Business Days prior to the related Advance Date.

(c) The initial Index Rate for any Advance shall be the LIBOR Index Rate. The Calculation Agent shall notify the Paying Agent and the Borrower of the LIBOR Index Rate with respect to each LIBOR Index Reset Date. The Calculation Agent's internal records and applicable interest rates shall be determinative in the absence of manifest error. If the Borrower requests an Advance with waiver of the at least three (3) LIBOR Business Days period before the date of the Request for Advance, and Purchaser is agreeable to such waiver of said three (3) LIBOR Business Days period, then during such period between the date of the actual date of Advance, and the date for which the Advance would be available absent such waiver by Purchaser, the Index Rate for said period shall be the Prime Rate. "Prime Rate" means the rate per annum from time to time established by the Purchaser as Purchaser's Prime Rate, whether or not such rate is publicly announced; the Prime Rate may not be the lowest interest rate charged by the Lender for commercial or other extensions of credit. In the event of any change in the Prime Rate, the rate of interest applicable to the Note shall be adjusted to immediately correspond with each such change. In the event that the Prime Rate is below zero, then for computation of the Prime Rate the parties shall use zero

Section 2.04. Interest Rate.

(a) Each Advance shall bear interest at a rate per annum equal to the lesser of (1) the Maximum Interest Rate and (2) the Index Rate.

(b) Any principal of, and to the extent permitted by applicable law, interest on the Note and any other sum payable hereunder, which is not paid when due shall bear interest, from the date due and payable until paid, payable on demand, at a rate per annum equal to the lesser of (i) the Default Rate and (ii) the Maximum Interest Rate.

Section 2.05. Payment.

(a) Accrued but unpaid interest on the Note shall be due and payable on each Interest Payment Date. All outstanding principal of Advances, and any accrued and unpaid interest, shall be due and payable on the Termination Date. Interest due and payable on the Note shall be equal to the amount accrued to, but excluding the related payment date. If the payment date for the principal of or interest on the Note is a day other than a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended period of time shall be included in the computation of interest; *provided, however*, the

payment of interest on the Note on such extended date shall have the same force and effect as if made on the original payment date.

(b) The Borrower may prepay any Advance, in whole or in part, on the LIBOR Index Reset Date provided at least three (3) Business Days' prior written notice is given by the Borrower to the Purchaser. Each such notice shall specify the date and amount of such prepayment. Each such notice of optional prepayment shall be irrevocable and shall bind the Borrower to make such prepayment in accordance with such notice. Any prepayment of Advances shall be in a principal amount of \$100,000 or a whole multiple of \$100,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. All prepayments of principal shall include accrued interest to the date of prepayment and all other amounts due and payable at such time pursuant to this Agreement.

Section 2.06. Index Rate Period. Each Advance shall bear interest at an Index Rate, subject to adjustment as set forth herein. The Calculation Agent shall determine the Index Rate on each Computation Date with respect to each Advance, and such rate shall become effective on the Index Reset Date next succeeding the Computation Date and interest at such rate shall accrue each day with respect to such Advance, commencing on and including the next succeeding Index Reset Date to but excluding the immediately succeeding Index Reset Date. The Index Rate shall be rounded upward to the fifth decimal place. Promptly following the determination of the Index Rate, the Calculation Agent shall give notice thereof to the Paying Agent and the Borrower.

Section 2.07. Effect of Benchmark Transition Event.

(a) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in any other Related Document, upon the determination by the Purchaser (which shall be conclusive absent manifest error) that a Benchmark Transition Event or an Early Opt-in Election has occurred, as applicable, the Purchaser and the Borrower may amend this Agreement to replace the LIBOR Fixed Rate with a Benchmark Replacement. Any such amendment will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Purchaser and the Borrower execute such amendment (or such later date as the Purchaser and Borrower shall designate in such amendment as the effective date of the Benchmark Replacement). No replacement of LIBOR Fixed Rate with a Benchmark Replacement pursuant to this Section will occur prior to the applicable Benchmark Transition Start Date.

(b) *Benchmark Replacement Conforming Changes.* In connection with the implementation of a Benchmark Replacement, the Purchaser and the Borrower acknowledge the possible need to make Benchmark Replacement Conforming Changes to this Agreement from time to time and, notwithstanding anything to the contrary herein or in any other Related Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective as provided in such amending document.

(c) *Notices; Standards for Decisions and Determinations.* The Purchaser will promptly notify the Borrower in writing of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date and Benchmark Transition Start Date, (ii) the implementation of any Benchmark Replacement, (iii) the need for and the effectiveness of any Benchmark Replacement Conforming Changes and

(iv) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election pursuant to clauses (i) and (iv) that may be made by the Purchaser pursuant to this Section, will be conclusive and binding absent manifest error and may be made in the Purchaser's sole discretion and without consent from the Borrower. Action pursuant to clauses (ii) and (iii) shall be made in accordance with the amending document entered into between the Purchaser and the Borrower.

(d) *Benchmark Unavailability Period.* Upon the Borrower's receipt of notice from the Purchaser of the commencement of a Benchmark Unavailability Period, the Index Rate shall

ARTICLE III

THE BORROWER'S OBLIGATIONS

Section 3.01. Payment Obligations.

(a) The Note shall be subject to mandatory tender for purchase at the Mandatory Tender Price on the Mandatory Tender Date, which shall be on the Commitment Expiration Date. In the event the Purchaser has not received the Mandatory Tender Price on the Mandatory Tender Date, the Borrower shall cause the Note to be redeemed on the Mandatory Tender Date.

Upon ninety (90) days prior written notice to Purchaser by Borrower of the Mandatory Tender Date, if (i) no Default or Event of Default shall have occurred and be continuing, (ii) no Market Disruption has occurred, and (iii) the representations set forth in Article V shall be true and correct on, and shall be deemed to have been made on, the Mandatory Tender Date except to the extent that any such representations expressly relate to an earlier date), then the Borrower may request in writing to the Purchaser to pay the outstanding principal amount of the Note to be redeemed in installments payable on each Amortization Payment Date (each such payment, an "Amortization Payment"), with the final installment in an amount equal to the entire then outstanding principal amount of the Note to be redeemed on the Amortization End Date (the period commencing on the Mandatory Tender Date and ending on the Amortization End Date is herein referred to as the "Amortization Period"). Each Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Amortization Payments over the Amortization Period. During the Amortization Period, interest on the Note shall accrue at the Index Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a 360 day year and actual days elapsed. If the Purchaser has not consented in writing within thirty (30) days of the Borrower's request to amortize the outstanding principal amount of the Note, the Purchaser shall be deemed to have not consented to such amortization and the Note shall remain subject to mandatory tender for purchase at the Mandatory Tender Price on the Mandatory Tender Date.

(b) The Borrower shall pay or cause to be paid to the Purchaser arrears on the first Business Day of each May, August, November, and February, commencing on August 1, 2020, and on the Termination Date, a non-refundable commitment fee (the "Commitment Fee") in an amount equal to the product of (i) the daily average Unutilized Amount during the related

quarterly period (and from the Effective Date for the August 1, 2020, payment), and (ii) thirty-five (35) basis points.

(c) The Borrower shall pay within thirty (30) days after demand:

(i) if an Event of Default shall have occurred, all costs and expenses of the Purchaser in connection with the enforcement (whether by means of legal proceedings or otherwise) of any of its rights under this Agreement, the other Related Documents and such other documents which may be delivered in connection therewith;

(ii) a fee for each amendment to this Agreement or any consent or waiver by the Purchaser requested by the Borrower hereunder, in each case, in an amount of \$1,000; and

(iii) any amounts advanced by or on behalf of the Purchaser to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Related Document, together with interest at the Default Rate.

Section 3.02. Reserved.

Section 3.03. Maximum Interest Rate.

(a) If the amount of interest payable for any period in accordance with the terms hereof or the Note exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Maximum Interest Rate, then interest for such period shall be payable in an amount calculated at the Maximum Interest Rate.

(b) Any interest that would have been due and payable for any period but for the operation of the immediately preceding subclause (a) shall accrue and be payable as provided in this subclause (b) and shall, less interest actually paid to the Purchaser for such period, constitute the "Excess Interest Amount." If there is any accrued and unpaid Excess Interest Amount as of any date, then the principal amount with respect to which interest is payable shall bear interest at the Maximum Interest Rate until payment to the Purchaser of the entire Excess Interest Amount.

(c) Notwithstanding the foregoing, on the date on which no principal amount with respect to the Note remains unpaid, the Borrower shall pay to the Purchaser a fee equal to any accrued and unpaid Excess Interest Amount.

Section 3.04. Reserved.

Section 3.05. Net of Taxes, Etc.

(a) Any and all payments to the Purchaser by the Borrower hereunder or with respect to the Note shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes. If the Borrower shall be required by law to deduct or withhold any Indemnified Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or with respect to the Note, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Purchaser

receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If the Borrower shall make any payment under this Section to or for the benefit of the Purchaser with respect to Indemnified Taxes and if the Purchaser shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Purchaser to any taxing jurisdiction in the United States of America then the Purchaser shall pay to the Borrower an amount equal to the amount by which such other taxes are actually reduced; *provided*, that the aggregate amount payable by the Purchaser pursuant to this sentence shall not exceed the aggregate amount previously paid by the Borrower with respect to such Indemnified Taxes. In addition, the Borrower agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States from any payment made hereunder or under the Note or from the execution or delivery of this Agreement or the Note, or otherwise with respect to this Agreement or the Note (hereinafter referred to as “*Other Taxes*”). The Purchaser shall provide to the Borrower within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by the Borrower to the Purchaser hereunder; *provided*, that the Purchaser’s failure to send such notice shall not relieve the Borrower of its obligation to pay such amounts hereunder.

(b) The Borrower shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Purchaser for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Purchaser or any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; *provided*, that the Borrower shall not be obligated to pay the Purchaser for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Purchaser’s gross negligence or willful misconduct. The Purchaser agrees to give notice to the Borrower of the assertion of any claim against the Purchaser relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided*, that the Purchaser’s failure to notify the Borrower promptly of such assertion shall not relieve the Borrower of its obligation under this Section. Payments by the Borrower pursuant to this Section shall be made within thirty (30) days from the date the Purchaser makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Purchaser agrees to repay to the Borrower any refund (including that portion of any interest that was included as part of such refund) with respect to Indemnified Taxes or Other Taxes paid by the Borrower pursuant to this Section received by the Purchaser for Indemnified Taxes or Other Taxes that were paid by the Borrower pursuant to this Section and to contest, with the cooperation and at the expense of the Borrower, any such Indemnified Taxes or Other Taxes which the Purchaser or the Borrower reasonably believes not to have been properly assessed.

Section 3.06. Obligations Absolute. The payment obligations of the Borrower under this Agreement shall be absolute and unconditional and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(a) any lack of validity or enforceability of this Agreement, the Note or any of the Related Documents;

(b) any amendment or waiver of or any consent to departure from all or any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right which the Borrower may have at any time against the Purchaser or any other person or entity, whether in connection with this Agreement, the Related Documents, the transactions contemplated herein or therein or any unrelated transaction; or

(d) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

Notwithstanding this Section, the Borrower shall have the right to bring a collateral action with respect to one or more of the foregoing circumstances.

Section 3.07. Funding Indemnity. In the event the Purchaser shall incur any loss, cost, or expense (including any loss, cost, or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired or contracted to be acquired by the Purchaser to purchase or hold the Note or the relending or reinvesting of such deposits or other funds or amounts paid or prepaid to the Purchaser) as a result of any redemption or conversion of the Note on a date other than a Libor Index Reset Date for any reason, whether before or after default, and whether or not such payment is required by any provision of this Agreement or the Note Ordinance, then upon the demand of the Purchaser, the Borrower shall pay to the Purchaser a redemption or conversion premium, as applicable in such amount as will reimburse the Purchaser for such loss, cost, or expense. If the Purchaser requests such redemption or conversion premium, as applicable it shall provide to the Borrower a certificate setting forth the computation of the loss, cost, or expense giving rise to the request for such redemption or conversion premium, as applicable in reasonable detail and such certificate shall be conclusive if reasonably determined.

Section 3.08. Reserved.

Section 3.09. Extension of Commitment Expiration Date. In the event that the Purchaser and the Borrower wish to extend the Commitment Expiration Date, on or before the date one hundred twenty (120) days prior to the current Commitment Expiration Date, the Borrower may provide written notice to the Purchaser of its desire to extend the Commitment Expiration Date and requesting the Purchaser to continue to hold the Note and make Advances thereunder. By providing notice to the Purchaser, the Borrower shall be deemed to represent that (a) no Default or Event of Default has occurred and is continuing, (b) no event has occurred and is continuing that is reasonably likely to result in a Material Adverse Effect and (c) all representations of the Borrower made in this Agreement are true and correct and are deemed to be made as of the date of such request.

The Purchaser will make reasonable efforts to respond to such request within sixty (60) days after receipt of all information necessary, in the Purchaser's reasonable judgment, to permit the Purchaser to make an informed credit decision. The Purchaser may, in its sole and absolute

discretion, decide to accept or reject any such request and no consent shall become effective unless the Purchaser shall have consented thereto in writing. In the event the Purchaser fails to definitively respond to such request within such sixty (60) day period, the Purchaser shall be deemed to have refused to grant such request.

Upon the Purchaser's acceptance of such request, the Purchaser and the Borrower may extend the Commitment Expiration Date by delivering a notice (an "*Extension Notice*") executed by the Borrower and the Purchaser to the Paying Agent not less than twenty (20) days prior to the date on which such extension is to be effective, as specified in such notice. The consent of the Purchaser, if granted, shall be conditioned upon adoption of an ordinance approving such extension and the preparation, execution and delivery of documentation and opinions in form and substance satisfactory to the Purchaser.

Section 3.10. Illegality. If the Purchaser determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Purchaser to make, maintain or fund any Advance whose interest is determined by reference to LIBOR, or to determine or charge interest rates based upon LIBOR, or any Governmental Authority has imposed material restrictions not now in force on the authority of the Purchaser to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by the Purchaser to the Borrower, any obligation of the Purchaser to make Advances shall be suspended until the Purchaser notifies the Borrower that the circumstances giving rise to such determination no longer exist, or the Index Rate has been revised in accordance with Section 2.07, hereof. Upon receipt of such notice, the Index Rate shall be revised in accordance with Section 2.07, hereof.

ARTICLE IV

CONDITIONS PRECEDENT TO PURCHASE OF NOTE

Section 4.01. Closing Requirements. The obligation of the Purchaser to purchase the Note is subject to the following conditions precedent.

- (a) At the Closing, the City will deliver or make available to the Purchaser:
 - (i) the Note, 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 (A) there has been no event or circumstance since December 31, 2018, that has had or is reasonably likely to have, either individually or in the aggregate, a Material Adverse Effect, (B) that the representations contained in Article V hereof and the Related Documents are true and correct in all material respects on the Effective Date and (C) no event has occurred and is continuing, or would result from entry into this Agreement, which would constitute a Default or Event of Default;
 - (iii) an approving legal opinion of Note Counsel, dated the Effective Date, addressed to the City and the Purchaser, in form and substance acceptable to the Purchaser;
 - (iv) a certified copy of the Note Ordinance;

(a) the representations of the Borrower set forth in Article V of this Agreement shall be true and correct in all material respects on and as of such Advance Date, and shall be deemed to have been made on such Advance Date;

(b) no Default or Event of Default shall have occurred and be continuing on such Advance Date;

(c) after giving effect to such Advance, the aggregate principal amount of all Advances shall not exceed the Available Commitment on such date prior to such Advance; and

(d) the Purchaser shall have received a Request for Advance as required under, and in strict conformity with, Section 2.03 hereof.

ARTICLE V

REPRESENTATIONS

The Borrower makes the following representations to the Purchaser:

Section 5.01. Existence and Power. The Borrower is a municipal corporation duly organized, validly existing and in good standing under the laws of the State and has the power and authority to execute and deliver this Agreement and to execute or enact the other Related Documents, to perform its obligations hereunder and thereunder, and to conduct the business of the Borrower as presently conducted.

Section 5.02. Due Authorization. The execution and delivery by the Borrower of this Agreement and the other Related Documents have been duly authorized by all necessary action of the Borrower, and no further approval, authorization or consents are required by law or otherwise. This Agreement and the other Related Documents constitute the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. Each of the Agreement and the other Related Documents will be in full force and effect on the Effective Date.

Section 5.03. Noncontravention; Compliance with Law. Neither the execution and delivery by the Borrower of this Agreement and the other Related Documents, nor the consummation of the transactions herein and therein contemplated, nor compliance with the provisions hereof or thereof will constitute a material breach or violation of any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Borrower or of the provisions of any ordinance, resolution, instrument or agreement to which the Borrower is a party or is subject, or by which it or its property is bound, or conflict in any material respect with or constitute a material default under or result in the creation or imposition of any Lien pursuant to the terms of any such ordinance, resolution, instrument or agreement.

Section 5.04. Pending Litigation and Other Proceedings. There is no action, suit or proceeding pending before any Governmental Authority with jurisdiction over the Borrower in which service of process has been completed against the Borrower or, to the knowledge of the

Borrower, any other action, suit or proceeding threatened in writing before any Governmental Authority with jurisdiction over the Borrower, in either case against the Borrower or any of its properties or revenues, or any of the Related Documents, which if determined adversely to the Borrower is reasonably likely to result in a Material Adverse Effect.

Section 5.05. Financial Statements. The audited financial statements of the Borrower's Electric System as at December 31, 2018, and the related consolidated statement of activities and changes in net assets and the consolidated statement of cash flows for the Fiscal Year then ended, and accompanying notes thereto, which financial statements, accompanied by the audit report of Moss Adams LLP, nationally recognized independent public accountants, previously furnished to the Purchaser, fairly present the financial condition of the Borrower's Electric System in all material respects as of such dates and the results of its operations for the periods then ended in conformity with GAAP. Since December 31, 2018, there has been no material adverse change in the financial condition of the Borrower's Electric System that is reasonably likely to result in a Material Adverse Effect.

Section 5.06. Employee Benefit Plan Compliance. The Borrower has no funding liability or obligation currently due and payable with respect to any employee benefit plan which is reasonably likely to result in a Material Adverse Effect. The Borrower and each employee benefit plan of the Borrower is in compliance in all material respects with the terms of any such plan and applicable law related thereto. Neither the Borrower nor a member of the Controlled Group is subject to ERISA or maintains a Plan.

Section 5.07. No Defaults. No default by the Borrower has occurred and is continuing in the payment of the principal of or premium, if any, or interest on any Subordinate Debt including regularly scheduled payments on any Swap Agreements which constitute Subordinate Debt. No bankruptcy, insolvency or other similar proceedings pertaining to the Borrower are pending or presently contemplated. No Default or Event of Default has occurred and is continuing hereunder. No "default" or "event of default" under, and as defined in, any of the Related Documents has occurred and is continuing. The Borrower is not presently in default under any material agreement to which it is a party which is reasonably likely to have a Material Adverse Effect. The Borrower is not in violation of any material term of the City Charter or any material term of any bond indenture or agreement to which it is a party or by which any of its Property is bound which is reasonably likely to result in a Material Adverse Effect.

Section 5.08. Borrower Information. No fact is known to the Borrower which it has not disclosed to the Purchaser that in Borrower's determination is likely to result in a Material Adverse Event.

Section 5.09. Investment Company. The Borrower is not an "investment company" or a company "controlled" by an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Section 5.10. Margin Stock. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds from the issuance of the Note will be used to purchase or carry any such Margin Stock or extend credit to others for the purpose of purchasing or carrying any such Margin Stock.

Section 5.11. Reserved.

Section 5.12. Usury. None of the Related Documents provide for any payments that would violate any applicable law regarding permissible maximum rates of interest.

Section 5.13. Security. The Note Ordinance creates, for the benefit of the owners of the Note, the legally valid and binding Lien on the Revenues. Other than the Lien on Revenues created in favor of the Senior Bonds and the outstanding Subordinate Debt, there is no Lien on the Revenues senior or on a parity with the lien, respectively, created by the Note Ordinance to secure the payment of the Note and the Obligations hereunder. The payment of the Note ranks on a parity with the payment of the principal and purchase price of and interest on all Subordinate Debt and is not subordinate to any payment secured by a lien on the Revenues or any other claim, other than parity debt issued under the Senior Bond Ordinance, and is prior as against all other Persons having claims of any kind in tort, contract or otherwise, whether or not such Persons have notice of such lien, other than parity debt issued under the Senior Bond Ordinance. No filing, registration, recording or publication of the Note Ordinance or any other instrument is required to establish the pledge provided for thereunder or to perfect, protect or maintain the Lien created thereby on the Revenues to secure the Note and the other Obligations. To the extent that any Obligation or other amount so payable hereunder does not rank on a parity with the payment of the principal and purchase price of and interest on all Subordinate Debt, such Obligation or other amount so payable shall be payable as Operating Expenses by the Borrower to the extent permitted by law.

Section 5.14. Environmental Matters. The operations of the Electric System are in material compliance with all of the requirements of applicable federal, state and local environmental, health and safety statutes and regulations and are not the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, where a failure to comply with any such requirement or the need for any such remedial action is reasonably likely to result in a Material Adverse Effect.

Section 5.15. Sovereign Immunity. The Borrower is subject to liability for damages in contract in the manner and to the extent provided by the laws of the State. The Borrower is subject to claims and to suit for money damages in connection with or under this Agreement pursuant to and in accordance with the laws of the State applicable to municipal corporations.

Section 5.16. No Public Vote or Referendum. There is no public vote or referendum pending the results of which are reasonably likely to result in a Material Adverse Effect.

Section 5.17. Anti-Terrorism Laws. The Borrower is not in violation of Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “*Executive Order*”).

(a) The Borrower is not any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Purchaser is prohibited from dealing or otherwise engaging in any transaction by the Executive Order;

(iv) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(v) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(b) The Borrower does not (i) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (a)(ii) above, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Executive Order.

Section 5.18. Swap Agreements. The Borrower has not entered into any Swap Agreement relating to Debt (i) wherein any termination payment thereunder is senior to or on a parity with the payment of the Note or (ii) which requires the Borrower to post cash collateral to secure its obligations thereunder.

Section 5.19. Control of Rates. The Borrower has full and exclusive authority over the Electric System’s rates and charges free from the jurisdiction and control of any federal or state governmental body.

Section 5.20. Certain Definitions. The definitions of each of “Revenues” and “Operating Expenses” as set forth in the Master Subordinate Ordinance are the same in substance as the definitions of each of “Revenues” and “Operating Expenses,” respectively, as set forth in the Senior Bond Ordinance.

Section 5.21. No Fiduciary Relationship. The Borrower acknowledges and agrees that (i) its dealings with the Purchaser are solely in the nature of a debtor/creditor relationship and that in no event shall the Purchaser be considered to be a partner or joint venturer of the Borrower, and (ii) it has independently evaluated the business transaction and has not relied upon, nor will it rely upon, the expertise, advice or other comments or statements of the Purchaser, if any, in deciding to pursue such undertaking.

Section 5.22. Arm's Length Transaction. The transaction described in this Agreement is an arm's length, commercial transaction between the Borrower and the Purchaser in which: (i) the Purchaser is acting solely as a principal (*i.e.*, as a lender) and for its own interest; (ii) the Purchaser is not acting as a municipal advisor or financial advisor to the Borrower; (iii) the Purchaser has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to the Borrower with respect to this transaction (irrespective of whether the Purchaser or any of its affiliates has provided other services or is currently providing other services to the Borrower on other matters); and (iv) the Borrower has consulted with the Borrower's own legal, accounting, tax, financial and other advisors, as the Borrower deems appropriate in connection with this Agreement.

ARTICLE VI

COVENANTS OF THE BORROWER

The Borrower covenants and agrees that:

Section 6.01. Existence, Etc. The Borrower (a) shall maintain its existence pursuant to its City Charter and the laws of the State and (b) shall not liquidate or dissolve, or sell or lease or otherwise transfer or dispose of all or any substantial part of the Electric System or its property, assets or business, or combine, merge or consolidate with or into any other entity.

Section 6.02. Compliance with Laws; Taxes and Assessments. The Borrower shall comply with all laws applicable to it and the Electric System, except where non-compliance could not reasonably be expected to result in a Material Adverse Effect, such compliance to include paying all Taxes imposed upon it or the Electric System before the same become delinquent, unless and to the extent that the same are being contested in good faith and by appropriate proceedings.

Section 6.03. Reports. The Borrower shall furnish to the Purchaser in form and detail satisfactory to the Purchaser:

(a) *Annual Report.* Within 30 days of receipt, the annual audited financial statements of the Borrower together with (1) the opinion of the Borrower's independent accountants and (2) a Compliance Certificate signed by a Borrower Representative (x) stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default and (y) demonstrating compliance with the rate covenant set forth in the Master Subordinate Ordinance. If the annual audited financial statements are not available with 180 days of the Fiscal Year end, the Borrower shall provide the Purchaser the unaudited financial statements within said 180 days.

(b) *Budget.* As soon as available, and in any event within 30 days following the final approval thereof, the annual operating budget of the Borrower.

(c) *Paying Agent Notices.* As soon as available all notices in connection with the Note provided to the Paying Agent other than those that relate solely to the routine issuance and payment of the Note.

(d) *Notice of Resignation of the Paying Agent.* As promptly as practicable, written notice to the Purchaser of the resignation of the Paying Agent immediately upon receiving notice of the same.

(e) *Notice of Default or Event of Default.* (i) Promptly upon obtaining knowledge of any Default or Event of Default, or notice thereof, and in any event within ten (10) Business Days thereafter, a certificate signed by a Borrower Representative specifying in reasonable detail the nature and period of existence thereof and what action the Borrower has taken or proposes to take with respect thereto; (ii) promptly following a written request of the Purchaser, a certificate of a Borrower Representative as to the existence or absence, as the case may be, of a Default or an Event of Default under this Agreement; and (iii) promptly upon obtaining knowledge of any “default” or “event of default” as defined under any Bank Agreement, notice specifying in reasonable detail the nature and period of existence thereof and what action the Borrower has taken or proposes to take with respect thereto.

(f) *Litigation.* As promptly as practicable, written notice to the Purchaser of all actions, suits or proceedings pending against the Borrower of any kind before any Governmental Authority which is reasonably likely to result in a Material Adverse Effect.

(g) *Other Information.* Such other information regarding the business affairs, financial condition and/or operations of the Borrower as the Purchaser may from time to time reasonably request.

Section 6.04. Access to Books and Records. To the extent permitted by law, the Borrower will permit the Purchaser (at the expense of the Purchaser, unless and until a Default or Event of Default has occurred, at which time such expenses shall be borne by the Borrower) to examine the books and financial records (except books and financial records the examination of which by the Purchaser is prohibited by law or by attorney or client privilege), and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Electric System with the Borrower’s principal officials, at such reasonable times and as often as the Purchaser may reasonably request.

Section 6.05. Compliance With Documents. The Borrower agrees that it will perform and comply with each and every material covenant and agreement required to be performed or observed by it in the Note Ordinance, each of the Related Documents and the Senior Bond Ordinance, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein. Notwithstanding any termination or expiration of the Note Ordinance, any Related Document or the Senior Bond Ordinance, the Borrower shall continue to observe the material covenants therein contained for the benefit of the Purchaser until the termination of this Agreement and the payment in full of the Note and all other Obligations.

Section 6.06. Reserved.

Section 6.07. Paying Agent. The City Treasurer of the City of Tacoma is the duly appointed and acting Paying Agent for the Note. The Borrower will not, without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld or delayed) remove or replace the Paying Agent. The Borrower shall at all times maintain a Paying Agent pursuant to the terms of the Note Ordinance that is reasonably acceptable to the Purchaser.

Section 6.08. Liens. The Borrower shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any part of the Revenue provided by the Note Ordinance that is on a parity with the Lien securing the Note and the Obligations, other than (i) Liens created under and in accordance with the terms of the Note Ordinance; (ii) the Liens created for the benefit of the Note and the Obligations and other Subordinate Debt that has heretofore or may hereafter be issued; (iii) Liens permitted under the Senior Bond Ordinance; and (iv) Liens which could not reasonably be expected to materially adversely affect the interests, rights, remedies or security of the Purchaser under this Agreement and the Related Documents.

Section 6.09. Redemptions. The Borrower shall provide thirty (30) days written notice to the Purchaser prior to the date of any proposed optional redemption or purchase in lieu of redemption of Note pursuant to the Note Ordinance.

Section 6.10. Immunity from Jurisdiction. To the fullest extent permitted by law, the Borrower will not assert any immunity it may have as a public entity under the laws of the State from an action at law with respect to the Note, the other Obligations, this Agreement or any Related Document.

Section 6.11. Swap Agreements. Without the prior written consent of the Purchaser, the Borrower will not enter into any Swap Agreement relating to Debt (i) wherein any termination payments thereunder are senior to or on parity with the payment of the Note or the other Obligations or (ii) which requires the Borrower to post cash collateral to secure its obligations thereunder.

Section 6.12. Use of Purchaser's Name. The Borrower shall not use the Purchaser's name in any public offering disclosure document without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld or delayed.

Section 6.13. ERISA. The Borrower shall not be, and shall not permit a member of the Controlled Group to be, subject to ERISA and shall not maintain, nor permit a member of the Controlled Group to maintain, a Plan.

Section 6.14. Reserved.

Section 6.15. Federal Reserve Board Regulations. The Borrower shall not use any portion of the proceeds of the Note for the purpose of carrying or purchasing any Margin Stock and shall not incur any Debt which is to be reduced, retired or purchased by the Borrower out of such proceeds.

Section 6.16. Additional Indebtedness. So long as the Note is outstanding and this Agreement is in effect, the Borrower shall not issue any additional Subordinate Debt except as

permitted by the Master Subordinate Ordinance. Additional Senior Bonds may only be issued in accordance with Article IX of the Senior Bond Ordinance.

ARTICLE VII

EVENTS OF DEFAULT

Section 7.01. Events of Default. The occurrence of any of the following events shall be an “Event of Default” hereunder:

(a) the Borrower shall fail to pay the principal of or interest on the Note when due (whether by scheduled maturity, redemption, required prepayment, or otherwise);

(b) any representation made by the Borrower in this Agreement shall be incorrect or untrue in any material respect when made or deemed to have been made;

(c) the Borrower shall fail to perform, observe, or otherwise comply with any other term, covenant or agreement contained in this Agreement and such failure shall remain unremedied for a period of thirty (30) days after notice thereof by the Purchaser to the Borrower; or

(d) the Borrower shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) become insolvent or shall not pay, or be unable to pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, or (vi) fail to contest in good faith any appointment or proceeding described in this subsection.

Section 7.02. Consequences of an Event of Default. If an Event of Default specified in Section 7.01 hereof shall occur 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,

(a) the interest rate on the Note shall be increased to the Default Rate;

(b) the Purchaser shall not be obligated to honor any requests for Advances from the Borrower;

(c) either personally or by attorney or agent without bringing any action or proceeding, or by a receiver to be appointed by a court in any appropriate action or proceeding, the Purchaser may take whatever action at law or in equity may appear necessary or desirable to collect the amounts due and payable under the Related Documents or to enforce performance or observance of any obligation, agreement or covenant of the Borrower under the Related

Documents, whether for specific performance of any agreement or covenant of the Borrower or in aid of the execution of any power granted to the Purchaser in the Related Documents;

(d) at the expense of the Borrower, cure any Default, Event of Default or event of nonperformance hereunder or under any Related Document; *provided, however*, that the Purchaser shall have no obligation to effect such a cure; and

(e) exercise, or cause to be exercised, any and all remedies as it may have under the Related Documents and as otherwise available at law and at equity.

If the Purchaser incurs any expenses in connection with the enforcement of the payment of the Note or other provisions of any Related Document, the Borrower shall pay the Purchaser's reasonable costs and expenses, including reasonable attorney's fees.

ARTICLE VIII

INDEMNIFICATION; PAYMENT OBLIGATIONS

Section 8.01. Indemnification. In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or at law or in equity, the Borrower hereby agrees (to the extent permitted by law) to indemnify and hold harmless the Purchaser and its officers, directors and agents (each, an "*Indemnitee*") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) which may incur or which may be claimed against an Indemnitee by any Person or entity whatsoever (collectively, the "*Liabilities*") by reason of or in connection with (a) the validity, sufficiency or genuineness of the Related Documents; (b) the execution and delivery of, or payment or failure to pay by any Person (other than the Purchaser, as and when required by the terms and provisions hereof) under, this Agreement; and (c) the use of the proceeds of the Note; *provided, however*, that the Borrower shall be relieved of its obligation to so indemnify and hold harmless the Purchaser if and to the extent that any such claims, damages, losses, liabilities, or costs or expenses are a result of (i) the Purchaser's failure to honor its obligations to make Advances upon the satisfaction of the applicable conditions precedent set forth herein and in accordance with the terms of this Agreement, or (ii) the Purchaser's negligence or willful misconduct.

Section 8.02. Liability of the Borrower. The Borrower and the Purchaser agree that the obligation of the Borrower to pay the Obligations are contractual obligations of the Borrower payable solely from the Revenues and shall not be affected by, and the Purchaser shall not be responsible for, among other things, (i) the validity, genuineness or enforceability of this Agreement, the Note or documents, notices or endorsements relating thereto (even if this Agreement or any documents, notices endorsements relating thereto should in fact prove to be in any and all respects invalid, fraudulent or forged), (ii) the use to which the amounts disbursed by the Purchaser may be put, or (iii) any other circumstances or happenings whatsoever, whether or not similar to any of the foregoing.

Section 8.03. Limited Payment Obligations of Borrower. Notwithstanding any other provision of this Agreement, all obligations of the Borrower to the Purchaser under this

Agreement are limited obligations of the Borrower payable solely from Revenues as provided in the Note Ordinance. The amounts payable hereunder shall not in any manner or to any extent constitute general obligations of the Borrower or of the State or any political subdivision of the State or a charge upon any general fund or upon any moneys or other property of the Borrower or the State or of any political subdivision of the State not specifically pledged thereto by the Note Ordinance or this Agreement. Neither the full faith and credit nor the taxing power of the Borrower, of the State or of any political subdivision the State are pledged to the payment of the Obligations hereunder.

Section 8.04. No Personal Liability of Borrower Officials. No covenant or agreement contained in this Agreement shall be deemed to be the covenant or agreement of any present or future official, officer, agent or employee of the Borrower, in such person's individual capacity, and neither the officials, officers, agents and employees of the Borrower, nor any person executing this Agreement, shall be liable personally hereunder or be subject to any personal liability or accountability by reason hereof.

Section 8.05. Liability of the Purchaser. Neither the Purchaser nor any of its officers, directors, employees, representatives or agents shall be liable or responsible for (i) the use which may be made of the Note or this Agreement or for any acts, omissions, errors, interruptions, delays in transmission, dispatch or delivery of any message or advice, however transmitted, of the Paying Agent in connection with this Agreement or the Note, (ii) the validity, sufficiency or genuineness of documents, or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged by any Person other than the Purchaser, (iv) payment by the Purchaser against presentation of documents which do not comply with the terms of this Agreement or a Request for Advance, or (v) any other circumstances whatsoever in making or failing to make payment under this Agreement or pursuant to a Request for Advance; *provided, however*, that the Borrower shall have a claim against the Purchaser and the Purchaser shall be liable to the Borrower for any and all claims, damages, losses, liabilities and reasonable costs or expenses (including reasonable attorney's fees and expenses) suffered by the Borrower caused by (y) the Purchaser's negligence or willful misconduct in determining whether documents presented under this Agreement comply with the terms of this Agreement or (z) the Purchaser's failure to pay hereunder after the presentation to it of a Request for Advance strictly complying with the terms and conditions of this Agreement; *provided further*, that the Purchaser shall in no event be liable to the Borrower for punitive or consequential damages, and the Borrower hereby waives its right to receive any such damages. In furtherance and not in limitation of the foregoing, the Purchaser may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Patriot Act Notice. The Purchaser hereby notifies the Borrower that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Purchaser to identify the Borrower in

accordance with the Patriot Act. The Borrower hereby agrees that it shall promptly provide such information upon request by the Purchaser.

Section 9.02. Further Assurances. From time to time upon the request of either party hereto, the other shall promptly and duly execute, acknowledge and deliver any and all such further instruments and documents as the requesting party may in its reasonable discretion deem necessary or desirable to confirm this Agreement, and the Related Documents, to carry out the purpose and intent hereof and thereof or to enable the requesting party to enforce any of its rights hereunder or thereunder.

Section 9.03. Amendments and Waivers; Enforcement. The Purchaser and the Borrower may from time to time enter into agreements amending, modifying or supplementing this Agreement or changing the rights of the Purchaser or the Borrower hereunder, and the Purchaser may from time to time grant waivers or consents to a departure from the due performance of the obligations of the Borrower hereunder. Any such agreement, waiver or consent must be in writing and shall be effective only to the extent specifically set forth in such writing. In the case of any such waiver or consent relating to any provision hereof, any Default or Event of Default so waived or consented to shall be deemed to be cured and not continuing, but no such waiver or consent shall extend to any other or subsequent Default or Event of Default or impair any right consequent thereto.

Section 9.04. No Implied Waiver; Cumulative Remedies. No course of dealing and no delay or failure of the Purchaser in exercising any right, power or privilege under this Agreement shall affect any other or future exercise thereof or exercise of any right, power or privilege; nor shall any single or partial exercise of any such right, power or privilege or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Purchaser under this Agreement are cumulative and not exclusive of any rights or remedies which the Purchaser would otherwise have hereunder or under any Related Document, at law or in equity.

Section 9.05. Notices. All notices, requests, demands, directions and other communications (collectively "*notices*") under the provisions of this Agreement shall be in writing (including facsimile communication), unless otherwise expressly permitted hereunder, and shall be sent by first-class mail or overnight delivery and shall be deemed received as follows: (i) if by first class mail, two (2) Business Days after mailing; (ii) if by overnight delivery, on the next Business Day; (iii) if by telephone, when given to a person who confirms such receipt; and (iv) if by facsimile, when confirmation of receipt is obtained; *provided*, that each Request for Advance shall be sent via facsimile or email as provided in Section 2.02(c). All notices shall be sent to the applicable party at the following address or in accordance with the last unrevoked written direction from such party to the other parties hereto:

The Borrower:

[REDACTED]

The Purchaser:

[REDACTED]

The Purchaser with respect to
any Request for Advance:

[REDACTED]

The Purchaser with respect to
Registration of the Note:

[REDACTED]

The Paying Agent:

[REDACTED]

The Purchaser may rely on any notice (including telephone communication) purportedly made by or on behalf of the other, and shall have no duty to verify the identity or authority of the Person giving such notice, unless such actions or omissions would amount to gross negligence or intentional misconduct.

Section 9.06. No Third-Party Rights. Nothing in this Agreement, whether express or implied, shall be construed to give to any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect of this Agreement, which is intended for the sole and exclusive benefit of the parties hereto.

Section 9.07. Severability. The provisions of this Agreement are intended to be severable. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability thereof in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

Section 9.08. Governing Law; Consent to Jurisdiction and Venue; Disclosure.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE.

(b) EACH PARTY HERETO CONSENTS TO AND SUBMITS TO NON-EXCLUSIVE JURISDICTION AND VENUE IN THE STATE AND IN THE FEDERAL DISTRICT COURTS WHICH ARE LOCATED IN THE STATE.

(c) ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Section 9.09. Prior Understandings. This Agreement and the Note supersede all other prior understandings and agreements, whether written or oral, among the parties hereto relating to the transactions provided for herein and therein.

Section 9.10. Counterparts. This Agreement may be executed in any number of counterparts each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

Section 9.11. Waiver of Jury Trial. To the extent permitted by applicable law, each of the parties waives any right to have a jury participate in resolving any dispute, whether sounding

in contract, tort, or otherwise between the parties arising out of, connected with, related to, or incidental to the relationship between any of them in connection with this Agreement or the transactions contemplated hereby. Instead, any such dispute resolved in court will be resolved in a bench trial without a jury.

Section 9.12. EMMA Disclosure. The Purchaser acknowledges that, in connection with the Borrower's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement") entered into by the Borrower pursuant to Securities and Exchange Commission Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the Borrower may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice of the Borrower's incurrence of its obligations under this Agreement and the Note and notice of any accommodation, waiver, amendment, modification of terms or other similar events reflecting financial difficulties in connection with this Agreement and the Note, in each case including a description of the material terms thereof (each such notice, an "EMMA Notice"). The Borrower agrees to not file or submit or permit the filing or submission of any EMMA Notice that includes any of the following unredacted information regarding the Purchaser: physical or mailing addresses, account information, wire transfer instructions, e-mail addresses, telephone numbers, fax numbers, tax identification numbers, or titles or signatures of officers, employees or other signatories. The Borrower acknowledges and agrees that the Purchaser is not responsible in connection with any EMMA Notice relating to this Agreement or the Note for the Borrower's compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with the Rule or any Continuing Disclosure Agreement.

Section 9.13. Successors and Assigns.

(a) *Successors and Assigns Generally.* This Agreement shall be binding upon and shall inure to the benefit of the Borrower and its successors and assigns and the Purchaser and its permitted successors and assigns. Neither party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the other party. The Purchaser may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (b) of this Section.

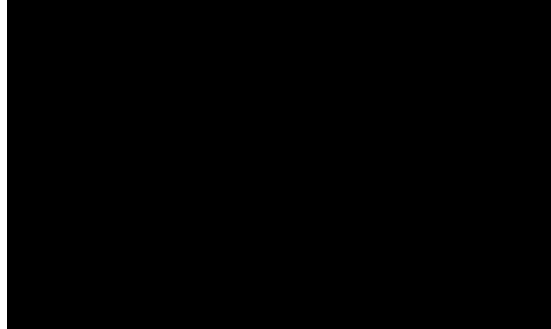
(b) *Participations.* The Purchaser shall have the right to grant participations in all or a portion of the Purchaser's interest in the Note and this Agreement to one or more other banking institutions; *provided, however,* that (i) no such participation by any such participant shall in any way affect the obligations of the Purchaser hereunder and (ii) the Borrower and the Paying Agent shall be required to deal only with the Purchaser, with respect to any matters under this Agreement and the Note and no such participant shall be entitled to enforce any provision hereunder against the Borrower.

(c) *Certain Pledges.* The Purchaser may at any time pledge or grant a security interest in all or any portion of its rights under the Note, this Agreement and the Related Documents to secure obligations of the Purchaser, including any pledge or assignment to secure obligations to the Federal Reserve Bank; *provided* that no such pledge or assignment shall release the Purchaser from any of its obligations hereunder or substitute any such pledgee or assignee for the Purchaser as a party hereto.

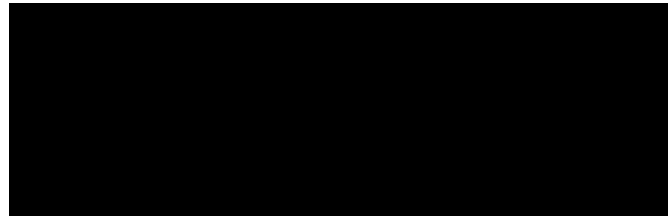
[SIGNATURES BEGIN ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

KEYBANK NATIONAL ASSOCIATION



CITY OF TACOMA, WASHINGTON



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

KEYBANK NATIONAL ASSOCIATION



CITY OF TACOMA, WASHINGTON

