

Proposed Financing Transactions 2024

Tacoma Public Utility Board

\$100 Million Series 2024 Bonds **\$49 Million Refunding Bonds**

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Power Financial Planning Supervisor
October 25, 2023

1

Recommended Financing Plan

- Request approval to issue approximately \$100 million Tacoma Power Electric System Revenue Bonds, Series 2024, to pay down current Wells Fargo Note Purchase Agreement (NPA)
- Plan to issue the new money Revenue Bonds as “Green Bonds”
- Request approval to issue Refunding Bonds of approximately \$49 million to refund the outstanding Tacoma Power 2013A and 2013B Bonds that produce savings

2

Issue Bonds to Pay Down Line of Credit

Wells Fargo Line of Credit

Agreement amount: \$150,000,000

Amount drawn to finance 2021/2022/2023 capital projects:

~\$100,000,000

General Purpose

Interim financing of capital projects

Term: September 2021 – October 1, 2024

Rate: Fixed rate on unused portion and variable formula rate based on SIFMA index for portion used



Issue Bonds to Refund a Portion of the 2013A & 2013B Bonds

2013 A & B Bonds

Principal amount outstanding as of 1/2/2024: **\$112,310,000**

Potential principal amount of

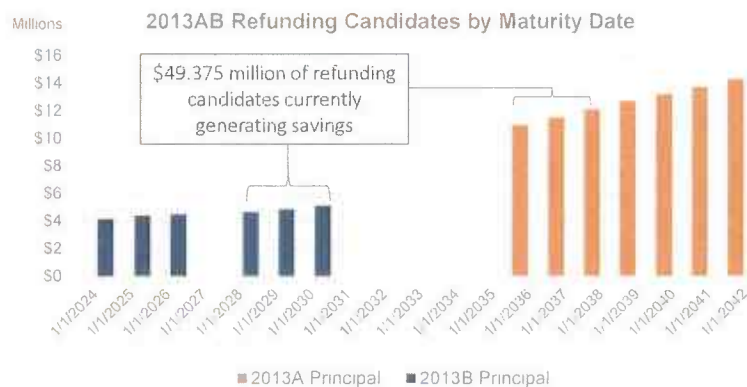
\$49,375,000*

with 5.0% coupon rates that could be refunded for savings

Preliminary present value savings from refunding approximately: **\$3,180,000***

Callable as of July 1, 2023

*as of 10/16/23



Refunding Bonds that Produce a Savings*

Rule of thumb: coupon > yield = savings to Tacoma Power

Maturity Date	Years to Maturity	Refunded Coupon	Refunding Yield*	2013 A/B Principal	2024 Principal*	Approximate Present Value Savings
1/1/28	4	5.00%	3.59%	4,675,000	\$4,205,000	\$470,000
1/1/29	5	5.00%	3.52%	4,905,000	\$4,415,000	\$490,000
1/1/30	6	5.00%	3.56%	5,155,000	\$4,640,000	\$515,000
				\$14,375,000	\$13,260,000	\$1,475,000
1/1/36	12	5.00%	3.79%	10,990,000	\$10,450,000	\$540,000
1/1/37	13	5.00%	3.96%	11,535,000	\$10,965,000	\$570,000
1/1/38	14	5.00%	4.13%	12,115,000	\$11,520,000	\$595,000
				\$34,640,000	\$32,935,000	\$1,705,000
Total				\$49,375,000	\$46,195,000	\$3,180,000

Coupon =
rate of interest
paid to bond
holder

Refunding Yield =
current market
rate of return for
an investor
(= coupon rate /
purchase price)

* Indicative pricing as of 10/16/2023; refunding coupons at 5.00%; subject to change.

Source and Use of Funds

Preliminary estimates as of 10/16/2023; subject to change.

New Money Bonds

Sources of Funds	
New Money Bonds Par Amount	\$97,430,000
Premium	3,084,776
TOTAL SOURCES	\$100,514,776
Use of Funds	
Repay Wells Fargo NPA for 2021/2022/2023 Capital Projects	\$100,000,000
Issuance/Underwriter's Cost	514,776
TOTAL USES	\$100,514,776

Refunding Bonds

Sources of Funds	
Refunding Bonds Par Amount	\$46,195,000
Premium	3,633,089
TOTAL SOURCES	\$49,828,089
Use of Funds	
2013 A/B Bond Principal and Accrued Interest Redemption	\$49,580,729
Issuance/Underwriter's Cost	247,360
TOTAL USES	\$49,828,089
Refunding Statistics	
Refunded Principal Amount	\$49,375,000
Net Present Value Refunding Savings	\$3,180,000
Net Present Value Refunding Savings %	6.44%
Average Annual Savings	\$345,000

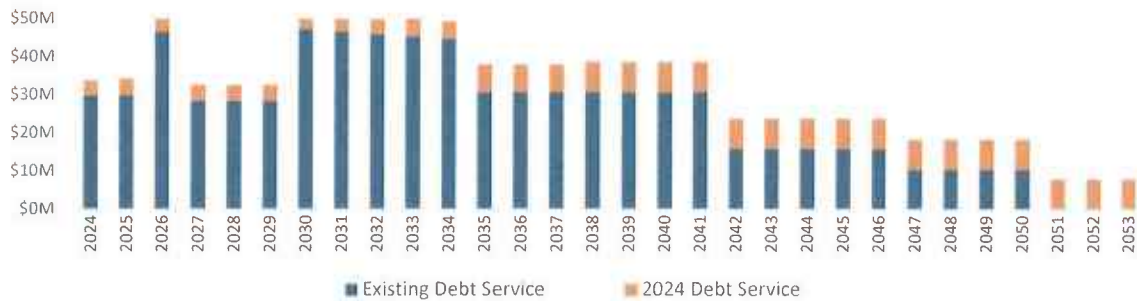
New Debt Service Profile

Bond Summary Statistics*

- True Interest Cost ("TIC"): 4.63%
- Max. Annual Debt Service: \$51,924,774 in 2030
- Average Life: 18.6 years

* Preliminary estimates as of 10/16/2023; subject to change.

Aggregate Debt Service Overview



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Financing Team

Issuer Team Members

Tacoma Power and City Personnel

- Tacoma Power Rates Planning & Analysis team
- Tacoma Power Management
- General Government Finance Staff
- Legal Counsel
- City Treasurer

Municipal Advisor

Montague DeRose & Associates, LLC

Bond Counsel

Pacifica Law Group

Other Team Members

Bond Underwriters

- J.P. Morgan – Senior Underwriter
- Goldman Sachs – Co-Senior Underwriter
- Loop Capital – Co-Manager

Underwriter Counsel

Orrick, Herrington & Sutcliffe

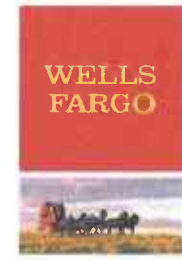
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Other Considerations: Expiring Short-term Agreements

Initiate RFP process for a new short-term tax-exempt financing agreement early 2025

Wells Fargo Agreement expires in October 2024

- Interim capital financing agreement has been a significant part of our financial success
- Plan to use cash to pay off all 2024 interim capital funding from draws on the Wells Fargo agreement at expiration



Replacement of the taxable short-term agreement is not needed at this time

KeyBank Agreement expires in December 2024

- This liquidity agreement is not needed unless Tacoma Power engages in financial hedging in the future



Other Considerations: DSRF and Ratings

Debt Service Reserve Fund (DSRF)

Fund established to ensure payment of principal and interest on certain bonds, if Revenue Funds are insufficient

- Balance as of December 31, 2022
 - Cash: \$4,831,376
 - Surety Policy: \$24,279,910
- Continue to issue long-term debt without DSRF
- Bond Ordinance provides flexibility to issue debt without a DSRF
- Sufficient cash reserves and strong credit fundamentals allow utility to reduce reliance on DSRF
- Many highly rated utilities issue debt without DSRF

Issuing with Two Ratings

Three Ratings are unnecessary

- A third rating is not needed for successful marketing
- There are several municipal utilities with only two ratings
- Reduces over issuance cost

Delegation Parameters

WA State Law Delegation:

- City Council can delegate final approval of bond sale to designated individuals
- Delegation provides flexibility in timing of bond issuance and refunding

Parameters in the 2024 New and Refunding Bond Issues

- Bonds may be issued in one or more series between now and December 31, 2024
- All Bonds issued under the ordinance cannot exceed a total of \$225 million
- The final maturity date for all Bonds cannot be later than January 1, 2054
- The true interest cost for all Bonds cannot exceed 6%
- If Bonds are issued to refund the 2013 Bonds, an aggregate savings of 3% must be met
- Bonds may be sold as "Green Bonds"

Current Schedule

10/25	Public Utility Board Study Session
11/7	Government Performance & Finance Committee (GPFC)
11/15	Public Utility Board – Request Approval of Bond Resolution
11/28	City Council Meeting – 1st Reading
12/5	City Council Meeting – 2nd Reading
12/11	Rating Agency Presentations
1/3	Ratings Received
1/10	Price Bonds and Sign Bond Purchase Agreement
1/31	Closing of 2024 Bonds

Appendix

Delegation Parameters

Proposed Sale Parameter	Estimate as of 10/16/2023	Notes
1. the aggregate principal (face) amount of all Bonds issued under this Supplemental Ordinance does not exceed \$225,000,000	New Money: \$97,430,000 Refunding: \$46,195,000 Total: \$143,625,000	Funding needs of approximately \$100 million for NPA refinancing and \$112 million in total refunding candidates (\$49 million of which currently produce savings). \$225 million covers \$212 million in potential uses with additional room for cost of issuance and variances in premium generated
2. the final maturity date for each series of Bonds is no later than January 1, 2054	January 1, 2054	30-years from issuance date, expected final maturity for new money bonds
3. the aggregate purchase price for the Bonds of a series shall not be less than 98% of the aggregate stated principal amount of such Bonds, excluding any original issue discount, and not greater than 120%	104.418%	Proposed parameters allow for a range of rate movements and couponing structures to accommodate resulting variances in premium
4. the Bonds of each series shall bear interest at fixed rates per annum and the true interest cost for the Bonds of such series (in the aggregate) does not exceed 6.00%	New Money: 4.78% Refunding: 4.09% Total: 4.63%	Proposed parameters allows for flexibility in the event of upward movements in rates or changes in structure. Tax-exempt benchmark rates have increased as much 0.80% in the past three months
5. any series of Bonds or portion of a series of Bonds that are sold for the purpose of defeasing and/or refunding the Refunded Bonds are sold for a price that results in a minimum aggregate net present value debt service savings over the Refunded Bonds to be refunded with the proceeds of such series of at least 3.00%	6.44%	Same 3% threshold as 2021 Ordinance. While recent increases in rates have lowered potential savings, refunding of candidates with higher existing coupons still produces meaningful savings in current market conditions. The 2013 bonds are already callable and potential savings value decreases over time as the candidates approach their maturity dates
Bonds may be issued in one or more series between now and December 31, 2024		Allows for ample time to potentially refund additional candidates in a separate series if rates move lower

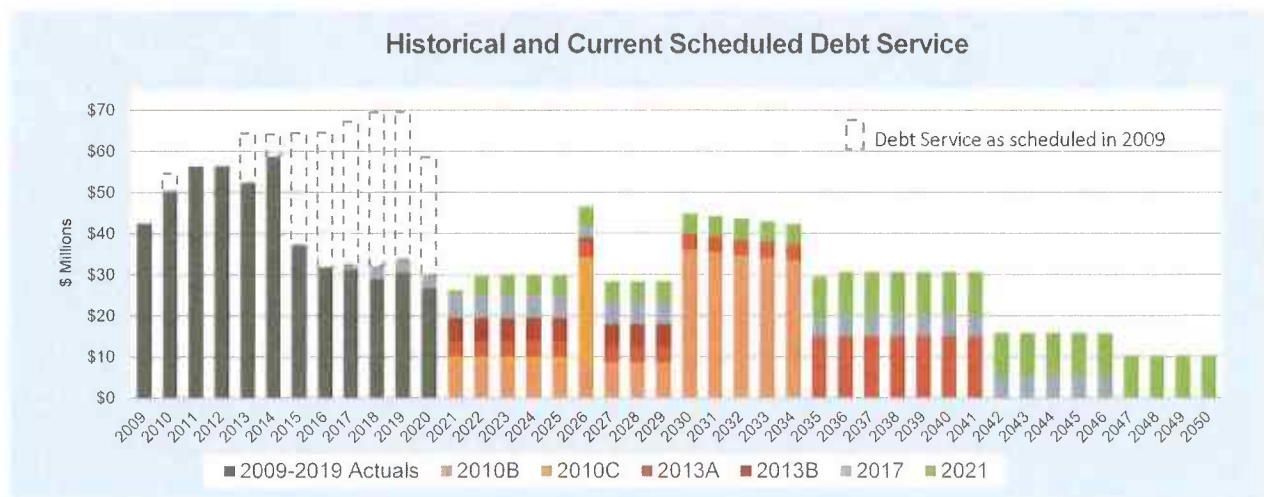
\$150 million Note Purchase Agreement

Wells Fargo Note Purchase Agreement Terms

Commitment Amount	\$150,000,000
General Purpose	Interim Financing of Capital Projects
Term	October 2024 + Extensions as Negotiated
Upfront Fee	None
Undrawn Fee	0.17 bps = .0017 x amount not drawn
Interest Rate	SIFMA Index + 35 bps as of 10/16/2023 = 3.19 + 0.35 = 3.54%
Downgrade Pricing	+ .05 bps on unutilized and utilized fee per downgrade below current ratings
Repayment	Anytime
Minimum Draw Amount	\$5,000,000
Est. Issuance Costs	\$160,000

Active Debt Management

Managing Debt Service produces significant savings



Tacoma Power is Financially Strong

	Moody's	S&P	Fitch
<i>Investment Grade</i>	Aaa	AAA	AAA
	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
	A1	A+	A+
	A2	A	A
	A3	A-	A-
	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
<i>Non-Investment Grade Speculative</i>	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
	B1	B+	B+
	B2	B	B
	B3	B-	B-
	Caa1	CCC+	
	Caa2	CCC	
	Caa3	CCC-	CCC
	Ca	CCC	
	C		DDD
		D	DD
			D

— Target
 Current Tacoma Power Rating

AA credit ratings

- S&P confirmed AA rating in October 2023, Fitch confirmed AA- rating in July 2023

Healthy financial metrics

- Greater than 2.0x Debt Service Coverage Target
- Greater than 180 Days Liquidity Target

Robust reserve fund levels

Strong management team

Flexibility to manage future debt service

Willingness to raise rates when needed



RESOLUTION NO. U-_____

1 A RESOLUTION relating to Tacoma Power; approving a Supplemental Ordinance;
2 authorizing the issuance of one or more series of Electric System Revenue
3 and Refunding Bonds, Series 2024, in the aggregate principal amount of not
4 to exceed \$225,000,000; and approving other matters related thereto.

5 WHEREAS the City of Tacoma, Washington ("City"), by Ordinance
6 No. 23514, passed on November 20, 1985 (as amended and supplemented,
7 including as amended and restated by Ordinance No. 28146, passed on April 30,
8 2013, as amended by Ordinance No. 28444, passed on August 1, 2017, and as
9 amended by Ordinance No. 28773, passed on August 3, 2021 (collectively,
10 "Master Ordinance"), authorized electric system revenue bonds of the City ("Parity
11 Bonds") to be issued in series having a parity of lien and charge on the Revenues
12 of the Electric System after the payment of Operating Expenses (as those terms
13 are defined therein), if certain conditions are met, and made covenants in
14 connection with the issuance of such Parity Bonds, and

15 WHEREAS pursuant to the terms of the Master Ordinance, the City acting
16 through its Department of Public Utilities, Light Division (d/b/a "Tacoma Power"),
17 issued its Electric System Revenue and Refunding Bonds, Series 2013A and
18 Electric System Revenue Refunding Bonds, Series 2013B (together, "2013
19 Bonds"), and

20 WHEREAS the 2013 Bonds may be defeased and/or redeemed in whole or
21 in part, on any day on or after July 1, 2023, at the option of the City, and



1 WHEREAS the Master Ordinance permits the City to issue obligations that
2 are junior and subordinate to the payment of the Parity Bonds subject to the
3 conditions set forth in the Master Ordinance, and

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

8 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
9 No. 28774, passed by the City Council on August 3, 2021, the City issued its
10 Electric System Subordinate Revenue Note, Series 2021 to evidence a revolving
11 line of credit in the principal amount of not to exceed \$150,000,000 outstanding at
12 any time to finance and refinance capital improvements to the Electric System
13 ("2021 Note"), and

14 WHEREAS the 2021 Note is currently scheduled to mature on October 1,
15 2024 and may be prepaid prior to maturity, and

16 WHEREAS the Public Utility Board ("Board") finds that it is in the best
17 interest of Tacoma Power and its ratepayers that the City issue one or more series
18 of Electric System Revenue and Refunding Bonds, Series 2024 ("Bonds") and to
19 use the proceeds of such Bonds to defease and/or redeem all or a portion of the
20 outstanding 2013 Bonds, to finance and/or refinance costs of capital improvements
21 to the Electric System (including prepaying the 2021 Note), and to pay the costs of
22 issuance for the Bonds, and



WHEREAS the Board further finds that certain of the capital improvements to be financed and/or refinanced with proceeds of the Bonds, including those financed with proceeds of the 2021 Note, have environmentally beneficial attributes consistent with the City's Environmental Action Plan and other environmental priorities and goals of Tacoma Power designed to mitigate the impacts of climate change and promote sustainability and conservation, and

WHEREAS the Board desires to authorize the designation of all or a portion of the Bonds issued to finance and/or refinance such improvements, which have environmentally beneficial attributes, as "Green Bonds" in accordance with the voluntary, generally accepted Green Bond Principles promulgated by the International Capital Market Association and/or other relevant standards or frameworks, and the City is permitted to make such a voluntary designation based on the intended use of such proceeds, and

WHEREAS Tacoma Power has received a proposal from J.P. Morgan Securities LLC, Goldman Sachs and Co. LLC, and Loop Capital Markets LLC ("Underwriters") to purchase the Bonds pursuant to the terms of an ordinance adopted by the City Council ("Supplemental Ordinance"), and

WHEREAS a form of the proposed Supplemental Ordinance, a copy of which is on file with the Clerk of the Board, has been presented at this meeting, and

WHEREAS pursuant to Tacoma City Charter Section 4.11, the Board is required to initiate and approve all matters related to the incurrence of



indebtedness and the issuance of bonds on behalf of Tacoma Power, and then forward such matters to the City Council for concurring approval, and

WHEREAS the Board requests that the City Council delegate authority to the Director of Utilities and the Tacoma Power Superintendent, and their designees, as provided herein, for a limited time, to approve the final terms of the Bonds as set forth herein, and

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

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

Sec. 1. Pursuant to Tacoma City Charter Section 4.11, it is necessary for the Board to initiate and approve all matters related to the incurrence of indebtedness and the issuance of bonds on behalf of Tacoma Power, and then forward such matters to the City Council for concurring approval. The Board hereby finds it is in the best interest of Tacoma Power and its ratepayers that the City issue one or more series of Bonds as Parity Bonds under the Master Ordinance to provide funding for Tacoma Power to defease and/or redeem all or a portion of the outstanding 2013 Bonds to finance and/or refinance costs of capital improvements to the Electric System (including prepaying the 2021 Note), and to pay the costs of issuance for the Bonds. The Bonds shall be sold by negotiated



1 sale to the Underwriters subject to the parameters provided for in the
2 Supplemental Ordinance.

3 Sec. 2. Subject to the parameters set forth in the Supplemental Ordinance.
4 that the terms and conditions of the proposed Supplemental Ordinance, including
5 delegating authority to the Director of Utilities and the Tacoma Power
6 Superintendent and their designees (each, a "Designated Representative"), to
7 approve the issuance and sale of the Bonds in the aggregate principal amount of
8 not to exceed \$225,000,000, are hereby approved, and selling such Bonds to the
9 Underwriters pursuant to the terms of the Supplemental Ordinance and the Bond
10 Purchase Contract (as defined in the Supplemental Ordinance) is hereby
11 approved, and the City Council is requested to concur in this approval by the
12 passage of the same at the earliest opportunity in the final form approved by the
13 City Attorney's Office.
14

15 Sec. 3. Upon passage of the Supplemental Ordinance, each Designated
16 Representative is delegated authority to approve the final terms and conditions of
17 the Bonds in coordination with Bond Counsel, the Municipal Advisor to Tacoma
18 Power and the City Attorney's Office subject to the terms set forth in the
19 Supplemental Ordinance, and to execute and implement the Bond Purchase
20 Contract and any other certificates or other documents in connection therewith.
21
22
23
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25
26



1 Sec. 4 This resolution shall become effective immediately upon its
2 adoption.

3 Approved as to form:

Chair _____

4
5 Pacifica Law Group LLP,
6 Bond Counsel

Secretary _____

7
8 Clerk _____

Adopted _____



Req. #[_ - _]

ORDINANCE NO.

A SUPPLEMENTAL ORDINANCE of the City of Tacoma, Washington, relating to the electric system: providing for the issuance and sale of one or more series of electric system revenue and refunding bonds in an aggregate principal amount not to exceed \$225,000,000 to provide funds to finance and refinance capital improvements to the electric system, to redeem certain obligations of the electric system, and to pay costs of issuance for the bonds, fixing or setting parameters with respect to certain terms and covenants of the bonds, and appointing the City's designated representatives to approve the final terms of the sale of the bonds; and approving certain other matters in connection therewith.

WHEREAS the City of Tacoma, Washington ("City"), acting by and through its Department of Public Utilities, Light Division (d/b/a "Tacoma Power"), owns and operates an electric system ("Electric System") for which capital improvements and other expenses may be financed through the issuance of electric system revenue bonds, and

WHEREAS the City, by Ordinance No. 23514, passed on November 20, 1985 (as amended and supplemented, including as amended and restated by Ordinance No. 28146, passed on April 30, 2013, as amended by Ordinance No. 28444, passed on August 1, 2017, and as amended by Ordinance No. 28773, passed on August 3, 2021 (collectively, "Master Ordinance"), authorized electric system revenue bonds of the City ("Parity Bonds") to be issued in series having a parity of lien and charge on the Revenues of the Electric System after the payment of Operating Expenses (as those terms are defined therein), if certain conditions are met, and made covenants in connection with the issuance of such Parity Bonds, and



WHEREAS the City, acting through Tacoma Power, has issued and currently has outstanding the following Parity Bonds:

Bonds	Series Authorizing Ordinance	Original Principal Amount
Electric System Revenue Bonds, Series 2010B (Taxable Build America Bonds – Direct Payment) and Electric System Revenue Bonds, Series 2010C (Taxable Clean Renewable Energy Bonds – Direct Payment) (together, "2010 Bonds")	27889	\$171,255,000
Electric System Revenue and Refunding Bonds, Series 2013A and Electric System Revenue Refunding Bonds, Series 2013B (together, "2013 Bonds")	28146	\$217,230,000
Electric System Revenue Bonds, Series 2017 ("2017 Bonds")	28444	\$70,575,000
Electric System Revenue Bonds, Series 2021 ("2021 Bonds")	28773	\$121,855,000

and

WHEREAS the 2013 Bonds may be defeased and/or redeemed in whole or in part, on any day on or after July 1, 2023, at the option of the City at a savings to Tacoma Power and its ratepayers, and

WHEREAS the Master Ordinance permits the City to issue obligations that are junior and subordinate to the payment of the Parity Bonds subject to the conditions set forth in the Master Ordinance, and

WHEREAS on April 21, 2015, the City Council passed Ordinance No. 28295 (as amended, "Master Subordinate Ordinance") to authorize revenue bonds of the City, junior and subordinate to the Parity Bonds, to be known as the City of Tacoma



1 Electric System Subordinate Revenue Bonds ("Subordinate Bonds") in one or more
2 series to finance costs of the Electric System, and

3 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
4 No. 28774, passed by the City Council on August 3, 2021, the City issued its
5 Electric System Subordinate Revenue Note, Series 2021 to evidence a revolving
6 line of credit in the principal amount of not to exceed \$150,000,000 outstanding at
7 any time to finance and refinance such capital improvements to the Electric System
8 ("2021 Note"), and

9
10 WHEREAS the 2021 Note is currently scheduled to mature on October 1,
11 2024, and may be prepaid prior to maturity, and

12
13 WHEREAS the Public Utility Board of the City ("Board") has initiated and has
14 recommended to the City Council for its approval the issuance of one or more
15 series of Parity Bonds to provide funds to defease and/or redeem all or a portion of
16 the outstanding 2013 Bonds, to finance and/or refinance costs of capital
17 improvements to the Electric System (including prepaying the 2021 Note), and to
18 pay the costs of issuance for the bonds, and

19
20 WHEREAS the City Council further finds that certain of the capital
21 improvements to be financed and/or refinanced with proceeds of the bonds
22 authorized herein, including those financed with proceeds of the 2021 Note, have
23 environmentally beneficial attributes consistent with the City's Environmental
24 Action Plan and other environmental priorities and goals of Tacoma Power
25 designed to mitigate the impacts of climate change and promote sustainability and
26 conservation, and



1 WHEREAS the City Council desires to authorize the designation of all or a
2 portion of the bonds issued to finance and/or refinance such improvements, which
3 have environmentally beneficial attributes, as "Green Bonds" in accordance with
4 the voluntary, generally accepted Green Bond Principles promulgated by the
5 International Capital Market Association and/or other relevant standards or
6 frameworks, and the City is permitted to make such a voluntary designation based
7 on the intended use of such proceeds, and

8
9 WHEREAS the City Council wishes to delegate authority to the individuals
10 authorized herein (each, a "Designated Representative"), for a limited time, the
11 authority to approve the final terms of the bonds authorized herein within the
12 parameters set by this Supplemental Ordinance, and

13
14 WHEREAS the City expects to receive a purchase contract from J.P. Morgan
15 Securities LLC, Goldman Sachs and Co. LLC, and Loop Capital Markets LLC
16 ("Underwriters") to purchase the bonds authorized herein, and now desires to issue
17 and sell such bonds to the Underwriters as set forth herein; Now, Therefore,



BE IT ORDAINED BY THE CITY OF TACOMA:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions and Interpretation of Terms. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Master Ordinance, including any amendments to such terms as provided herein. In addition, as used in this Supplemental Ordinance and with respect to the Bonds, the following words shall have the following meanings:

"Acquired Obligations" means the Governmental Obligations acquired by the City under the terms of this Supplemental Ordinance and the Escrow Agreement to effect the refunding of the Refunded Bonds, but only to the extent that the same are acquired at Fair Market Value.

"Assistant Finance Director/Controller" means the duly appointed and acting Assistant Finance Director/Controller of the City, including anyone acting in an interim or other capacity for the position, or the successor to the duties of that office.

"Beneficial Owner" means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries)

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



"Bond Purchase Contract" means one or more contracts between the Underwriters and the City for the purchase of Bonds, executed pursuant to the Master Ordinance and this Supplemental Ordinance and setting forth the final terms of the applicable series of Bonds.

"Bond Register" means the registration books maintained by the Bond Registrar for purposes of identifying ownership of the Bonds or the nominee of each owner, and such other information as the Bond Registrar shall determine.

"Bond Registrar" means, initially, the fiscal agent of the State, whose duties include registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

"Bonds" mean the Electric System Revenue and Refunding Bonds authorized to be issued from time to time in one or more series under the Master Ordinance and this Supplemental Ordinance.

"Call Date" means a date selected by a Designated Representative for the refunding of the Refunded Bonds.

"City" means the City of Tacoma, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State.

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



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

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

7 "Code" means the Internal Revenue Code of 1986 as in effect on the date of
8 issuance of the Tax-Exempt Bonds or (except as otherwise referenced herein) as it
9 may be amended to apply to obligations issued on the date of issuance of the Tax-
10 Exempt Bonds, together with applicable proposed, temporary and final regulations
11 promulgated, and applicable official public guidance published, under the Code.

12 "Continuing Disclosure Certificate" means one or more written undertakings
13 for the benefit of the owners and Beneficial Owners of the Bonds as required by
14 Section (b)(5) of the Rule.

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

17 "Designated Representative" means the Director of Utilities and the Tacoma
18 Power Superintendent, and their designees. The signature of one Designated
19 Representative shall be sufficient to bind the City.

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



1 "Escrow Agent" means the escrow agent, if any, selected by a Designated
2 Representative pursuant to the terms of this Supplemental Ordinance.

3 "Escrow Agreement" means the Escrow Deposit Agreement, if any, between
4 the City and the Escrow Agent relating to the refunding of the Refunded Bonds.

5 "Fair Market Value" means the price at which a willing buyer would purchase
6 an investment from a willing seller in a bona fide, arm's-length transaction, except
7 for specified investments as described in Treasury Regulation § 1.148-5(d)(6),
8 including United States Treasury obligations, certificates of deposit, guaranteed
9 investment contracts, and investments for yield restricted defeasance escrows.

10 Fair Market Value is generally determined on the date on which a contract to
11 purchase or sell an investment becomes binding, and, to the extent required by the
12 applicable regulations under the Code, the term "investment" will include a hedge.

13 "Federal Tax Certificate" means the certificate of the City pertaining to the
14 tax-exemption of interest on the Tax-Exempt Bonds, and any attachments thereto.

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

18 "Fiscal Agent" for purposes of the Bonds means the Bond Registrar.

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



1 "Letter of Representations" means the blanket issuer letter of representations
2 from the City to DTC.

3 "Master Ordinance" means Ordinance No. 28146, passed on April 30, 2013,
4 as amended by Ordinance No. 28444, passed on August 1, 2017, and as amended
5 by Ordinance No. 28773, passed on August 3, 2021, as it may be further amended
6 from time to time.

7 "Mayor" means the duly elected Mayor of the City or the successor to such
8 officer.

9 "Official Statement" means the disclosure documents prepared and delivered
10 in connection with the issuance of each series of Bonds.

11 "Outstanding Parity Bonds" means the outstanding 2010 Bonds, 2013
12 Bonds, 2017 Bonds and 2021 Bonds.

13 "Parity Bonds" means the Outstanding Parity Bonds, the Bonds and any
14 Future Parity Bonds. "Parity Bonds" may include bonds, notes, warrants,
15 certificates of indebtedness or any other evidence of indebtedness issued pursuant
16 to the Parity Conditions.

17 "Paying Agent" for purposes of the Bonds means the Bond Registrar.

18 "Plan of Additions" means the system or plan of additions to and betterments
19 and extensions of the Electric System described in Section 2.4, as such Plan may
20 be amended, supplemented, or revised from time to time consistent with the City's
21 Electric System Comprehensive Plan.

22 "Project" or "Projects" mean the capital improvements to the Electric System
23 to be financed or refinanced with proceeds of the Bonds, as provided in Section 2.4.



1 "Record Date" means the close of business for the Bond Registrar that is
2 15 days preceding any interest and/or principal payment or redemption date.

3 "Refunded Bonds" mean all or a portion of the 2013 Bonds designated by a
4 Designated Representative for refunding pursuant to this Supplemental Ordinance.

5 "Registered Owner" means the person named as the registered owner of a
6 Bond in the Bond Register. For so long as the Bonds are held in book-entry only
7 form, DTC or its nominee shall be deemed to be the sole Registered Owner.

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

11 "Subordinate Bonds" means the City of Tacoma Electric System Subordinate
12 Revenue Bonds, issued in one or more series to finance costs of the Electric
13 System, and junior and subordinate to the Parity Bonds, as authorized by the
14 Master Subordinate Ordinance.

15 "Tacoma Power Superintendent" means the duly appointed and acting
16 Superintendent/Chief Operating Officer, Department of Public Utilities, Light
17 Division, including anyone acting in an interim or other capacity for the position, or
18 the successor to the duties of that office.

19 "Taxable Bonds" means any Bonds of a series determined to be issued on a
20 taxable basis pursuant to this Supplemental Ordinance.

21 "Tax-Exempt Bonds" has the meaning set forth in the Master Ordinance.



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

4 "Underwriters" means J.P. Morgan Securities LLC, Goldman Sachs and Co.
5 LLC, and Loop Capital Markets LLC, and their successors.

6 "2010 Bonds" has the meaning set forth in the recitals hereto.

7 "2013 Bonds" has the meaning set forth in the recitals hereto.

8 "2017 Bonds" has the meaning set forth in the recitals hereto.

9 "2021 Bonds" has the meaning set forth in the recitals hereto.

10 "2021 Note" means the outstanding City of Tacoma Electric System
11 Subordinate Revenue Note, Series 2021.

12 "2021 Supplemental Ordinance" means Ordinance No. 28773 of the City,
13 passed by the City Council on August 3, 2021.

14 "2024 Bonds Bond Retirement Account" means the account created in
15 Section 5.1 of this Supplemental Ordinance.

16 "2024 Bonds Construction Account" means the account created in
17 Section 5.1 of this Supplemental Ordinance.

18 "2024 Bonds Interest Subaccount" means the account created in
19 Section 5.1 of this Supplemental Ordinance.

20 "2024 Bonds Principal Subaccount" means the account created in
21 Section 5.1 of this Supplemental Ordinance.

22 "2024 Bonds Refunding Account" means the account created in Section 5.1
23 of this Supplemental Ordinance.



1 ARTICLE II

2 PARITY AND OTHER FINDINGS

3 Section 2.1 Findings: Authority for Supplemental Ordinance; Intent.

4 Pursuant to the terms of the Master Ordinance, the City has authorized a revenue
5 bond borrowing program, which authorizes the City to issue, from time to time, one
6 or more series of Parity Bonds to finance costs of the Electric System. City Council
7 approval is necessary prior to the issuance of debt under the Tacoma City Charter
8 and State law. This Supplemental Ordinance is adopted pursuant to the laws of the
9 State, the Tacoma City Charter and the Master Ordinance.

10 The City Council intends that the terms and conditions set forth in this
11 Supplemental Ordinance shall apply to the each series of Bonds issued hereunder.
12 In the event of any inconsistency between the terms and provisions provided for in
13 this Supplemental Ordinance and the Master Ordinance, the terms and provisions
14 of this Supplemental Ordinance shall control. For instance, the City intends that
15 certain definitions and the following sections shall supersede the corresponding
16 sections of the Master Ordinance as they apply to the Bonds:

17 A. Section 3.2 Registration, Exchange and Payments;

18 B. Section 3.3 Redemption Terms;

19 C. Section 3.4 Form of Bonds;

20 D. Section 3.5 Lost or Destroyed Bonds;

21 E. Section 4.2 General Authorization; Documents;

22 F. Section 4.3 Preliminary and Final Official Statements;

23 G. Section 4.4 Ongoing Disclosure; Continuing Disclosure Certificate; and



1 H. Section 7.1 Tax Covenants.

2 Except as otherwise provided herein, the terms of the Master Ordinance are
3 incorporated herein for the benefit of the Owners of the Bonds.

4 Section 2.2. Parity Conditions. In connection with the issuance of the
5 Bonds, the City hereby makes the following findings:
6

7 A. There is, and as of the Issue Date for each series of Bonds there will be,
8 no deficiency in the Bond Fund and no Event of Default has occurred or shall have
9 occurred and be continuing as of such Issue Date.

10 B. This Supplemental Ordinance provides that the payment of the principal
11 of and interest on the Bonds shall be paid out of the Bond Fund.

12 C. On the Issue Date for each series of Bonds there will be on file with the
13 City a certificate satisfying the Parity Conditions in Section 9.2 of Ordinance
14 No. 28146, amending the Master Ordinance.

15 Section 2.3. Findings Related to Revenues of the Electric System. The City
16 hereby finds and determines that the Revenues of the Electric System at the rates
17 to be charged for power and other services and commodities from the Electric
18 System will be more than sufficient to meet all Operating Expenses, to make all
19 required payments with respect to the Outstanding Parity Bonds, the Bonds, and
20 the outstanding Subordinate Bonds, and to permit the setting aside into the Bond
21 Fund out of the Revenues of amounts sufficient to pay the principal of and interest
22 on the Bonds as increased and extended and when due at maturity and upon any
23 mandatory sinking fund redemption thereof.
24
25
26



1 The City further finds and determines that in creating the subaccounts in the
2 Bond Fund and in fixing the amounts to be paid into such subaccounts in the Bond
3 Fund, it has exercised due regard for Operating Expenses, and the City has not
4 bound and obligated itself to set aside and pay into such subaccounts in the Bond
5 Fund a greater amount or proportion of the Revenues than in the judgment of the
6 City will be available over and above the Operating Expenses and the amount and
7 proportion of the Revenues so previously pledged.
8

9 Section 2.4. Plan of Additions. The City specifies, adopts, and orders to be
10 carried out the system or plan of additions to and betterments and extensions of the
11 Electric System ("Plan of Additions") as generally provided for in the capital portions
12 of the Tacoma Power Biennial Budget, as supplemented and amended, and in any
13 subsequent budget, and in the Electric System Comprehensive Plan.
14

15 The portion of the Plan of Additions financed and/or refinanced with
16 proceeds of the Bonds is referred to herein as the "Project." The estimated cost of
17 the Plan of Additions to be financed and/or refinanced with the proceeds of the
18 Bonds, including prepaying the 2021 Note, is at least \$150,000,000.
19

20 The Plan of Additions includes the purchase and installation of all materials,
21 supplies, appliances, equipment (including, but not limited to, data processing
22 hardware and software and conservation equipment) and facilities; the acquisition
23 of all permits, franchises, property and property rights; other capital assets; and all
24 engineering, consulting, and other professional services and studies (whether
25 performed by the City or by other public or private entities) necessary or convenient
26 to carry out the Plan of Additions.



ARTICLE III

AUTHORIZATION AND TERMS OF BONDS

Section 3.1. Authorization of Bonds: Terms and Description of Bonds.

A. The City hereby authorizes the issuance of its "City of Tacoma, Washington, Electric System Revenue and Refunding Bonds, Series 2024" or other such designation as set forth in the Bonds and approved by a Designated Representative, pursuant to the terms of the Master Ordinance and this Supplemental Ordinance. The Bonds may be issued in one or more series, may be designated as Taxable Bonds or Tax-Exempt Bonds, and may be issued on the same Issue Date or from time to time on different Issue Dates. The Bonds shall constitute Parity Bonds within the meaning of the Master Ordinance.

B. Proceeds of the Bonds shall be used to finance and/or refinance costs of the Project (including prepaying the 2021 Note), to defease and/or redeem the Refunded Bonds, and to pay the costs of issuance for the Bonds.

C. The Bonds shall be issued in an aggregate principal amount not to exceed \$225,000,000, shall be dated as of the Issue Date for such Bonds, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof within a series and maturity, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, shall bear interest from their applicable Issue Date payable on the dates and at the rates set forth in the applicable Bond Purchase Contract, and shall be subject to optional



and/or mandatory redemption, and mature on the dates and in the principal amounts set forth in the applicable Bond Purchase Contract.

Section 3.2. Registration, Exchange and Payments.

A. Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agent. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this Supplemental Ordinance, and to carry out all of the Bond Registrar's powers and duties under this Supplemental Ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

B. Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in the Continuing Disclosure



1 Certificate), and neither the City nor the Bond Registrar shall be affected by any
2 notice to the contrary. Payment of any such Bond shall be made only as described
3 in subsection G, but such Bond may be transferred as herein provided. All such
4 payments made as described in subsection G shall be valid and shall satisfy and
5 discharge the liability of the City upon such Bond to the extent of the amount or
6 amounts so paid.

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



1 D. Use of Depository

2 (1) The Bonds of each series shall be registered initially in the name
3 of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the
4 maturity dates for the Bonds in a denomination corresponding to the total principal
5 therein designated to mature on such date. Registered ownership of such Bonds,
6 or any portions thereof, may not thereafter be transferred except (i) to any
7 successor of DTC or its nominee, provided that any such successor shall be
8 qualified under any applicable laws to provide the service proposed to be provided
9 by it; (ii) to any substitute depository appointed by the Finance Director pursuant to
10 subsection (2) below or such substitute depository's successor, or (iii) to any person
11 as provided in subsection (4) below.

14 (2) Upon the resignation of DTC or its successor (or any substitute
15 depository or its successor) from its functions as depository or a determination by
16 the Finance Director to discontinue the system of book entry transfers through
17 DTC or its successor (or any substitute depository or its successor), the Finance
18 Director may appoint a substitute depository. Any such substitute depository shall
19 be qualified under any applicable laws to provide the services proposed to be
20 provided by it.

23 (3) In the case of any transfer pursuant to clause (i) or (ii) of
24 subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding
25 Bonds, together with a written request on behalf of the Finance Director, issue a
26 single new Bond for such series for each maturity then outstanding, registered in



1 the name of such successor or such substitute depository, or their nominees, as the
2 case may be, all as specified in such written request of the Finance Director.

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

16 E. Registration of Transfer of Ownership or Exchange, Change in
17 Denominations. The transfer of any Bond may be registered and Bonds may be
18 exchanged, but no transfer of any such Bond shall be valid unless it is surrendered
19 to the Bond Registrar with the assignment form appearing on such Bond duly
20 executed by the Registered Owner or such Registered Owner's duly authorized
21 agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the
22 Bond Registrar shall cancel the surrendered Bond and shall authenticate and
23 deliver, without charge to the Registered Owner or transferee therefor, a new Bond



1 (or Bonds at the option of the new Registered Owner) of the same series, date,
2 maturity, and interest rate and for the same aggregate principal amount in any
3 authorized denomination, naming as Registered Owner the person or persons listed
4 as the assignee on the assignment form appearing on the surrendered Bond, in
5 exchange for such surrendered and cancelled Bond. Any Bond may be
6 surrendered to the Bond Registrar and exchanged, without charge, for an equal
7 aggregate principal amount of Bonds of the same series, date, maturity, and
8 interest rate, in any authorized denomination. The Bond Registrar shall not be
9 obligated to register the transfer of or to exchange any Bond between the Record
10 Date and the next principal payment or redemption date.

11 F. Bond Registrar's Ownership of Bonds. The Bond Registrar may become
12 the Registered Owner of any Bond with the same rights it would have if it were not
13 the Bond Registrar, and to the extent permitted by law, may act as depository for
14 and permit any of its officers or directors to act as a member of, or in any other
15 capacity with respect to, any committee formed to protect the right of the Registered
16 Owners or Beneficial Owners of Bonds.

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



1 depository, interest on such Bonds shall be paid by check or draft mailed to the
2 Registered Owners at the addresses for such Registered Owners appearing on the
3 Bond Register on the Record Date, or upon the written request of a Registered
4 Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least
5 by the Record Date), such payment shall be made by the Bond Registrar by wire
6 transfer to the account within the United States designated by the Registered
7 Owner. Principal of the Bonds shall be payable upon presentation and surrender of
8 such Bonds by the Registered Owners at the designated office of the Bond
9 Registrar.
10

11
12 If any Bond is duly presented for payment and funds have not been provided
13 by the City on the applicable payment date, then interest will continue to accrue
14 thereafter on the unpaid principal thereof at the rate stated on the Bond until the
15 Bond is paid.
16

17 Section 3.3. Redemption Terms.

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

21 Each series of Bonds shall be subject to mandatory redemption to the extent, if any,
22 set forth in the applicable Bond Purchase Contract.
23

24 B. Purchase of Bonds. The City reserves the right to purchase any or all of
25 the Bonds in the open market at any time at any price acceptable to the City plus
26 accrued interest to the date of purchase.



1 C. Selection of Bonds for Redemption. For as long as the Bonds of a series
2 are held in book entry only form, the selection of particular Bonds within a series
3 and maturity to be redeemed shall be made in accordance with the operational
4 arrangements then in effect at DTC. If the Bonds of a series are no longer held by
5 a depository, the selection of such Bonds of such series to be redeemed and the
6 surrender and reissuance thereof, as applicable, shall be made as provided in the
7 following provisions of this subsection C or in the Official Statement. If the City
8 redeems at any one time fewer than all of the Bonds of a series having the same
9 maturity date, the particular Bonds or portions of Bonds of such series and maturity
10 to be redeemed shall be selected by lot (or in such manner determined by the Bond
11 Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater
12 than \$5,000, the City and the Bond Registrar shall treat each Bond as representing
13 such number of separate Bonds each of the denomination of \$5,000 as is obtained
14 by dividing the actual principal amount of such Bond by \$5,000. In the event that
15 only a portion of the principal sum of a Bond is redeemed, upon surrender of such
16 Bond at the designated office of the Bond Registrar there shall be issued to the
17 Registered Owner, without charge therefor, for the then unredeemed balance of the
18 principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of
19 like series, maturity and interest rate in any of the denominations herein authorized.
20 Notwithstanding the foregoing or anything else to the contrary in this Supplemental
21 Ordinance, the selection of any Bonds for redemption may be as provided in the
22 applicable Bond Purchase Contract or Official Statement for such Bonds.
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D. Notice of Redemption.

(1) Official Notice. For so long as the Bonds of a series are held by a depository, notice of redemption shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar shall provide any notice of redemption to any Beneficial Owners. The notice of optional redemption may be conditional. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which optional redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the redemption price,
- (iii) if fewer than all outstanding Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (iv) any conditions to redemption, and



(v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any optional redemption date, unless any condition to such redemption has not been satisfied or waived, or notice of such redemption has been rescinded or revoked, and on or prior to any mandatory redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The City retains the right to rescind any optional redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

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



1 or prior to the redemption date shall be payable as herein provided for payment of
2 interest. All Bonds which have been redeemed shall be canceled by the Bond
3 Registrar and shall not be reissued.

4 (3) Additional Notice. In addition to the foregoing notice, further
5 notice shall be given by the City as set out below, but no defect in said further
6 notice nor any failure to give all or any portion of such further notice shall in any
7 manner defeat the effectiveness of a call for redemption if notice thereof is given as
8 above-prescribed. Each further notice of redemption given hereunder shall contain
9 the information required above for an official notice of redemption plus (i) the
10 CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as
11 originally issued; (iii) the rate of interest borne by each Bond being redeemed;
12 (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive
13 information needed to identify accurately the Bonds being redeemed. Each further
14 notice of redemption may be sent at least 20 days before the redemption date to
15 each party entitled to receive notice pursuant to the Continuing Disclosure
16 Certificate and with such additional information as the City shall deem appropriate.
17 but such mailings shall not be a condition precedent to the redemption of such
18 Bonds.
19

20 (4) Amendment of Notice Provisions. The foregoing notice provisions
21 of this Section 3.3, including, but not limited to, the information to be included in
22 redemption notices and the persons designated to receive notices, may be
23 amended by additions, deletions and changes in order to maintain compliance with
24
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26



1 duly promulgated regulations and recommendations regarding notices of
2 redemption of municipal securities.

3 Section 3.4. Form of Bonds; Execution The Bonds shall be in substantially
4 the form set forth in Exhibit "A" which is incorporated herein by this reference, with
5 such changes thereto as may be approved by a Designated Representative.
6 consistent with this Supplemental Ordinance.
7

8 The Bonds shall be executed on behalf of the City with the manual or
9 facsimile signatures of the Mayor and City Clerk and the seal of the City shall be
10 impressed, imprinted, or otherwise reproduced thereon.

11 Only such Bonds as shall bear thereon a Certificate of Authentication in the
12 form provided herein, manually executed by the Bond Registrar, shall be valid or
13 obligatory for any purpose or entitled to the benefits of this Supplemental
14 Ordinance. Such Certificate of Authentication shall be conclusive evidence that the
15 Bonds so authenticated have been duly executed, authenticated and delivered
16 hereunder and are entitled to the benefits of this Supplemental Ordinance and the
17 Master Ordinance.
18

19 In case either of the officers who shall have executed the Bonds shall cease
20 to be an officer or officers of the City before the Bonds so signed shall have been
21 authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds
22 may nevertheless be authenticated, delivered, and issued and upon such
23 authentication, delivery, and issuance, shall be as binding upon the City as though
24 those who signed the same had continued to be such officers of the City. Any Bond
25 may be signed and attested on behalf of the City by such persons who at the date
26



1 of the actual execution of such Bond, are the proper officers of the City, although at
2 the original date of such Bond any such person shall not have been such officer of
3 the City.

4 Section 3.5. Lost or Destroyed Bonds. In case any Bonds shall be lost,
5 stolen, or destroyed, the Bond Registrar may authenticate and deliver a new Bond
6 or Bonds of like series, amount, date, tenor, and effect to the owner thereof upon
7 the owner paying the expenses and charges of the City in connection therewith and
8 upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that
9 such Bond(s) were actually lost, stolen, or destroyed and of ownership thereof, and
10 upon furnishing the City with indemnity satisfactory to both.

11 ARTICLE IV

12 SALE OF BONDS

13 Section 4.1. Bond Sale.

14 A. Bond Sale. The Bonds shall be sold by negotiated public sale to the
15 Underwriters pursuant to the terms of one or more Bond Purchase Contracts. The
16 City Council has determined that it would be in the best interest of the City to
17 delegate to the Designated Representatives, for a limited time, the authority to
18 select the Refunded Bonds, to designate each series of Bonds as Tax-Exempt
19 Bonds or Taxable Bonds, and to approve the Final Terms for each series of Bonds,
20 including but not limited to final interest rates, final maturity date, redemption terms,
21 principal maturities, and any other terms for each series of Bonds.

22 Each Designated Representative is further authorized to designate all or a
23 portion of a series of Bonds allocated to finance the portion of the Project, which



1 have environmentally beneficial attributes, as "Green Bonds," and to engage with
2 such consultants and to undertake such action, execute such certificates, and
3 agree to such terms as necessary to accomplish such designation.

4 B. Sale Parameters. Subject to the terms and conditions set forth in this
5 Section, each Designated Representative is hereby authorized to select the
6 Refunded Bonds, to designate the Bonds of a series as Tax-Exempt Bonds or
7 Taxable Bonds, and to approve the final interest rates, final maturity date,
8 redemption terms and principal maturities for each series of Bonds, and to agree to
9 any other Final Terms for each series of Bonds that are in the best interest of the
10 City and necessary to facilitate this Supplemental Ordinance so long as:

11 1. the aggregate principal (face) amount of all Bonds issued under
12 this Supplemental Ordinance does not exceed \$225,000,000.

13 2. the final maturity date for each series of Bonds is no later than
14 January 1, 2054.

15 3. the aggregate purchase price for the Bonds of a series shall not be
16 less than 98% of the aggregate stated principal amount of such Bonds, excluding
17 any original issue discount, and not greater than 120%.

18 4. the Bonds of each series shall bear interest at fixed rates per
19 annum and the true interest cost for the Bonds of such series (in the aggregate)
20 does not exceed 6.00%.

21 5. any series of Bonds or portion of a series of Bonds that are sold for
22 the purpose of defeasing and/or refunding the Refunded Bonds are sold for a price
23 that results in a minimum aggregate net present value debt service savings over the



1 Refunded Bonds to be refunded with the proceeds of such series of at least 3.00%,
2 and

3 6. the Bonds of each series conform to all other terms of this
4 Supplemental Ordinance.

5 The final terms of each series of Bonds shall be set forth in the applicable
6 Bond Purchase Contract. With respect to the Bonds, each Bond Purchase Contract
7 shall serve as the "Pricing Certificate" as defined in the Master Ordinance. Subject
8 to the terms and conditions set forth in this section, each Designated
9 Representative is hereby authorized to execute one or more Bond Purchase
10 Contracts for the Bonds.
11

12 The authority granted to the Designated Representatives by this Section
13 shall expire on December 31, 2024. If a Bond Purchase Contract for the Bonds has
14 not been executed by December 31, 2024, the authorization for the issuance of the
15 Bonds shall be rescinded, and the Bonds shall not be issued nor their sale
16 approved unless such Bonds are re-authorized by ordinance of the City Council at
17 the request of the Board. The ordinance re-authorizing the issuance and sale of
18 such Bonds may be in the form of a new ordinance repealing this Supplemental
19 Ordinance in whole or in part or may be in the form of an amendatory ordinance
20 approving a Bond Purchase Contract or establishing terms and conditions for the
21 authority delegated under this Section.
22

23 Section 4.2. General Authorization: Documents. Following the passage and
24 approval of this Supplemental Ordinance, the proper officials of the City, including
25 the Designated Representatives, the Mayor, the Finance Director, the Treasurer,
26



1 the City Manager, the Assistant Finance Director/Controller, and the City Clerk, are
2 authorized and directed to undertake all action necessary for the prompt execution
3 and delivery of the Bonds to the Underwriters and further to execute all closing
4 certificates and documents required to effect the closing and delivery of the Bonds
5 in accordance with the terms of this Supplemental Ordinance and the Bond
6 Purchase Contract. Such documents may include, but are not limited to
7 documents related to a municipal bond insurance policy delivered by an insurer to
8 insure the payment when due of the principal of and interest on all or a portion of
9 the Bonds as provided therein, if such insurance is determined by a Designated
10 Representative to be in the best interest of the City.
11

12 Notwithstanding anything herein or in the Master Ordinance to the contrary,
13 the signature of one authorized official, including, but not limited to, the Designated
14 Representatives, shall be sufficient to bind the City.
15

16 Section 4.3. Preliminary and Final Official Statements. The Designated
17 Representatives and the City Finance Director are each hereby authorized to deem
18 final one or more preliminary Official Statements relating to the Bonds for the
19 purposes of the Rule. The Designated Representatives and the City Finance
20 Director are each further authorized to approve for purposes of the Rule, on behalf
21 of the City, one or more final Official Statements relating to the issuance and sale of
22 the Bonds and the distribution of the final Official Statement(s) pursuant thereto with
23 such changes, if any, as may be deemed by such individual to be appropriate.
24

25 Section 4.4. Ongoing Disclosure: Continuing Disclosure Certificate. The
26 City covenants to execute and deliver on each Issue Date a Continuing Disclosure



1 Certificate consistent with the Rule. The Finance Director is hereby authorized to
2 execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery,
3 and sale of the Bonds with such terms and provisions as such officer shall deem
4 appropriate and in the best interests of the City.

5 ARTICLE V

6 CREATION OF ACCOUNTS: APPLICATION OF BOND PROCEEDS

7 Section 5.1. Establishment and Designation of Accounts.

8 A. There is hereby created in the Construction Fund an account to be
9 known as the 2024 Bonds Construction Account.

10 B. There is hereby created in the Bond Fund the following accounts:
11 2024 Bonds Interest Subaccount, the 2024 Bonds Principal Subaccount, and the
12 2024 Bonds Bond Retirement Account.

13 C. There is hereby created the 2024 Bonds Refunding Account.

14 Section 5.2. No Reserve for the Bonds. The City hereby determines that
15 the Bonds shall not be secured by the Reserve Account or any debt service
16 reserve account. The reserve account requirement for the Bonds shall be zero.

17 Section 5.3. Deposit of Proceeds of the Bonds; Refunding Plan.
18 Immediately upon receipt thereof, the City shall deposit proceeds of each series of
19 Bonds (net of the Underwriters' discount and any associated fees and costs) as
20 follows:

21 A. The amount necessary to finance and/or refinance the Project, including
22 the amount necessary to prepay all or a portion of the 2021 Note, shall be
23 deposited into the 2024 Bonds Construction Account. Any amount deposited



1 therein to prepay the 2021 Note shall be transferred, together with other available
2 funds of the City, if any, within 30 days of the Issue Date for such Bonds, to the
3 owner of the 2021 Note. The proper City officials are authorized and directed to
4 give or cause to be given notice of prepayment of the 2021 Note in order to carry
5 out the terms of this Supplemental Ordinance. After the prepayment of the 2021
6 Note, the 2021 Note shall remain outstanding until maturity or cancellation in
7 accordance with its terms.

8 The remaining proceeds of any Bonds deposited into the 2024 Bonds
9 Construction Account shall be used to pay and/or reimburse the City for any
10 additional costs of the Project and to pay costs of issuance for such Bonds.

11 B. For the purpose of realizing a debt service savings and/or restructuring
12 the Refunded Bonds, the City proposes to apply a portion of the proceeds of any
13 Bonds issued for such purpose to defease and/or redeem the Refunded Bonds as
14 set forth herein. The Council hereby finds that given current market conditions, is
15 in the best interest of the City to proceed with the defeasance and/or refunding of
16 the Refunded Bonds if the minimum aggregate net present value debt service
17 savings over the Refunded Bonds is at least 3.00%, which is less than the
18 minimum savings target set forth in the financial policies of the City.

19 If a Designated Representative determines that it is in the best interest of
20 the City to proceed with the refunding authorized herein, a Designated
21 Representative shall designate all or a portion of the 2013 Bonds as Refunded
22 Bonds and such designation shall be set forth in the applicable Bond Purchase
23 Contract. Each Designated Representative and the Finance Director are further



1 authorized to appoint an escrow agent ("Escrow Agent") to assist in the refunding
2 plan authorized herein.

3 A portion of the proceeds of such series of Bonds, together with other
4 available funds of the City, if any, shall be deposited with the paying agent for the
5 Refunded Bonds or with the Escrow Agent on behalf of the City in the 2024 Bonds
6 Refunding Account pursuant to an Escrow Agreement. Such proceeds and
7 available funds of the City, if any, shall be used immediately upon receipt thereof to
8 defease or redeem, as applicable, the Refunded Bonds as authorized by the bond
9 ordinance authorizing the Refunded Bonds, and to pay costs of issuance of such
10 series of Bonds.
11

12 Any net proceeds deposited with the Escrow Agent shall be used to defease
13 the Refunded Bonds and discharge the obligations thereon by either holding the
14 funds uninvested or through the purchase of certain Acquired Obligations bearing
15 such interest and maturing as to principal and interest in such amounts and at such
16 times which, together with any necessary beginning cash balance, will provide for
17 the payment of interest on the Refunded Bonds as the same becomes due on and
18 prior to the Call Date for the Refunded Bonds, and the redemption price (100% of
19 the principal amount) of the Refunded Bonds on the Call Date.
20

21 In order to carry out the purposes of this Section, each Designated
22 Representative and the Finance Director are authorized and directed to select the
23 Call Date and to execute and deliver to the Escrow Agent an Escrow Agreement.
24

25 In the Escrow Agreement, the City shall irrevocably call the Refunded
26 Bonds for redemption on the Call Date in accordance with the provisions of the



1 bond ordinances authorizing the redemption and retirement of the Refunded Bonds
2 prior to their fixed maturities. Said defeasance and call for redemption of the
3 Refunded Bonds shall be irrevocable after the delivery of the cash and/or Acquired
4 Obligations to the Escrow Agent.
5

6 The City and the Escrow Agent are each hereby authorized and directed to
7 provide for the giving of notices of the redemption of the Refunded Bonds in
8 accordance with the applicable provisions of the bond ordinances authorizing the
9 issuance of the Refunded Bonds. The costs of publication of such notices shall be
10 an expense of the City.
11

12 Section 5.4. Deposits Into and Uses of the 2024 Subaccounts in the Bond
13 Fund; Pledge of Revenues. The City hereby obligates and binds itself irrevocably
14 to set aside and to pay into the 2024 Bonds Interest Subaccount, the 2024 Bonds
15 Principal Subaccount, and the 2024 Bonds Bond Retirement Subaccount,
16 respectively, out of the Revenues of the Electric System the amounts necessary
17 (together with other available moneys on hand therein) to pay the principal of,
18 interest on and any mandatory sinking fund redemptions for the Bonds as and
19 when the same respectively become due and payable in accordance with the
20 terms hereof. The 2024 Bonds Interest Subaccount, the 2024 Bonds Principal
21 Subaccount, and the 2024 Bonds Bond Retirement Subaccount, respectively, shall
22 be drawn upon solely for the purpose of paying the principal of, interest on and
23 mandatory sinking fund redemptions for the Bonds.
24

25 Section 5.5. Investment of Funds. Money in the funds and accounts
26 contained herein and in the Master Ordinance may be invested in Permitted



1 Investments as provided in the Master Ordinance, but only to the extent that the
2 same are acquired, and disposed of at Fair Market Value.

3 ARTICLE VI

4 DEFEASANCE

5 In the event that the City, to effect the payment, retirement, or redemption of
6 any Bond, sets aside in the Bond Fund or in another special account, cash or
7 noncallable Government Obligations, or any combination of cash and/or noncallable
8 Government Obligations, in amounts and maturities which, together with the known
9 earned income therefrom, are sufficient to redeem and retire such Bond in
10 accordance with its terms and to pay when due the interest and redemption
11 premium, if any, thereon, and such cash and/or noncallable Government
12 Obligations are irrevocably set aside and pledged for such purpose, then no further
13 payments need be made into the Bond Fund for the payment of the principal of and
14 interest on such Bond. The owner of a Bond so provided for shall cease to be
15 entitled to any benefit or security of this Supplemental Ordinance except the right to
16 receive payment of principal, premium, if any, and interest from the Bond Fund or
17 such special account, and such Bond shall be deemed to be not outstanding under
18 this Supplemental Ordinance.

19 The City shall give written notice of defeasance to the Registered Owners of
20 the Bonds and to each party entitled to receive notice in accordance with the
21 Continuing Disclosure Certificate.



1 ARTICLE VII

2 TAX COVENANTS

3 Section 7.1. Tax Covenants. The Bonds may be issued as "Tax-Exempt
4 Bonds" within the meaning of the Master Ordinance. The City hereby
5 covenants that it will take all actions necessary to assure the exclusion of
6 interest on the Tax-Exempt Bonds from the gross income of the Owners of the
7 Tax-Exempt Bonds, to the same extent as such interest is permitted to be
8 excluded from gross income under the Code as in effect on the Issue Date of
9 the Tax-Exempt Bonds, including, but not limited to, the following:

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

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

22 C. Federal Guarantee Prohibition. The City will not take any action or permit
23 to suffer any action to be taken if the result of such action would be to cause any of



1 the Tax-Exempt Bonds to be "federally guaranteed" within the meaning of
2 Section 149(b) of the Code.

3 D. Rebate Requirement. The City will take any and all actions necessary to
4 assure compliance with Section 148(f) of the Code, relating to the rebate of excess
5 investment earnings, if any, to the federal government, to the extent that such
6 section is applicable to the Tax-Exempt Bonds.
7

8 E. No Arbitrage. The City will not take, or permit or suffer to be taken, any
9 action with respect to the proceeds of the Tax-Exempt Bonds which, if such action
10 had been reasonably expected to have been taken, or had been deliberately and
11 intentionally taken, on the Issue Date of the Tax-Exempt Bonds would have caused
12 the Tax-Exempt Bonds to be "arbitrage bonds" within the meaning of Section 148 of
13 the Code.
14

15 F. System of Registration. The City will maintain a system for recording the
16 ownership of the Tax-Exempt Bonds that complies with the provisions of
17 Section 149 of the Code until the Tax-Exempt Bonds have been surrendered and
18 canceled.
19

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



1 H. Compliance with Federal Tax Certificate. The City will comply with the
2 provisions of the Federal Tax Certificate with respect to the Tax-Exempt Bonds,
3 which are incorporated herein as if fully set forth herein.
4

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

7 ARTICLE VIII

8 AMENDMENTS TO MASTER ORDINANCE

9 Section 8.1 Amendments to the Master Ordinance. The 2021
10 Supplemental Ordinance provides for amendments to the Master Ordinance, which
11 amendments shall be immediately effective, without the need for further action of
12 the Council, upon receipt of (a) consent of not less than 51% in aggregate principal
13 amount of the Parity Bonds at the time outstanding, and (b) the consent of Assured
14 Guaranty Municipal Corp., which has been received, so long as the surety policy
15 related to the 2010 Bonds and the 2013 Bonds (as applicable) remains in effect or
16 such bonds are no longer outstanding. Reference is made to Section 8.1 of the
17 2021 Supplemental Ordinance for the full contents of such amendments, which
18 were incorporated herein by reference. Owners of the Bonds, by taking and
19 owning the same, shall be deemed to have consented to the amendments
20 provided for in the 2021 Supplemental Ordinance. Assured Guaranty Municipal
21 Corp. consented to such amendments as of August 30, 2021.
22
23
24
25
26



SECTION IX
MISCELLANEOUS

Section 9.1. Ratification of Prior Acts. Any action taken consistent with the authority and prior to the effective date of this Supplemental Ordinance is ratified, approved and confirmed.

Section 9.2. Terms of Bonds Subject to the Master Ordinance. Except for matters otherwise provided for herein, every term and condition contained in the Master Ordinance shall apply to this Supplemental Ordinance and the Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations, and modification as may be appropriate to make the same conform to this Supplemental Ordinance.

In the event of any inconsistency between the terms and provisions provided for in this Supplemental Ordinance and the Master Ordinance, the terms and provisions of this Supplemental Ordinance shall control.

Section 9.3. Ratification of Master Ordinance. Except as supplemented and amended by this Supplemental Ordinance, the Master Ordinance is hereby ratified, approved and confirmed and shall continue in full force and effect in accordance with its terms and provisions thereof, as amended and supplemented.

Section 9.4. Corrections by Clerk. Upon approval of the City Attorney's Office and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this Supplemental Ordinance, including, but not limited to, the correction of clerical errors; references to other local, state or federal laws, codes,



rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 9.5. Severability. If any one or more of the provisions of this Supplemental Ordinance is or are held by any court of competent jurisdiction to be contrary to law, then such provision or provisions shall be null and void and shall be deemed separable from the remaining provisions and shall in no way affect the validity of the other provisions of this Supplemental Ordinance.

Section 9.6. Effective Date. This Supplemental Ordinance shall take effect and be in force 10 days after its passage, approval and publication as required by law.

Passed: _____

Attest: _____
Mayor

City Clerk _____

Approved as to form and legality:

Pacifica Law Group LLP
Bond Counsel

By _____



EXHIBIT "A"

Form of Bonds

[DTC Language]

UNITED STATES OF AMERICA

No. _____ \$ _____

STATE OF WASHINGTON
CITY OF TACOMA
ELECTRIC SYSTEM REVENUE [AND REFUNDING] BONDS
SERIES 2024[_____]

INTEREST RATE: % MATURITY DATE: CUSIP NO.:
REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT:

The City of Tacoma (the "City"), a municipal corporation duly organized and existing under and pursuant to the Charter of the City and the Constitution and laws of the State of Washington (the "State"), hereby acknowledges itself to owe and for value received promises to pay to the registered owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from _____, 20____, or the most recent date to which interest has been paid or duly provided for, until payment of this bond at the Interest Rate set forth above, payable on _____, 20____, and semiannually thereafter on the first days of each succeeding _____ and _____. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC. Interest on this bond shall be calculated on the basis of actual days elapsed in a 360 day year consisting of twelve 30-day months.

This bond is one of an authorized issue of bonds of like series, date and tenor, except as to number, amount, rate of interest, date of maturity and rights of redemption, in the aggregate principal amount of \$_____ (the "Bonds") pursuant to Ordinance No. 28146 of the City, passed on April 30, 2013, as amended and supplemented (the "Master Ordinance"), including as supplemented by Supplemental Ordinance No. _____ of the City, passed on

A-1



_____, 2023 (the "Supplemental Ordinance," and together with the Master Ordinance, the "Bond Ordinance") The Bonds are issued for the purpose of financing and refinancing certain capital improvements of the electric system (as defined in the Bond Ordinance, the "Electric System"), to redeem certain Subordinate Bonds of the Electric System, [to defease and redeem certain outstanding Parity Bonds], and to pay costs of issuance for the Bonds. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Ordinance.

Payments on this bond shall be made solely from Revenues of the Electric System, after payment of Operating Expenses, to the registered owner by the Bond Registrar without the necessity of presentation and surrender of this bond. Reference is made to the Bond Ordinance and the provisions of the Charter of the City and all laws of the State (referred to as the "Act") for a description of the terms on which the Bonds are issued and may be issued, the provisions with regard to the nature and extent of the Revenues, and the rights of the registered owners of the Bonds; and all the terms of the Bond Ordinance and the Act are hereby incorporated herein and made a contract between the City and the registered owner from time to time of this bond, and to all the provisions thereof to which the registered owner of this bond, by its acceptance hereof, consents and agrees. The Bonds are being issued on a parity of lien on Revenues of the Electric System with the City's Outstanding Parity Bonds. The City has reserved the right in the Bond Ordinance to issue additional bonds ("Future Parity Bonds") on a parity with the Bonds and the Outstanding Parity Bonds. The Outstanding Parity Bonds, the Bonds and any Future Parity Bonds are referred to herein as the "Parity Bonds."

Under the Master Ordinance, the City is obligated to set aside and pay into the Bond Fund and the accounts held therein out of the Revenue of the Electric System, certain fixed amounts sufficient to pay the principal of and interest and premium, if any, on all Parity Bonds as the same become due and payable, all as is more fully provided in the Master Ordinance.

The Bonds are special limited obligations of the City payable from and secured solely by Net Revenues of the Electric System and by other money and assets specifically pledged under the Master Ordinance for the payment thereof. Pursuant to the Master Ordinance, the City has pledged as security for the payment of the principal of, premium, if any, and interest on the Parity Bonds in accordance with the provisions of the Master Ordinance, subject only to the provisions of the Master Ordinance restricting or permitting the application thereof for the purposes and on the terms and conditions set forth in the Master Ordinance: (i) the proceeds of the sale of the Parity Bonds to the extent held in funds established by the Master Ordinance, (ii) Net Revenues, and (iii) the money and investments, if any, credited to the Revenue Fund and the Bond Fund, and the income therefrom.

A-2



THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE CITY, OR THE STATE, OR A CHARGE UPON ANY GENERAL FUND OR OTHER PROPERTY OF THE CITY OR THE STATE NOT SPECIFICALLY PLEDGED THERETO BY THE MASTER ORDINANCE, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR OF THE STATE, NOR ANY REVENUES OF THE CITY DERIVED FROM SOURCES OTHER THAN THE ELECTRIC SYSTEM, ARE PLEDGED TO THE PAYMENT HEREOF. NO HOLDER OF THIS BOND SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY TO PAY THIS BOND OR THE INTEREST HEREON.

Copies of the Bond Ordinance are on file at the office of the City, and reference thereto, and to any and all modifications and amendments thereof, is hereby made for a more complete description of the Revenue available for the payment of the principal of, premium, if any, and interest on the Bonds and the rights and remedies of the registered owners of the Bonds with respect thereto, the terms and conditions upon which the Bonds have been issued, and the terms and conditions upon which this bond shall no longer be secured by the Bond Ordinance or deemed to be outstanding thereunder if money or certain specified securities sufficient for the payment of this bond shall have been set aside in a special account and held in trust for the payment thereof.

In and by the Bond Ordinance, the City covenants to establish, maintain and collect rates or charges for electric energy sold through the ownership or operation of the Electric System and all other services, facilities and commodities sold, furnished or supplied by the City in connection with the ownership or operation of the Electric System that shall be fair and nondiscriminatory and reasonably anticipated to provide Revenue sufficient for the payment of the Parity Bonds, and any other indebtedness of the Electric System, and all payments that the City is obligated to set aside in the Bond Fund and for the proper operation and maintenance of the Electric System, all necessary repairs thereto and replacements and renewals thereof and all other costs of the Electric System.

This bond is subject to redemption prior to maturity as provided in the Bond Resolution and Bond Purchase Contract.

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

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this bond, and in the issuing of this bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Charter of the



City, and that this bond, together with all other indebtedness of the City pertaining to the Electric System, is within every debt limitation and other limit prescribed by the Constitution and statutes of the State and said Charter, and is not in excess of the amount of Bonds permitted to be issued under the Master Ordinance.

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

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

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond to be signed with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk, and the seal of the City to be impressed or a facsimile thereof to be imprinted hereon, as of this ____ day of _____, 2024.

[SEAL]

CITY OF TACOMA, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

 /s/ manual or facsimile
City Clerk



1 The Bond Registrar's Certificate of Authentication on the Bonds shall be in
2 substantially the following form:

3 CERTIFICATE OF AUTHENTICATION

4 This bond is one of the bonds described in the within-mentioned Bond Ordinance
5 and is one of the Electric System Revenue [and Refunding] Bonds, Series 2024[____]
6 of the City of Tacoma, Washington, dated _____, 2024.

7 WASHINGTON STATE FISCAL AGENT, as
8 Bond Registrar

9 By _____
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CLERK'S CERTIFICATE

1 I, the undersigned, City Clerk of the City of Tacoma, Washington, DO

2 HEREBY CERTIFY:

3 1. That the attached is a true and correct copy of Supplemental Ordinance
4 No. ____ (the "Ordinance") of the City, duly passed at a regular meeting of the City
5 Council (the "Council") of the City held on _____, 2023.

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

17 IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of

18 _____, 2023.
19
20
21
22
23
24
25
26

City Clerk
City of Tacoma, Washington