

SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT

This SECOND AMENDMENT TO NOTE PURCHASE AGREEMENT (this "*Amendment*") is dated December 2, 2019 (the "*Amendment Date*"), between CITY OF TACOMA, WASHINGTON, a municipal corporation duly organized and existing under the laws of the State of Washington, acting by and through its Public Utilities Board (the "*Borrower*"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the "*Purchaser*"). All capitalized terms used herein and not defined herein shall have the meanings set forth in the hereinafter defined Agreement.

W I T N E S S E T H

WHEREAS, the Borrower and Wells Fargo Municipal Capital Strategies, LLC, as the initial purchaser, entered into that certain Note Purchase Agreement dated as of May 1, 2015 as amended by the hereinafter defined First Amendment, this Amendment, and as it may be further amended, restated, supplemented or otherwise modified from time to time, the "*Agreement*";

WHEREAS, pursuant to the First Amendment to Note Purchase Agreement dated May 11, 2018 (the "*First Amendment*"), between the Borrower and the Purchaser, among other things, Wells Fargo Municipal Capital Strategies, LLC transferred its rights as "Purchaser" to Wells Fargo Bank, National Association;

WHEREAS, pursuant to Section 9.03 of the Agreement, the Agreement may be amended by a written amendment thereto executed by the Borrower and Purchaser; and

WHEREAS, the parties have agreed to waive compliance with Section 3.10 of the Agreement with respect to the Amendment, and the Purchaser has agreed to make certain amendments to the Agreement subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

1. AMENDMENTS.

Upon the satisfaction of the conditions precedent set forth in Section 2 hereof, the Agreement is hereby amended as follows:

1.01. The following definitions in Section 1.01 of the Agreement are hereby amended and restated in their entirety to read as follows:

“Applicable Spread” means, with respect to each Index Rate Period, the following:

(a) During the Initial Period:

(i) from and including May 11, 2018, to but not including December 2, 2019, as set forth in the following schedule:

[illegible]

(ii) From and including December 2, 2019, and at all times thereafter, as set forth in the following schedule:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	APPLICABLE SPREAD
AAA	Aaa	AAA	AAA	0.00%
AA	Aa1	AA+	AA+	0.00%
AA	Aa2	AA	AA	0.00%
AA	Aa3	AA-	AA-	0.00%
A	A1	A+	A+	0.00%
A	A2	A	A	0.00%
A	A3	A-	A-	0.00%
BBB	Baa1	BBB+	BBB+	0.00%
BBB	Baa2	BBB	BBB	0.00%
BBB	Baa3	BBB-	BBB-	0.00%
BBB	Baa4	BBB	BBB	0.00%
BBB	Baa5	BBB	BBB	0.00%
BBB	Baa6	BBB	BBB	0.00%
BBB	Baa7	BBB	BBB	0.00%
BBB	Baa8	BBB	BBB	0.00%
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BBB	Baa10	BBB	BBB	0.00%
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BBB	Baa72	BBB	BBB	0.00%
BBB	Baa73	BBB	BBB	0.00%
BBB	Baa74	BBB	BBB	0.00%
BBB	Baa75	BBB	BBB	0.00%

In the event of any change in any Rating in the subparagraphs (a)(i) or (a)(ii) above, the Applicable Spread shall be the number of basis points associated with such new rating as set forth in the related schedule. If Ratings are in effect from any two of Moody's, S&P and Fitch, the Applicable Spread shall be equal to the Level set forth above corresponding to the lower Rating from either of such Rating Agencies. If Ratings are in effect from all three of Moody's, S&P and Fitch and only two of such Ratings are equivalent, the Applicable Spread shall be equal to the Level set forth above corresponding to such two equivalent Ratings. If Ratings are in effect from all three of Moody's, S&P and Fitch, and none of such

Ratings are equivalent, the Applicable Spread shall be equal to the Level set forth above corresponding to the middle Rating. Any change in the Applicable Spread resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to Ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the ratings from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. The Borrower acknowledges that as of the Second Amendment Effective Date the Applicable Spread is that specified above for Level 1 in subparagraph (ii) above. Any change in the Applicable Spread shall apply to the LIBOR Index Reset Date next succeeding the date on which the change occurs.

(b) During any Index Rate Period other than the Initial Period, the number of basis points determined by the Borrower and the Purchaser on or before the first day of such Index Rate Period and designated by the Borrower in accordance with Section 3.10 (which may include a schedule for the Applicable Spread based upon the ratings assigned to the long term debt of the Borrower as described in subparagraph (a) in this definition) that, when added to the product of the LIBOR Index multiplied by the Applicable Factor (and multiplied by the Margin Rate Factor), as applicable, would equal the minimum interest rate per annum that would enable the Note to be sold on such date at a price equal to the principal amount thereof (without regard to accrued interest, if any, thereon).

“Available Commitment” means, on any date, an initial amount equal to \$150,000,000 and thereafter such initial amount adjusted from time to time as follows: (a) downward in an amount equal to the principal amount of any Advance pursuant to the terms hereof; (b) upward in an amount equal to the principal amount of the Note repaid by the Borrower pursuant to the terms of Section 2.05 hereof; and (c) downward to zero upon the expiration or termination of the Available Commitment in accordance with the terms hereof; *provided, that*, after giving effect to any of the foregoing adjustments the Available Commitment shall never exceed \$150,000,000 at any one time.

“Commitment Expiration Date” means the later of (a) 5:00 p.m. New York City time on December 1, 2021, and (b) 5:00 p.m. New York City time on the last day of any extension

of such date pursuant to Section 3.10 hereof or, if such last day is not a Business Day, the Business Day next preceding such day.

“Scheduled Mandatory Tender Date” means the Commitment Expiration Date, which, for the avoidance of doubt, initially means December 1, 2021.

“Tax Certificate” means that certain Tax Certificate dated May 12, 2015, the Tax Certificate dated as of the First Amendment Effective Date, or the Tax Certificate dated the Second Amendment Effective Date, as applicable, each by the Borrower, relating to the Note, as the same may be amended or supplemented from time to time.

1.02. The following definitions are hereby added to Section 1.01 of the Agreement in the appropriate alphabetical order to read as follows:

“Anti-Corruption Laws” means: (a) the U.S. Foreign Corrupt Practices Act of 1977, as amended; (b) the U.K. Bribery Act 2010, as amended; and (c) any other anti-bribery or anti-corruption laws, regulations or ordinances in any jurisdiction in which the Borrower is located or doing business.

“Anti-Money Laundering Laws” means applicable laws or regulations in any jurisdiction in which the Borrower is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

“Sanction” or “Sanctions” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute or Executive Order, (b) the United Nations Security Council, (c) the European Union, (d) the United Kingdom, or (e) any other governmental authority with jurisdiction over Borrower.

“Sanctioned Target” means any target of Sanctions, including: (a) Persons on any list of targets identified or designated pursuant to any Sanctions, (b) Persons, countries, or territories that are the target of any territorial or country-based Sanctions program, (c) Persons that are a target of Sanctions due to their ownership or

control by any Sanctioned Target(s), or (d) otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“*Second Amendment Effective Date*” means December 2, 2019.

1.03. Section 3.01(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

(b) In the event the Purchaser has not received the Mandatory Tender Price on the Scheduled Mandatory Tender Date, the Borrower shall cause the principal amount of the Note to be redeemed in full on the Mandatory Tender Date; *provided* that, if the Borrower is required to redeem the Note as set forth above and (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations set forth in Article V shall be true and correct on, as if the same had been made on, the Scheduled Mandatory Tender Date (except to the extent that any such representations expressly relate to an earlier date), then the principal amount of the Note shall be due and payable in full on the thirtieth (30th) day after the Mandatory Tender Date (such thirtieth (30th) day being the “*Conversion Date*”) and shall accrue interest during such period at the Purchaser Rate. Upon the Borrower’s written request to enter into a Scheduled Amortization Period (as hereinafter defined) delivered to the Purchaser no later than the twenty-fifth (25th) calendar day after the Mandatory Tender Date and provided that (A) no Default or Event of Default shall have occurred and be continuing and (B) the representations set forth in Article V shall be true and correct on, as if the same had been made on the Conversion Date (except to the extent that any such representations expressly relate to an earlier date) (the foregoing clauses (A) and (B) both the “*Term Out Conditions*”) then the Note shall continue to bear interest at the Purchaser Rate and the Borrower shall cause the outstanding principal amount of the Note to be redeemed in installments payable on each Scheduled Amortization Payment Date (each such payment, a “*Scheduled Amortization Payment*”), with the final installment in an amount equal to the entire then-outstanding principal amount of the Note to be redeemed on the related Amortization End Date (the period commencing on the related Mandatory Tender Date and ending on the related Amortization End Date is herein referred to as the “*Scheduled Amortization Period*”). Each Scheduled Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Scheduled Amortization Payments over the Scheduled Amortization Period. During the Scheduled Amortization Period, interest on the Note

shall accrue at the Purchaser Rate, be payable monthly in arrears on the first Business Day of each calendar month and be calculated on the basis of a 360-day year and actual days elapsed. In the event that the Term Out Conditions are not satisfied on the Conversion Date, the Borrower shall cause the principal amount of the Note to be redeemed in full on the Conversion Date. In the event the Purchaser has not received the Mandatory Tender Price on the Directed Mandatory Tender Date, then the Borrower shall cause the outstanding principal amount of the Note to be redeemed in installments payable on each Directed Amortization Payment Date (each such payment, a “*Directed Amortization Payment*”), with the final installment in an amount equal to the entire then-outstanding principal amount of the Note to be redeemed on the related Amortization End Date (the period commencing on the related Mandatory Tender Date and ending on the related Amortization End Date is herein referred to as the “*Directed Amortization Period*”). Each Directed Amortization Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Directed Amortization Payments over the Directed Amortization Period. During the Directed Amortization Period, interest on the Note shall accrue at the Default Rate, be payable on demand, and be calculated on the basis of a 360-day year and actual days elapsed.

1.04. Section 3.01(c) of the Agreement is hereby amended and restated in its entirety to read as follows:

(c) The Borrower shall pay or cause to be paid to the Initial Purchaser on January 2, 2020, for the period commencing on October 1, 2019, to and including December 31, 2019, and in arrears on the first Business Day of each April, July, October and January to occur thereafter to the Termination Date, and on the Termination Date, a [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(i) From and including May 11, 2018 to but not including December 2, 2019, as set forth in the following schedule:

Upon the occurrence and during the continuance of an Event of Default (whether or not the Purchaser declares an Event of Default in connection therewith), the Commitment Fee Rate shall immediately and without notice increase by two percent (2.00%) per annum above the Commitment Fee Rate otherwise in effect. The Commitment Fee shall be payable quarterly in arrears, together with interest on the Commitment Fee from the date payment is due until payment in full at the Default Rate. The Borrower acknowledges that as of the Second Amendment Effective Date the Commitment Fee Rate is that specified above for Level 1 in subparagraph (ii) above.

1.05. Section 3.12 of the Agreement is hereby amended and restated and as so amended shall read as follows:

Section 3.12. Inability to Determine Rates. If the Purchaser determines that for any reason in connection with any request to make an Advance that (a) Dollar deposits are not being offered to banks in the London interbank market for the applicable amount, (b) adequate and reasonable means do not exist for determining LIBOR, or (c) the LIBOR does not accurately reflect the cost to the Purchaser of funding such Advances, the Purchaser will promptly so notify the Borrower. Thereafter, the obligation of the Purchaser to make or maintain Advances shall be suspended until the Purchaser revokes such notice. Upon receipt of such notice, (i) the Borrower shall immediately revoke any pending request for Advances, and deliver notice to the Purchaser that the rate on Advances will be converted to a rate determined by the Purchaser, after consultation with the Borrower, in the amount specified therein; *provided, however*, that such rate shall be an interest-based index, variations in the value of which can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in United States Dollars, and (ii) the interest on all outstanding Advances shall be automatically converted to the interest rate set forth in such notice on the next succeeding LIBOR Index Reset Date. Upon any such conversion, the Borrower shall also pay accrued interest on the amount so converted.

1.06. Article V of the Agreement is hereby amended by the addition thereto of the new Section 5.29 and Section 5.30 to appear in the appropriate numerical sequence and to read as follows:

Section 5.29. Sanctions. Borrower represents and warrants continuously throughout the term of this Agreement that: (a) Borrower is not a Sanctioned Target; (b) Borrower is not owned or controlled by, or acting or purporting to act for or on behalf of,

directly or indirectly, a Sanctioned Target; (c) Borrower complies with Sanctions to the extent required by law; and (d) to the best of Borrower's knowledge, after due care and inquiry, Borrower is not under investigation for an alleged violation of Sanction(s) by a governmental authority that enforces Sanctions. Borrower shall notify Purchaser in writing not more than one (1) business day after first becoming aware of any breach of this section.

Section 5.30. Anti-Money Laundering and Anti-Corruption Laws. Borrower represents and warrants continuously throughout the term of this agreement that: (a) Borrower complies with Anti-Money Laundering Laws and Anti-Corruption Laws to the extent required by law; and (b) to the best of Borrower's knowledge, after due care and inquiry, the Borrower is not under investigation for an alleged violation of Anti-Money Laundering Laws or Anti-Corruption Laws by a governmental authority that enforces such laws.

1.07. Article VI of the Agreement is hereby amended by the addition thereto of a new Section 6.21 to appear in the appropriate numerical sequence and to read as follows:

Section 6.21. Use of Proceeds.

(a) *Sanctions.* Borrower shall not directly or indirectly use any of the credit to fund, finance or facilitate any activities, business or transactions: (a) that are prohibited by Sanctions, (b) that would be prohibited by U.S. Sanctions if conducted by a U.S. Person, or (c) that would be prohibited by Sanctions if conducted by Purchaser, or any other party hereto. Borrower shall notify Purchaser in writing not more than one (1) business day after first becoming aware of any breach of this section.

(b) *Anti-Money Laundering/Anti-Corruption Laws.* Borrower shall not directly or indirectly use any of the credit to fund, finance or facilitate any activities, business or transactions that would be prohibited by Anti-Money Laundering Laws or Anti-Corruption Laws.

(c) *Compliance.* Borrower shall comply with Sanctions, Anti-Money Laundering Laws, and Anti-Corruption Laws.

(d) *Source of Repayment and Collateral.* Borrower shall not fund any repayment of the credit with proceeds, or provide as collateral any property, that is directly or indirectly derived from any transaction or activity that is prohibited by Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise

cause the Purchaser or any other party to this agreement to be in violation of Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

1.08. Section 7.01(d) of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

(d) the Borrower shall default in the due performance or observance of any of the covenants set forth in Section 6.01, 6.03(f) (but only with respect to Events of Default), 6.03(g), 6.06 (after giving effect to any grace period or cure period contained in the specific portion incorporated by reference by such Section 6.06 (but not any grace or cure period found elsewhere (for example in the defaults) in such Related Documents), 6.08, 6.09, 6.10, 6.13, 6.14, 6.18, 6.19, 6.20 or 6.21 hereof;

1.09. Each reference to “\$100,000,000” set forth in Exhibits C, E, and F of the Agreement shall be replaced in each instance with “150,000,000.”

2. CONDITIONS PRECEDENT.

This Amendment shall be effective as of the Amendment Date subject to the satisfaction of or waiver by the Purchaser of all of the following conditions precedent:

2.01. Delivery by the Borrower of an executed (a) counterpart of this Amendment, (b) Ordinance No. 28620 passed by the City Council on October 22, 2019 (the “*Supplemental Ordinance*”) and (c) IRS Form 8038-G.

2.02. Receipt by the Purchaser of (a) an authorizing resolution of the Public Utilities Board as the governing body of the Borrower approving this Amendment, the Supplemental Ordinance and the extension of and amendments to the Note, (b) an executed replacement Note naming Wells Fargo Bank, National Association, as holder, in the principal amount of \$150,000,000 (c) a certificate dated the Amendment Date and executed by a Borrower Representative certifying the names and signatures of the persons authorized to sign, on behalf of the Borrower, this Amendment and the Supplemental Ordinance and the other documents to be delivered by it hereunder or thereunder, and (d) an opinion of Note Counsel, on which the Purchaser is entitled to rely, in form and substance reasonably acceptable to the Purchaser, to the effect that interest on the Note is excludable from gross income for federal income tax purposes, and including such other customary matters as the Purchaser may reasonably request.

2.03. All other legal matters pertaining to the execution and delivery of this Amendment shall be reasonably satisfactory to the Purchaser and its counsel.

3. REPRESENTATIONS AND WARRANTIES OF THE BORROWER.

3.01. The Borrower hereby represents and warrants that the following statements shall be true and correct as of the date hereof:

(a) The representations and warranties of the Borrower contained in Article V of the Agreement are true and correct on and as of the date hereof as though made on and as of such date (except to the extent the same expressly relate to an earlier date).

(b) No Default or Event of Default nor any condition, event or act which with the giving of notice or the passage of time or both would constitute an Event of Default has occurred and is continuing or would result from the execution of this Amendment.

3.02. In addition to the representations given in Article V of the Agreement, the Borrower hereby represents and warrants as follows:

(a) The execution, delivery and performance by the Borrower of this Amendment and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting the Borrower.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Amendment or the Agreement, as amended hereby.

(c) This Amendment and the Agreement, as amended hereby, constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, as the same may be applied in the event of the bankruptcy, reorganization, insolvency, liquidation or similar situation of the Borrower, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

4. MISCELLANEOUS.

4.01. Except as specifically amended herein, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement or any communication issued or made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to, and shall mean and be a reference to, the Agreement, as hereby amended and as it may be further amended in the future in accordance with its terms. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. All capitalized terms used herein without

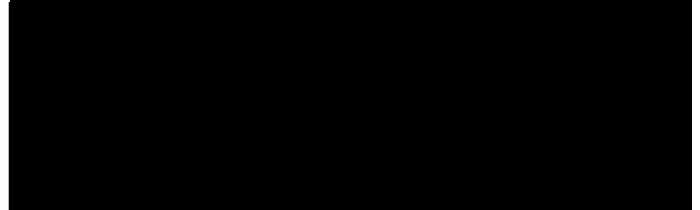
definition shall have the same meanings herein as they have in the Agreement. The Borrower hereby agrees to pay the reasonable fees and expenses of legal counsel incurred by the Purchaser in connection with this Amendment promptly after the Borrower's receipt of an invoice for the same. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF WASHINGTON WITHOUT GIVING EFFECT TO CONFLICTS OF LAWS PROVISIONS.

This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

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

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Purchaser



CITY OF TACOMA, WASHINGTON, as Borrower

