

Notice Regarding Incurrence of Financial Obligation
City of Tacoma, Washington
Water System Subordinate Revenue Refunding Bond, Series 2020

On May 14, 2020, the City of Tacoma, Washington (the “City”) issued its Water System Subordinate Revenue Refunding Bond, Series 2020 in a principal amount of \$17,466,514 (the “Bond”). The Bond was issued under Ordinance No. 28668 (the “Bond Ordinance”) to defease and refund the City’s outstanding Water System Revenue Refunding Bonds, Series 2010A. The Bond was privately placed with Key Government Finance, Inc. in accordance with a Continuing Covenant Agreement (the “Continuing Covenant Agreement”) dated May 14, 2020. The Terms of the Bond are described in the Bond Ordinance and Continuing Covenant Agreement.

Notes Regarding this Event Notice Filing. The City is filing this information as an event notice pursuant to its continuing disclosure undertakings on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) system. This information is only accurate as of its date. The provision of this information to EMMA is not intended as an offer to sell any security and the City does not intend that the Continuing Covenant Agreement involve the offering to the public of any security of the City. No representation is made as to whether this information is material or important with respect to any particular outstanding debt issue of the City or whether other events have occurred with respect to the City or its outstanding debt that might be material or important to owners of the City outstanding debt.

Dated: May 22, 2020.

Attachments: Continuing Covenant Agreement (Redacted)
Bond Ordinance

CONTINUING COVENANT AGREEMENT

DATED MAY 14, 2020

BETWEEN

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

AND

KEY GOVERNMENT FINANCE, INC.

RELATING TO

\$17,466,514
CITY OF TACOMA, WASHINGTON
WATER SYSTEM SUBORDINATE REVENUE
REFUNDING BOND, SERIES 2020

\$17,466,514

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

CONTINUING COVENANT AGREEMENT

This CONTINUING COVENANT AGREEMENT (as supplemented and amended hereafter, this "Agreement") is entered into on May 14, 2020, by and between the **CITY OF TACOMA, WASHINGTON** (the "City"), a municipal corporation duly organized and existing under the laws of the State of Washington, acting by and through its Public Utilities Board, and **KEY GOVERNMENT FINANCE, INC.** (together with its successors and assigns, in such capacity, the "Purchaser").

RECITALS:

WHEREAS, the City has authorized the issuance of its Water System Subordinate Revenue Refunding Bond, Series 2020 in the principal amount of \$17,466,514 (the "Bond") pursuant to Ordinance No. 28668 adopted by the City Council on April 28, 2020 (the "Bond Ordinance"); and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) No governmental or public agency approval, consent, permit or authorization other than the Bond Ordinance and the resolution adopted by the City's Public Utilities Board on April 8, 2020 is required in connection with the sale of the Bond to the Purchaser.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iv) a certified copy of the Bond Ordinance;

(v) an executed counterpart of this Agreement;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) insolvency of the City,

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

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

Upon the occurrence of any Event of Default and until such time as such Event of Default has been remedied or waived in writing by the Purchaser, at the election of the Purchaser, the interest rate on the Bond shall be increased to the Default Rate. The Default Rate shall be a rate equal to the [REDACTED]. Notwithstanding the foregoing, the Bond shall not be subject to acceleration prior to maturity.

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

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

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

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

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

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

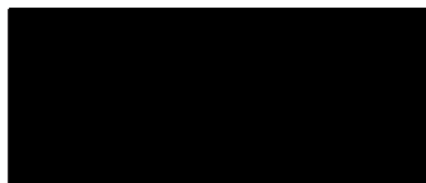
Section 14. Waiver or Modification; Amendments. No waiver, modification or amendment of any one or more of the terms and conditions of this Agreement, the Bond Ordinance or the Bond shall be valid unless in writing and signed by the party or parties making such waiver or agreeing to such modification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

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

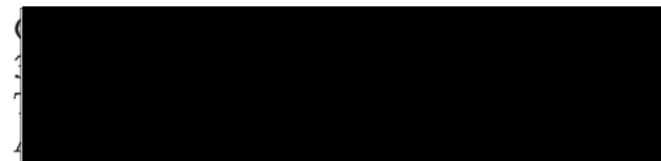
Section 16. Governing Law. The validity, interpretation and performance of this Agreement shall be governed by the laws of the State of Washington.

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

If to the Purchaser, to:



If to the City, to:



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

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

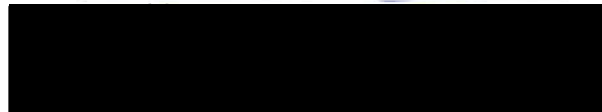
Section 20. Washington Statutory Notice. ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, TO EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

[Signature page follows]

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

CITY OF TACOMA, WASHINGTON

By:



KEY GOVERNMENT FINANCE, INC.

By: _____

Name: _____

Title: _____

[signature page to Continuing Covenant Agreement]

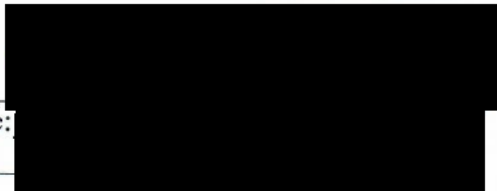
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITY OF TACOMA, WASHINGTON

By: _____
Scott Dewhirst,
Superintendent/Chief Operating Officer,
Department of Public Utilities, Water Division

KEY GOVERNMENT FINANCE, INC.

By: _____
Name: _____
Title: _____



[signature page to Continuing Covenant Agreement]

Schedule A

I. Principal Amount of the Bond: \$17,466,514

II. Purchase Price of the Bond: \$17,466,514

III. Maturity Date: December 1, 2023

IV. Interest Rate: [REDACTED]

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

Date	Principal	Interest	Debt Service	Annual Debt Service
12/01/2020	\$ 4,308,998	\$ 133,812.89	\$ 4,442,810.89	\$ 4,442,810.89
06/01/2021	-	92,102.62	92,102.62	-
12/01/2021	4,489,758	92,102.62	4,581,860.62	4,673,963.24
06/01/2022	-	60,674.31	60,674.31	-
12/01/2022	4,548,415	60,674.31	4,609,089.31	4,669,763.62
06/01/2023	-	28,835.40	28,835.40	-
12/01/2023	4,119,343	28,835.40	4,148,178.40	4,177,013.80
Total	\$17,466,514	\$497,037.55	\$17,963,551.55	\$17,963,551.55

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

VII. Closing Date: May 14, 2020.

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

IX. Default Rate: [REDACTED]

EXHIBIT A
FORM OF
INVESTOR LETTER

_____, 20____

City of Tacoma
Tacoma, Washington

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

[_____]

By: _____

Name: _____

Title: _____



ORDINANCE NO.

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

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

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

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

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

23 WHEREAS, pursuant to Ordinance No. 28138, the City issued its Water
24 System Revenue and Refunding Bonds, 2013 ("2013 Bonds"), and
25
26



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

4 WHEREAS the 2005 Bonds, the 2009 Bonds, the 2010 Bonds, the
5 2013 Bonds, and the 2015 Bonds (together, the "Outstanding Senior Bonds") are
6 payable from and secured by a pledge of Gross Revenue of the Water System,
7 subject only to the payment of Operation and Maintenance Expenses (each as
8 defined herein), and

9
10 WHEREAS the 2010A Bonds maturing on or after December 1, 2020, are
11 subject to redemption at the option of the City on and after June 1, 2020, and

12
13 WHEREAS the ordinances authorizing the Outstanding Senior Bonds
14 ("Outstanding Senior Bond Ordinances") permit the City to issue obligations that
15 are junior and subordinate to the payment of the Senior Bonds and that are
16 payable out of revenue of the Water System, only after the prior payment of all
17 amounts required to be paid or set aside under the Outstanding Senior Bond
18 Ordinances for the Outstanding Senior Bonds, as the same shall become due at
19 the times and in the manner as required in the Outstanding Senior Bond
20 Ordinances, and

21
22 WHEREAS the Public Utilities Board ("Board") has initiated and has
23 recommended to the City Council for its approval the issuance of a subordinate
24 lien water system revenue refunding bond ("Bond") to defease and refund the
25 outstanding 2010A Bonds at a savings to the ratepayers of the Water System, and
26 to pay related costs of issuance, and



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

5
6 WHEREAS the City deems it in the best interest of the City and its
7 ratepayers that the Bond be sold to and purchased by Key Government Finance,
8 Inc. ("Purchaser") by private sale pursuant to the terms of a Continuing Covenant
9 Agreement to be entered into between the City and the Purchaser (the "Continuing
10 Covenant Agreement"); Now, Therefore,

11
12 BE IT ORDAINED BY THE CITY OF TACOMA:

13 Section 1. Definitions and Interpretation of Terms.

14 A. Definitions. Unless otherwise defined in the recitals and elsewhere in
15 this ordinance, capitalized terms used herein shall have the following meanings or
16 the meanings set forth in the Senior Bond Ordinances:

17
18 "Acquired Obligations" means the Government Obligations acquired by the
19 City under the terms of this ordinance and the Escrow Agreement to effect the
20 defeasance and refunding of the 2010A Bonds, but only to the extent that the
21 same are acquired at Fair Market Value.

22
23 "Annual Debt Service" has the meaning set forth in the Senior Bond
24 Ordinances.

25 "Bond" means the City's Water System Subordinate Revenue Refunding
26 Bond, Series 2020, authorized to be issued pursuant to this ordinance.



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

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

7 “Bond Register” means the registration records for the Bond maintained by
8 the Bond Registrar.

9 “Bond Registrar” means, as determined by the City, the City Treasurer, or
10 the fiscal agency of the state of Washington, currently U.S. Bank National
11 Association.

12 “Call Date” means June 1, 2020.

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

14 “City Clerk” means the duly appointed and acting City Clerk of the City or
15 the successor to the duties of that office.

16 “Code” means the Internal Revenue Code of 1986 as in effect on the date of
17 issuance of the Bond or (except as otherwise referenced herein) as it may be
18 amended to apply to obligations issued on the date of issuance of the Bond,
19 together with applicable proposed, temporary, and final regulations promulgated,
20 and applicable official public guidance published, under the Code.

21 “Continuing Covenant Agreement” means the continuing covenant
22 agreement or loan agreement between the City and the Purchaser pursuant to
23 which the Purchaser will make a loan to the City, evidenced by the Bond.



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

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

10 "Default Rate" has the meaning set forth in the Continuing Covenant
11 Agreement.
12

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

16 "Escrow Agent" means U.S. Bank National Association, Seattle,
17 Washington.
18

19 "Escrow Agreement" means the Escrow Deposit Agreement between the
20 City and the Escrow Agent to be dated as of the date of closing and delivery of the
21 Bond.
22

23 "Event of Default" has the meaning set forth in the Continuing Covenant
24 Agreement.

25 "Fair Market Value" means the price at which a willing buyer would
26 purchase an investment from a willing seller in a bona fide, arm's-length
transaction, except for specified investments as described in Treasury



1 Regulation § 1.148-5(d)(6), including United States Treasury obligations,
2 certificates of deposit, guaranteed investment contracts, and investments for yield
3 restricted defeasance escrows. Fair Market Value is generally determined on the
4 date on which a contract to purchase or sell an investment becomes binding, and,
5 to the extent required by the applicable regulations under the Code, the term
6 “investment” will include a hedge.

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

10 “Finance Director” means the duly appointed and acting Finance Director of
11 the City or the successor to the duties of that office.

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

13 “Future Senior Bonds” means all revenue bonds and other obligations
14 (including Parity Payment Agreements (as defined in the Senior Bond
15 Ordinances)) of the City issued or entered into after the date hereof, the payment
16 of which constitutes a charge and lien on the Net Revenue of the Water System
17 equal in rank with the charge and lien upon such revenue required to be paid into
18 the bond fund to pay and secure the payment of the principal of and interest on the
19 Outstanding Senior Bonds.

22 “Future Subordinate Bonds” means all revenue bonds and other obligations
23 of the City issued or entered into after the date of issuance of the Bond, the
24 payment of which constitutes a charge and lien on the Net Revenue of the Water
25 System equal in rank with the charge and lien upon such revenue required to be
26



1 paid into the Bond Fund to pay and secure the payment of the principal of and
2 interest on the Bond.

3 "Government Obligations" means direct or indirect obligations of, or
4 obligations the principal of and interest on which are unconditionally guaranteed
5 by, the United States of America.
6

7 "Gross Revenue" or "Gross Revenue of the Water System" means in any
8 fiscal year of the Water System all of the revenues of the Water System, including,
9 but not limited to, revenue from the sale or transmission of water; the sale, lease,
10 or furnishing of other commodities, services, properties or facilities; the imposition
11 of connection, capital improvement, or other charges; utility local improvement
12 district assessments that are pledged to Senior Bonds; and earnings from the
13 investment of money in the Water Division Fund. However, Gross Revenue shall
14 not include earnings of the Regional System or any other separate utility system
15 that may be acquired or constructed by the City, proceeds of Senior Bonds,
16 Subordinate Bonds, or other borrowing; grants or other capital contributions which
17 by their terms are restricted to specific projects or purposes; or earnings or
18 proceeds from any investments in a trust, defeasance, or escrow fund created to
19 defease or refund Water System obligations (until commingled with other earnings
20 and revenues of the Water System defined as Gross Revenue) or held in a special
21 account for the purpose of paying a rebate to the United States government under
22 the Code.
23
24
25

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



1 "Mayor" means the duly elected Mayor of the City or the successor to such
2 officer.

3 "Maximum Annual Debt Service" has the meaning set forth in the Senior
4 Bond Ordinances.

5 "Net Revenue" or "Net Revenue of the Water System" means the Gross
6 Revenue minus: (1) Operation and Maintenance Expenses; (2) deposits into the
7 Rate Stabilization Account (as defined in the Senior Bond Ordinances); and
8 (3) proceeds from the sale of property of the Water System, and plus withdrawals
9 from the Rate Stabilization Account.
10

11 "Operation and Maintenance Expenses" means all expenses incurred by the
12 City in causing the Water System of the City to be operated and maintained in
13 good repair, working order, and condition, including, without limitation: deposits,
14 premiums, assessments, or other payments for insurance, if any, on the Water
15 System; payments into pension funds; State-imposed taxes; amounts due under
16 Contract Resource Obligations, including Regional Supply System Costs, but only
17 at the times described in the Senior Bond Ordinances; payments made to any
18 other person or entity for the receipt of water supply or transmission or other right,
19 commodity, or service; payments made to any other person or entity that are
20 required in connection with the operation of the Water System or the acquisition or
21 transmission of water and that are not subordinate to the lien of the Senior Bonds;
22 and payments with respect to any other expenses of the Water System that are
23 properly treated as operation and maintenance expenses under generally
24 accepted accounting principles applicable to municipal corporations. Operation
25
26



1 and Maintenance Expenses do not include any depreciation or taxes levied or
2 imposed by the City, Payment Agreement Payments, or payments to the City in
3 lieu of taxes; or capital additions or capital replacements to the Water System.

4 "Outstanding Senior Bond Ordinances" mean the ordinances authorizing the
5 Outstanding Senior Bonds as identified in the recitals to this ordinance.
6

7 "Outstanding Senior Bonds" mean the City's senior lien parity bonds
8 outstanding on the date of this ordinance as identified in the recitals to this
9 ordinance.

10 "Public Utility Board" or "Board" means the board of that name created
11 under the Tacoma City Charter.
12

13 "Purchaser" means Key Government Finance, Inc.

14 "Refunding Account" means the account of that name established pursuant
15 to this ordinance.

16 "Regional System" has the meaning set forth in the Senior Bond
17 Ordinances.
18

19 "Registered Owner" means the person in whose name the Bond is
20 registered on the Bond Register.

21 "Rule" means the Security and Exchange Commission's Rule 15c2-12
22 under the Securities Exchange Act of 1934, as the same may be amended from
23 time to time.
24

25 "Senior Bond Fund" means the Bond Fund created by or confirmed by the
26 Senior Bond Ordinances.



1 "Senior Bond Ordinances" mean the ordinances authorizing the Senior
2 Bonds.

3 "Senior Bonds" mean the Outstanding Senior Bonds and any Future Senior
4 Bonds.

5 "State" means the state of Washington.

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

12 "Subordinate Bonds" mean the Bond and any Future Subordinate Bonds.

13 "Subordinate Bonds Parity Requirement" means Net Revenue (which may
14 or may not be audited) for any 12 consecutive calendar month period out of the
15 immediately preceding 24 calendar months, equal to or greater than 1.25 times the
16 Maximum Annual Debt Service in any future fiscal year for all the then outstanding
17 Senior Bonds and Subordinate Bonds, plus the Future Subordinate Bonds
18 proposed to be issued; provided, that for purposes of this Subordinate Bonds
19 Parity Requirement, Maximum Annual Debt Service shall be calculated to include
20 the debt service on the Subordinate Bonds plus the Senior Bonds.

21 "Treasurer" means the duly appointed and acting Treasurer of the City or
22 the successor to the duties of that office.
23
24
25
26



1 “2010A Bonds” means the City’s Water System Revenue Refunding Bonds,
2 2010A, issued in the original principal amount of \$29,100,000 pursuant to
3 Ordinance No. 27902, passed on July 20, 2010.

4 “Water Division Fund” means Fund No. 4600 of the City, or any successor
5 fund or funds, into which is paid the Gross Revenue of the Water System.
6

7 “Water System” means the water system of the City as it now exists, and all
8 additions thereto and betterments and extensions thereof at any time made for so
9 long as any of the Senior Bonds are outstanding. The Water System shall not
10 include the Regional System or any water supply or service or other facilities that
11 may be created, acquired, or constructed by the City as a separate utility system.
12

13 B. Interpretation. In this ordinance, unless the context otherwise requires:

14 1. The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder,” and
15 any similar terms, as used in this ordinance, refer to this ordinance as a whole and
16 not to any particular article, section, subdivision, or clause hereof, and the term
17 “hereafter” shall mean after, and the term “heretofore” shall mean before, the date
18 of this ordinance;
19

20 2. Words importing the singular number shall mean and include the
21 plural number and vice versa;
22

23 3. Words importing persons shall include firms, associations,
24 partnerships (including limited partnerships), trusts, corporations, limited liability
25 companies, and other legal entities, including public bodies, as well as natural
26 persons;



1 4. Any headings preceding the text of the several articles and
2 sections of this ordinance, and any table of contents or marginal notes appended
3 to copies hereof, shall be solely for convenience of reference and shall not
4 constitute a part of this ordinance, nor shall they affect its meaning, construction, or
5 effect; and
6

7 5. All references herein to "articles," "sections," and other
8 subdivisions or clauses are to the corresponding articles, sections, subdivisions, or
9 clauses hereof.

10 Section 2. Findings; Senior Bonds.

11 A. Findings. The City has established financial policies which provide, as a
12 general rule, that the City may issue refunding bonds to refund outstanding debt
13 when, among other reasons, such refunding results in a sufficient net present
14 value savings. Council approval is necessary prior to the issuance of debt under
15 the Tacoma City Charter and State law. The Council hereby finds (1) it is in the
16 best interest of the City and its ratepayers that it issue a revenue refunding bond to
17 defease and refund the outstanding 2010A Bonds for aggregate net present value
18 debt service savings; (2) the City has received a commitment from the Purchaser
19 pursuant to which it has agreed, for a limited time, to lock the rate of interest on the
20 proposed refunding bond; (3) the rate of interest agreed to by the Purchaser is
21 based on current market rates, which are changing in the current bond market
22 environment; (4) the refunding bond authorized herein will not be issued without
23 further Council approval unless the parameters provided for herein can be
24
25
26



1 satisfied; and (5) the adoption of this ordinance and the authorization of the
2 refunding bond is routine and consistent with City policy.

3 B. Findings with Respect to Senior Bonds. The pledge, lien, and charge of
4 the Senior Bonds on Gross Revenue and the obligation of the City to deposit
5 Gross Revenue into the Senior Bond Fund established by the Senior Bond
6 Ordinances have priority over the pledge, lien, and charge of the Subordinate
7 Bonds on Gross Revenue.
8

9 The City hereby finds and determines that the Gross Revenue of the Water
10 System at the rates to be charged for water and other services and commodities
11 from the Water System will be more than sufficient to meet all Operation and
12 Maintenance Expenses and to permit the setting aside into the Senior Bond Fund
13 and Bond Fund out of the Gross Revenue of amounts sufficient to pay the principal
14 of and interest on the Outstanding Senior Bonds and the Bond when due at
15 maturity and upon any mandatory sinking fund redemption thereof. The City
16 further finds and determines that in creating the Bond Fund and in fixing the
17 amounts to be paid into the Bond Fund, it has exercised due regard for Operation
18 and Maintenance Expenses, and the City has not bound and obligated itself to set
19 aside and pay into the Bond Fund a greater amount or proportion of the Gross
20 Revenue than in the judgment of the City will be available over and above the
21 Operation and Maintenance Expenses.
22
23
24

25 Section 3. Authorization of Bond. For the purposes of defeasing and
26 refunding the 2010A Bonds and paying costs of issuance of the Bond, the City is



1 hereby authorized to issue and sell a subordinate lien water system revenue
2 refunding bond in the principal amount of not to exceed \$18,400,000 (the "Bond").

3 The Bond shall be designated as the "City of Tacoma, Washington, Water
4 System Subordinate Revenue Refunding Bond, Series 2020," with additional
5 series designation or other designation as set forth in the Continuing Covenant
6 Agreement and approved by the Designated Representative.

8 The Bond shall bear interest from its dated date or the most recent date to
9 which interest has been paid at the Interest Rate, subject to the Default Rate as set
10 forth in the Continuing Covenant Agreement. Interest on the outstanding principal
11 amount of the Bond shall be calculated per annum on a 30/360 basis, or as
12 otherwise provided in the Bond and in the Continuing Covenant Agreement.
13 Principal of and interest on the Bond shall be payable at the times and in the
14 amounts as set forth in the Continuing Covenant Agreement and in the payment
15 schedule attached to the Bond.
16

17
18 Section 4. Registration of Bond.

19 A. Registrar/Bond Registrar. The Bond Registrar is authorized, on behalf of
20 the City, to authenticate and deliver the Bond if transferred or exchanged in
21 accordance with the provisions of the Bond and this ordinance and to carry out all
22 of the Bond Registrar's powers and duties under this ordinance.

24 B. Registered Ownership. The City and the Bond Registrar may deem and
25 treat the Registered Owner of the Bond as the absolute owner for all purposes,
26 and neither the City nor the Bond Registrar shall be affected by any notice to the
contrary. Payment of the Bond shall be made only as described in Subsection D



1 below. All such payments made as described in Subsection D below shall be valid
2 and shall satisfy the liability of the City upon the Bond to the extent of the amount
3 so paid.

4 C. Transfer or Exchange of Registered Ownership. The Bond shall not be
5 transferrable without the consent of the City except as provided in the Bond or the
6 Continuing Covenant Agreement.
7

8 D. Place and Medium of Payment. Both principal of and interest on the
9 Bond shall be payable in lawful money of the United States of America. Principal
10 and interest on the Bond shall be payable by check, warrant, ACH transfer, or by
11 other means mutually acceptable to the Registered Owner and the City. Upon final
12 payment of principal and interest of the Bond, the Registered Owner shall
13 surrender the Bond for cancellation at the office of the Bond Registrar in
14 accordance with this ordinance.
15

16 Section 5. Form of Bond. The Bond shall be in substantially the form
17 provided for in Exhibit "A" to this ordinance, which is incorporated herein by this
18 reference, with appropriate or necessary insertions, depending upon the omissions
19 and variations as permitted or required hereby.
20

21 Section 6. Execution of Bond. The Bond shall be executed on behalf of the
22 City with the manual or facsimile signatures of the Mayor and City Clerk of the City
23 and the seal of the City shall be impressed, imprinted, or otherwise reproduced
24 thereon.
25

26 Only such Bond as shall bear thereon a Certificate of Authentication in the
form set forth in Exhibit "A," manually executed by the Bond Registrar, shall be



1 valid or obligatory for any purpose or entitled to the benefits of this ordinance.

2 Such Certificate of Authentication shall be conclusive evidence that the Bond so
3 authenticated have been duly executed, authenticated, and delivered hereunder
4 and are entitled to the benefits of this ordinance.

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

16
17
18 Section 7. Application of Bond Proceeds; Refunding Plan.

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

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



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

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

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

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



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

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

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

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



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

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

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

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



1 turned over to the registrar for such Senior Bonds for payment to the registered
2 owners of such Senior Bonds.

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

12 The City shall not incur any obligations payable from Net Revenue of the
13 Water System that are subject to acceleration.
14

15 The Bond shall be a special limited obligation of the City payable only from
16 the Bond Fund and shall be payable from and secured by Net Revenue of the
17 Water System on a subordinate lien basis as provided herein. The City's
18 obligations with respect to the Bond shall not be deemed to constitute a general
19 obligation or a pledge of the faith and credit of the City, or a debt of any other
20 system of the City other than the Water System. The City's payment obligations
21 with respect to the Bond shall be subordinate to the City's obligations to make all
22 required payments related to the Senior Bonds as further described herein. The
23 full faith and credit of the City is not pledged to the repayment of the Bond.
24

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



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

8 A. to pay the Operation and Maintenance Expenses;

9 B. to make all payments related to the Senior Bonds in accordance with the
10 Senior Bond Ordinances authorizing such Senior Bonds, including into any reserve
11 account, in connection with any Reserve Insurance, and in connection with any
12 Contract Resource Obligations not payable as Operation and Maintenance
13 Expenses;
14

15 C. to pay principal of and interest on the Subordinate Bonds when due and
16 to make all payments required to be made into the Bond Fund with respect to the
17 Subordinate Bonds;
18

19 D. to make all payments required to be made into any revenue bond, note,
20 warrant, or other revenue obligation redemption fund, debt service account, or
21 reserve account created to pay or secure the payment of the principal of and
22 interest on any revenue bonds, notes, warrants, or other obligations of the City
23 having a lien upon the revenue of the Water System junior and inferior to the lien
24 thereon for the payment of the principal of and interest on the Senior Bonds and
25 the Subordinate Bonds, including the State Loans; and
26



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

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

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

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

24 1. The Gross Revenue will be sufficient to: (a) pay all Operation and
25 Maintenance Expenses; (b) pay when due all amounts that the City is obligated to
26 pay under Section 9.B hereof with regard to Senior Bonds; (c) pay when due all
amounts that the City is obligated to pay into the Bond Fund and the accounts



1 therein with regard to Subordinate Bonds; and (d) pay all taxes, assessments, or
2 other governmental charges lawfully imposed on the Water System or the revenue
3 therefrom or payments in lieu thereof, and any and all other amounts which the
4 City may now or hereafter become obligated to pay from the Gross Revenue by
5 law or contract; and
6

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

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

19 Notwithstanding the foregoing, if the Future Subordinate Bonds are issued
20 to refund, for overall debt service savings, then outstanding Senior Bonds or
21 Subordinate Bonds, then no such certification shall be required. Nothing in this
22 ordinance shall restrict or prohibit the City from issuing additional bonds or
23 obligations that are otherwise junior and subordinate to the payment of the
24 Subordinate Bonds.
25

26 D. Sale, Transfer, or Disposition of the Water System. The City will not sell
or otherwise dispose of the Water System except as otherwise provided in the



1 Senior Bond Ordinances. Further, the City shall not sell, lease, or otherwise
2 dispose of all or substantially all of the Water System so long as the Bond is
3 outstanding and unpaid.

4 E. No Free Service. Except to aid the poor or infirm and for firefighting
5 purposes and if the City elects to provide free service for such purposes, it will not
6 furnish or supply or permit the furnishing or supplying of any service or facility in
7 connection with the operation of the Water System free of charge to any person,
8 firm, or corporation, public or private.

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

21 G. Books and Accounts. It will keep proper books, records, and accounts
22 with respect to the operations, income, and expenditures of the Water System in
23 accordance with generally accepted accounting practices relating to municipal
24 utilities and any applicable rules and regulations prescribed by the State, and will
25 cause those books, records, and accounts to be audited on an annual basis by the
26 State Auditor and/or independent auditor (or, if such audit is not made by the State



1 Auditor within 270 days after the close of any fiscal year of the Water System, by a
2 certified public accountant selected by the City). It will prepare annual financial
3 and operating statements as soon as practicable after the close of each fiscal year
4 of the Water System showing in reasonable detail the financial condition of the
5 Water System as of the close of the previous year, and the income and expenses
6 for such year, including the amounts paid into the Bond Fund and into any and all
7 special funds or accounts created pursuant to the provisions of this ordinance, the
8 status of all funds and accounts as of the end of such year, and the amounts
9 expended for maintenance, renewals, replacements, and capital additions to the
10 Water System.
11
12

13 H. Collection of Delinquent Accounts. On at least an annual basis, the City
14 will determine all accounts that are delinquent and will take such actions as the
15 City determines are reasonably necessary to enforce payment of those delinquent
16 accounts.
17

18 I. Maintenance of Insurance. The City at all times will carry fire and
19 extended coverage, public liability and property damage, and such other forms of
20 insurance with responsible insurers and with policies payable to the City on such of
21 the buildings, equipment, works, plants, facilities, and properties of the Water
22 System as are ordinarily carried by municipal or privately-owned utilities engaged
23 in the operation of like systems, and against such claims for damages as are
24 ordinarily carried by municipal or privately-owned utilities engaged in the operation
25 of like systems, or it will self-insure or will participate in an insurance pool or pools
26



1 with reserves adequate, in the reasonable judgment of the City, to protect the
2 Water System and the owners of the Senior Bonds and the Bond against loss.

3 J. Condemnation Awards and Insurance Proceeds. If the City receives any
4 condemnation awards or proceeds of an insurance policy in connection with any
5 loss of or damage to any property of the Water System, it shall apply the
6 condemnation award or insurance proceeds, in the City's sole discretion, either:
7 (1) to the cost of replacing or repairing the lost or damaged properties; (2) to the
8 payment, purchase or redemption of Senior Bonds; or (3) to the cost of
9 improvements to the Water System.
10

11 Section 11. Tax Covenants. The City will take all actions necessary to
12 assure the exclusion of interest on the Bond from the gross income of the
13 Registered Owner of the Bond to the same extent as such interest is permitted to
14 be excluded from gross income under the Code as in effect on the date of
15 issuance of the Bond, including, but not limited to, the following:
16

17 A. Private Activity Bond Limitation. The City will assure that the proceeds
18 of the Bond are not so used as to cause the Bond to satisfy the private business
19 tests of Section 141(b) of the Code or the private loan financing test of
20 Section 141(c) of the Code.
21

22 B. Limitations on Disposition of Projects. The City will not sell or otherwise
23 transfer or dispose of (1) any personal property components of the projects
24 refinanced with proceeds of the Bond other than in the ordinary course of an
25 established government program under Treasury Regulation § 1.141-2(d)(4) or
26 (2) any real property components of such projects, unless it has received an



1 opinion of Bond Counsel to the effect that such disposition will not adversely affect
2 the treatment of interest on the Bond as excludable from gross income for federal
3 income tax purposes.

4 C. Federal Guarantee Prohibition. The City will not take any action or
5 permit or suffer any action to be taken if the result of such action would be to cause
6 the Bond to be “federally guaranteed” within the meaning of Section 149(b) of the
7 Code.
8

9 D. Rebate Requirement. The City will take any and all actions necessary to
10 assure compliance with Section 148(f) of the Code, relating to the rebate of excess
11 investment earnings, if any, to the federal government, to the extent that such
12 section is applicable to the Bond.
13

14 E. No Arbitrage. The City will not take, or permit or suffer to be taken, any
15 action with respect to the proceeds of Bond which, if such action had been
16 reasonably expected to have been taken, or had been deliberately and
17 intentionally taken, on the date of issuance of the Bond would have caused the
18 Bond to be an “arbitrage bond” within the meaning of Section 148 of the Code.
19

20 F. Registration Covenant. The City will maintain a system for recording the
21 ownership of the Bond that complies with the provisions of Section 149 of the Code
22 until the Bond has been surrendered and canceled.
23

24 G. Record Retention. The City will retain its records of all accounting and
25 monitoring it carries out with respect to the Bond for at least three years after the
26 Bond matures or is redeemed (whichever is earlier); however, if the Bond is
redeemed and refunded, the City will retain its records of accounting and



1 monitoring at least three years after the earlier of the maturity or redemption of the
2 obligations that refunded the Bond.

3 H. Compliance with Federal Tax Certificate. The City will comply with the
4 provisions of the Federal Tax Certificate with respect to the Bond, which are
5 incorporated herein as if fully set forth herein. The covenants of this Section will
6 survive payment in full or defeasance of the Bond.
7

8 Section 12. Right of Prepayment. The Bond may be prepaid, in whole or in
9 part, as provided in the Continuing Covenant Agreement. Any prepayments shall
10 be applied first to accrued and unpaid interest and then applied to reduce the
11 outstanding principal amount of the Bond. If the Bond is prepaid, in whole, in
12 accordance with this Section 12, interest shall cease to accrue on the date the
13 Purchaser receives such prepayment.
14

15 Section 13. Sale of the Bond. The Bond shall be sold to the Purchaser
16 pursuant to the terms of this ordinance and the Continuing Covenant Agreement.
17 The City hereby accepts the Continuing Covenant Agreement, a form of which is
18 attached as Exhibit "B." The Designated Representatives are each hereby
19 authorized to approve the final terms and conditions of the Bond and the
20 Continuing Covenant Agreement in coordination with Bond Counsel, the Financial
21 Advisor, and the City Attorney's Office, and to execute and implement the
22 Continuing Covenant Agreement (including the payment of any financing costs
23 associated with the delivery of the Continuing Covenant Agreement), and such
24 approval shall be conclusively evidenced by such execution thereon, provided that:
25
26

A. the principal amount of the Bond shall not exceed \$18,400,000,



1 B. the Interest Rate (subject to the Default Rate) shall not exceed
2 1.75 percent per annum,

3 C. the Bond is sold for a purchase price that results in a minimum net
4 present value debt service savings over the 2010A Bonds of 5.0 percent,
5

6 D. the Bond otherwise conforms to the terms of this ordinance, and

7 E. the Bond is issued and delivered to the Purchaser on or prior to June 1,
8 2020.

9 If the Bond has not been issued and delivered to the Purchaser by June 1,
10 2020, the authorization for the issuance of the Bond shall be rescinded, and the
11 Bond shall not be issued nor its sale approved unless such Bond shall have been
12 reauthorized by ordinance of the Council. The ordinance reauthorizing the
13 issuance and sale of such Bond may be in the form of a new ordinance repealing
14 this ordinance in whole or in part or may be in the form of an amendatory
15 ordinance establishing terms and conditions for the authority delegated under this
16 Section.
17
18

19 The appropriate City officials, including, but not limited to, the Designated
20 Representatives, the Treasurer, and the Finance Director, are hereby authorized
21 and directed to do everything necessary for the prompt issuance, execution, and
22 delivery of the Bond and for the proper application and use of the proceeds
23 thereof. The proper officials of the City, including the Designated Representatives,
24 the Treasurer, and the Finance Director, are further authorized and directed to
25 execute all closing certificates, agreements, and documents required to effect the
26



1 closing and delivery of the Bond in accordance with the terms of the Continuing
2 Covenant Agreement.

3 Section 14. Ongoing Disclosure; Information to be Provided to the
4 Purchaser. The Bond is exempt from ongoing disclosure requirements of the Rule.
5 The City agrees to provide the Purchaser financial information as provided in the
6 Continuing Covenant Agreement.
7

8 Section 15. Event of Default and Remedies. From the date of occurrence
9 of an Event of Default until such Event of Default is remedied, the Purchaser may
10 increase the interest rate on the Bond to the Default Rate. From the date that the
11 Event of Default is cured, the interest rate on the Bond shall be restored to the
12 Interest Rate.
13

14 Section 16. Lost, Stolen, or Destroyed Bond. In case the Bond shall be
15 lost, stolen, or destroyed while in the Registered Owner's possession, the Bond
16 Registrar may at the request of the Registered Owner execute and deliver a new
17 Bond of like date, number, and tenor to the Registered Owner thereof upon the
18 Registered Owner's paying the expenses and charges of the City and the Bond
19 Registrar in connection therewith and upon its filing with the City written
20 certification that such Bond was actually lost, stolen, or destroyed and of its
21 ownership thereof. In the case the Bond shall be lost, stolen, or destroyed while in
22 the Registered Owner's possession, the Registered Owner may elect upon final
23 payment of principal and interest of the Bond to surrender a photocopy of the Bond
24 for cancellation at the office of the Bond Registrar together with written certification
25 that such Bond was actually lost, stolen, or destroyed and of its ownership thereof.
26



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

4 Section 18. Effective Date of Ordinance. This ordinance shall take effect
5 and be in force 10 days from and after its publication.
6

7
8 Passed _____

9 _____
10 Mayor

11 Attest:
12
13 _____

14 City Clerk

15 Approved as to form and legality:

16 Pacifica Law Group LLP
17 Bond Counsel

18 By _____
19
20
21
22
23
24
25
26



Exhibit "A"

Form of Bond

UNITED STATES OF AMERICA

R-1

\$

TRANSFER RESTRICTED

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

STATE OF WASHINGTON

CITY OF TACOMA

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

DATE OF ISSUANCE: _____
REGISTERED OWNER: KEY GOVERNMENT FINANCE, INC.
INTEREST RATE: _____% PER ANNUM, SUBJECT TO THE
DEFAULT RATE
PRINCIPAL AMOUNT: _____ AND NO 100/DOLLARS

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



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

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

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

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

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

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

26 This bond is not a "private activity bond" as such term is defined in the Internal
Revenue Code of 1986, as amended (the "Code"). This bond has not been



1 designated by the City as a “qualified tax-exempt obligation” for purposes of Section
2 265(b) of the Code.

3 [insert transfer provisions, if any]

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

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

12 It is hereby certified and recited that any and all acts, conditions and things
13 required to exist, to happen and to be performed, precedent to and in the incurring
14 of the indebtedness evidenced by this bond, and in the issuing of this bond, do exist,
15 have happened and have been performed in due time, form and manner, as required
16 by the Constitution and statutes of the State and the Charter of the City, and that
17 this bond, together with all other indebtedness of the City pertaining to the Water
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
debt permitted to be issued under the Bond Ordinance.

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

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

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



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

3 CITY OF TACOMA, WASHINGTON

4 By _____
5 Mayor

6 ATTEST:

7
8 _____
Clerk of the City

9
10 **CERTIFICATE OF AUTHENTICATION**

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

12 Date of Authentication: _____, 2020.

13
14 _____
15 City Treasurer, City of Tacoma

16
17 **CERTIFICATE OF REGISTRATION**

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

22 Date of
23 Registration

24 Name and Address of
25 Registered Owner
26 _____



ASSIGNMENT

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

Dated: _____

Signature(s) Guaranteed

(Signature)

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

PAYMENT SCHEDULE

[To be provided]



Exhibit "B"

Form of Continuing Covenant Agreement

(Attached)

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