



RESOLUTION NO. U-11268

1 A RESOLUTION relating to Tacoma Power; approving a Supplemental Ordinance;
2 authorizing the issuance of one or more series of Electric System Revenue
3 and Refunding Bonds, Series 2021, in the aggregate principal amount of not
to exceed \$320,000,000; and approving other matters related thereto.

4 WHEREAS the City of Tacoma, Washington ("City"), by Ordinance
5 No. 23514, passed on November 20, 1985 (as amended and supplemented,
6 including as amended and restated by Ordinance No. 28146, passed on April 30,
7 2013, and as amended by Ordinance No. 28444, passed on August 1, 2017,
8 collectively, the "Master Ordinance"), authorized electric system revenue bonds of
9 the City ("Parity Bonds") to be issued in series having a parity of lien and charge on
10 the Revenues of the Electric System after the payment of Operating Expenses (as
11 those terms are defined therein), if certain conditions are met, and made
12 covenants in connection with the issuance of such Parity Bonds, and
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15 WHEREAS pursuant to the terms of the Master Ordinance, the City acting
16 through its Department of Public Utilities, Light Division (d.b.a "Tacoma Power"),
17 issued its Electric System Revenue and Refunding Bonds, Series 2013A and
18 Electric System Revenue Refunding Bonds, Series 2013B (together, the "2013
19 Bonds"), and
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21 WHEREAS the 2013 Bonds may be defeased and/or redeemed in whole or
22 in part, on any day on or after July 1, 2023, at the option of the City at a savings to
23 Tacoma Power and its ratepayers, and
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1 WHEREAS the Master Ordinance permits the City to issue obligations that
2 are junior and subordinate to the payment of the Parity Bonds subject to the
3 conditions set forth in the Master Ordinance, and
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5 WHEREAS on April 21, 2015, the City Council passed Ordinance No. 28295
6 (as amended, the "Master Subordinate Ordinance") authorizing revenue bonds of
7 the City, junior and subordinate to the Parity Bonds, to be known as the City of
8 Tacoma Electric System Subordinate Revenue Bonds ("Subordinate Bonds") in one
9 or more series to finance costs of the Electric System, and
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11 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
12 No. 28296, passed by the City Council on April 21, 2015, as amended, the City
13 issued its Electric System Subordinate Revenue Note, Series 2015A to evidence a
14 revolving line of credit in the principal amount of not to exceed \$150,000,000
15 outstanding at any time to finance and refinance capital improvements to the
16 Electric System (as reissued, amended and extended, the "2015A Note"), and
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18 WHEREAS the 2015A Note is currently scheduled to mature on
19 December 1, 2021 and may be redeemed prior to maturity, and
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21 WHEREAS it is deemed necessary and advisable to acquire and construct
22 certain additions and betterments to and extensions of the Electric System, and
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24 WHEREAS the Public Utility Board (the "Board") finds that it is in the best
25 interest of Tacoma Power and its ratepayers that the City issue one or more series
26 of Electric System Revenue and Refunding Bonds, Series 2021 (the "Bonds") and
to use the proceeds of such Bonds to defease and/or redeem all or a portion of the



1 outstanding 2013 Bonds, to redeem the 2015A Note, to finance or refinance costs
2 of capital improvements to the Electric System, and to pay the costs of issuance
3 for the Bonds, and
4

5 WHEREAS the Board further finds that certain of the capital improvements
6 to be financed or refinanced with proceeds of the Bonds, including those financed
7 with proceeds of the 2015A Note, have environmentally beneficial attributes
8 consistent with the City's Environmental Action Plan and other environmental
9 priorities and goals of Tacoma Power designed to mitigate the impacts of climate
10 change and promote sustainability and conservation, and
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12 WHEREAS the Board desires to authorize the designation of all or a portion
13 of the Bonds issued to finance or refinance such improvements, which have
14 environmentally beneficial attributes, as "Green Bonds" in accordance with the
15 voluntary, generally accepted Green Bond Principles promulgated by the
16 International Capital Market Association and the City is permitted to make such a
17 voluntary designation based on the intended use of such proceeds, and
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19 WHEREAS pursuant to Tacoma City Charter Section 4.11, the Board is
20 required to initiate and approve all matters related to the incurrence of
21 indebtedness and the issuance of bonds on behalf of Tacoma Power, and then
22 forward such matters to the City Council for concurring approval, and
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24 WHEREAS the form of authorizing ordinance related to the issuance of the
25 Bonds (the "Supplemental Ordinance") has been presented to the Board and a
26 copy of such document is on file with the Clerk of the Board, and



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

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

7 Sec. 1. The Board hereby finds it is in the best interest of Tacoma Power
8 and its ratepayers that the City issue one or more series of Bonds as Parity Bonds
9 under the Master Ordinance to provide funding for Tacoma Power to defease
10 and/or redeem all or a portion of the outstanding 2013 Bonds, to redeem the
11 2015A Note, to finance or refinance costs of capital improvements to the Electric
12 System, and to pay the costs of issuance for the Bonds. The Bonds shall be sold
13 by negotiated sale to the underwriters subject to the parameters provided for in the
14 Supplemental Ordinance.
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16 Sec. 2. Subject to the parameters set forth in the Supplemental Ordinance,
17 that the terms and conditions of the proposed Supplemental Ordinance, including
18 delegating authority to the Director of Utilities and the Tacoma Power
19 Superintendent or their designees (each, a "Designated Representative"), to
20 approve the issuance and sale of the Bonds in the aggregate principal amount of
21 not to exceed \$320,000,000, are hereby approved, and the City Council is
22 requested to concur in this approval by the passage of the same at the earliest
23 opportunity in the final form approved by the City Attorney.
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Sec. 3. Upon passage of the Supplemental Ordinance, each Designated Representative is delegated authority to approve the final terms and conditions of the Bonds in coordination with Bond Counsel, the Municipal Advisor and the City Attorney's Office subject to the terms set forth in the Supplemental Ordinance, and to execute and implement the Bond Purchase Contracts (as defined in the Supplemental Ordinance) and any other certificates or other documents in connection therewith.

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

Approved as to form:

Chair

Pacifica Law Group LLP,
Bond Counsel

Secretary

Clerk

Adopted _____



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Bill Berry, Rates, Planning, and Analysis Manager
MEETING DATE: July 14, 2021
DATE: July 1, 2021

SUMMARY:

Tacoma Power's 2021 financing plan involves three components that require approval by the Public Utility Board and the City Council.

This Board Action Memo addresses the authorization to issue up to \$320 million of Electric System Revenue and Refunding Bonds under the delegated authority of the Director of Utilities and the Power Superintendent, or their designee, including:

- New 2021 Revenue Bonds to repay the existing \$150 million (of which, approximately \$140 million is outstanding) Wells Fargo Note Purchase Agreement;
- Potentially issuing 2021 Refunding Revenue Bonds to refund the outstanding 2013 Bonds of Tacoma Power;
- The option to identify some, or all, of the Bonds as "Green Bonds"; and
- The enactment of Springing Amendments to the language in the Master Ordinance to reflect current rate-setting practices that are based on forecasts of revenues and expenses, and to enact the option of amortizing debt service of future Tacoma Power Bonds with principal balloon payments.

The proposed Supplemental Ordinance and Resolution authorizing the issuance of the Electric System Revenue and Refunding Bonds and amending the Master Ordinance have been drafted by Tacoma Power's Bond Counsel, Pacifica Law Group LLP (Pacifica), in collaboration with Tacoma Power's Financial Advisor, Montague DeRose and Associates (MDA), Tacoma Power staff and attorney, and the City Assistant Finance Director.

STRATEGIC POLICY PRIORITY:

The strategic policy priority best aligned to this action is to "Strengthen and maintain a strong fiscal management position."

Tacoma Power regularly issues bonds to finance construction and renovation on long-lived capital assets. Debt financing such assets will help maintain financial flexibility and aim to limit rate increases over the next biennium by equitably distributing capital costs of long-lived assets to future ratepayers who are the beneficiaries of those assets. Additionally, amending the Master Ordinance language within the 2021 Bond Series Supplemental Ordinance will improve the financial flexibility of establishing rates to meet the debt service coverage requirements of bond covenants. The amended language allows Tacoma Power to set rates based on forecasted revenues and expenses and allows for the distribution of the cost and impact of large principal balloon payments over many years.



BACKGROUND:

New Bond Issue

Tax-exempt municipal market rates remain near historic lows and Tacoma Power plans to issue up to \$150 million in new Electric System Revenue Bonds in September 2021 to repay the outstanding amount on the Note Purchase Agreement with Wells Fargo (New Money Bonds). Working with MDA, the utility completed an RFP in April 2021 to select underwriters for this transaction. Citigroup and KeyBank were selected as Senior Managers, and Goldman Sachs and Siebert Williams Shank were chosen as Co-Managers. The utility is working with MDA and these firms to compare numerous alternatives and to optimize the timing, structure, planned use of proceeds in relation to the utility's future debt structure.

The utility plans to issue all, or a portion, of the New Money Bonds as Green Bonds using Kestrel Verifiers, a third-party verification company. The New Money Bonds will be structured to mature between 2023 and 2051 to take advantage of the current low interest rate environment while aligning the cost of long-lived capital projects with future debt service payments. Proceeds will reimburse 2017/2018, 2019/2020, and a portion of the 2021 capital expenditures funded with draws on the existing Note Purchase Agreement with Wells Fargo.

In order to conduct this bond sale in the most efficient manner, Tacoma Power seeks approval for the delegation of authority to the Director of Utilities and Power Superintendent, or their designee, to conduct this sale within limits defined by the Bond Ordinance.

Preliminary Terms:

Estimated pricing for the New Money Bonds is as follows:

Total Proceeds: Up to \$150,000,000

Total Interest Cost (TIC): 3.215 percent inclusive of issuance costs

Final Maturity: 2051

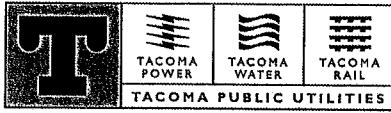
Maximum Annual Debt Service: \$8,500,000

Average Annual Debt Service: \$7,900,000

Projected All-In Cost: \$650,000 (Underwriters, Bond Counsel, Financial Advisor, Green Bond Verification)

Potential Refunding Bond Issue

Tacoma Power may also refund all, or a portion, of the outstanding 2013A and 2013B Bonds of Tacoma Power if it is determined to be financially prudent, at the advice of MDA



Board Action Memorandum

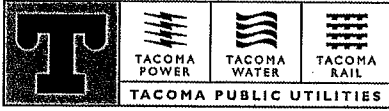
and the Underwriters. The refunding bond proceeds needed to refund the outstanding 2013A and 2013B Bonds is approximately \$127 million (Refunding Bonds). The potential issuance of the Refunding Bonds and the refunding of the 2013 Bonds will assist in leveling future debt service payments and maintaining stable rates.

Springing Amendments

Tacoma Power has five series of senior lien bonds outstanding under the 1985 Master Ordinance 23514:

- Series 2010B (Build America Bonds, “BABs”),
 - Series 2010C (Clean Renewable Energy Bonds, “CREBs”),
 - Series 2013A,
 - Series 2013B, and
 - Series 2017.
- Currently, section 9.3 Rate Covenant – Debt Service Coverage in the Master Ordinance requires that Tacoma Power set rates based on a debt service coverage calculated from actual realized net revenue for each year that is in excess of 125% of the debt service expenses. The existing language requires that rates are set at the end of each year to produce revenues and expenses to fulfill the Debt Service Coverage requirement.
- Tacoma Power is requesting to amend this language to reflect current practices of setting rates and charges for the next biennium based on **forecasted or budgeted** net revenues (revenues less expenses) that are expected to be at least 125% of the estimated debt service for each year. This change in the Master Ordinance will allow more financial flexibility in setting rates during future years when revenues or expenses become unpredictable, such as during a pandemic.
- Tacoma Power is also requesting to add a section to the Master Ordinance that allows for amortization of Bond balloon debt payments, “Balloon Indebtedness”, in meeting this Debt Service Coverage requirement. Balloon Indebtedness is defined as a series of Bonds with more than 25% of the principal payable in one fiscal year. This will increase the financial flexibility when issuing future bonds with balloon payments, such as was the case with the 2010 Clean Renewable Energy Bonds. This amendment gives Tacoma Power the option to spread the balloon principal payment(s) over many years, reducing the debt service coverage requirement in any given year. Similar language currently exists in certain revenue bond ordinances for the City of Tacoma, including for the Tacoma Power subordinate revenue bonds and the Department of Environmental Services sewer and solid waste bonds.

To amend the debt service coverage requirement language in section 9.3 and add the amortization of identified Balloon Indebtedness, Tacoma Power must receive consent from over 50% of outstanding bond owners and the current Surety Policy provider, Assured Guaranty. Once Tacoma Power’s 2013 Bonds are refunded or redeemed, the utility will likely receive the consent of the requisite amount of owners of the Outstanding Bonds as



Board Action Memorandum

defined in the Outstanding Bond Ordinances at the time of the next borrowing issuance (currently projected for FY2024) or after the first maturing 2010B principal payment, whichever comes first.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?

Biennial expenditures for Bond Counsel and external Financial Advisory services were included in the 2021/2022 budget up to \$325,000.

Estimated debt service for a new 2021 Bond issue is included in the 2021/22 Tacoma Power budget. Many of the costs associated with the new Bond issue are rolled into the debt service, such as Underwriter and Verification costs.

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

N/A

ATTACHMENTS: Ordinances and Resolutions

CONTACT: Bill Berry, Rates, Planning & Analysis Manager, 253.502.8294
Michelle Brown, Power Financial Planning Analyst, 253.441.4908



TO: Mayor and City Council
FROM: Jackie Flowers, Director of Utilities
COPY: Elizabeth Pauli, City Manager and Doris Sorum, City Clerk
SUBJECT: Tacoma Power Revenue Bonds
DATE: July 20, 2021

SUMMARY:

Tacoma Power’s 2021 financing plan involves three components that require approval by the Public Utility Board and the City Council.

This Council Action Memo addresses the authorization to issue up to \$320 million of Electric System Revenue and Refunding Bonds under the delegated authority of the Director of Utilities and the Power Superintendent, or their designee, including:

- New 2021 Revenue Bonds to repay the existing \$150 million (of which, approximately \$140 million is outstanding) Wells Fargo Note Purchase Agreement;
- Potentially issuing 2021 Refunding Bonds to refund the outstanding 2013 Bonds of Tacoma Power;
- The option to identify some, or all, of the Bonds as “Green Bonds”; and
- The enactment of Springing Amendments to the language in the Master Ordinance to reflect current rate-setting practices that are based on forecasts of revenues and expenses, and to enact the option of amortizing debt service of future Tacoma Power Bonds with principal balloon payments.

The proposed Supplemental Ordinance and Resolution authorizing the issuance of the Electric System Revenue and Refunding Bonds and amending the Master Ordinance have been drafted by Tacoma Power’s Bond Counsel, Pacifica Law Group LLP (Pacifica), in collaboration with Tacoma Power’s Financial Advisor, Montague DeRose and Associates (MDA), Tacoma Power staff and attorney, and the City Assistant Finance Director.

STRATEGIC POLICY PRIORITY:

The strategic policy priority best aligned to this action is to “Strengthen and maintain a strong fiscal management position.”

Tacoma Power regularly issues bonds to finance construction and renovation on long-lived capital assets. Debt financing such assets will help maintain financial flexibility and aim to limit rate increases over the next biennium by equitably distributing capital costs of long-lived assets to future ratepayers who are the beneficiaries of those assets. Additionally, amending the Master Ordinance language within the 2021 Bond Series Supplemental Ordinance will improve the financial flexibility of establishing rates to meet the debt service coverage requirements of bond covenants. The amended language allows Tacoma Power to set rates based on forecasted



revenues and expenses and allows for the distribution of the cost and impact of large principal balloon payments over many years.

BACKGROUND:

New Bond Issue

Tax-exempt municipal market rates remain near historic lows and Tacoma Power plans to issue up to \$150 million in new Electric System Revenue Bonds in September 2021 to repay the outstanding amount on the Note Purchase Agreement with Wells Fargo (New Money Bonds). Working with MDA, the utility completed an RFP in April 2021 to select underwriters for this transaction. Citigroup and KeyBank were selected as Senior Managers, and Goldman Sachs and Siebert Williams Shank were chosen as Co-Managers. The utility is working with MDA and these firms to compare numerous alternatives and to optimize the timing, structure, and planned use of proceeds in relation to the utility's future debt structure.

The utility plans to issue all, or a portion, of the New Money Bonds as Green Bonds using Kestrel Verifiers, a third-party verification company. The New Money Bonds will be structured to mature between 2023 and 2051 to take advantage of the current low interest rate environment while aligning the cost of long-lived capital projects with future debt service payments. Proceeds will reimburse 2017/2018, 2019/2020, and a portion of the 2021 capital expenditures funded with draws on the existing Note Purchase Agreement with Wells Fargo.

In order to conduct this bond sale in the most efficient manner, Tacoma Power seeks approval for the delegation of authority to the Director of Utilities and Power Superintendent, or their designee, to conduct this sale within limits defined by the Bond Ordinance.

Preliminary Terms:

Estimated pricing for the New Money Bonds is as follows:

Total Proceeds: Up to \$150,000,000

Total Interest Cost (TIC): 3.215 percent inclusive of issuance costs

Final Maturity: 2051

Maximum Annual Debt Service: \$8,500,000

Average Annual Debt Service: \$7,900,000

Projected All-In Cost: \$650,000 (Underwriters, Bond Counsels, Financial Advisor, Green Bond Verification)



Potential Refunding Bond Issue

Tacoma Power may also refund all, or a portion, of the outstanding 2013A and 2013B Bonds of Tacoma Power if it is determined to be financially prudent, at the advice of MDA and the Underwriters. The refunding bond proceeds needed to refund the outstanding 2013A and 2013B Bonds is approximately \$127 million (Refunding Bonds). The potential issuance of the Refunding Bonds and the refunding of the 2013 Bonds will assist in leveling future debt service payments and maintaining stable rates.

Springing Amendments

Tacoma Power has five series of senior lien bonds outstanding under the 1985 Master Ordinance 23514:

- Series 2010B (Build America Bonds, “BABs”),
 - Series 2010C (Clean Renewable Energy Bonds, “CREBs”),
 - Series 2013A,
 - Series 2013B, and
 - Series 2017.
- Currently, section 9.3 Rate Covenant – Debt Service Coverage in the Master Ordinance requires that Tacoma Power set rates based on a debt service coverage calculated from actual realized net revenue for each year that is in excess of 125% of the debt service expenses. The existing language requires that rates are set at the end of each year to produce revenues and expenses to fulfill the Debt Service Coverage requirement.

Tacoma Power is requesting to amend this language to reflect current practices of setting rates and charges for the next biennium based on **forecasted or budgeted** net revenues (revenues less expenses) that are expected to be at least 125% of the estimated debt service for each year. This change in the Master Ordinance will allow more financial flexibility in setting rates during future years when revenues or expenses become unpredictable, such as during a pandemic.

- Tacoma Power is also requesting to add a section to the Master Ordinance that allows for amortization of Bond balloon debt payments, “Balloon Indebtedness”, in meeting this Debt Service Coverage requirement. Balloon Indebtedness is defined as a series of Bonds with more than 25% of the principal payable in one fiscal year. This will increase the financial flexibility when issuing future Bonds with balloon payments, such as was the case with the 2010 Clean Renewable Energy Bonds. This amendment gives Tacoma Power the option to spread the balloon principal payment(s) over many years, reducing the debt service coverage requirement in any given year. Similar language currently exists in certain revenue bond ordinances for the City of Tacoma, including for the Tacoma Power subordinate revenue bonds and the Department of Environmental Services sewer and solid waste bonds.



ISSUES:

Tacoma Power and MDA note the following considerations concerning the Bond issuance request:

Green Bonds

- The utility plans to issue all, or a portion, of the New Money Bonds as Green Bonds which may broaden the investor base and may result in a reduced issue price. The amount of the Green Bond issue will be based on the value of the qualified capital projects as determined by Kestrel Verifiers, a third-party verification company. Many issuers in the Pacific Northwest have issued Green Bonds and the selected Senior Underwriters, Pacifica, and MDA have experience in issuing Green Bonds.

Springing Amendments

- To amend the debt service coverage requirement language in section 9.3 of the Master Ordinance and add the amortization of identified balloon indebtedness, Tacoma Power must receive consent from over 50% of outstanding bond owners and the current Surety Policy provider, Assured Guaranty. Once Tacoma Power's 2013 Bonds are refunded or redeemed, the utility will likely receive the consent of the requisite amount of owners of the Outstanding Bonds as defined in the Outstanding Bond Ordinances at the time of the next borrowing issuance (currently projected for FY2024) or after the first maturing 2010B principal payment, whichever comes first.

ALTERNATIVES:

Tacoma Power considered many alternatives to the proposed action and if the requested Ordinance is not approved, an alternative will be brought forward for consideration. Some of the alternatives considered involve the size and timing of the 2021 Bond issuance.

- Tacoma Power could reduce the amount of the Bond issue request to up to \$160 million and only repay the outstanding balance on the existing Wells Fargo Agreement. The removal of the Refunding Bond component from the requested Ordinance would reduce Tacoma Power's ability to take advantage of current low interest rates and begin levelizing future debt service payments.
- Tacoma Power could also delay the Bond issue one year and pay for capital spending out of revenue, once the remaining \$10 million available amount on the existing Wells Fargo line of credit is fully utilized.

If Tacoma Power does not issue new Electric System Revenue Bonds to pay for capital improvements now, Tacoma Power may need to increase near-term rate projections to pay for these costs from rate revenues collected in the next biennium.



RECOMMENDATION:

Tacoma Power recommends the Government Performance and Financial Committee approve the issuance of up to \$320 million of Electric System Revenue and Refunding Bond proceeds under the delegated authority of the Director of Utilities and the Power Superintendent, or their designee.

FISCAL IMPACT TO THE CURRENT BIENNIUM:

Biennial expenditures for Bond Counsel and external Financial Advisory services were included in the 2021/2022 budget up to \$325,000.

Estimated debt service for a new 2021 Bond issue is included in the 2021/22 Tacoma Power budget. Many of the costs associated with the new Bond issue are rolled into the debt service, such as Underwriter and Verification costs.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes.



Req. # _____

SUPPLEMENTAL ORDINANCE NO. _____

1 A SUPPLEMENTAL ORDINANCE relating to Tacoma Power; authorizing the
2 issuance of one or more series of Electric System Revenue and Refunding
3 Bonds, Series 2021 in the aggregate principal amount of not to exceed
4 \$320,000,000 to provide funds to finance and refinance capital
5 improvements to the Electric System, to redeem certain obligations of the
6 Electric System, and to pay costs of issuance for the bonds; providing the
7 form of the bonds; delegating the authority to approve the final terms of the
8 bonds; and authorizing other matters related thereto.

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



1 WHEREAS the City, acting through its Department of Public Utilities, Light
2 Division (d.b.a "Tacoma Power"), has issued and currently has outstanding the
3 following Parity Bonds:

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

15 and,

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

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

22 WHEREAS on April 21, 2015, the City Council passed Ordinance No. 28295
23 (as amended, the "Master Subordinate Ordinance") to authorize revenue bonds of
24 the City, junior and subordinate to the Parity Bonds, to be known as the City of
25
26



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

3 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
4 No. 28296, passed by the City Council on April 21, 2015, as amended, the City
5 issued its Electric System Subordinate Revenue Note, Series 2015A to evidence a
6 revolving line of credit in the principal amount of not to exceed \$150,000,000
7 outstanding at any time to finance and refinance such capital improvements to the
8 Electric System (as reissued, amended and extended, the "2015A Note"), and

9 WHEREAS the 2015A Note is currently scheduled to mature on
10 December 1, 2021 and may be redeemed prior to maturity, and

11 WHEREAS it is deemed necessary and advisable to acquire and construct
12 certain additions and betterments to and extensions of the Electric System, and

13 WHEREAS the Public Utility Board of the City (the "Board") has initiated and
14 has recommended to the City Council for its approval the issuance of one or more
15 series of Parity Bonds to provide funds to defease and/or redeem all or a portion of
16 the outstanding 2013 Bonds, to redeem the 2015A Note, to finance or refinance
17 costs of capital improvements to the Electric System, and to pay the costs of
18 issuance for the bonds, and

19 WHEREAS the City Council further finds that certain of the capital
20 improvements to be financed or refinanced with proceeds of the bonds authorized
21 herein, including those financed with proceeds of the 2015A Note, have
22 environmentally beneficial attributes consistent with the City's Environmental
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1 Action Plan and other environmental priorities and goals of Tacoma Power
2 designed to mitigate the impacts of climate change and promote sustainability and
3 conservation, and

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

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

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17 WHEREAS the City expects to receive a purchase contract from Citigroup
18 Global Markets, Inc., KeyBanc Capital Markets, Goldman, Sachs and Co., and
19 Siebert Williams Shank & Co., LLC (together, the "Underwriters") to purchase the
20 bonds authorized herein, and now desires to issue and sell such bonds to the
21 Underwriters as set forth herein;

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23 Now, Therefore,

24 BE IT ORDAINED BY THE CITY OF TACOMA:
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ARTICLE I
DEFINITIONS

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

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

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

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

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



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

5
6 "Bond Register" means the registration books maintained by the Bond
7 Registrar for purposes of identifying ownership of the Bonds or the nominee of each
8 owner, and such other information as the Bond Registrar shall determine.

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

13
14 "Bonds" mean the Electric System Revenue and Refunding Bonds
15 authorized to be issued from time to time in one or more series under the Master
16 Ordinance and this Supplemental Ordinance.

17
18 "City" means the City of Tacoma, Washington, a municipal corporation duly
19 organized and existing under and by virtue of the laws of the State.

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

23
24 "City Clerk" means the duly appointed and acting City Clerk of the City,
25 including anyone acting in an interim or other capacity for the position, or the
26 successor to the duties of that office.



1 "City Council" means the Council of the City, as the same shall be duly and
2 regularly constituted from time to time.

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

7 "Code" means the Internal Revenue Code of 1986 as in effect on the date of
8 issuance of the Bonds or (except as otherwise referenced herein) as it may be
9 amended to apply to obligations issued on the date of issuance of the Bonds,
10 together with applicable proposed, temporary and final regulations promulgated,
11 and applicable official public guidance published, under the Code.
12

13 "Continuing Disclosure Certificate" means one or more written undertakings
14 for the benefit of the owners and Beneficial Owners of the Bonds as required by
15 Section (b)(5) of the Rule.
16

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

20 "Director of Utilities" means the duly appointed and acting Director of the City
21 Department of Public Utilities, including anyone acting in an interim or other
22 capacity for the position, or the successor to the duties of that office.
23

24 "Escrow Agent" means the escrow agent selected by a Designated
25 Representative pursuant to the terms of this Supplemental Ordinance.
26



1 "Escrow Agreement" means the Escrow Deposit Agreement between the
2 City and the Escrow Agent relating to the refunding of the Refunded Bonds.

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

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

13 "Federal Tax Certificate" means one or more certificates executed by a
14 Designated Representative or the Finance Director setting forth the requirements of
15 the Code for maintaining the tax exemption of interest on the Tax-Exempt Bonds,
16 and attachments thereto.
17

18 "Finance Director" means the Director of the Department of Finance of the
19 City, or the City official who succeeds to substantially all of the responsibilities of
20 that office.

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

22 "Government Obligations" means those obligations now or hereafter defined
23 as such in chapter 39.53 RCW constituting direct obligations of, or obligations the
24 principal of and interest on which are unconditionally guaranteed by the United
25 States of America, as such chapter may be hereafter amended or restated.
26



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

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

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

9 "Official Statement" means the disclosure documents prepared and delivered
10 in connection with the issuance of each series of Bonds.
11

12 "Record Date" means the close of business for the Bond Registrar that is
13 15 days preceding any interest and/or principal payment or redemption date.

14 "Outstanding Parity Bonds" means the outstanding 2010 Bonds, 2013 Bonds
15 and 2017 Bonds.

16 "Parity Bonds" means the Outstanding Parity Bonds, the Bonds and any
17 Future Parity Bonds. "Parity Bonds" may include bonds, notes, warrants,
18 certificates of indebtedness or any other evidence of indebtedness issued pursuant
19 to the Parity Conditions.
20

21 "Paying Agent" for purposes of the Bonds means the Bond Registrar.
22

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



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

3 "Refunded Bonds" mean all or a portion of the 2013 Bonds designated by a
4 Designated Representative for refunding pursuant to this Supplemental Ordinance.
5

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

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

13 "Subordinate Bonds" means the City of Tacoma Electric System Subordinate
14 Revenue Bonds, issued in one or more series to finance costs of the Electric
15 System, and junior and subordinate to the Parity Bonds, as authorized by the
16 Master Subordinate Ordinance.
17

18 "Tacoma Power Superintendent" means the duly appointed and acting
19 Superintendent/Chief Operating Officer, Department of Public Utilities, Light
20 Division, including anyone acting in an interim or other capacity for the position, or
21 the successor to the duties of that office.
22

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

25 "Tax-Exempt Bonds" has the meaning set forth in the Master Ordinance.
26



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

4 "Underwriters" means Citigroup Global Markets, Inc., KeyBanc Capital
5 Markets, Goldman, Sachs and Co., and Siebert Williams Shank & Co., LLC, and
6 their successors.
7

8 "2010 Bonds" has the meaning set forth in the recitals hereto.

9 "2013 Bonds" has the meaning set forth in the recitals hereto.

10 "2017 Bonds" has the meaning set forth in the recitals hereto.

11 "2015A Note" means the outstanding City of Tacoma Electric System
12 Subordinate Revenue Note, Series 2015A, as reissued, amended and extended.
13

14 "2021 Bonds Bond Retirement Account" means the account created in
15 Section 5.1 of this Supplemental Ordinance.

16 "2021 Bonds Construction Account" means the account created in Section
17 5.1 of this Supplemental Ordinance.
18

19 "2021 Bonds Interest Subaccount" means the account created in Section
20 5.1 of this Supplemental Ordinance.

21 "2021 Bonds Principal Subaccount" means the account created in
22 Section 5.1 of this Supplemental Ordinance.
23

24 "2021 Bonds Refunding Account" means the account created in Section 5.1
25 of this Supplemental Ordinance.
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ARTICLE II

PARITY AND OTHER FINDINGS

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

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

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

- A. Section 3.2 Registration, Exchange and Payments
- B. Section 3.3 Redemption Terms
- C. Section 3.4 Form of Bonds
- D. Section 3.5 Lost or Destroyed Bonds
- E. Section 4.2 General Authorization; Documents
- F. Section 4.3 Preliminary and Final Official Statements



1 G. Section 4.4 Ongoing Disclosure; Continuing Disclosure Certificate

2 H. Section 7.1 Tax Covenants

3 Except as otherwise provided herein, the terms of the Master Ordinance are
4 incorporated herein for the benefit of the Owners of the Bonds.
5

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

8 A. There is, and as of the Issue Date for each series of Bonds there will be,
9 no deficiency in the Bond Fund and no Event of Default has occurred or shall have
10 occurred and be continuing as of such Issue Date.
11

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

14 C. On the Issue Date for each series of Bonds there will be on file with the
15 City a certificate satisfying the Parity Conditions in Section 9.2 of Ordinance No.
16 28146, amending the Master Ordinance.
17

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

3 The City further finds and determines that in creating the subaccounts in the
4 Bond Fund and in fixing the amounts to be paid into such subaccounts in the Bond
5 Fund, it has exercised due regard for Operating Expenses, and the City has not
6 bound and obligated itself to set aside and pay into such subaccounts in the Bond
7 Fund a greater amount or proportion of the Revenues than in the judgment of the
8 City will be available over and above the Operating Expenses and the amount and
9 proportion of the Revenues so previously pledged.
10

11 Section 2.4. Plan of Additions. The City specifies, adopts, and orders to be
12 carried out the system or plan of additions to and betterments and extensions of the
13 Electric System (the "Plan of Additions") as generally provided for in the capital
14 portions of the Tacoma Power Biennial Budget, as supplemented and amended,
15 and in any subsequent budget, and in the Electric System Comprehensive Plan.
16

17 The portion of the Plan of Additions financed and refinanced with proceeds
18 of the Bonds is referred to herein as the "Project." The estimated cost of the Plan of
19 Additions to be financed and refinanced with the proceeds of the Bonds, including
20 the refinancing of the 2015A Note, is at least \$150,000,000.
21

22 The Plan of Additions includes the purchase and installation of all materials,
23 supplies, appliances, equipment (including, but not limited to, data processing
24 hardware and software and conservation equipment) and facilities; the acquisition
25 of all permits, franchises, property and property rights; other capital assets; and all
26



1 engineering, consulting, and other professional services and studies (whether
2 performed by the City or by other public or private entities) necessary or convenient
3 to carry out the Plan of Additions.

4 5 ARTICLE III

6 AUTHORIZATION AND TERMS OF BONDS

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

8 A. The City hereby authorizes the issuance of its "City of Tacoma,
9 Washington, Electric System Revenue and Refunding Bonds, Series 2021" or other
10 such designation as set forth in the Bonds and approved by a Designated
11 Representative, pursuant to the terms of the Master Ordinance and this
12 Supplemental Ordinance. The Bonds may be issued in one or more series, may be
13 designated as Taxable Bonds or Tax-Exempt Bonds, and may be issued on the
14 same Issue Date or from time to time on different Issue Dates. The Bonds shall
15 constitute Parity Bonds within the meaning of the Master Ordinance.
16
17

18 B. Proceeds of the Bonds shall be used to redeem the 2015A Note, to
19 finance or refinance costs of the Project, to defease and/or redeem the Refunded
20 Bonds, and to pay the costs of issuance in connection with the Bonds.

21 C. The Bonds shall be in the aggregate principal amount of not to exceed
22 \$320,000,000, shall be dated as of the Issue Date for such Bonds, shall be fully
23 registered as to both principal and interest, shall be in the denomination of \$5,000
24 each or any integral multiple thereof within a series and maturity, shall be
25 numbered separately in such manner and with any additional designation as the
26



1 Bond Registrar deems necessary for purposes of identification and control, shall
2 bear interest from their applicable Issue Date payable on the dates and at the rates
3 set forth in the applicable Bond Purchase Contract, and shall be subject to optional
4 and/or mandatory redemption, and mature on the dates and in the principal
5 amounts set forth in the applicable Bond Purchase Contract.
6

7 Section 3.2. Registration, Exchange and Payments.

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

3 B. Registered Ownership. The City and the Bond Registrar, each in its
4 discretion, may deem and treat the Registered Owner of each Bond as the absolute
5 owner thereof for all purposes (except as provided in the Continuing Disclosure
6 Certificate), and neither the City nor the Bond Registrar shall be affected by any
7 notice to the contrary. Payment of any such Bond shall be made only as described
8 in subsection (G), but such Bond may be transferred as herein provided. All such
9 payments made as described in subsection (G) shall be valid and shall satisfy and
10 discharge the liability of the City upon such Bond to the extent of the amount or
11 amounts so paid.
12

13 C. DTC Acceptance/Letters of Representations. The Bonds initially shall be
14 held by DTC acting as depository. The City has executed and delivered to DTC a
15 Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar
16 shall have any responsibility or obligation to DTC participants or the persons for
17 whom they act as nominees (or any successor depository) with respect to the
18 Bonds in respect of the accuracy of any records maintained by DTC (or any
19 successor depository) or any DTC participant, the payment by DTC (or any
20 successor depository) or any DTC participant of any amount in respect of the
21 principal of or interest on Bonds, any notice which is permitted or required to be
22 given to Registered Owners under this Supplemental Ordinance (except such
23 notices as shall be required to be given by the City to the Bond Registrar or to DTC
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1 (or any successor depository)), or any consent given or other action taken by DTC
2 (or any successor depository) as the Registered Owner. For so long as any Bonds
3 are held by a depository, DTC or its successor depository or its nominee shall be
4 deemed to be the Registered Owner for all purposes hereunder, and all references
5 herein to the Registered Owners shall mean DTC (or any successor depository) or
6 its nominee and shall not mean the owners of any beneficial interest in such Bonds.
7

8 D. Use of Depository.

9 (1) The Bonds of each series shall be registered initially in the name
10 of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the
11 maturity dates for the Bonds in a denomination corresponding to the total principal
12 therein designated to mature on such date. Registered ownership of such Bonds,
13 or any portions thereof, may not thereafter be transferred except (i) to any
14 successor of DTC or its nominee, provided that any such successor shall be
15 qualified under any applicable laws to provide the service proposed to be provided
16 by it; (ii) to any substitute depository appointed by the Finance Director pursuant to
17 subsection (2) below or such substitute depository's successor; or (iii) to any person
18 as provided in subsection (4) below.
19
20

21 (2) Upon the resignation of DTC or its successor (or any substitute
22 depository or its successor) from its functions as depository or a determination by
23 the Finance Director to discontinue the system of book entry transfers through DTC
24 or its successor (or any substitute depository or its successor), the Finance Director
25 may appoint a substitute depository. Any such substitute depository shall be
26



1 qualified under any applicable laws to provide the services proposed to be provided
2 by it.

3 (3) In the case of any transfer pursuant to clause (i) or (ii) of
4 subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding
5 Bonds, together with a written request on behalf of the Finance Director, issue a
6 single new Bond for such series for each maturity then outstanding, registered in
7 the name of such successor or such substitute depository, or their nominees, as the
8 case may be, all as specified in such written request of the Finance Director.
9

10 (4) In the event that (A) DTC or its successor (or substitute depository
11 or its successor) resigns from its functions as depository, and no substitute
12 depository can be obtained, or (B) the Finance Director determines that it is in the
13 best interest of the Beneficial Owners of the Bonds that such owners be able to
14 obtain physical Bond certificates, the ownership of such Bonds may then be
15 transferred to any person or entity as herein provided, and shall no longer be held
16 by a depository. The Finance Director shall deliver a written request to the Bond
17 Registrar, together with a supply of physical Bonds, to issue Bonds as herein
18 provided in any authorized denomination. Upon receipt by the Bond Registrar of all
19 then outstanding Bonds of a series together with a written request on behalf of the
20 Finance Director to the Bond Registrar, new Bonds of such series shall be issued in
21 the appropriate denominations and registered in the names of such persons as are
22 requested in such written request.
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1 E. Registration of Transfer of Ownership or Exchange; Change in
2 Denominations. The transfer of any Bond may be registered and Bonds may be
3 exchanged, but no transfer of any such Bond shall be valid unless it is surrendered
4 to the Bond Registrar with the assignment form appearing on such Bond duly
5 executed by the Registered Owner or such Registered Owner's duly authorized
6 agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the
7 Bond Registrar shall cancel the surrendered Bond and shall authenticate and
8 deliver, without charge to the Registered Owner or transferee therefor, a new Bond
9 (or Bonds at the option of the new Registered Owner) of the same series, date,
10 maturity, and interest rate and for the same aggregate principal amount in any
11 authorized denomination, naming as Registered Owner the person or persons listed
12 as the assignee on the assignment form appearing on the surrendered Bond, in
13 exchange for such surrendered and cancelled Bond. Any Bond may be
14 surrendered to the Bond Registrar and exchanged, without charge, for an equal
15 aggregate principal amount of Bonds of the same series, date, maturity, and
16 interest rate, in any authorized denomination. The Bond Registrar shall not be
17 obligated to register the transfer of or to exchange any Bond between the Record
18 Date and the next principal payment or redemption date.

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23 F. Bond Registrar's Ownership of Bonds. The Bond Registrar may become
24 the Registered Owner of any Bond with the same rights it would have if it were not
25 the Bond Registrar, and to the extent permitted by law, may act as depository for
26 and permit any of its officers or directors to act as a member of, or in any other



1 capacity with respect to, any committee formed to protect the right of the Registered
2 Owners or Beneficial Owners of Bonds.

3 G. Place and Medium of Payment. Both principal of and interest on the
4 Bonds shall be payable in lawful money of the United States of America. Interest
5 on the Bonds shall be calculated on the basis of a year of 360 days and twelve
6 30-day months. For so long as all Bonds of a series are held by a depository,
7 payments of principal thereof and interest thereon shall be made as provided in
8 accordance with the operational arrangements of DTC referred to in the Letter of
9 Representations. In the event that the Bonds of a series are no longer held by a
10 depository, interest on such Bonds shall be paid by check or draft mailed to the
11 Registered Owners at the addresses for such Registered Owners appearing on the
12 Bond Register on the Record Date, or upon the written request of a Registered
13 Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least
14 by the Record Date), such payment shall be made by the Bond Registrar by wire
15 transfer to the account within the United States designated by the Registered
16 Owner. Principal of the Bonds shall be payable upon presentation and surrender of
17 such Bonds by the Registered Owners at the designated office of the Bond
18 Registrar.

19 If any Bond is duly presented for payment and funds have not been provided
20 by the City on the applicable payment date, then interest will continue to accrue
21 thereafter on the unpaid principal thereof at the rate stated on the Bond until the
22 Bond is paid.



1 Section 3.3. Redemption Terms.

2 A. Mandatory Redemption of Term Bonds and Optional Redemption, if any.

3 Each series of Bonds shall be subject to optional redemption on the dates, at the
4 prices and under the terms set forth in the applicable Bond Purchase Contract.

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

7
8 B. Purchase of Bonds. The City reserves the right to purchase any or all of
9 the Bonds in the open market at any time at any price acceptable to the City plus
10 accrued interest to the date of purchase.

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

12 D. Notice of Redemption.

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

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

4 (i) the redemption date,
5 (ii) the redemption price,
6 (iii) if fewer than all outstanding Bonds are to be redeemed,
7 the identification by series and maturity (and, in the case of partial redemption, the
8 respective principal amounts) of the Bonds to be redeemed,

9 (iv) any conditions to redemption, and
10 (v) the place where such Bonds are to be surrendered for
11 payment of the redemption price, which place of payment shall be the principal
12 office of the Bond Registrar.

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



1 (2) Effect of Notice; Bonds Due. If notice of redemption has been
2 given and not rescinded or revoked, or if the conditions set forth in a conditional
3 notice of redemption have been satisfied or waived, the Bonds or portions of Bonds
4 to be redeemed shall, on the redemption date, become due and payable at the
5 redemption price therein specified, and if the Bond Registrar then holds sufficient
6 funds to pay such Bonds at the redemption price, then from and after such date
7 such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of
8 such Bonds for redemption in accordance with said notice, such Bonds shall be
9 paid by the Bond Registrar at the redemption price. Installments of interest due on
10 or prior to the redemption date shall be payable as herein provided for payment of
11 interest. All Bonds which have been redeemed shall be canceled by the Bond
12 Registrar and shall not be reissued.

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

7 (4) Amendment of Notice Provisions. The foregoing notice provisions
8 of this Section 3.3, including, but not limited to, the information to be included in
9 redemption notices and the persons designated to receive notices, may be
10 amended by additions, deletions and changes in order to maintain compliance with
11 duly promulgated regulations and recommendations regarding notices of
12 redemption of municipal securities.
13

14 Section 3.4. Form of Bonds; Execution. The Bonds shall be in substantially
15 the form set forth in Exhibit A, which is incorporated herein by this reference, with
16 such changes thereto as may be approved by a Designated Representative,
17 consistent with this Supplemental Ordinance.
18

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

23 Only such Bonds as shall bear thereon a Certificate of Authentication in the
24 form provided herein, manually executed by the Bond Registrar, shall be valid or
25 obligatory for any purpose or entitled to the benefits of this Supplemental
26 Ordinance. Such Certificate of Authentication shall be conclusive evidence that the



1 Bonds so authenticated have been duly executed, authenticated and delivered
2 hereunder and are entitled to the benefits of this Supplemental Ordinance and the
3 Master Ordinance.

4
5 In case either of the officers who shall have executed the Bonds shall cease
6 to be an officer or officers of the City before the Bonds so signed shall have been
7 authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds
8 may nevertheless be authenticated, delivered, and issued and upon such
9 authentication, delivery, and issuance, shall be as binding upon the City as though
10 those who signed the same had continued to be such officers of the City. Any Bond
11 may be signed and attested on behalf of the City by such persons who at the date
12 of the actual execution of such Bond, are the proper officers of the City, although at
13 the original date of such Bond any such person shall not have been such officer of
14 the City.
15

16
17 Section 3.5. Lost or Destroyed Bonds. In case any Bonds shall be lost,
18 stolen, or destroyed, the Bond Registrar may authenticate and deliver a new Bond
19 or Bonds of like series, amount, date, tenor, and effect to the owner thereof upon
20 the owner paying the expenses and charges of the City in connection therewith and
21 upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that
22 such Bond(s) were actually lost, stolen, or destroyed and of ownership thereof, and
23 upon furnishing the City with indemnity satisfactory to both.
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ARTICLE IV

SALE OF BONDS

Section 4.1. Bond Sale.

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

Each Designated Representative is further authorized to designate all or a portion of a series of Bonds allocated to finance the portion of the Project, which have environmentally beneficial attributes, as "Green Bonds," and to engage with such consultants and to undertake such action, execute such certificates, and agree to such terms as necessary to accomplish such designation.

B. Sale Parameters. Subject to the terms and conditions set forth in this Section, each Designated Representative is hereby authorized to select the Refunded Bonds, to designate the Bonds of a series as Tax-Exempt Bonds or Taxable Bonds, and to approve the final interest rates, final maturity date, redemption terms and principal maturities for each series of Bonds, and to agree to



1 any other Final Terms for each series of Bonds that are in the best interest of the
2 City and necessary to facilitate this Supplemental Ordinance so long as:

3 1. the aggregate principal (face) amount of all Bonds issued under
4 this Supplemental Ordinance does not exceed \$320,000,000,
5

6 2. the final maturity date for each series of Bonds is no later than
7 January 1, 2051,

8 3. the aggregate purchase price for the Bonds of a series shall not be
9 less than 95 percent of the aggregate stated principal amount of such Bonds,
10 excluding any original issue discount, and not greater than 140 percent,
11

12 4. the Bonds of each series shall bear interest at fixed rates per
13 annum and the true interest cost for the Bonds of such series (in the aggregate)
14 does not exceed 4.00 percent,

15 5. any series of Bonds or portion of a series of Bonds that are sold for
16 the purpose of defeasing and/or refunding the Refunded Bonds are sold for a price
17 that results in a minimum aggregate net present value debt service savings over the
18 Refunded Bonds to be refunded with the proceeds of such series of at least 3.00
19 percent; and
20

21 6. the Bonds of each series conform to all other terms of this
22 Supplemental Ordinance.
23

24 The final terms of each series of Bonds shall be set forth in the applicable
25 Bond Purchase Contract. With respect to the Bonds, each Bond Purchase Contract
26 shall serve as the "Pricing Certificate" as defined in the Master Ordinance. Subject



1 to the terms and conditions set forth in this section, each Designated
2 Representative is hereby authorized to execute one or more Bond Purchase
3 Contracts for the Bonds.

4
5 The authority granted to the Designated Representatives by this Section
6 shall expire on December 31, 2021. If a Bond Purchase Contract for the Bonds has
7 not been executed by December 31, 2021, the authorization for the issuance of the
8 Bonds shall be rescinded, and the Bonds shall not be issued nor their sale
9 approved unless such Bonds are re-authorized by ordinance of the City Council at
10 the request of the Board. The ordinance re-authorizing the issuance and sale of
11 such Bonds may be in the form of a new ordinance repealing this Supplemental
12 Ordinance in whole or in part or may be in the form of an amendatory ordinance
13 approving a Bond Purchase Contract or establishing terms and conditions for the
14 authority delegated under this Section.

15
16 Section 4.2. General Authorization; Documents. Following the passage and
17 approval of this Supplemental Ordinance, the proper officials of the City, including
18 the Designated Representatives, the Mayor, the Finance Director, the Treasurer,
19 the City Manager, the Assistant Finance Director/Controller, and the City Clerk are
20 authorized and directed to undertake all action necessary for the prompt execution
21 and delivery of the Bonds to the Underwriters and further to execute all closing
22 certificates and documents required to effect the closing and delivery of the Bonds
23 in accordance with the terms of this Supplemental Ordinance and the Bond
24 Purchase Contract. Such documents may include, but are not limited to,
25
26



1 documents related to a municipal bond insurance policy delivered by an insurer to
2 insure the payment when due of the principal of and interest on all or a portion of
3 the Bonds as provided therein, if such insurance is determined by a Designated
4 Representative to be in the best interest of the City.
5

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

9 Section 4.3. Preliminary and Final Official Statements. The Designated
10 Representatives and the City Finance Director are each hereby authorized to deem
11 final the preliminary Official Statement relating to the Bonds for the purposes of the
12 Rule. The Designated Representatives and the City Finance Director are each
13 further authorized to approve for purposes of the Rule, on behalf of the City, the
14 final Official Statement relating to the issuance and sale of the Bonds and the
15 distribution of the final Official Statement pursuant thereto with such changes, if
16 any, as may be deemed by such individual to be appropriate.
17
18

19 Section 4.4. Ongoing Disclosure; Continuing Disclosure Certificate. The
20 City covenants to execute and deliver on each Issue Date a Continuing Disclosure
21 Certificate consistent with the Rule. The Finance Director is hereby authorized to
22 execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery,
23 and sale of the Bonds with such terms and provisions as such officer shall deem
24 appropriate and in the best interests of the City.
25
26



1 ARTICLE V

2 CREATION OF ACCOUNTS; APPLICATION OF BOND PROCEEDS

3 Section 5.1. Establishment and Designation of Accounts.

4 A. There is hereby created in the Construction Fund an account to be
5 known as the 2021 Bonds Construction Account.

6 B. There is hereby created in the Bond Fund the following accounts:
7 2021 Bonds Interest Subaccount, the 2021 Bonds Principal Subaccount, and
8 the 2021 Bonds Bond Retirement Account.

9 C. There is hereby created the 2021 Bonds Refunding Account.

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

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

17 A. The amount necessary to finance and refinance the Project, including
18 the amount necessary to redeem the 2015A Note, shall be deposited into the
19 2021 Bonds Construction Account. Any amount deposited therein to redeem
20 the 2015A Note shall be transferred, together with other available funds of the
21 City, if any, within 30 days of the Issue Date for such Bonds, to the owner of the
22 2015A Note. After the 2015A Note has been fully redeemed, the 2015A Note



1 shall be cancelled. The proper City officials are authorized and directed to give
2 or cause to be given notice of redemption of the 2015A Note in order to carry
3 out the terms of this Supplemental Ordinance.

4
5 The remaining proceeds of any Bonds deposited into the 2021 Bonds
6 Construction Account shall be used to pay or reimburse the City for costs of the
7 Project and to pay costs of issuance for such Bonds.

8 B. For the purpose of realizing a debt service savings, the City proposes
9 to apply a portion of the proceeds of any Bonds issued for such purpose to
10 defease and/or redeem the Refunded Bonds as set forth herein. If a
11 Designated Representative determines that it is in the best interest of the City to
12 proceed with the refunding authorized herein, a Designated Representative
13 shall designate all or a portion of the 2013 Bonds as Refunded Bonds and such
14 designation shall be set forth in the applicable Bond Purchase Contract.

15
16 A portion of the proceeds of such series of Bonds, together with other
17 available funds of the City, if any, shall be deposited with the Escrow Agent on
18 behalf of the City in the 2021 Bonds Refunding Account pursuant to an Escrow
19 Agreement to be used immediately upon receipt thereof to defease or redeem,
20 as applicable, the Refunded Bonds as authorized by the bond ordinance
21 authorizing the Refunded Bonds, and to pay costs of issuance of such series of
22 Bonds. The net proceeds deposited with the Escrow Agent shall be used to
23 defease the Refunded Bonds and discharge the obligations thereon by the
24 purchase of certain Acquired Obligations bearing such interest and maturing as
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26



1 to principal and interest in such amounts and at such times which, together with
2 any necessary beginning cash balance, will provide for the payment of interest
3 on the Refunded Bonds as the same becomes due on and prior to the call date
4 for the Refunded Bonds, and the redemption price (100% of the principal
5 amount) of the Refunded Bonds on the call date. Such Acquired Obligations
6 shall be purchased at a yield not greater than the yield permitted by the Code
7 and regulations relating to acquired obligations in connection with refunding
8 bond issues.
9

10 The Designated Representatives and the Finance Director are each
11 hereby authorized to appoint an escrow agent for the Refunded Bonds (the
12 "Escrow Agent"). A cash balance and the Acquired Obligations shall be
13 deposited irrevocably with the Escrow Agent in an amount sufficient to defease
14 the Refunded Bonds. In order to carry out the purposes of this Section, each
15 Designated Representative and the Finance Director are authorized and
16 directed to execute and deliver to the Escrow Agent an Escrow Agreement.
17
18

19 The City hereby irrevocably sets aside sufficient funds out of the
20 purchase of Acquired Obligations from proceeds of one or more series of Bonds
21 to make the payments described above. In the Escrow Agreement the City
22 shall irrevocably call the Refunded Bonds for redemption on the applicable call
23 date in accordance with the provisions of the bond ordinance authorizing the
24 redemption and retirement of the Refunded Bonds prior to their fixed maturities.
25 Said defeasance and call for redemption of the Refunded Bonds shall be
26



1 irrevocable after the delivery of the cash and Acquired Obligations to the
2 Escrow Agent.

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

9 Section 5.4. Deposits Into and Uses of the 2021 Subaccounts in the
10 Bond Fund; Pledge of Revenues. The City hereby obligates and binds itself
11 irrevocably to set aside and to pay into the 2021 Bonds Interest Subaccount,
12 the 2021 Bonds Principal Subaccount, and the 2021 Bonds Bond Retirement
13 Subaccount, respectively, out of the Revenues of the Electric System the
14 amounts necessary (together with other available moneys on hand therein) to
15 pay the principal of, interest on and any mandatory sinking fund redemptions for
16 the Bonds as and when the same respectively become due and payable in
17 accordance with the terms hereof. The 2021 Bonds Interest Subaccount, the
18 2021 Bonds Principal Subaccount, and the 2021 Bonds Bond Retirement
19 Subaccount, respectively, shall be drawn upon solely for the purpose of paying
20 the principal of, interest on and mandatory sinking fund redemptions for the
21 Bonds.
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25 Section 5.5. Investment of Funds. Money in the funds and accounts
26 contained herein and in the Master Ordinance may be invested in Permitted



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

3
4 ARTICLE VI

5 DEFEASANCE

6 In the event that the City, to effect the payment, retirement, or redemption of
7 any Bond, sets aside in the Bond Fund or in another special account, cash or
8 noncallable Government Obligations, or any combination of cash and/or noncallable
9 Government Obligations, in amounts and maturities which, together with the known
10 earned income therefrom, are sufficient to redeem and retire such Bond in
11 accordance with its terms and to pay when due the interest and redemption
12 premium, if any, thereon, and such cash and/or noncallable Government
13 Obligations are irrevocably set aside and pledged for such purpose, then no further
14 payments need be made into the Bond Fund for the payment of the principal of and
15 interest on such Bond. The owner of a Bond so provided for shall cease to be
16 entitled to any benefit or security of this Supplemental Ordinance except the right to
17 receive payment of principal, premium, if any, and interest from the Bond Fund or
18 such special account, and such Bond shall be deemed to be not outstanding under
19 this Supplemental Ordinance.
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22 The City shall give written notice of defeasance to the Registered Owners of
23 the Bonds and to each party entitled to receive notice in accordance with the
24 Continuing Disclosure Certificate.
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C. Federal Guarantee Prohibition. The City will not take any action or permit to suffer any action to be taken if the result of such action would be to cause any of the Tax-Exempt Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

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

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

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

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



1 retain its records of accounting and monitoring at least three years after the earlier
2 of the maturity or redemption of the obligations that refunded the Tax-Exempt
3 Bonds.

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

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

10 ARTICLE VIII

11 AMENDMENTS TO MASTER ORDINANCE

12
13 Section 8.1 Amendments to the Master Ordinance. The City Council
14 hereby amends the Master Ordinance to read as follows, which amendments shall
15 be immediately effective, without the need for further action of the Council, upon
16 receipt of (a) consent of not less than 51 percent in aggregate principal amount of
17 the Parity Bonds at the time outstanding, and (b) the consent of Assured Guaranty
18 Municipal Corp., so long as the surety policy related to the 2010 Bonds and the
19 2013 Bonds (as applicable) remains in effect or such bonds are no longer
20 outstanding. Owners of the Bonds, by taking and owning the same, shall be
21 deemed to have consented to the amendments provided for in this Supplemental
22 Ordinance.
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1 A. Amendment to Section 2.2 Definitions. The definition of "Annual
2 Debt Service" as provided in Section 2.2 (Definitions) of the Master Ordinance
3 is hereby amended and replaced in its entirety with the following:

4 "Annual Debt Service" for any Fiscal Year means the amount equal to:

5 (A) the interest accruing during such Fiscal Year on all outstanding
6 Parity Bonds, excluding interest to be paid from the proceeds of sale of Parity
7 Bonds and less any federal credit for a portion of interest on Parity Bonds if
8 permitted to be deducted as provided in Section 11.2; and

9 (B) the principal of all outstanding Serial Bonds due in such Fiscal
10 Year; and

11 (C) the Sinking Fund Requirement, if any, for such Fiscal Year.

12 For purposes of this definition, the principal and interest portions of the
13 Accreted Value of Capital Appreciation Bonds and the Appreciated Value of
14 Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund
15 Requirement shall be included in the calculations of accrued and unpaid and
16 accruing interest or principal in such manner and during such period of time as
17 is specified in any Parity Bond Ordinance authorizing such Capital Appreciation
18 Bonds or Deferred Income Bonds.

19 For the purpose of calculating the principal and interest on Option Bonds
20 in any Fiscal Year, such Option Bonds shall be assumed to mature on the
21 stated maturity date or mandatory redemption date thereof.



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For purposes of computing Annual Debt Service on any Parity Bonds which constitute Balloon Indebtedness (as defined below), it shall be assumed that the principal of such Balloon Indebtedness, together with interest thereon at the then-current rate applicable to such Balloon Indebtedness or, at the option of the City, on a fixed rate equal to the rate at which the City could borrow for such period, as certified by the Financial Advisor, shall be amortized for a period specified by the City at the time of issuance of the Balloon Indebtedness (but no longer than forty (40) years from the Issue Date of the Parity Bonds to which such Balloon Indebtedness relates) on a substantially level debt service basis or other amortization basis designated by the City.

“Balloon Indebtedness” shall mean any series of Parity Bonds (a) more than 25 percent of the principal of which, in accordance with the terms of such Parity Bonds, is due and payable in any one Fiscal Year either by reason of the stated maturity date of such Parity Bonds or pursuant to a Sinking Fund Requirement, and (b) are designated by the City as “Balloon Indebtedness” at or prior to the Issue Date of such bonds; provided, that with respect to any Parity Bonds issued as Term Bonds, such Bonds shall only be treated as Balloon Indebtedness if more than 25 percent of the principal thereof is due in any one Fiscal Year pursuant to the applicable Sinking Fund Requirement or upon the stated maturity date thereof (assuming that the only principal due on the stated maturity date thereof will be the principal remaining outstanding after



1 all redemptions have been made pursuant to the applicable Sinking Fund
2 Requirement).

3 B. Amendments to Section 13.3 Rate Covenant – Debt Service
4 Coverage. Section 13.3 (Rate Covenant – Debt Service Coverage) of the
5 Master Ordinance is hereby amended and replaced in its entirety with the
6 following:
7

8 Section 13.3. Rate Covenant – Debt Service Coverage.

9 The City shall also establish, fix and prescribe rates and charges which
10 are reasonably expected to be at least sufficient to provide, in each Fiscal Year,
11 Net Revenues in an amount equal to at least 1.25 times the actual Annual Debt
12 Service for such year.
13

14 Solely for purposes of calculating the coverage requirement set forth
15 above, there shall be added to Revenues in any Fiscal Year any amount
16 withdrawn from the Rate Stabilization Fund in such Fiscal Year and deposited
17 in the Revenue Fund, and there shall be subtracted from Revenues in any
18 Fiscal Year any amount withdrawn from the General Account in the Revenue
19 Fund and deposited in the Rate Stabilization Fund.
20

21 The calculation of the coverage requirement set forth above, and in
22 Section 9.2 hereof, and the City's compliance therewith, may be made solely
23 with reference to this Master Ordinance without regard to future changes in
24 generally accepted accounting principles. If the City has changed one or more
25 of the accounting principles used in the preparation of its financial statements,
26



1 because of a change in generally accepted accounting principles or otherwise,
2 then an event of default relating to this coverage requirement shall not be
3 considered an Event of Default if the coverage requirement ratio would have
4 been complied with had the City continued to use those accounting principles
5 employed at the date of the most recent audited financial statements prior to the
6 date of this Master Ordinance.
7

8 SECTION IX

9 MISCELLANEOUS

10 Section 9.1. Ratification of Prior Acts. Any action taken consistent with the
11 authority and prior to the effective date of this Supplemental Ordinance is ratified,
12 approved and confirmed.
13

14 Section 9.2. Terms of Bonds Subject to the Master Ordinance. Except for
15 matters otherwise provided for herein, every term and condition contained in the
16 Master Ordinance shall apply to this Supplemental Ordinance and the Bonds with
17 the same force and effect as if the same were herein set forth at length, with such
18 omissions, variations and modification as may be appropriate to make the same
19 conform to this Supplemental Ordinance.
20

21 In the event of any inconsistency between the terms and provisions
22 provided for in this Supplemental Ordinance and the Master Ordinance, the terms
23 and provisions of this Supplemental Ordinance shall control.
24

25 Section 9.3. Ratification of Master Ordinance. Except as supplemented and
26 amended by this Supplemental Ordinance, the Master Ordinance is hereby ratified,



1 approved and confirmed and shall continue in full force and effect in accordance
2 with its terms and provisions thereof, as amended and supplemented.

3 Section 9.4. Corrections by Clerk. Upon approval of the City Attorney and
4 Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to
5 this Supplemental Ordinance, including, but not limited to, the correction of clerical
6 errors; references to other local, state or federal laws, codes, rules, or regulations;
7 ordinance numbering and section/subsection numbering; and other similar
8 necessary corrections.
9

10 Section 9.5. Severability. If any one or more of the provisions of this
11 Supplemental Ordinance is or are held by any court of competent jurisdiction to be
12 contrary to law, then such provision or provisions shall be null and void and shall be
13 deemed separable from the remaining provisions and shall in no way affect the
14 validity of the other provisions of this Supplemental Ordinance.
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Section 9.6. Effective Date. This Supplemental Ordinance shall take effect and be in force 10 days after its passage, approval and publication as required by law.

Passed: _____

Mayor

Attest:

City Clerk

Approved as to form and legality:

Pacifica Law Group LLP
Bond Counsel

By _____



EXHIBIT "A"

Form of Bonds

[DTC Language]

UNITED STATES OF AMERICA

No. _____

\$ _____

STATE OF WASHINGTON
CITY OF TACOMA
ELECTRIC SYSTEM REVENUE [AND REFUNDING] BONDS,
SERIES 2021[_____]

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

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

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



1 _____, 2021 (the "Supplemental Ordinance," and together with the
2 Master Ordinance, the "Bond Ordinance"). The Bonds are issued for the
3 purpose of financing and refinancing certain capital improvements of the electric
4 system (as defined in the Bond Ordinance, the "Electric System"), to redeem
5 certain Subordinate Bonds of the Electric System, [to defease and redeem
6 certain outstanding Parity Bonds], and to pay costs of issuance for the Bonds.
7 Capitalized terms not otherwise defined herein shall have the meanings set
8 forth in the Bond Ordinance.

9
10 Payments on this bond shall be made solely from Revenues of the
11 Electric System, after payment of Operating Expenses, to the registered owner
12 by the Bond Registrar without the necessity of presentation and surrender of
13 this bond. Reference is made to the Bond Ordinance and the provisions of the
14 Charter of the City and all laws of the State (referred to as the "Act") for a
15 description of the terms on which the Bonds are issued and may be issued, the
16 provisions with regard to the nature and extent of the Revenues, and the rights
17 of the registered owners of the Bonds; and all the terms of the Bond Ordinance
18 and the Act are hereby incorporated herein and made a contract between the
19 City and the registered owner from time to time of this bond, and to all the
20 provisions thereof the registered owner of this bond, by its acceptance hereof,
21 consents and agrees. The Bonds are being issued on a parity of lien on
22 Revenues of the Electric System with the City's Outstanding Parity Bonds. The
23 City has reserved the right in the Bond Ordinance to issue additional bonds
24 ("Future Parity Bonds") on a parity with the Bonds and the Outstanding Parity
25 Bonds. The Outstanding Parity Bonds, the Bonds and any Future Parity Bonds
26 are referred to herein as the "Parity Bonds."

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

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



1 and (iii) the money and investments, if any, credited to the Revenue Fund and
2 the Bond Fund, and the income therefrom.

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

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

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

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

29 This bond is transferable by the registered owner hereof, but only in the
30 manner and subject to the limitations provided in the Bond Ordinance. Upon



1 such transfer a new fully registered bond for the same aggregate principal
2 amount will be issued to the transferee in exchange herefor.

3 It is hereby certified and recited that any and all acts, conditions and
4 things required to exist, to happen and to be performed, precedent to and in the
5 incurring of the indebtedness evidenced by this bond, and in the issuing of this
6 bond, do exist, have happened and have been performed in due time, form and
7 manner, as required by the Constitution and statutes of the State and the
8 Charter of the City, and that this bond, together with all other indebtedness of
the City pertaining to the Electric System, is within every debt limitation and
other limit prescribed by the Constitution and statutes of the State and said
Charter, and is not in excess of the amount of Bonds permitted to be issued
under the Master Ordinance.

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

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

14 IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this bond
15 to be signed with the manual or facsimile signature of the Mayor and attested by
16 the manual or facsimile signature of the City Clerk, and the seal of the City to be
impressed or a facsimile thereof to be imprinted hereon, as of this _____ day of
17 _____, 2021.

18 [SEAL]

19 CITY OF TACOMA, WASHINGTON

20 By _____ /s/ manual or facsimile
21 Mayor

22 ATTEST:

23 _____ /s/ manual or facsimile
24 City Clerk

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

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Electric System Revenue [and Refunding] Bonds, Series 2021[] of the City of Tacoma, Washington, dated _____, 2021.

WASHINGTON STATE FISCAL AGENT, as
Bond Registrar

By _____



CLERK'S CERTIFICATE

1 I, the undersigned, City Clerk of the City of Tacoma, Washington, DO
2
3 HEREBY CERTIFY:

4 1. That the attached is a true and correct copy of Supplemental Ordinance
5 No. ____ (the "Ordinance") of the City, duly passed at a regular meeting of the City
6 Council (the "Council") of the City held on _____, 2021.

7 2. That said meeting was duly convened and held in all respects in
8 accordance with law, and to the extent required by law, including but not limited to
9 Washington State Governor Inslee's emergency proclamation No. 20-28 issued on
10 March 24, 2020, as amended and supplemented, suspending portions of the Open
11 Public Meetings Act (chapter 42.30 RCW), due and proper notice of such meeting
12 was given; that a legal quorum was present throughout the meeting and a legally
13 sufficient number of members of the Council voted in the proper manner for the
14 passage of said Ordinance; that all other requirements and proceedings incident to
15 the proper passage of said Ordinance have been fully fulfilled, carried out and
16 otherwise observed; and that I am authorized to execute this certificate.

17
18 IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of
19 _____, 2021.
20

21
22
23 _____
24 City Clerk
25 City of Tacoma, Washington
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