



RESOLUTION NO. U-11269

1 A RESOLUTION relating to Tacoma Power; approving a Supplemental Ordinance;
2 authorizing the issuance of an Electric System Subordinate Revenue Note,
3 Series 2021, in the principal amount of not to exceed \$150,000,000;
4 authorizing the execution of a Note Purchase Agreement; and approving
5 other matters related thereto.

6 WHEREAS the City of Tacoma, Washington ("City"), by Ordinance
7 No. 23514, passed on November 20, 1985 (as amended and supplemented,
8 including as amended and restated by Ordinance No. 28146, passed on April 30,
9 2013, collectively, the "Senior Bond Ordinance"), authorized electric system
10 revenue bonds of the City ("Senior Bonds") to be issued in series having a parity of
11 lien and charge on the Revenues of the Electric System after the payment of
12 Operating Expenses (as those terms are defined therein), if certain conditions are
13 met, and

14 WHEREAS the Senior Bond Ordinance permits the City to issue obligations
15 that are junior and subordinate to the payment of the Senior Bonds and that are
16 payable out of Revenues of the Electric System, after payment of Operating
17 Expenses, only after the prior payment of all amounts required to be paid or set
18 aside under the Senior Bond Ordinance for the Senior Bonds, as the same shall
19 become due at the times, in the manner and subject to the conditions set forth in
20 the Senior Bond Ordinance, and

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23 WHEREAS on April 21, 2015, the City Council passed Ordinance No. 28295
24 (as amended, the "Master Subordinate Ordinance"), authorizing the issuance from
25 time to time of revenue bonds, junior and subordinate to the Senior Bonds, to be
26 known as the City of Tacoma Electric System Subordinate Revenue Bonds



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

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4 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
5 No. 28297, adopted by the City Council on April 21, 2015, as amended, the City,
6 acting through its Department of Public Utilities, Light Division (d/b/a "Tacoma
7 Power"), issued its Electric System Subordinate Revenue Note, Series 2015A, to
8 provide general credit and funding for capital needs of the Electric System in the
9 principal amount of not to exceed \$150,000,000 outstanding at any time (the
10 "2015A Note"), and
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12 WHEREAS Tacoma Power expects to redeem the 2015A Note prior to its
13 stated maturity of December 1, 2021 with proceeds of Senior Bonds, and after
14 such redemption the 2015A Note will no longer be available to Tacoma Power for
15 advances, and
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17 WHEREAS Tacoma Power's Electric Rate and Financial Policy directs,
18 among many things, that Tacoma Power maintain sufficient liquidity to support
19 Tacoma Power's capital objectives, preserve financial and management flexibility,
20 and plan for maintaining or improving credit ratings, and
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22 WHEREAS Wells Fargo Bank, National Association (the "Purchaser") has
23 offered to extend a credit facility in the form of a drawdown revolving line of credit
24 to Tacoma Power to replace the 2015A Note, and

25 WHEREAS the Public Utility Board (the "Board") finds that it is in the best
26 interest of Tacoma Power and its ratepayers that the City issue its Electric System



1 Subordinate Revenue Note, Series 2021, to evidence a drawdown revolving line of
2 credit established with the Purchaser to provide general credit and funding for
3 capital improvements for the Electric System, and
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5 WHEREAS pursuant to Tacoma City Charter Section 4.11, the Board is
6 required to initiate and approve all matters related to the incurrence of
7 indebtedness and the issuance of bonds on behalf of Tacoma Power, and then
8 forward such matters to the City Council for concurring approval, and
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10 WHEREAS the form of authorizing ordinance (the "Supplemental
11 Ordinance") has been presented to the Board and a copy of such document is on
12 file with the Clerk of the Board, and
13

14 WHEREAS the Board hereby recommends that it is in the best interest of
15 the citizens of Tacoma that the Supplemental Ordinance be approved by the Board
16 and passed by the City Council to accomplish the purposes set forth therein; Now,
17 Therefore,

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

19 Sec. 1. The Board hereby finds that it is necessary and advisable to obtain
20 a general credit facility in the form of a drawdown revolving line of credit to finance
21 capital costs of the Electric System. The use of short-term debt agreements to
22 maintain financial stability is consistent with Tacoma Power financial policies and
23 planning, as is the use of short-term debt to finance capital and operating costs.
24 Pursuant to Tacoma City Charter Section 4.11, it is necessary for the Board to
25 initiate and approve all matters related to the incurrence of indebtedness and the
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1 issuance of bonds on behalf of Tacoma Power, and then forward such matters to
2 the City Council for concurring approval.

3 Sec. 2. The Board hereby finds (1) it is in the best interest of Tacoma
4 Power and its ratepayers that the City issue the 2021 Note as a Subordinate Bond
5 under the Master Subordinate Ordinance to provide capital funding for Tacoma
6 Power, (2) Tacoma Power has or expects to receive a proposal from the Purchaser
7 to purchase the 2021 Note, and (3) it would be beneficial to Tacoma Power and its
8 ratepayers to sell the 2021 Note to the Purchaser subject to the parameters
9 provided for in the Supplemental Ordinance.
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11 Sec. 3. Subject to the parameters set forth in the Supplemental Ordinance,
12 that the terms and conditions of the proposed Supplemental Ordinance, including
13 delegating authority to the Director of Utilities and the Tacoma Power
14 Superintendent or their designees (each, a "Designated Representative"), to
15 approve the issuance and sale of the 2021 Note in the principal amount of not to
16 exceed \$150,000,000, outstanding at any time and selling such 2021 Note to the
17 Purchaser pursuant to the terms of a Note Purchase Agreement (the "Purchase
18 Agreement"), are hereby approved, and the City Council is requested to concur in
19 this approval by the passage of the same at the earliest opportunity in the final
20 form approved by the City Attorney.
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23 Sec. 4. Upon passage of the Supplemental Ordinance, each Designated
24 Representative is delegated authority to approve the final terms and conditions of
25 the Purchase Agreement in coordination with Bond Counsel, the Municipal Advisor
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and the City Attorney's Office subject to the terms set forth in the Supplemental Ordinance, and to execute and implement the Purchase Agreement (including the payment of any financing costs associated with the delivery of the Purchase Agreement) and any other certificates or other documents in connection therewith. Furthermore, upon closing of the 2021 Note, each Borrower Representative (as defined in the Supplemental Ordinance) is authorized to take all actions necessary to administer and implement the 2021 Note and the Purchase Agreement, including but not limited to submitting requests for draws thereunder.

Sec. 6. 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 enter into a new \$150 million Note Purchase Agreement (NPA) with Wells Fargo to provide interim financing for capital projects in Tacoma Power's approved capital budget.

The proposed Supplemental Ordinance and Resolution that authorizes the issuance of a subordinate lien Electric System Revenue Bond to evidence a line of credit provided by Wells Fargo 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."

The short-term financing agreement with Wells Fargo improves financial flexibility by providing readily accessible, interim financing for asset maintenance and improvement costs when those costs are incurred. Implementation of the existing Wells Fargo agreement is also more cost effective by deferring the issuance of long-term bonds to fund debt-funded capital projects, saving the utility approximately \$26 million in interest costs since 2015.

BACKGROUND:

Note Purchase Agreement

Tacoma Power has successfully used the existing Note Purchase Agreement with Wells Fargo (2015 Wells Fargo Agreement) to provide interim financing for approximately \$285



Board Action Memorandum

million of capital project expenses since inception in 2015. It allows Tacoma Power to pay for capital improvements during the biennium, utilizing variable interest rates. Tacoma Power issued the Series 2017 Electric System Revenue Bonds to repay \$80 million borrowed under the 2015 Wells Fargo Agreement for the 2015/2016 biennium capital spending. In 2019, Tacoma Power amended and extended the 2015 Wells Fargo Agreement to fund up to \$150 million in capital improvements. As of December 31, 2020, Tacoma Power has funded \$131,250,000 in capital expenditures with the existing 2015 Wells Fargo Agreement.

The outstanding balance on the 2015 Wells Fargo Agreement (approximately \$140 million) is expected to be redeemed with the proposed Electric System Revenue Bonds issued in 2021, and after such redemption, the 2015 Wells Fargo Agreement will be terminated.

In March 2021, Tacoma Power solicited proposals from qualified firms for a new short-term funding product and reviewed responses from five financial firms. From that pool of respondents, Wells Fargo once again offered the lowest cost and most flexible option for interim financing. The proposal under consideration from Wells Fargo is for a new NPA based on SIFMA, instead of the current rate which is based on LIBOR, each as defined herein:

- The London interbank offered rate (LIBOR) is commonly used to calculate interest rates paid on amounts borrowed in bank lending agreements and is currently scheduled to phase out and no longer be available at the end of June 2023.
- The Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) is an alternative index frequently used in the market instead of LIBOR and reflects the yield of tax-exempt seven-day variable rate demand bonds.

Tacoma Power seeks approval for the delegation of authority to the Director of Utilities and Power Superintendent, or their designee, to issue an Electric System Subordinate Revenue Note, Series 2021, to evidence a revolving line of credit provided by Wells Fargo Bank of not to exceed \$150 million for three years within limits defined by the Bond Ordinance. Terms of the line of credit will be provided for in a new 2021 Note Purchase Agreement.



Board Action Memorandum

Preliminary Terms:

Pricing for a new three-year, \$150 million 2021 Note Purchase Agreement with Wells Fargo is as follows based on a SIFMA index rate:

SIFMA Proposal

Maturity:	3 years (October 2024) with possible extension
Notional Amount:	Up to \$150,000,000
Interest Benchmark:	SIFMA
Utilized fee:	SIFMA + .35% on drawn amount
Unutilized fee:	0.17% fee annually (\$255,000) on unused amount of \$150 million
Est. Issuance Cost:	\$205,000 (Bond Counsel, Bank Counsel, Municipal Advisor fees)
Est. Annual All-In Cost:	\$325,000 (unutilized) to \$665,000 (fully utilized)

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.

The estimated annual debt service for the new 2021 Note Purchase Agreement was included in the Tacoma Power 2021/2022 budget.

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

N/A

ATTACHMENTS: Ordinances and Resolutions

CONTACT: Bill Berry, Power Rates, Planning, and 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 Wells Fargo Note Purchase Agreement
DATE: July 20, 2021

SUMMARY:

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

This Council Action Memo addresses the authorization to enter into a new \$150 million Note Purchase Agreement (NPA) with Wells Fargo to provide interim financing for capital projects in Tacoma Power’s approved capital budget.

The proposed Supplemental Ordinance and Resolution that authorizes the issuance of a subordinate lien Electric System Revenue Bond to evidence a line of credit provided by Wells Fargo Bank (Wells Fargo) 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.”

The short-term financing agreement with Wells Fargo improves financial flexibility by providing readily accessible, interim financing for asset maintenance and improvement costs when those costs are incurred. Implementation of the existing Wells Fargo agreement is also more cost effective by deferring the issuance of long-term bonds to fund debt-funded capital projects, saving the utility approximately \$26 million in interest costs since 2015.

BACKGROUND:

Note Purchase Agreement

Tacoma Power has successfully used the existing Note Purchase Agreement with Wells Fargo (2015 Wells Fargo Agreement) to provide interim financing for approximately \$285 million of capital project expenses since inception in 2015. It allows Tacoma Power to pay for capital improvements during the biennium, utilizing variable interest rates. Tacoma Power issued the Series 2017 Electric System Revenue Bonds to repay \$80 million borrowed under the 2015 Wells Fargo Agreement for the 2015/2016 biennium capital spending. In 2019, Tacoma Power amended and extended the 2015 Wells Fargo Agreement to fund up to \$150 million in capital improvements. As of December 31, 2020, Tacoma Power has funded \$131,250,000 in capital expenditures with the existing 2015 Wells Fargo Agreement.



The outstanding balance on the 2015 Wells Fargo Agreement (approximately \$140 million) is expected to be redeemed with the proposed Electric System Revenue Bonds issued in 2021, and after such redemption, the 2015 Wells Fargo Agreement will be terminated.

In March 2021, Tacoma Power solicited proposals from qualified firms for a new short-term funding product and reviewed responses from five financial firms. From that pool of respondents, Wells Fargo once again offered the lowest cost and most flexible option for interim financing.

Tacoma Power seeks approval for the delegation of authority to the Director of Utilities and Power Superintendent, or their designees, to issue an Electric System Subordinate Revenue Note, Series 2021, to evidence a revolving line of credit provided by Wells Fargo of not to exceed \$150 million for three years within limits defined by the Bond Ordinance. Terms of the line of credit will be provided for in a new 2021 Note Purchase Agreement.

ISSUES:

The proposal under consideration from Wells Fargo is for a new NPA based on SIFMA, instead of the current rate which is based on LIBOR, each as defined herein:

- The London interbank offered rate (LIBOR) is commonly used to calculate interest rates paid on amounts borrowed in bank lending agreements and is currently scheduled to phase out and no longer be available at the end of June 2023.
- The Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA) is an alternative index frequently used in the market instead of LIBOR and reflects the yield of tax-exempt seven-day variable rate demand bonds.

PRELIMINARY TERMS:

Pricing for a new three-year, \$150 million 2021 Note Purchase Agreement with Wells Fargo is as follows based on a SIFMA index rate:

SIFMA Proposal

Maturity:	3 years (October 2024) with possible extension
Notional Amount:	Up to \$150,000,000
Interest Benchmark:	SIFMA
Utilized fee:	SIFMA + .35% on drawn amount
Unutilized fee:	0.17% fee annually (\$255,000) on unused amount of \$150 million
Est. Issuance Cost:	\$205,000 (Bond Counsel, Bank Counsel, Municipal Advisor fees)
Est. Annual All-In Cost:	\$325,000 (unutilized) to \$665,000 (fully utilized)



ALTERNATIVES:

Tacoma Power solicited alternative proposals in March through an RFP process for a new short-term financing facility. In response to Tacoma Power's RFP, Bank of America and Citigroup offered alternative products to the Wells Fargo agreement with a higher all-in rate than the preliminary agreement terms listed above.

If Tacoma Power does not enter into a new NPA with Wells Fargo, alternatives will be brought back to the City Council for consideration. Some alternatives considered are:

- Tacoma Power could issue long-term bonds at the beginning of 2022 after the existing Wells Fargo agreement expires, instead of issuing a new short-term financing agreement to fund capital projects.
- Tacoma Power could negotiate a new interim financing agreement for approval by the City Council at a later date.

RECOMMENDATION:

Tacoma Power recommends approval of the NPA with Wells Fargo Bank of not to exceed \$150 million for three years within limits defined by the Bond Ordinance to continue interim financing the utility's capital improvement plan.

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.

The estimated annual debt service for the new NPA was included in the Tacoma Power 2021/2022 budget.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? Yes.



SUPPLEMENTAL ORDINANCE NO. _____

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A SUPPLEMENTAL ORDINANCE relating to Tacoma Power; authorizing the issuance of an Electric System Subordinate Revenue Note, Series 2021 in the principal amount of not to exceed \$150,000,000 to evidence a revolving line of credit to provide funds to finance and refinance capital improvements to the Electric System; authorizing the execution and delivery of a Note Purchase Agreement with Wells Fargo Bank, National Association in connection with the issuance of the 2021 Note; delegating the authority to approve the final terms of the 2021 Note; and authorizing other matters related thereto.

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

WHEREAS the Senior Bond Ordinance permits the City to issue obligations that are junior and subordinate to the payment of the Senior Bonds and that are payable out of Revenues of the Electric System, after payment of Operating Expenses, only after the prior payment of all amounts required to be paid or set aside under the Senior Bond Ordinance for the Senior Bonds, as the same shall



1 become due at the times, in the manner and subject to the conditions set forth in
2 the Senior Bond Ordinance, and

3 WHEREAS, on April 21, 2015, the City Council passed Ordinance No. 28295
4 (as amended, the "Master Subordinate Ordinance") to authorize a new issue of
5 revenue bonds of the City, junior and subordinate to the Senior Bonds, to be known
6 as the City of Tacoma Electric System Subordinate Revenue Bonds ("Subordinate
7 Bonds") in one or more series to finance costs of the Electric System, and

8 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
9 No. 28296, passed by the City Council on April 21, 2015, as amended (the "First
10 Supplemental Ordinance"), the City, acting through its Department of Public
11 Utilities, Light Division (d.b.a "Tacoma Power"), issued its Electric System
12 Subordinate Revenue Note, Series 2015A to evidence a revolving line of credit in
13 the principal amount of not to exceed \$150,000,000 outstanding at any time to
14 finance and refinance capital improvements to the Electric System (the "2015A
15 Note"), and

16 WHEREAS Tacoma Power expects to redeem the 2015A Note prior to its
17 stated maturity of December 1, 2021 with proceeds of Senior Bonds, and after such
18 date of redemption the 2015A Note will no longer available to Tacoma Power for
19 advances, and

20 WHEREAS it is deemed necessary and advisable to acquire and construct
21 certain additions and betterments to and extensions of the Electric System, and
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1 WHEREAS, the Public Utility Board of the City (the "Board") has initiated and
2 has recommended to the City Council for its approval the issuance of Subordinate
3 Bonds in the form of a note (the "2021 Note") to replace the 2015A Note and to
4 finance and refinance capital improvements to the Electric System and to pay costs
5 of issuance, and
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7 WHEREAS the City Council has determined that it is in the best interests of
8 the City and its ratepayers to issue the 2021 Note to provide funds to finance or
9 refinance costs of capital improvements to the Electric System and pay the costs of
10 issuance and sale of the 2021 Note, and
11

12 WHEREAS, the City deems it in the best interests of the City and its
13 ratepayers that the 2021 Note be sold to and purchased by Wells Fargo Bank,
14 National Association or its affiliate (the "Purchaser") by private sale pursuant to a
15 Note Purchase Agreement to be entered into between the City and the Purchaser
16 (the "Note Purchase Agreement"), and
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18 WHEREAS, the City Council hereby finds and determines that any and all
19 acts, conditions and things required to exist, to happen and to be performed,
20 precedent to and in the incurring of the indebtedness to be evidenced by the 2021
21 Note, and in the issuing of the 2021 Note, as of the date of issuance thereof, shall
22 exist, have happened and have been performed in due time, form and manner, as
23 required by the Constitution and statutes of the State and the Charter of the City,
24 and that the 2021 Note is within every debt limitation and other limit prescribed by
25 the Constitution and statutes of the State and the Charter, and is not in excess of
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1 the amount of Subordinate Bonds permitted to be issued under the Master
2 Subordinate Ordinance, Now, Therefore,

3 BE IT ORDAINED BY THE CITY OF TACOMA:

4 ARTICLE I

5 DEFINITIONS

6
7 Section 1.1. Definitions and Interpretation of Terms. Unless otherwise
8 defined in the recitals and elsewhere in this Supplemental Ordinance, capitalized
9 terms used herein shall have the meanings set forth in the Master Subordinate
10 Ordinance, as it may be amended. In addition, as used in this Supplemental
11 Ordinance the following words shall have the following meanings:
12

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

18 "Borrower Representative" means the Director of Utilities, the Tacoma Power
19 Superintendent, and the Tacoma Power Rates, Planning, and Analysis Manager, or
20 their designee. The signature of one Borrower Representative shall be sufficient to
21 bind the City.
22

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



1 "Code" means the Internal Revenue Code of 1986 as in effect on the date of
2 issuance of the 2021 Note or (except as otherwise referenced herein) as it may be
3 amended to apply to obligations issued on the date of issuance of the 2021 Note,
4 together with applicable proposed, temporary and final regulations promulgated,
5 and applicable official public guidance published, under the Code.
6

7 "Designated Representative" means the Director of Utilities and the Tacoma
8 Power Superintendent, or their designee. The signature of one Designated
9 Representative shall be sufficient to bind the City.
10

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

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

19 Fair Market Value is generally determined on the date on which a contract to
20 purchase or sell an investment becomes binding, and, to the extent required by the
21 applicable regulations under the Code, the term "investment" will include a hedge.
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23 "Federal Tax Certificate" means one or more certificates executed by a
24 Designated Representative or the Finance Director setting forth the requirements of
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1 the Code for maintaining the tax exemption of interest on the 2021 Note, and
2 attachments thereto.

3 "Interest Rate" means the variable rate of interest on the 2021 Note as
4 approved by a Designated Representative and set forth in the 2021 Note and in
5 the Note Purchase Agreement.
6

7 "Maturity Date" means the date specified in the 2021 Note and in the Note
8 Purchase Agreement, which shall be no later than three years from the date of
9 issuance of the 2021 Note.

10 "Note Registrar" means Bond Registrar as defined in the Master
11 Subordinate Ordinance. The Note Registrar(s) for the 2021 Note shall be those
12 individuals appointed pursuant to Section 3.3 of this Supplemental Ordinance.
13

14 "Note Purchase Agreement" means the note purchase agreement or other
15 agreement between the City and the Purchaser and approved by a Designated
16 Representative pursuant to this Supplemental Ordinance, as it may be
17 supplemented and amended.
18

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

24 "Purchaser" means Wells Fargo Bank, National Association, or its affiliate,
25 and its successors and assigns.
26



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

4 "State" means the State of Washington.

5
6 "Tacoma Power Rates, Planning, and Analysis Manager" means the duly
7 appointed and acting Rates, Planning and Analysis Manager, Department of Public
8 Utilities, Light Division, including anyone acting in an interim or other capacity for
9 the position, or the successor to the duties of that office.

10
11 "Tacoma Power Superintendent" means the duly appointed and acting
12 Superintendent/Chief Operating Officer, Department of Public Utilities, Light
13 Division, including anyone acting in an interim or other capacity for the position, or
14 the successor to the duties of that office.

15 "2021 Note" means the City of Tacoma Electric System Subordinate
16 Revenue Note, Series 2021, authorized to be issued under the Master Subordinate
17 Ordinance and this Supplemental Ordinance, as supplemented and amended.

18 "2021 Note Proceeds" means proceeds of the sale of the 2021 Note.

19
20 "2021 Note Projects" means the facilities and projects to be financed or
21 refinanced in whole or in part from 2021 Note Proceeds, as provided in Section 2.4.

22 ARTICLE II

23 PARITY AND OTHER FINDINGS

24
25 Section 2.1. Findings. Pursuant to the terms of the Master Subordinate
26 Ordinance, the City has authorized a subordinate lien revenue bond borrowing



1 program, which authorizes the City to issue, from time to time, one or more series
2 of Subordinate Bonds to finance costs of the Electric System. Due to increasing
3 capital and operating costs, anticipated fluctuations in Revenues of the Electric
4 System, and other economic conditions, Tacoma Power has determined that it is
5 necessary and advisable to obtain a general credit facility in the form of a
6 drawdown revolving line of credit to finance capital costs of the Electric System and
7 help maintain the financial stability of the Electric System. The use of short-term
8 debt agreements to maintain financial stability is consistent with Tacoma Power
9 financial policies and planning, as is the use of short-term debt to finance capital
10 costs. A general credit facility will assist Tacoma Power in maintaining financial
11 stability which will help support the current and future needs of the Electric System.
12 City Council approval is necessary prior to the issuance of debt under the Tacoma
13 City Charter and State law.

14
15
16 The City Council hereby finds (1) it is in the best interest of Tacoma Power
17 and its ratepayers that it issue a short-term note as a Subordinate Bond under the
18 Master Subordinate Ordinance to provide funding for Tacoma Power for its capital
19 projects; (2) Tacoma Power has or expects to receive a proposal from the
20 Purchaser to purchase the 2021 Note; and (3) the 2021 Note and the Note
21 Purchase Agreement authorized herein will be issued without further City Council
22 approval only if the parameters provided for herein are satisfied.

23
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25 Section 2.2. In connection with the issuance of the 2021 Note, the City
26 hereby makes the following findings:



1 A. There is, and as of the date of the issuance of the 2021 Note there will
2 be, no deficiency in the Bond Fund, and no Event of Default, as defined in the
3 Master Subordinate Ordinance, has occurred or shall have occurred and be
4 continuing.

5
6 B. This Supplemental Ordinance provides that the payment of the principal
7 of and interest on the 2021 Note shall be paid out of the Bond Fund and subject to
8 the terms of the Master Subordinate Ordinance and the Note Purchase Agreement.

9 C. On the effective date of the 2021 Note, there will be on file with the City a
10 certificate satisfying the conditions set forth in Section 6.1 of the Master
11 Subordinate Ordinance.

12
13 Section 2.3. Findings Related to Revenues of the Electric System. The City
14 hereby finds and determines that the Revenues of the Electric System at the rates
15 to be charged for power and other services and commodities from the Electric
16 System will be more than sufficient to meet all Operating Expenses, to make all
17 required payments with respect to the Senior Bonds, the outstanding Subordinate
18 Bonds and the 2021 Note, and to permit the setting aside into the Bond Fund out
19 of the Revenues of amounts sufficient to pay the principal of and interest on the
20 2021 Note when due at maturity and upon any mandatory sinking fund redemption
21 thereof.

22
23 The City further finds and determines that in creating the Bond Fund and in
24 fixing the amounts to be paid into the Bond Fund, it has exercised due regard for
25 Operating Expenses, and the City has not bound and obligated itself to set aside
26



1 Note.

2 A. The City hereby authorizes the issuance of its "City of Tacoma,
3 Washington, Electric System Subordinate Revenue Note, Series 2021" or other
4 such designation as set forth in the 2021 Note and approved by a Designated
5 Representative. The 2021 Note shall constitute a Subordinate Bond within the
6 meaning of the Master Subordinate Ordinance. The 2021 Note shall be issued to
7 finance and refinance the costs of the 2021 Note Projects and to pay costs of
8 issuance for the 2021 Note.
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10 B. The 2021 Note shall be issued as a draw-down obligation to evidence a
11 revolving line of credit established with the Purchaser. The draw features including
12 process for draws on the 2021 Note shall be as set forth in the Note Purchase
13 Agreement and/or the 2021 Note. The City shall maintain, or cause to be
14 maintained, records of amounts drawn on the 2021 Note. Draw requests shall be
15 executed on behalf of the City as provided in (D) below.
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17 C. The 2021 Note shall be dated as of its date of delivery to the Purchaser,
18 shall be fully registered as to both principal and interest, shall be in one
19 denomination, shall be in the principal amount of not to exceed \$150,000,000
20 outstanding at any one time, and shall mature on the Maturity Date. The 2021
21 Note shall bear interest on the outstanding principal balance drawn on the 2021
22 Note at the Interest Rate, subject to any default rate or other interest rate changes
23 provided for in the 2021 Note and in the Note Purchase Agreement.
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Interest on the outstanding principal balance on the 2021 Note shall be calculated as provided in the 2021 Note and in the Note Purchase Agreement. Principal of and interest on the 2021 Note shall be payable at the times and in the amounts as set forth in the 2021 Note and in the Note Purchase Agreement. The 2021 Note shall be subject to mandatory and optional redemption and to mandatory tender for purchase prior to maturity on the dates and at the prices, and the terms of the 2021 Note shall be as set forth in the Note Purchase Agreement.

D. The City Council hereby delegates to each Borrower Representative authority to make written Requests for Advances, to submit Compliance Certificates, to provide any notice of reduction or termination of the 2021 Note, and to otherwise take all action necessary after closing of the 2021 Note to implement and administer the 2021 Note and the Note Purchase Agreement pursuant to the terms of this Supplemental Ordinance. Each Request for Advance and Compliance Certificate shall be signed by a Borrower Representative and countersigned by the City Treasurer, the Finance Director, or the Assistant Finance Director/Controller as provided in the Note Purchase Agreement.

Section 3.2. Form of 2021 Note. The 2021 Note shall be in substantially the form set forth in Exhibit "A" attached hereto and made a part hereof, with appropriate variations, omissions, and insertions as shall be required or appropriate consistent with the Master Subordinate Ordinance and this Supplemental Ordinance to reflect the terms as provided herein.



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The 2021 Note shall contain a legend to the effect that the transferability of such 2021 Note is subject to the restrictions set forth in the Note Purchase Agreement. Registered ownership of the 2021 Note, or any portion thereof or interest thereon, may not thereafter be transferred except as set forth in the Note Purchase Agreement.

Section 3.3. Registered Note; No Book-Entry System.

A. Not Book-Entry Bond. The 2021 Note shall be issued in the form of a separate single fully-registered 2021 Note but not as a Book-Entry Bond. The 2021 Note shall be registered in the name of the Purchaser as the original registered owner. The terms and provisions set forth in Sections 4.3(d), 4.3(e), and 4.4 of the Master Subordinate Ordinance shall not apply to the 2021 Note, and to the extent that the registration, transfer and exchange, place and medium of payment for the 2021 Note is not set forth herein, such provisions shall be as set forth in the 2021 Note and the Note Purchase Agreement.

B. No Offering Document. No official statement, prospectus, offering circular or other offering statement containing material information with respect to the City or the 2021 Note will be provided in connection with the issuance of the 2021 Note.

C. Paying Agent and Note Registrar. The City Treasurer, the Finance Director, and the Assistant Finance Director/Controller are each hereby designated as the Paying Agent and Note Registrar for the 2021 Note in accordance with the Master Subordinate Ordinance.



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The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the 2021 Note if transferred or exchanged in accordance with the provisions of the 2021 Note and this Supplemental Ordinance and to carry out all of the Note Registrar's powers and duties under this Supplemental Ordinance.

D. Owner of the 2021 Note. The City and the Note Registrar may deem and treat the Owner of the 2021 Note as the absolute owner for all purposes, and neither the City nor the Note Registrar shall be affected by any notice to the contrary. Payment of the 2021 Note shall be made only as described in Subsection E below. All such payments made as described in Subsection E below shall be valid and shall satisfy the liability of the City upon the 2021 Note to the extent of the amount so paid.

E. Payment of Principal of and Interest on the 2021 Note. Both principal of and interest on the 2021 Note shall be payable in lawful money of the United States of America. Principal and interest on the 2021 Note shall be payable by check, warrant, ACH transfer, Federal Reserve wire, or by other means mutually acceptable to the Owner and the City. Upon final payment of principal and interest of the 2021 Note, the Owner shall surrender the 2021 Note for cancellation at the office of the Note Registrar.



ARTICLE IV

CREATION OF ACCOUNTS; APPLICATION OF 2021 NOTE PROCEEDS

Section 4.1. Creation of Accounts.

A. There is created in the Subordinate Construction Fund an account to be known as the 2021 Note Subordinate Draw Account.

B. There is hereby created in the Bond Fund the following subaccounts with respect to the 2021 Note:

1. the 2021 Note Interest Subaccount in the Interest Account;
2. the 2021 Note Principal Subaccount in the Principal Account;

and

3. the 2021 Note Bond Retirement Subaccount in the Bond Retirement Account.

C. The City hereby determines that the 2021 Note shall not be secured by the Reserve Account or any other debt service reserve account.

Section 4.2. Deposit of Proceeds of the 2021 Note. Immediately upon receipt thereof, the Paying Agent shall deposit the proceeds of all advances drawn by a Designated Representative under the 2021 Note into the 2021 Note Subordinate Draw Account, which amounts shall be used for 2021 Note Projects any lawful purposes for which such advances were made and the costs of issuance of the 2021 Note.

Section 4.3. Deposits Into and Uses of the 2021 Subaccounts in the Bond Fund; Pledge of Revenues. The City hereby obligates and binds itself



1 irrevocably to set aside and to pay into the 2021 Note Interest Subaccount, the
2 2021 Note Principal Subaccount, and the 2021 Note Bond Retirement
3 Subaccount, respectively, out of the Revenues of the Electric System the
4 amounts necessary (together with other available moneys on hand therein) to
5 pay the principal of, interest on and any mandatory sinking fund redemptions for
6 the 2021 Note as and when the same respectively become due and payable in
7 accordance with the terms hereof and of the Note Purchase Agreement. The
8 2021 Note Interest Subaccount, the 2021 Note Principal Subaccount, and the
9 2021 Note Bond Retirement Subaccount, respectively, shall be drawn upon
10 solely for the purpose of paying the principal of, interest on and mandatory
11 sinking fund redemptions for the 2021 Note.
12

14 ARTICLE V

15 ADDITIONAL COVENANTS; ADDITIONAL EVENTS OF DEFAULT

16 Section 5.1. Covenants. The City covenants and agrees with the Owner
17 of the 2021 Note that it will comply with the covenants set forth in the Master
18 Subordinate Ordinance.
19

20 Section 5.2. Tax Covenants. The 2021 Note will be issued as a "Tax-
21 Exempt Bond" as defined in the Master Subordinate Ordinance. The City
22 hereby covenants that it will take all actions necessary to assure the exclusion
23 of interest on the 2021 Note from the gross income of the Owners of the 2021
24 Note, to the same extent as such interest is permitted to be excluded from
25
26



1 gross income under the Code as in effect on the date of issuance of the 2021
2 Note, including but not limited to the following:

3 A. Private Activity Bond Limitation. The City will assure that the 2021 Note
4 Proceeds are not so used as to cause the 2021 Note to satisfy the private business
5 tests of Section 141(b) of the Code or the private loan financing test of Section
6 141(c) of the Code.

8 B. Limitations on Disposition of Project. The City will not sell or otherwise
9 transfer or dispose of (1) any personal property components of the 2021 Note
10 Projects finance or refinanced with 2021 Note Proceeds other than in the ordinary
11 course of an established government program under Treasury Regulation Section
12 1.141-2(d)(4) or (2) any real property components of such projects, unless it has
13 received an opinion of nationally recognized bond counsel to the effect that such
14 disposition will not adversely affect the treatment of interest on the 2021 Note as
15 excludable from gross income for federal income tax purposes.

17 C. Federal Guarantee Prohibition. The City will not take any action or permit
18 to suffer any action to be taken if the result of such action would be to cause the
19 2021 Note to be "federally guaranteed" within the meaning of Section 149(b) of the
20 Code.

22 D. Rebate Requirement. The City will take any and all actions necessary to
23 assure compliance with Section 148(f) of the Code, relating to the rebate of excess
24 investment earnings, if any, to the federal government, to the extent that such
25 section is applicable to the 2021 Note.
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E. No Arbitrage. The City will not take, or permit or suffer to be taken, any action with respect to the 2021 Note Proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issue of the 2021 Note would have caused the 2021 Note to be an "arbitrage bond" 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 2021 Note that complies with the provisions of Section 149 of the Code until the 2021 Note has 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 2021 Note for at least three years after the 2021 Note matures or is prepaid (whichever is earlier); however, if the 2021 Note is redeemed prior to maturity, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the 2021 Note.

H. Compliance with Federal Tax Certificate. The City will comply with the provisions of the Federal Tax Certificate with respect to the 2021 Note, which are incorporated herein as if fully set forth herein.

The covenants of this section will survive payment in full or defeasance of the 2021 Note.

Section 5.3. Additional Event of Default. An Event of Default under the Note Purchase Agreement shall constitute an Event of Default under this



1 Supplemental Ordinance. Nothing herein shall limit the remedies of the
2 Purchaser under the Note Purchase Agreement.

3 ARTICLE VI

4 SALE OF THE 2021 NOTE;

5 ONGOING DISCLOSURE; ADDITIONAL COVENANTS

6 Section 6.1. Sale of the 2021 Note.

7
8 A. The City Council has determined that it would be in the best interest of
9 the City to delegate to the Designated Representatives, for a limited time, the
10 authority to approve the final terms of the 2021 Note and Note Purchase
11 Agreement subject to the provisions of this Supplemental Ordinance.
12

13 B. Subject to the terms and conditions set forth in this Article VI, each
14 Designated Representative is hereby authorized (1) to approve the principal
15 amount, dated date, principal payment dates, interest payment dates,
16 mandatory and/or optional redemption, mandatory and/or optional tender for
17 purchase, the Maturity Date, and Interest Rate for the 2021 Note, (2) to
18 negotiate and approve any unused line of credit fee in the Note Purchase
19 Agreement, a structuring agent fee letter and fee with the Purchaser, and any
20 additional terms and covenants with the Purchaser that are in the best interest
21 of the City and consistent with this Supplemental Ordinance, (3) to approve and
22 execute the 2021 Note and Note Purchase Agreement, and (4) to execute the
23 sale of the 2021 Note to the Purchaser; provided that:
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1. The principal amount of the 2021 Note shall be in the amount of not to exceed \$150,000,000 outstanding at any time;

2. The final maturity of the 2021 Note is no later than the Maturity Date;

3. The Interest Rate on the 2021 Note shall be a variable rate based initially on the SIFMA rate and calculated as provided in the Note Purchase Agreement; provided, that the 2021 Note may be subject to a default rate and/or a taxable rate upon the occurrence and continuation of an Event of Default or Determination of Taxability, respectively, as provided for in the Note Purchase Agreement; and

4. The terms of the 2021 Note otherwise conform to the terms of the Master Subordinate Ordinance and this Supplemental Ordinance.

Subject to the terms and conditions set forth in this Section, each Designated Representative is hereby authorized to negotiate and approve the terms of the Note Purchase Agreement in coordination with Bond Counsel, the Municipal Advisor and the City Attorney's Office, to agree to any additional terms and covenants that are in the best interest of the City and consistent with this Supplemental Ordinance, and to execute and implement the Note Purchase Agreement (including the payment of any financing costs associated with the delivery of the Note Purchase Agreement from 2021 Note Proceeds or available funds of the Electric System), and such approval shall be conclusively evidenced by his or her execution thereof.



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The authority granted to the Designated Representatives to initially approve the 2021 Note and Note Purchase Agreement by this section shall expire on December 31, 2021. If the 2021 Note has not been issued and the Note Purchase Agreement has not been executed by such date, the authorization provided herein shall be rescinded, and the 2021 Note shall not be executed and the 2021 Note shall not be delivered to the Purchaser unless such authority has been re-authorized by ordinance of the City Council at the request of the Board.

C. Upon the passage and approval of this Supplemental Ordinance, the proper officials of the City including the Designated Representatives, the Borrower Representatives, the Mayor, the City Treasurer, the Finance Director, the Assistant Finance Director/Controller and the City Clerk are authorized and directed to undertake all action necessary for the prompt execution and delivery of the 2021 Note to the Purchaser and further to execute all closing certificates, agreements, rate lock agreement, term sheet, structuring agent fee letter and other documents required to effect the closing and delivery of the 2021 Note in accordance with the terms of this Supplemental Ordinance.

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



1 Section 6.2. No Ongoing Disclosure; Additional Covenants. The 2021 Note
2 is exempt from ongoing disclosure requirements of the Rule. The City may agree
3 to provide the Purchaser certain financial or other information and agree to such
4 covenants as determined to be necessary by a Designated Representative and as
5 set forth in the Note Purchase Agreement and approved by a Designated
6 Representative pursuant to this Article.
7

8 ARTICLE VII

9 MISCELLANEOUS

10 Section 7.1. Ratification of Prior Acts. Any action taken consistent with the
11 authority and prior to the effective date is ratified, approved and confirmed.
12

13 Section 7.2. Terms of 2021 Note Subject to the Master Subordinate
14 Ordinance. Except as expressly provided herein, every term and condition
15 contained in the Master Subordinate Ordinance shall apply to this Supplemental
16 Ordinance and the 2021 Note with the same force and effect as if the same were
17 herein set forth at length, with such omissions, variations and modification as may
18 be appropriate to make the same conform to this Supplemental Ordinance.
19

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

24 Except as supplemented and amended by this Supplemental Ordinance, the
25 Master Subordinate Ordinance is hereby ratified, approved and confirmed and shall
26



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

3 Section 7.3. 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 ordinance, including, but not limited to, the correction of clerical errors;
 6 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 7.4. Effective Date. This Supplemental Ordinance shall take effect
 11 and be in force 10 days after its passage, approval and publication as required by
 12 law.
 13

14
 15 Passed: _____

16
 17 _____
 Mayor

18 Attest:
 19
 20 _____
 City Clerk

21 Approved as to form and legality:
 22 Pacifica Law Group LLP
 23 Bond Counsel

24
 25 By _____
 26



EXHIBIT "A"

Form of 2021 Note

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Not to Exceed
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TRANSFER RESTRICTED

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

STATE OF WASHINGTON

CITY OF TACOMA

ELECTRIC SYSTEM SUBORDINATE REVENUE NOTE,
SERIES 2021

DATE OF ISSUANCE: _____
REGISTERED OWNER: _____
PRINCIPAL AMOUNT: NOT TO EXCEED _____ AND
NO 100/DOLLARS

The City of Tacoma, a municipal corporation duly organized and existing under and pursuant to the Charter of the City of Tacoma and the Constitution and laws of the State of Washington (hereinafter called the "City"), for value received, hereby promises to pay (but only out of the Revenues referred to below) to the Registered Owner named above or its registered successors and assigns, the principal amount hereof, together with unpaid accrued interest thereon, on the dates, at the rates and in the amounts as provided in the Note Ordinance (as hereinafter defined) and the Note Purchase Agreement dated as of _____, 20__, (as it may be amended, supplemented, restated and/or replaced from time to time, the "Purchase Agreement"). The terms of the Note Purchase Agreement are hereby incorporated into this note as if fully set forth herein.



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This note evidences a revolving line of credit and is issued pursuant to Ordinance No. 28295 adopted on April 21, 2015 (the "Master Subordinate Ordinance"), as amended and supplemented from time to time, including as supplemented by Supplemental Ordinance No. _____ adopted on _____, 2021 (collectively, the "Note Ordinance"), providing for the issuance of the Bonds (as defined herein), including this note. Interest on this note shall be calculated on the basis of actual days elapsed in a 360 day year consisting of 12 30-day months. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Note Ordinance and the Note Purchase Agreement, as applicable.

Payments shall be made solely from Revenues, after payment of Operating Expenses and required payments with respect to the Senior Bonds, to the Registered Owner stated above by the Paying Agent without the necessity of presentation and surrender of this note. This note is one of a duly authorized issue of Electric System Subordinate Revenue Bonds of the City (hereinafter called the "Bonds") of the series and designation indicated on the face hereof. The authorized issue of Bonds is not limited in aggregate principal amount and consists of multiple series and subseries of varying denominations, dates, maturities, interest rates and other provisions, as provided in the Master Subordinate Ordinance, all issued and to be issued pursuant to the provisions of the Charter of the City and all laws of the State of Washington (the "State") (referred to as the "Act").

Reference is hereby made to the Master Subordinate Ordinance and to the Act for a description of the terms on which the Bonds are issued and may be issued, the provisions with regard to the nature and extent of the Revenues, and the rights of the registered owners of the Bonds.

All the terms of the Note Ordinance and the Act are hereby incorporated herein and made a contract between the City and the Registered Owner from time to time of this note, and to all the provisions thereof the Registered Owner of this note, by its acceptance hereof, consents and agrees. Additional series and subseries of Bonds may be issued on a parity with this note, but only subject to the conditions and limitations contained in the Master Subordinate Ordinance.

This note is subject to mandatory redemption and mandatory tender as provided in the Note Ordinance and the Note Purchase Agreement.

This note, including the interest hereon, together with all other Bonds, and the interest thereon, issued under the Master Subordinate Ordinance (and to the extent set forth in the Master Subordinate Ordinance), is payable from, and is secured by a charge and lien on, the Revenues, after payment of



1 Operating Expenses and required payments with respect to the Senior Bonds,
2 derived by the City from the Electric System.

3 The Bonds are special obligations of the City, and are payable, both as
4 to principal and interest, out of the Revenues, after payment of Operating
5 Expenses and required payments with respect to the Senior Bonds, pertaining
6 to the Electric System and the moneys in the Funds and Accounts provided in
7 the Master Subordinate Ordinance, subject to the prior payment of principal of
and interest on the Senior Bonds, and not out of any other fund or moneys of
the City. No holder of this note shall ever have the right to compel any exercise
of the taxing power of the City to pay this note or the interest hereon.

8 This note is transferable by the Registered Owner hereof, but only in the
9 manner and subject to the limitations provided in the Note Ordinance and the
10 Note Purchase Agreement, as applicable. Upon such transfer a new fully
11 registered note for the same aggregate principal amount will be issued to the
transferee in exchange therefor.

12 THIS NOTE IS A SPECIAL AND LIMITED OBLIGATION OF THE CITY
13 PAYABLE ONLY FROM THE SOURCES IDENTIFIED HEREIN, IN THE NOTE
14 PURCHASE AGREEMENT AND IN THE NOTE ORDINANCE AND IS NOT A
15 GENERAL OBLIGATION OF THE CITY, PIERCE COUNTY, THE STATE OR
16 ANY OTHER POLITICAL SUBDIVISION THEREOF. THIS NOTE DOES NOT
17 CONSTITUTE A CHARGE UPON ANY GENERAL FUND OR UPON ANY
MONEY OR OTHER PROPERTY OF THE CITY, PIERCE COUNTY, THE
STATE OR ANY OTHER POLITICAL SUBDIVISION THEREOF NOT
SPECIFICALLY PLEDGED THERETO BY THE NOTE ORDINANCE.

18 The rights and obligations of the City and of the registered owners from
19 time to time of the Bonds may be modified or amended at any time in the
20 manner, to the extent, and upon the terms provided in the Master Subordinate
Ordinance.

21 It is hereby certified and recited that any and all acts, conditions and
22 things required to exist, to happen and to be performed, precedent to and in the
23 incurring of the indebtedness evidenced by this note, and in the issuing of this
24 note, do exist, have happened and have been performed in due time, form and
25 manner, as required by the Constitution and statutes of the State and the
26 Charter of the City, and that this note, 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 Subordinate Ordinance.



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

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

IN WITNESS WHEREOF, the City of Tacoma, Washington, has caused this note to be executed by the manual or facsimile signature of the Mayor of the City Council and attested by the manual or facsimile signature of the Clerk, as of the date of this note, _____, 2021.

CITY OF TACOMA,
WASHINGTON

By _____
Mayor

ATTEST:

Clerk of the City

CERTIFICATE OF AUTHENTICATION

This is the note described in the within-mentioned Note Ordinance.

Date of Authentication: _____, 2021.

[Finance Director,] City of
Tacoma

CERTIFICATE OF REGISTRATION

This note is registered in the name of the Registered Owner on the books of the City, in the office of the [Finance Director] of the City, as Note Registrar and Paying Agent, as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this note shall be made by the City as provided in the Note Ordinance.



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Date of
Registration

Name and Address of
Registered Owner

ASSIGNMENT

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

Dated: _____

Signature(s) Guaranteed

(Signature)

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



CLERK'S CERTIFICATE

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

2 HEREBY CERTIFY:

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

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

19 IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of
20 _____, 2021.
21

22
23 _____
24 City Clerk
25 City of Tacoma, Washington
26