OFFICIAL STATEMENT dated April 15, 2013

NEW ISSUE **NOT BANK QUALIFIED**
BOOK-ENTRY **NON-RATED**

In the opinion of Foster Pepper PLLC, Seattle, Washington ("Bond Counsel"), under existing federal law and assuming compliance by the City with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. However, while interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by certain S corporations may be subject to tax, and interest on the Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of interest on the Bonds may have other federal tax consequences for certain taxpayers. (See "Tax Exemption" herein.)

CITY OF TACOMA, WASHINGTON
$30,999,358.40
CONSOLIDATED LOCAL IMPROVEMENT DISTRICT NO. 65 BONDS

DATED: Date of Delivery **DUE: April 1, 2043, as shown on inside cover**

The City of Tacoma, Washington (the "City"), provides this Official Statement in connection with the issuance of its Consolidated Local Improvement District No. 65 ("CLID No. 65") Bonds (the "Bonds"). The Bonds mature on April 1, 2043, and will bear interest from their Date of Delivery (defined below) to their date of maturity or date of prior redemption.

The Bonds will be issued as fully registered bonds under a book-entry system, initially registered to Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Individual purchases of Bonds will be made in the principal amount of $5,000, or integral multiples thereof, with the exception of one Bond which will be issued in the amount of $4,358.40 or $4,358.40 plus any integral multiple of $5,000. The purchasers will not receive certificates representing their interest in the Bonds as long as the Bonds are in book-entry form. Interest on the Bonds will be payable on April 1, 2014, and annually thereafter on each April 1 until the date of maturity or date of prior redemption. The Bonds are subject to redemption prior to their maturity date on any April 1, commencing April 1, 2014, whenever, and to the extent that, sufficient assessment payments are available in the Bond Fund for such purpose. (See "The Bonds - Mandatory Redemption and Purchase" herein.)

The Washington State Fiscal Agent, currently The Bank of New York Mellon, New York, New York, will serve as registrar, paying agent and transfer agent for the Bonds. For so long as the Bonds are held by DTC in book-entry form, principal and interest payments will be made as described in "Appendix F - Book-Entry Only System."

The Bonds are special fund obligations of the City, payable solely out of the Consolidated Local Improvement District No. 65 Bond Fund to be funded from the collection of assessments levied against the benefited properties located within the local improvement districts comprising CLID No. 65 (the "Point Ruston LIDs"), and from the City's Local Improvement Guaranty Fund and the Supplemental Reserve Fund in the manner provided by law. **The Bonds are not general obligations of the City, and neither the full faith and credit nor the taxing power of the City, the State of Washington or any political subdivision thereof is pledged for the payment of the principal of and interest on the Bonds.**

Proceeds of the Bonds will be used to (1) finance the costs of carrying out improvements in the Point Ruston LIDs, including without limitation, repayment of a bond anticipation note issued to provide interim financing, (2) make a deposit into the Supplemental Reserve Fund, and (3) pay the costs of issuance and sale of the Bonds. (See "The Bonds – Purpose and Use of Proceeds" and "Security" herein.)

The Bonds are offered by the Underwriter when, as and if issued by the City, subject to the approving legal opinion of Foster Pepper PLLC, Seattle, Washington, Bond Counsel. Certain matters will be passed upon for the Underwriter by K&L Gates LLP, Seattle, Washington. The Bonds, in book-entry form, are expected to be available for delivery through the facilities of DTC for delivery by Fast Automated Securities Transfer ("FAST") on or about April 29, 2013 (the "Date of Delivery").

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to making an informed investment decision.

D.A. DAVIDSON & CO.

CITY OF TACOMA, WASHINGTON

$30,999,358.40

CONSOLIDATED LOCAL IMPROVEMENT DISTRICT NO. 65 BONDS

MATURITY DATE: April 1, 2043

DATED: Date of Delivery (Expected to be April 29, 2013)

Maturity April 1	Principal Amount	Interest Rate	Yield	Price (% of Par)	CUSIP No.[1]
2043	$30,999,358.40	5.75%	5.75%	100.00	873472EH3

[1] The CUSIP number is included for convenience of the owners and potential owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by Standard & Poor's. No assurance can be given that the CUSIP number for the Bonds will remain the same after the date of issuance and delivery of the Bonds.

CITY OF TACOMA, WASHINGTON

747 Market Street
Tacoma, WA 98402
Phone number: (253) 591-5000
www.cityoftacoma.org*

Certain Elected City Officials:

Mayor	Marilyn Strickland
City Council	Marty Campbell, Deputy Mayor
	David Boe
	Anders Ibsen
	Joe Lonergan
	Ryan Mello
	Robert Thoms
	Lauren Walker
	Victoria Woodards

Certain Appointed City Officials:

City Manager	T.C. Broadnax
Director of Finance	Andrew Cherullo
City Treasurer	Teresa Sedmak

Underwriter

D. A. DAVIDSON & CO.
Columbia Center
701 5th Avenue, Suite 4050
Seattle, Washington 98104
(206) 903-8699

Financial Advisor

SEATTLE-NORTHWEST SECURITIES CORPORATION
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Bond Counsel

FOSTER PEPPER PLLC
1111 3rd Avenue
Seattle, Washington 98101
(206) 447-4400

* Neither the information on the City's website nor any links from that website, is a part of this Official Statement or is incorporated herein by this reference, and such information cannot be relied upon to be accurate as of the date of this Official Statement, nor should any such information be relied upon to make investment decisions regarding the Bonds.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City. The information in this Official Statement was obtained from sources believed to be reliable, but is not guaranteed as to accuracy or completeness.

The Underwriter has reviewed the information in the Official Statement in accordance with, and as a part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of the information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date of its distribution. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

The descriptions herein of the Bonds, the Bond Ordinance (defined herein) and all references to other documents or materials not claiming to be quoted in full are only brief outlines of some of the provisions and do not claim to summarize or describe all provisions. Copies of such documents may be obtained from the City or the Underwriter.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE CITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In connection with the offering and issuance of the Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “projection,” “budget” or other similar words.

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CITY OF TACOMA, WASHINGTON
$30,999,358.40
CONSOLIDATED LOCAL IMPROVEMENT DISTRICT NO. 65 BONDS

INTRODUCTION

The City of Tacoma, Washington (the "City"), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the "State"), furnishes this Official Statement in connection with the offering of $30,999,358.40 principal amount of Consolidated Local Improvement District No. 65 ("CLID No. 65") Bonds (the "Bonds"). CLID No. 65 is comprised of six local improvement districts ("LIDs") located in the City and the Town of Ruston (the "Point Ruston LIDs"). This Official Statement, which includes the cover page, inside cover page and appendices, provides information concerning the City, the Bonds and the Point Ruston LIDs.

THE BONDS

Principal Amount, Date, Interest Rate and Maturity

The Bonds will be issued in the aggregate principal amount of $30,999,358.40, and will be dated and bear interest from their date of issuance and delivery. The Bonds will mature on April 1, 2043, and bear interest (payable annually on each April 1, commencing April 1, 2014) until the maturity or prior redemption of the Bonds at the rate set forth on the inside cover of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Bond Registrar and Registration Features

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will initially be made in book-entry form only in minimum denominations of $5,000 within a maturity and integral multiples thereof ("Authorized Denominations"), with the exception of one Bond, which will be issued in the amount of $4,358.40 or $4,358.40 plus any Authorized Denomination. Purchasers ("Beneficial Owners") will not receive certificates representing their beneficial ownership interest in the Bonds so purchased.

The City adopted the system of registration for the Bonds approved by the State Finance Committee (the "Committee"). Pursuant to chapter 43.80 RCW, the Committee designates one or more fiscal agencies (the "Fiscal Agency") for bonds issued within the State. The Committee currently is under contract with The Bank of New York Mellon, New York, New York. The Fiscal Agency will act as bond registrar and paying agent (the "Bond Registrar") under the terms of the Bond Ordinance (defined below).

In order to meet payment requirements for principal and interest on the Bonds as the same become due and payable, the City will remit money from the Consolidated Local Improvement District No. 65 Fund (the "Bond Fund") to the Bond Registrar. The Bond Registrar will remit payment to DTC in accordance with the terms of the DTC procedures as then in effect. Principal of the Bonds will be paid to registered owners upon presentation and surrender of the Bonds at maturity or upon earlier redemption to the office of the Bond Registrar in New York, New York. See "- Book-Entry Bonds" and Appendix F.

Mandatory Redemption and Purchase

Redemption. The City has reserved the right and option to redeem the Bonds on any annual interest payment date at the redemption price of par plus accrued interest thereon to the redemption date. The City is required to call Bonds for redemption whenever, and to the extent that, there is sufficient money in the Bond Fund to pay the Bonds so called above the amount required for the payment of the interest on that interest payment date on all outstanding Bonds.

Selection of Bonds for Redemption. All or a portion of the principal amount of any Bond that is subject to redemption may be redeemed in any Authorized Denomination (or any Authorized Denomination plus $4,358.40). If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, the registered owner will be issued, without charge, a new Bond (or Bonds, at the option of the registered owner) of the same interest rate in any Authorized Denomination (or any Authorized Denomination plus $4,358.40) in the aggregate principal amount remaining unredeemed. While a Bond is held in book-entry form by DTC or its nominee, selection of the principal portion of any Bond to be partially redeemed will be handled in accordance with the Blanket Issuer Letter of Representations dated May 10, 1995, between the City and DTC (the "Letter of Representations"). If a Bond ceases to be held in book-entry form by DTC or its nominee, the portion to be partially redeemed will be selected randomly in such manner as the Bond Registrar determines.

Estimated Redemption Schedule. The following table provides an estimated schedule of redemption of the Bonds. There can be no assurance that Bonds will be redeemed in the amounts and in the years shown in the table. Bonds may be redeemed on each April 1 earlier or later than shown in the table depending on the timing of receipt by the City of assessment payments from any of the Point Ruston LIDs. The City is required to redeem Bonds on each April 1 to the fullest extent possible, after payment of interest due, from assessment payments it receives with respect to the properties within the Point Ruston LIDs. (See "Security – Special Assessments.")

Estimated Redemption April 1	Estimated Principal Amount	Estimated Redemption April 1	Estimated Principal Amount
2014	$1,104,358	2028	$1,105,000
2015	1,105,000	2029	1,105,000
2016	1,105,000	2030	1,110,000
2017	1,105,000	2031	1,110,000
2018	1,105,000	2032	1,110,000
2019	1,105,000	2033	1,110,000
2020	1,105,000	2034	1,110,000
2021	1,105,000	2035	1,110,000
2022	1,105,000	2036	1,110,000
2023	1,105,000	2037	1,110,000
2024	1,105,000	2038	1,110,000
2025	1,105,000	2039	1,110,000
2026	1,105,000	2040	1,110,000
2027	1,105,000	2041	1,110,000

Various factors beyond the City's control will affect the extent to which assessments are paid, including the general state of the economy, the rate at which properties subject to the assessments are improved or sold, and the extent to which the assessments are prepaid due to the sale of assessed properties financed through a bank loan or by financing that requires payment in full of any outstanding assessments. In addition, it is possible that assessments may not be paid when due. See "Security – Special Assessments," "– Foreclosure of Assessments" and "Bond Owners' Considerations" for more information regarding estimated redemption and delinquent assessments.

Notice of Redemption. While a Bond is held in book-entry form by DTC or its nominee, notice of redemption will be given as required in accordance with the Letter of Representations, and the Bond Registrar will not be required to give any other notice of redemption. If a Bond ceases to be held in book-entry form by DTC or its nominee, unless waived by the registered owner of the Bond to be redeemed, the City will provide notice of an intended redemption of Bonds to be given by the Bond Registrar not less than 15 nor more than 30 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of each Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice. The requirements of the preceding sentence will be satisfied when notice has been mailed as so provided, whether or not it is actually received by an owner of any Bond.

Rescission of Redemption. The notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption of those Bonds by giving a notice of rescission to the affected registered owners at any time on or prior to the scheduled optional redemption date. Any notice of redemption that is so rescinded will be of no effect, and a Bond for which a notice of redemption has been rescinded will remain outstanding.

Effect of Redemption. Interest on Bonds called for redemption will cease to accrue on the date fixed for redemption, unless the notice of redemption is rescinded as described below.

Failure to Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or call date, the City will be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment.

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

Book-Entry Bonds

DTC will act as securities depository for the Bonds. The ownership of one fully registered Bond will be registered in the name of Cede & Co., as nominee for DTC. See Appendix F for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the City determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided by the Bond Ordinance and the Bonds will no longer be held in fully immobilized form. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds will be paid by checks or drafts mailed to the registered owners on the interest payment date at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date, or upon the written request of a registered owner of more than $1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment will be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the registered owner. Principal of the Bonds is payable upon presentation and surrender of the Bonds by the registered owners at the principal office of the Bond Registrar.

Authorization

The Bonds will be issued pursuant to the provisions of the Constitution and applicable laws of the State, the City Charter Section 7.16, and City Ordinance No. 28143 (the "Bond Ordinance") passed by the City Council on March 26, 2013.

Purpose and Use of Proceeds

Proceeds of the Bonds will be used to (1) finance the costs of carrying out improvements in the Point Ruston LIDs, including without limitation, repayment of a bond anticipation note issued to provide interim financing (the "Note"), (2) make a deposit into the Supplemental Reserve Fund, and (3) pay the costs of issuance and sale of the Bonds.

Sources and Uses. The sources and uses of Bond proceeds are shown in the table that follows.

Sources of Funds:	
Proceeds of the Bonds	$30,999,358.40
Total Sources of Funds	$30,999,358.40
Uses of Funds:	
Repayment of the Note	$28,005,829.38
Point Ruston LID Projects/Misc. Costs	1,526,556.38
Deposit to Supplemental Reserve Fund	1,110,000.00
Underwriter's Discount	260,894.93
Costs of Issuance of the Bonds[1]	96,077.71
Total Uses of Funds	$30,999,358.40

[1] Includes Bond Counsel fee, Financial Advisor fee, and other related fees and expenses.

SECURITY

Special Fund Obligations

The Bonds are special fund obligations of the City, payable solely out of the Bond Fund to be funded from (i) the collections of local improvement district assessments levied against the benefited properties located within the Point Ruston LIDs, together with interest and penalties, if any (see "- Special Assessments" below), (ii) the Supplemental Reserve Fund (see "- Supplemental Reserve Fund" below) and (iii) the City's Local Improvement Guaranty Fund (see "- Guaranty Fund" below), all in the manner provided by law and in the Bond Ordinance.

The Bonds are not general obligations of the City, and neither the full faith and credit nor the taxing power of the City, the State or any political subdivision thereof is pledged for the payment of the principal of and interest on the Bonds.

Special Assessments

The Bonds are payable from special assessments levied against real property in the Point Ruston LIDs. Assessment payments are due in 28 equal annual payments of principal plus interest on the outstanding balance. Interest on the outstanding balance of each assessment, calculated at a rate of 6.00 percent per annum (25 basis points higher than the average coupon rate on the Bonds), is payable annually along with installments of principal. The annual assessment installments of principal together with interest on the outstanding balance of assessments are due annually on February 15 in the years 2014 through 2041, inclusive.

The City is required to charge a penalty assessed against delinquent assessments, or installments thereof. The City will impose a penalty for delinquencies equal to 12 percent of both the principal and interest due upon the delinquent installment. This penalty will be assessed in addition to the interest payable on the delinquent assessment.

Unpaid assessments constitute a lien against the real property assessed that is superior to mortgages and most other encumbrances, but is subject to liens for general taxes, certain federal liens and homestead rights. See "Impediments to Foreclosure" below. The City has covenanted in the Bond Ordinance to commence and pursue the collection of all delinquent assessments, which includes the immediate initiation of foreclosure procedures on properties in the Point Ruston LIDs that have delinquent assessments, as permitted under the Improvements Agreement (defined herein). See "Security – Foreclosure of Assessments" and "The Point Ruston LIDs – Improvements Agreement" herein.

State law provides that assessments may be prepaid in full at any time, so long as all principal and penalties, together with interest payable through the next installment payment date, are paid. Early payments occur when a property owner elects to pay the special assessment currently rather than over the remaining term of the installment period. Because assessment liens are superior to mortgages, lending institutions often require the prepayment of assessments as a condition to financing the acquisition or development of property within a local improvement district. The rate at which assessments are prepaid will affect the rate at which the Bonds are redeemed prior to their maturity. See "Bond Owners' Considerations" herein.

Point Ruston LLC (the "Developer"), as the developer of the Point Ruston LID Improvements, has agreed to set aside certain amounts into designated accounts to pay Point Ruston LID assessments. See "The Point Ruston LIDs – Improvements Agreement – *Prepaid Assessment Account* and – *Escrow Requirement*" below for additional information. While these accounts have been established to provide security to the City for the payment of assessments, the accounts do not directly secure the payment of the Bonds. **The remedy of the owner of any Bond is limited to the City's covenants in the Bond Ordinance, to the Supplemental Reserve Fund, and to the Guaranty Fund. See "- Foreclosure of Assessments," "- Supplemental Reserve Fund," and "- Guaranty Fund" below.**

Foreclosure of Assessments

Under State law and the City's municipal code, the City must foreclose upon an assessment lien and the entire assessment amount will be due and payable under two circumstances: (1) if on the first day of any year, two installments of any assessment are delinquent; or (2) if the final installment of any assessment has been delinquent for more than one year. The foreclosure proceedings must be commenced by December 1 in the year that either of such conditions occurs.

Under the Improvements Agreement, the Developer has agreed that if the Developer fails to timely pay an LID assessment, the City may immediately commence foreclosure proceedings against property in the Point Ruston LIDs without delaying for two years as set forth in RCW 35.50.030. However, the Developer's agreement relating to immediate foreclosure terminates with respect to a parcel when that parcel is found to have a fair market value of at least three times the outstanding unpaid assessment against the parcel, as certified to the City by an MAI-qualified appraiser or as established by the Pierce County Assessor-Treasurer. See "The Point Ruston LIDs – Improvements Agreement" herein.

Assessment lien foreclosure actions are tried before the superior court without a jury. The City must notify the property owner at least 30 days before the foreclosure proceeding is commenced. The court may enter a default judgment or a final judgment and order of sale upon any real property involved in the action. The court's decision may be appealed by the property owner within 30 days after the decision is rendered. Any appeal would be made to the Washington Court of Appeals. After the superior court's judgment is rendered (and assuming such judgment is not appealed), the real property described therein must be sold by the City's Treasurer or by the county sheriff. The sale will occur no earlier than 30 days after a foreclosure notice is sent to the property owner and certain other lien holders. Under RCW 35.50.270, the property owner may reclaim the property if the debt is repaid within two years from the date of sale.

The property may be purchased by a third party, or the City may purchase property at an assessment lien foreclosure sale. The property may also be struck off to the City for lack of bidders. Any real property subject to an assessment for the Point Ruston LIDs that is obtained by the City at an assessment lien foreclosure sale, or struck off to the City for lack of bidders, will be held in trust for the Bond Fund and for the benefit of the owners of the Bonds. If the amount collected after a foreclosure sale is less than the amount of the delinquent assessment, the property owner will not be subject to personal liability for such deficiency. If the City wishes to discharge the trust, it may pay into the Bond Fund an amount equal to the delinquent assessment plus interest that will have accrued to the next payment date for the Bonds.

Any money received by the City as a result of such foreclosure action is deposited in the Bond Fund and used to repay the Bonds.

Impediments to Foreclosure

Impact of Homestead Exemption. Chapter 6.13 RCW permits any property owner to protect a certain portion of his or her residence from forced sale. In City of Algona v. Sharp, et al., decided January 4, 1982, Division I of the Washington Court of Appeals held that the filing of a homestead exemption before a scheduled foreclosure sale of a residential property valued at $25,000 or less effectively exempted that property from a forced sale to enforce delinquent special assessments in a special benefit assessment district such as a local improvement district or utility local improvement district. The statutory homestead exemption has since been raised to $125,000.

Extinguishment of Assessment Liens. Any lien for general property taxes is superior to the City's assessment lien. Properties that have property tax delinquencies are subject to tax foreclosure proceedings by Pierce County (the "County") if the taxes are not paid within three years after becoming delinquent. (See "-Guaranty Fund" below.)

The minimum bid at the foreclosure sale is required to satisfy only delinquent taxes, not assessments. In addition, the Washington Legislature in 1994 repealed RCW 35.49.120, which expressly provided that assessment liens survived a foreclosure sale for delinquent taxes. If such properties (or any other properties subject to the City's assessment liens) are struck off to the County at a tax foreclosure sale because of lack of bidders, and the County thereafter sells the properties, the sale proceeds will be applied first to discharge the County's liens for general taxes, with any remaining proceeds being applied to discharge the City's assessment liens. Under such circumstances, the City's assessment liens will be discharged, regardless of the amount of sale proceeds actually received by the City.

The City intends, but is not obligated, to protect assessment liens from a tax foreclosure sale. The City can under State law preserve its assessment liens by (1) using money on deposit in the Guaranty Fund to purchase the tax lien from the County (RCW 35.54.080); (2) purchasing the properties at the tax foreclosure sale (RCW 35.49.130); or (3) purchasing the properties from the County after they have been struck off to the County (but before the County otherwise has sold the properties) upon paying the face amount of the delinquent taxes plus costs (but less interest and penalties) (RCW 35.49.150).

Federal Bankruptcy and Other Proceedings. The City's ability to collect assessments and foreclose its assessment lien on property within the Point Ruston LIDs may be substantially delayed in the event the property owner is involved in federal bankruptcy proceedings or the federal government initiates drug or gambling forfeiture liens on the property.

Supplemental Reserve Fund

In addition to the pledge of assessments and the Guaranty Fund, the Bonds are secured by a continuing claim and charge against the Supplemental Reserve Fund. The City has created the Supplemental Reserve Fund in accordance with RCW 35.51.040 and will deposit Bond proceeds in the amount of $1,110,000 therein to be used as security for the Bonds. Under the Bond Ordinance, the Supplemental Reserve Fund is the fund of first resort upon default of any payment of Point Ruston LID assessments, ahead of the Guaranty Fund.

Interest earned on amounts in the Supplemental Reserve Fund, to the extent that the average annual interest rate on amounts in the Supplemental Reserve Fund does not exceed 2.5 percent, will be paid each year to the City to fund City administrative costs. If the average interest rate for the year exceeds 2.5 percent, the portion of interest earned at the rate above 2.5 percent will remain in the Supplemental Reserve Fund. So long as the payment of the Point Ruston LID assessments are not delinquent, the City will apply 1/28th of the amount on deposit in the Supplemental Reserve Fund (both principal and any interest above a rate of 2.5 percent) towards each annual assessment installment in accordance with RCW 35.51.040. The City may not use the Supplemental Reserve Fund to secure any other bonds unless such bonds are related to the Point Ruston LIDs.

Guaranty Fund

In addition to the pledge of assessments and the Supplemental Reserve Fund, the Bonds are secured by a continuing claim and charge against the City's Local Improvement Guaranty Fund (the "Guaranty Fund"). The Guaranty Fund was established by, and is administered pursuant to, chapter 35.54 RCW and chapter 10.08 of the Tacoma Municipal Code. The purpose of the Guaranty Fund is to guarantee, to the extent of money in the fund, the payment of local improvement district bonds and warrants issued by the City.

If there is insufficient money in the Bond Fund, the Supplemental Reserve Fund and the Guaranty Fund to make payments on the Bonds when due, the City must issue warrants against the Guaranty Fund in an amount up to five percent of the total amount of all bonds and notes outstanding against the Guaranty Fund to meet such payment. Such warrants are to be redeemed by the proceeds of a property tax levy in the following year, limited as described below, or the collection of assessments.

Source of Funding. The Guaranty Fund is currently funded with money of the City legally available therefor, including proceeds of bonds and other obligations. Under State law, the City must continue funding the Guaranty Fund with: (1) deposits of excess money in any local improvement fund after the bonds or warrants payable from such local improvement fund are retired; (2) interest on amounts in the Guaranty Fund; and (3) annual excess tax levies that are sufficient to pay the warrants issued against the Guaranty Fund during the preceding fiscal year. By law, the tax levy in any one year for purposes of the Guaranty Fund may not exceed the greater of: (1) 12 percent of the outstanding obligations secured by the Guaranty Fund; or (2) the total amount of delinquent assessments and interest thereon before the levy as of September 1.

Transfer of Excess Money. State law allows the City Council to transfer assets from its Guaranty Fund to its General Fund only if the City Treasurer certifies that the Guaranty Fund has sufficient funds to meet all outstanding obligations secured by the Guaranty Fund and other obligations reasonably expected to be incurred in the near future. Such transfers may not reduce the balance of the Guaranty Fund to less than 10 percent of the net outstanding obligations guaranteed by the fund. (See "Security - Guaranty Fund – *Current Balance*" below.) If the net cash of the Guaranty Fund is reduced below this minimum amount within five years after such transfer, the City will be obligated to pay, to the extent of the amount transferred, valid claims against the Guaranty Fund as a general obligation of the City.

Taxing Process. As described above, the City can impose an *ad valorem* property tax on all taxable property within the City to fund the Guaranty Fund. Such taxes are imposed at specific rates on the basis of a property's true and fair value. The value of real property for tax purposes is assessed by the Pierce County Assessor-Treasurer pursuant to statute and State Department of Revenue regulations. Property owned by railroads, airlines and public utilities is assessed by the State Department of Revenue.

By each November 30, the City must certify to the Pierce County legislative authority for the purpose of levying property taxes, the City's budget or estimate of amounts to be raised by taxation on the assessed valuation of the property in the City. The Pierce County legislative authority then levies the taxes of the City based on the information submitted, compiles the aggregate levies of the State and all taxing districts within the County and submits the amount of taxes to be levied for State purposes to the Department of Revenue.

The Pierce County Office of Budget and Finance (the "County Treasurer") collects all taxes, fines, forfeitures and penalties. Real property taxes are due and payable each April 30. However, if the amount due from a taxpayer exceeds $50, the taxpayer can pay half of the tax on April 30 and pay the balance on October 31. On or before the 10th day of each month, the County Treasurer must remit to each city treasurer that city's *pro rata* share of all taxes collected for the previous month. Delinquent taxes are subject to additional interest and penalty charges. If taxes are not paid within three years after becoming delinquent, the County Treasurer may issue certificates of delinquency to the county for such taxes, together with any interest and costs thereon, and commence foreclosure proceedings in superior court.

Property taxes and all charges and expenses relating to the taxes constitute a statutory lien on the property taxed. The lien attaches to the property from and including January 1 in the year in which the tax is levied, and is discharged only when the taxes are paid. Such liens have priority over assessment liens, including the liens securing assessments made in the Point Ruston LIDs. See "Security — Special Assessments" above.

Any levy made by the City to fund the Guaranty Fund is in addition to and in excess of all statutory and charter limitations. However, such levy is subject to Article VII, Section 2 of the Washington Constitution, which limits the aggregate of all the regular tax levies within the City in any year upon real and personal property by the State and all taxing districts to no more than one percent of the true and fair value of such property. For tax collection year 2013, the aggregate regular tax levies within the City totaled $9.008.

Current Balance. The balance in the Guaranty Fund as of March 5, 2013, was $4,312,368.61, which includes $1,400,000 deposited from draws on the Note. Upon issuance of the Bonds and repayment of the Note, the City will have outstanding local improvement district bonds and notes secured by the Guaranty Fund in the aggregate principal amount of $43,111,421.70. Amounts in the Guaranty Fund are currently invested in tax-exempt municipal securities.

The City has covenanted in the Bond Ordinance that the market values, money or lawful investments held from time to time in the Guaranty Fund (see "The City – Authorized Investments" herein), (subject only to constitutional and statutory limitations, see "Security – Guaranty Fund – *Taxing Process*"), must be maintained in an amount at least equal to 10 percent of the total principal amount of all obligations guaranteed by the Guaranty Fund, plus accrued but unpaid interest thereon, and less the total amount of money and lawful investments in the respective bond funds for payment and redemption of all outstanding obligations guaranteed by the Guaranty Fund. Therefore, this requirement will remain in place through the final maturity of the Bonds.

See "Bond Owners' Considerations – Future City LID Financings" below for a description of future LID financings planned by the City.

Delinquencies. As of January 31, 2013, there was a total of $149,121 in delinquent assessments for LID bonds secured by the Guaranty Fund. Of those delinquent assessments, there are 106 property owners currently in a pending foreclosure status. Most, if not all, are expected to pay their required assessments and fees before formal proceedings are filed with the court for judgment. The City has had to complete only one foreclosure on one property due to assessment delinquencies during the past 17 years; however, the City cannot predict or forecast the likelihood of future foreclosures.

THE POINT RUSTON LIDS

Consolidated Local Improvement District No. 65 ("CLID No. 65") is comprised of six local improvement districts ("LIDs") located in the City and the Town of Ruston (the "Point Ruston LIDs"). See Appendix D for maps of the Point Ruston LIDs.

General

The State Constitution and other State laws authorize the formation of special assessment districts (generally known as local improvement districts when formed by cities) for the purpose of paying the costs of improvements that are deemed by a city to provide special benefits to certain properties within the city. Local improvement projects are initiated either by petition of property owners or by resolution of the City Council. Eligible projects are limited to those local improvements described in RCW 35.43.040.

After holding all properly noticed public hearings required under statute, the city council determines whether the local improvement district should be formed.

Upon completion of construction, or earlier, if applicable, the final costs are determined and assessments calculated and levied after a hearing. When a property owner receives a notice of that property's final assessment collection, he or she has the option of making a cash payment in full during a period of 30 days following the notice or making of annual installment payments. A lien against the property secures timely payment. There is no prepayment penalty if a property owner prepays all or some installments, and prepayments of assessments are common.

Procedural History and Assessment Information

The Point Ruston LIDs were formed pursuant to the Improvements Agreement between the City and the Developer (see "The Point Ruston LIDs - Improvements Agreement") for the purpose of financing certain public improvements (the "LID Improvements"). The LID Improvements were made to 24 tax parcels, all currently owned by the Developer and within the Developer's Point Ruston master-planned development (see "The Developer and the Point Ruston Project" below). The boundaries of the Point Ruston LIDs are within two municipal jurisdictions: the Town and the City, and are situated along Ruston Way and Commencement Bay. The Developer, the Town and the City agreed that the City would form, finance and administer the Point Ruston LIDs. The Point Ruston LID properties within the City are all zoned as "Shoreline District," to include mixed public and private water-oriented use activities including commercial, recreational and open space development. The Point Ruston LID properties within the Town are all zoned "Master Planned Development" for development in accordance with a specific development plan and may include a variety of residential, commercial, industrial, public and semi-public uses in accordance with the plan.

The Point Ruston LIDs were initiated by resolution of the City Council and formed by various ordinances passed by the City Council on January 15, 2012. The final assessment rolls for the Point Ruston LIDs were confirmed by the City Council on January 17, 2013 in the aggregate amount of $30,999,358.40. The Developer did not prepay any assessments during the 30-day prepayment period which expired on February 15, 2013.

LID No.	Type of Improvements	Assessment Amount[1]	Number of Parcels
3967	Sanitary Sewer	$4,046,852	24
5728	Water	1,105,935	24
6980	Street Light	769,306	24
7726	Power	2,210,786	9
7727	Power	1,076,260	15
8656	Paving	21,790,219	24

[1] The figures in this table have been rounded. The final assessments total $30,999,358.40.

Special Benefit Study

A Special Benefit Study of the property within the Point Ruston LIDs (the "Study") was conducted by Macaulay & Associates, Ltd., real estate appraisers and consultants. The Study, dated October 12, 2012, produced information related to the market value of the property within the Point Ruston LIDs, with and without the LID improvements, but excluding the building improvements currently under construction (the Copperline Apartments and retail space, and Copperline Condominiums). (See "The Developer and the Point Ruston Project" below.) The following table presents a summary of some of the results of the Study. A copy of the Study may be obtained by request from the City's Public Works Department, Engineering Division, Local Improvement Districts, telephone (253) 591-5522.

Total Estimated Market Value without LID Improvements	$10,568,859
Total Estimated Market Value with LID Improvements	$66,901,687
Difference (Estimated Special Benefit)	$56,332,828

Source: Summary of Special Benefit Study for City of Tacoma and Town of Ruston Six Local Improvement District Projects at the Point Ruston Master-Planned Development, Macaulay & Associates, Ltd., October 12, 2012.

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The total cost of the LID improvements is $30,999,358.40, indicating a cost-to-benefit ratio of 0.551. The table below summarizes the current assessed value of each property parcel, the special benefit resulting to each parcel as a result of the LID Improvements, and the final amount assessed against each parcel. See maps on pages D-2 and D-3 to identify the location of the Master Plan ID numbers and tax parcel reference numbers.

Pt Ruston Master Site Plan ID No.	Tax Parcel Ref. No.	Tax Parcel Number	Land Area (Acres)	2012 Pierce County Assessed Value[1]	Without LID Market Value[2]	With LID Market Value[2]	Total Special Benefit[2]	Total Assessment Amounts
		City of Tacoma						
4	1	8950003321	2.21	$ 100	$ 673,876	$ 3,561,916	$ 2,888,040	$ 1,647,827
4	2	8950003319	2.37	100	724,143	3,827,613	3,103,470	1,770,744
5	3	8950003320	0.71	100	123,344	801,736	678,392	390,979
6	4	8950003318	1.70	100	296,224	1,925,456	1,629,232	938,979
3	5	8950003317	3.77	100	1,150,443	6,080,913	4,930,470	2,813,175
7	6	8950003316	2.60	100	453,020	2,944,630	2,491,610	1,435,996
2	7	8950003315	4.02	11,512,000[3]	1,227,009	6,485,619	5,258,610	3,000,401
8	8	8950003314	0.94	100	163,400	1,062,100	898,700	517,950
1	9	8950003313	4.19	100	1,276,359	6,746,469	5,470,110	3,121,076
		Subtotals	22.51	$11,512,800	$6,087,818	$33,436,452	$27,348,634	$15,637,127
		Town of Ruston						
9	10	0221231077	1.61	$ 100	$ 280,584	$ 1,823,796	$ 1,543,212	$ 821,191
9	11	0221231078	0.97	100	169,268	1,100,242	930,974	495,400
9	12	0221231079	0.88	100	152,920	993,980	841,060	447,554
18	13	0221231080	0.92	100	160,220	1,041,430	881,210	468,919
18	14	0221231081	0.83	100	143,824	934,856	791,032	420,932
17	15	0221231082	2.45	100	748,251	3,955,041	3,206,790	1,689,367
15	16	0221231083	6.34	100	552,322	8,837,152	8,284,830	4,364,527
15	17	0221231084	1.34	100	234,144	1,521,936	1,287,792	685,274
15	18	0221231085	1.16	100	202,424	1,315,756	1,113,332	592,438
14	19	0221231086	2.44	100	424,516	2,759,354	2,334,838	1,242,439
16	20	0221231087	1.57	100	274,152	1,781,988	1,507,836	802,366
11	21	0221231093	2.69	100	469,520	3,051,880	2,582,360	1,374,153
11	22	0221231094	1.51	100	263,520	1,712,880	1,449,360	771,249
10	23	0221231096	0.90	100	156,848	1,019,512	862,664	459,050
10	24	0221231097	1.43	100	248,528	1,615,432	1,366,904	727,372
		Subtotals	27.04	$ 1,500	$4,481,041	$33,465,235	$28,984,194	$15,362,231
		Totals	49.55	$11,514,300	$10,568,859	$66,901,687	$56,332,828	$30,999,358[4]

[1] 2012 assessed values, determined in mid-year 2012 for tax collection year 2013, were obtained from the Pierce County Assessor-Treasurer's Office. The Pierce County Assessor-Treasurer's Office has stated that property in these parcels is assessed at a low "place holder" value because currently no property taxes are being collected on these parcels and future market value is not speculated by the Assessor-Treasurer's Office.

[2] Information obtained from Special Benefit Study conducted by Macaulay & Associates, Ltd., dated October 12, 2012.

[3] This parcel, owned by Point Ruston Apartments LLC, is classified as apartment/condominium high rise and was considered 25 percent complete by the Pierce County commercial appraiser on its valuation date of July 21, 2012.

[4] The figures in this table have been rounded. The final assessments total is $30,999,358.40.

Improvements Agreement

The agreement between the City and the Developer dated April 28, 2009, as most recently amended on January 22, 2013 (the "Improvements Agreement"), addresses specific requirements and responsibilities of the City and the Developer with respect to the LID Improvements. The City and the Developer entered into the Improvements Agreement in connection with the clean-up and reconstruction of Ruston Way and associated infrastructure (the "Project"). The Project is related to the environmental remediation and development of a site contaminated by the former Asarco copper smelting operation. See "The Developer and the Point Ruston Project" herein. Under the Improvements Agreement, the Developer agreed to construct the LID Improvements and the City agreed to form the Point Ruston LIDs for the purpose of purchasing the LID Improvements from the Developer.

In addition to the purchase and sale of the LID Improvements, the Improvements Agreement also provides for (1) the creation and funding of the Pre-Paid Assessment Account (defined below); (2) the creation and funding of the Escrow Requirement (described below); (3) the creation and funding of the Supplemental Reserve Fund (see "Security – Supplemental Reserve Fund"); (4) the Developer's agreement to waive the two-year delay prior to foreclosure under RCW 35.50.030 and City Code (see "Security – Foreclosure of Assessments"); and (5) the improvements to and sale of the Waterwalk Property to the City (see "The Developer and the Point Ruston Project – Point Ruston Master Plan Development").

Pre-Paid Assessment Account. Under the Improvements Agreement, the City has agreed to purchase a 7.84-acre parcel from the Developer known as the Waterwalk Property (see "The Developer and the Point Ruston Project – Point Ruston Master Planned Development" for a description of the Waterwalk Property). The City expects the purchase and sale of the Waterwalk Property to be finalized prior to the end of 2013, after the Developer obtains final regulatory approvals and financial releases. At that time, the Developer is required to set aside an amount equal to $6,000,000, less the transaction costs associated with the closing of the Waterwalk Property, into an account designated by the City (the "Pre-Paid Assessment Account"). The City will apply the amounts deposited into the Pre-Paid Assessment Account to pay annual installments of principal of and interest on assessments against the property within the Point Ruston LIDs as such installments become due. The City may not use the money on deposit in the Pre-Paid Assessment Account to pre-pay the principal of assessments in advance of the annual date on which they are due.

Escrow Requirement. Under the Improvements Agreement, the Developer is required, prior to February 1, 2015, to provide First American Title and Escrow (the "Escrow Agent") with cash, tax-exempt municipal securities, or one or more irrevocable letters of credit or other security in an amount equal to three times the interest due on the assessments against the properties within the Point Ruston LIDs for year three of the assessment repayment period minus the amount of Bond proceeds deposited to the City's Guaranty Fund (the "Escrow Requirement").

To the extent that the Escrow Requirement is comprised of one or more letters of credit, the Developer is required, prior to February 1, 2015, to allow the City or the City's bond counsel to review the reimbursement agreement or similar agreement with any letter of credit bank to ascertain whether the security provided by the Developer to its letter of credit provider might adversely affect the tax-exempt status of the Bonds. If the City's bond counsel determines that the arrangement between the Developer and its letter of credit bank might adversely affect the tax-exempt status of the Bonds, the Developer is required to adjust its arrangements so that the Bonds may be treated as tax-exempt.

At such time any parcel in the Point Ruston LIDs is found to have a fair market value, including improvements thereon, of at least three times the outstanding unpaid assessment against that parcel, as certified to the City by an MAI-qualified appraiser or as established by the Pierce County Assessor-Treasurer's assessed value for the parcel, then that parcel will thereafter be exempt from the payment and maintenance of the Escrow Requirement. In addition, if the City segregates one or more portions of the Developer Property (defined below), and the assessment chargeable to one or more of those segregated portions is paid or placed irrevocably in escrow for future payment, the City will release the lien of the Improvements Agreement from those segregated portions, and the Escrow Requirement will be reduced accordingly.

While the Pre-Paid Assessment Account and the Escrow Requirement provide security to the City for the payment of assessments, these accounts do not directly secure the payment of the Bonds. **The remedy of the owner of any Bond is limited to the City's covenants in the Bond Ordinance, to the Supplemental Reserve Fund, and to the Guaranty Fund. See "Security - Foreclosure of Assessments," "- Supplemental Reserve Fund," and "- Guaranty Fund" above.**

Future Property Owners. The Improvements Agreement has been recorded against the properties within the Point Ruston LIDs and is binding on the successors in interest to the Developer and the properties within the Point Ruston LIDs. However, under the Improvements Agreement, the City has agreed to segregate the property owned by the Developer (the "Developer Property") in the Point Ruston LIDs for purposes of assigning LID assessments to separate parcels. If the City segregates one or more portions of the Developer Property, and the assessment chargeable to one or more of those segregated portions is paid or placed irrevocably in escrow for future payment, the City will release the lien of the Improvements Agreement from those segregated portions, and the Escrow Requirement will be reduced accordingly. The City does not intend to segregate condominiums by individual condominium unit, but instead expects to segregate so that the property subject to assessments will be an entire condominium, with responsibility for payment of assessments devolving upon the applicable condominium association.

In addition, as described above, at such time any parcel of property within the Point Ruston LIDs is found to have a fair market value, including thereon, of at least three times the outstanding unpaid assessment against that parcel, as certified to the City by an MAI-qualified appraiser or as established by the Pierce County Assessor-Treasurer's assessed value for the parcel, then that parcel will be exempted from the payment of the Escrow Requirement and will be subject to foreclosure only after a two-year delay, as provided under RCW 35.50.030. See the headings "Security – Special Assessments" and "- Foreclosure of Assessments" herein.

City Remedies. The City is entitled to restrain, by injunction, the actual or threatened commission or attempt of an event of default under the Improvements Agreement, and is entitled to specific performance of each and every obligation under the Improvements Agreement, without any requirement to prove or establish that the City does not have an adequate remedy at law.

THE DEVELOPER AND THE POINT RUSTON PROJECT

The following information under this caption, "The Developer and the Point Ruston Project," was obtained from the Developer for use in this Official Statement, and the City, the Financial Advisor and the Underwriter make no representations as to the accuracy or completeness thereof.

Point Ruston LLC

Point Ruston LLC, the Developer, is a real estate partnership and a limited liability company, based in Ruston, Washington, led by managing partner Mike Cohen. Mr. Cohen is president of MC Construction, the company providing planning, management and construction expertise to the development. With offices in Olympia, Ruston and Tacoma, Washington, MC Construction has a 30-year history as builder of custom homes, condominiums, apartments and commercial buildings in the South Puget Sound region. Over the past decade Mr. Cohen's development entities have completed approximately $280 million in real estate development within the region, including Hawthorne Hill Condominiums and Apex Apartments and Penthouse, which are located in the City.

Point Ruston Master Planned Development

The Point Ruston site (the "Site") was previously owned by Asarco LLC, which had operated a smelting and refining facility for nearly a century until it closed in 1985. In the early 1990s, a remediation effort began to clean up the Site, which had been identified by the Environmental Protection Agency as a Superfund Site on its National Priorities List for cleanup. The remediation efforts are now nearly complete and significant development has begun by the Site's current owner, the Developer and its related entity, Point Ruston Apartments LLC.

The Point Ruston LIDs consist of a 49.56-acre tract that lies within the approximately 96 acres purchased by the Developer in 2006 along Ruston Way, located in both the City and the Town (the "Point Ruston Project"). The master plan for the Point Ruston Project includes approximately 355,000 square feet of retail space, 105,000 square feet of office space, 1,220 multi-family housing units, 175 hotel rooms and approximately 4,600 parking stalls.

The Developer is also developing a separate, adjacent 7.84-acre parcel (the "Waterwalk Property") for acquisition by the City as a public pedestrian/bicycle waterfront esplanade along approximately one mile of Puget Sound shoreline. The improvements to the Waterwalk Property are 50 to 100 feet wide and feature multi-use paths, public seating, lighting, decorative hardscapes, rain garden, plantings, public art and fountains. The Waterwalk Property is expected to be open to the public in the Spring of 2013, and will extend the existing 2.2 miles of walkways and parks along Ruston Way across the Point Ruston waterfront, eventually providing a connection to the neighboring 702-acre Point Defiance Park with its zoo, aquarium, beaches, gardens, historic fort, picnic areas and miles of trails.

Land Use Entitlements. The City conducted a Washington State Environmental Policy Act review of the Point Ruston Project, including the portion located in the Town, culminating in the issuance of a Final Supplemental Environmental Impact Statement in March 2008.

The Town issued a Substantial Shoreline Development Permit ("SDP") in January 2009 for portions of the Point Ruston Project within the Town. The City also issued an SDP in December 2008 and a Conditional Use Permit in January 2009 for the portions within the City's jurisdiction. These permits were upheld by the Shorelines Hearings Board in August 2009 and March 2010, respectively.

Development Status. Since purchasing the property in 2006, while pursuing the land use entitlements and infrastructure improvements to facilitate the central master planned development, the Developer completed a 36-lot subdivision known as Stack Hill on a 10-acre portion of the Developer's property within the Town, but outside the Point Ruston LIDs. Over 50 percent of these single-family lots have been sold to date with several custom homes completed and more under construction.

The first building within the Point Ruston LIDs is nearly complete. Known as Copperline Apartments, it includes 173 apartment units in five stories, with over 21,000 square feet of street-level commercial space and three levels of parking. The apartments are expected to receive a temporary occupancy permit and to be open on or around April 26, 2013. Pre-leasing is underway with twenty percent of the apartment units reserved as of March 1, 2013. Letters of intent have been executed and leases are being drafted which would fill 100 percent of the retail space in the building. The prospective tenants include a coffee/wine bar chain, a physical therapy and elite fitness center, a cosmetic surgery clinic, a salon/day spa and two other retailers. The Developer estimates that the current market value of Copperline Apartments and retail space is approximately $36 million.

Adjacent to the apartments, the Copperline Condominiums project consists of 44 waterfront condominium units ranging from 1,300 to over 3,000 square feet in size constructed in two four-story buildings connected on the ground level by a common lobby. Fourteen purchase and sale agreements have been executed to date, thus allowing construction to commence. Foundations and site work have been completed for the condominiums with first occupancies expected by the end of the 2013. The Developer estimates that the market value of the completed Copperline Condominiums is approximately $24 million.

As the next phase, the Developer intends to construct the retail core of the master plan, a central 16-acre tract encompassing ten of the parcels within the Point Ruston LIDs. The LID Improvements provided the necessary infrastructure for this retail core as well as the connection to the Waterwalk Property amenities at the Grand Plaza, around which the retail core is situated. To date, leases have been secured for a 45,000 square-foot, nine-screen cinema and several restaurants. A 175-room Silver Cloud hotel with restaurant and conference facilities is slated for construction on one of the waterfront sites, to begin when the commercial core is 50 percent pre-leased. Currently, there are 16 letters of intent in process for the property representing approximately 35 percent of the leasable area in this phase of the master plan, which include a 25,000 square-foot grocer and various retailers and commercial enterprises. The Developer also plans to integrate an additional 214 residential units into this mixed-use retail core. Construction is anticipated to begin in the summer of 2013, upon pre-leasing of 50-60 percent of the retail area with a scheduled coordinated grand opening in the fall of 2014. The Developer estimates that the preliminary cost for completion of the retail core is approximately $140 million.

Point Ruston Development Plan

The Developer has completed the infrastructure for the properties within the Point Ruston LIDs, has financing in place to complete the apartments and condominiums under construction, and is currently reviewing multiple proposals of a mix of equity and debt financing for the retail core construction in anticipation of starting construction during the summer of 2013. With the exception of the parcels with the Copperline Apartments and Condominiums, the Developer has not used bank financing for its other improvements and property acquisition within the Point Ruston LIDs.

An estimated 220 apartment units, 175 hotel units and 142,000 square feet of the retail core development are expected to be completed over the next two to three years. After that, the remaining planned condominium and apartment units are projected to be developed at a rate of 200 per year, subject to market conditions. The Developer has secured financing to complete the Copperline Apartments and Condominiums, and is currently reviewing multiple proposals for financing the retail core construction, which include a mix of equity and debt.

The Developer intends to retain a substantial share of ownership in the completed operating properties (apartments and retail) but probably not the hotel. At full buildout of the Point Ruston site, the Developer anticipates retaining approximately 50 percent ownership in the properties, depending on the final balance of rental apartment units and sold condominium units.

The following table is provided by the Developer as a summary of projected development of the various components of the Point Ruston site. The Master Site Plan identification numbers tie to the map presented in Appendix D on page D-2. The tax parcel reference numbers tie to the tax parcel numbers presented in the table on page 11 under "The Point Ruston LIDs – Special Benefit Study."

Point Ruston Projected Buildout Summary

Pt Ruston Master Site Plan ID No.	Tax Parcel Reference No.	Property SF	Core Retail	Other Comm. SF	Total Leasable SF	Condo Units	Apt. Units	TH/SFR Units	Hotel Rooms	Development Phase
1	9	182,337	55,711	-	55,711	140	-	10	-	Core
2	7	175,287	-	23,900	23,900	44	173	-	-	1st Phase
3	5	164,221	-	15,000	15,000	-	135	15	-	Future[1]
4	1, 2	214,094	-	15,500	15,500	130	-	24	-	Future[1]
5	3	39,186	-	22,696	22,696	-	-	-	-	Future[1]
6	4	76,274	-	100,000	100,000	-	-	-	-	Future[1]
7	6	119,958	-	14,500	14,500	-	200	-	-	Future[1]
8	8	40,851	8,316	-	8,316	-	-	-	-	Core
9	10, 11, 12	151,695	49,728	-	49,728	42	-	-	-	Core
10	23, 24	219,404	-	42,696	42,696	-	-	-	-	Core
11	21, 22	182,885	55,700	-	55,700	-	26	-	-	Core
14	19	164,396	-	35,000	35,000	6	-	-	-	Future[1]
15	16, 17, 18	385,301	-	2,500	2,500	100	-	-	-	Future[1]
16	20	68,389	15,000	-	15,000	-	-	-	-	Core
17	15	128,938	-	-	-	-	-	-	175	Core
18	13, 14	76,017	25,000	-	25,000	-	-	-	-	Core
Totals		2,389,233	209,455	271,792	481,247	462	534	49	175	

[1] Future development phases are planned to occur over the next 8-12 years, depending on market absorption rates.

Adjacent Properties

The State has announced that it is proceeding with remediation efforts on property near to but not within the Point Ruston LIDs. The Developer does not anticipate that such efforts will negatively impact property within the Point Ruston LIDs with undo noise, traffic or disruption of access or views.

Agreement Concerning Additional Disclosure

The City and the Developer have entered into an Agreement Concerning Additional Disclosure. So long as the Developer is required to, and meets its obligation to provide such information to the City under the terms of that agreement (see below), the City will provide the following information, upon its receipt from the Developer, to the MSRB's Electronic Municipal Market Access ("EMMA") system :

1. A description of new building permits and certificates of occupancy granted with respect to construction and other improvements on the properties;
2. A description of new leases executed, describing, with respect to each lease, the type and location of property, the expected use, the number of square feet, and the term of the lease; and
3. A description of closed sales of properties (including condominium units) sold by the Developer, including the type, location, size and sale price of each property.

The Developer has agreed to provide the foregoing information to the City on the first day of the second calendar month of each calendar quarter, for permits, leases and sales that were granted or occurred in the previous calendar quarter. The Developer has also agreed to provide the information described in paragraph 3, above, for the quarter being reported and on a cumulative basis.

Under the Agreement Concerning Additional Disclosure, the Developer is required to provide the information described above until the later of (i) such time as, pursuant to the Improvements Agreement, the Developer is no longer required to provide for the Escrow Requirement for any of the Developer property (see "The Point Ruston LIDs – Improvements Agreement – *Escrow Requirement*) or (ii) certificates of occupancy have been issued with respect to parcels representing 66 percent of the total amount of the assessments levied in the Point Ruston LIDs.

While the Developer has agreed to provide the information described above, the City is not obligated to undertake any action to compel the Developer to provide such information. In addition, the Developer is not an an "obligated person" with respect to the Bonds under Rule 15c2-12. See "Commitment to Provide Continuing Disclosure – Point Ruston LLC Continuing Disclosure Obligation."

BOND OWNERS' CONSIDERATIONS

Prospective purchasers of the Bonds should carefully consider the following factors, as well as other information contained in this Official Statement, prior to purchasing the Bonds. The information contained under this heading is not intended to be an exhaustive discussion of all possible risks of owning the Bonds. Prospective purchasers should consult their investment advisors before deciding to purchase any of the Bonds.

Special Obligations of the City

The Bond owners' only claim against the City for the payment of the Bonds is from: (1) the special assessments levied within the Point Ruston LIDs; (2) the Supplemental Reserve Fund; and (3) the Guaranty Fund. The City will not be liable to such owners for losses to the Supplemental Reserve Fund or Guaranty Fund occurring in the lawful operation thereof by the City. The remedies of Bond owners in case of non-payment will be confined to the enforcement of special assessments made within the Point Ruston LIDs, to the Supplemental Reserve Fund and to the Guaranty Fund. A statement substantially setting forth these limitations will be printed on each Bond.

Potential Delinquency of Assessments

Other than the Point Ruston Pre-Paid Assessment Account and the Escrow Requirement under the Improvements Agreement (see "The Point Ruston LIDs - Improvements Agreement"), there is no guarantee that assessment payment delinquencies will not be experienced in the future. Under the Improvements Agreement, the Developer has agreed that if it fails to timely pay an LID assessment installment, the City

may immediately commence foreclosure proceedings without delaying for two years as set forth in RCW 35.50.030. However, there can be no assurances that the enforcement procedure will result in assessments being collected. Additionally, the process may be subject to substantial delay, and the value of the property foreclosed upon may not be of sufficient value to pay the delinquency.

For a description of the effect of a potential tax foreclosure on the priority of the assessment lien, see "Security - Impediments to Foreclosure" above.

Redemption Dates

The principal of and interest on the Bonds are payable from special assessments levied against real property in the Point Ruston LIDs. Property owners, including the Developer, may prepay their assessments in whole at any time after the assessment is levied by paying the assessment plus interest accrued and accruing thereon through the next interest payment date. The amount of principal which will be redeemed on any payment date depends upon the amount of payments and prepayments received and any delinquencies of assessments. To the extent that funds from assessment payments are available above and beyond the interest currently due on the Bonds on any payment date, the City will redeem more Bonds. Under the Improvements Agreement, the Developer is required to deposit approximately $6,000,000 into the Prepaid Assessment Account once the transfer of the Waterwalk Property is closed, to be used to pay assessment installments and interest thereon as it becomes due. See "The Point Ruston LIDs – Improvements Agreement - *Prepaid Assessment Account.*") Otherwise, there can be no assurance that Bonds will be redeemed prior to the maturity date in any amounts or on any particular date.

Because the amount of annual principal payments on the Bonds is not definite, the Bonds may not be suitable investments for investors seeking fixed payments of principal.

Limitations of the Guaranty Fund

Limit on Replenishing with Taxes. If the Guaranty Fund is used to fund a Bond payment, it is possible that the City will be unable to fully replenish the Guaranty Fund before the following Bond payment date solely with tax receipts. See "- *Inability to Redeem Principal Prior to Maturity*" below for certain information regarding principal payments. Also see "Security - Guaranty Fund — *Taxation Process*" herein. This discrepancy between when Bond payments are due, when tax levies can be made and when taxes are payable can lead to circumstances in which there could be insufficient money in the Guaranty Fund to fund the total amount due on the Bonds on a given Bond payment date, including the maturity thereof.

Limit on Amount of Warrants. If the amount in the Guaranty Fund is insufficient to pay when due the interest on, or principal of and interest on, the Bonds on any payment date, the City will be required to issue interest-bearing warrants to Bond owners. The maximum amount of warrants that can be outstanding at any time, however, is limited to an amount equal to five percent of the outstanding obligations guaranteed by the Guaranty Fund. Under certain circumstances, this limitation could preclude the City from issuing warrants to all owners of defaulted Bonds.

Inability to Redeem Principal Prior to Maturity. With respect to principal payments on the Bonds, a principal payment default cannot occur prior to April 1, 2043, which is the date the Bonds mature. The City cannot use its Guaranty Fund to fund the early redemption of Bonds. The statutes governing the use of the Guaranty Fund currently provide that the Guaranty Fund must be used to purchase defaulted bonds and warrants against the City's local improvement funds, including the Bond Fund. If the City encounters delays in collecting assessments for the Point Ruston LIDs, Bond owners should not expect that the Guaranty Fund will be available to pay principal of the Bonds before their maturity. See "- Redemption Dates" above.

Tender of Defaulted Bonds Required. Payments on defaulted obligations, including any Bonds, will be paid in the order such obligations are presented to the City for payment.

No Preference Among Owners of Secured Obligations. As between the owners of the Bonds and any other obligations secured by the Guaranty Fund, no preference will exist. The City may create additional local improvement districts and issue bonds that are equally and ratably secured by the Guaranty Fund. There can be no assurance that the amount on deposit in the Guaranty Fund will be sufficient to cover payments due on any outstanding Bonds or future bonds which may be issued.

Secondary Market Liquidity

There can be no assurance that a secondary market in the Bonds can or will be maintained by the Underwriter or others after their issuance, and purchasers of the Bonds should be prepared to hold their Bonds to maturity or an earlier redemption date. The secondary market for assessment bonds, such as the Bonds, is not as liquid as it is for many other types of municipal obligations.

Possible Consequence of Tax Compliance Audit

The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax-exempt obligations, such as the Bonds, are in compliance with requirements of the Code that must be satisfied in order for the interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. The City cannot predict whether the IRS will commence an audit of the Bonds. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the Bonds could adversely affect the market value and marketability of the Bonds until the audit is concluded, regardless of its ultimate outcome.

Enforceability of Remedies

The enforcement of any remedies could prove both expensive and time consuming. The rights and remedies to enforce the Bonds may be limited by and are subject to the limitations on legal remedies against cities in the State; by federal bankruptcy laws, as now or hereafter enacted; applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of service a significant and legitimate public purpose, and the limitations on remedies against municipal corporations in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations, or modification of their rights.
The legal opinion to be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the Bonds, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public authorities and cities in the State.

Future LID Financings

Neither the City, the Town nor the County is precluded from creating another local improvement district with boundaries that overlap those of the Point Ruston LIDs and imposing additional assessments for the improvements made therein. The City reserves the right to issue at any time additional local improvement district bonds secured by the Guaranty Fund. The City has covenanted in the Bond Ordinance that the market values, money or lawful investments held from time to time in the Guaranty Fund (see "The City – Authorized Investments" herein), subject only to constitutional and statutory limitations, will be at least equal to 10 percent of the total principal amount of all obligations guaranteed by the Guaranty Fund, plus accrued but unpaid interest thereon, and less the total amount of money and lawful investments in the respective bond funds for payment and redemption of all outstanding obligations guaranteed by the Guaranty Fund. See "The City – Future Financing" for a description of the City's plans to issue additional LID bonds in 2013 and beyond. Also see "Security - Guaranty Fund – *Current Balance*" above.

Single Property Owner and Developer

The property within the Point Ruston LIDs is currently owned and being developed by a single party, the Developer, Point Ruston LLC (and its related entity, Point Ruston Apartments LLC). Project completion and leasing within the development and the responsibility for payment of assessments currently lies solely with the Developer. See "The Developer and the Point Ruston Project" above for a detailed description of the Developer and the Developer's project.

Natural Disasters

The City's Comprehensive Emergency Management Plan identifies the following natural hazards: severe storms, earthquakes, floods, fire hazards, landslides, drought, and volcanic hazards. In 2001, a 6.8 magnitude earthquake occurred near Olympia, Washington, within 50 miles of the City. According to the U.S. Geological Survey, over the past 10,000 years, Mount Rainier (located within 60 miles of the City) has been the source of numerous lahars (volcanic debris flows). The most recent large lahar occurred about 500 years ago. The Emergency Management Plan describes how the City plans to mitigate, prepare for, respond to and recover from disaster, but may not anticipate all potential hazards and their effects.

THE CITY

Form of Local Government

The City was incorporated in 1884 and utilizes the Council-Manager form of government, which is administered by a City Council (the "Council") under the Constitution and laws of the State and the City Charter. The Council is composed of a Mayor and eight members, five of whom are elected from districts which have been apportioned according to population. The three remaining positions are "at-large" positions, nominated and elected City-wide. The Councilmember positions are four-year overlapping terms to allow for the election of at least four Councilmembers every two years. The Mayor is elected City-wide for a four-year term and is the presiding officer of the Council. Councilmembers, including the Mayor, can serve no more than ten consecutive years as a member of the Council, Mayor or combination thereof.

The Council appoints a City Manager who is the chief executive officer of the City and who serves at the pleasure of the Council. The City Manager is responsible to the Council for the administration of all departments of the City with the exception of the Department of Public Utilities.

The City Manager appoints a Finance Director who supervises the financial and purchasing functions of the City, including the City's accounting system. The Finance Director is responsible for preparing the

Comprehensive Annual Financial Report ("CAFR") in accordance with generally accepted accounting principles and the instructions of the State Auditor's Office. The Finance Director is responsible for the payment of principal and interest on all bonds issued by the City.

The City Manager appoints a City Treasurer who is responsible for the receipt, custody and disbursement of all City funds. The City Treasurer receives all money due and belonging to the City, and keeps a detailed account of the same in the manner prescribed by the Director of Finance. A Finance Committee composed of the Mayor, Director of Finance and City Treasurer controls the investment of City funds.

City Manager. The chief administrative officer of the City is the City Manager who is hired by, is responsible to, and serves at the pleasure of the Mayor and the City Council. Mr. T.C. Broadnax began serving as City Manager on February 13, 2012. Prior to working for the City, Mr. Broadnax served as Assistant City Manager of the City of San Antonio, Texas for five years, and as Assistant City Manager for Pompano Beach, Florida for 10 years. He holds bachelor degrees in Political Science and Organizational Communication from Washburn University and a Master of Public Administration degree from the University of North Texas.

Director of Finance. On February 28, 2013, Mr. Andrew Cherullo began serving as the City's Director of Finance. In this position, Mr. Cherullo serves as financial advisor to the City Manager and City Council and oversees the operations of the City's Finance Department. He has more than 15 years of experience in the field of financial management. Most recently, Mr. Cherullo served as the chief financial officer for the Washington State Health Care Authority, overseeing a $14 billion biennial operating budget, and providing analysis and support to the agency for both the Medicaid program and the program for State employee and retiree health benefits. He holds Bachelor's degrees in Economics and Political Science from the University of Montana, and a Master's degree in Economics from Tufts University.

City Treasurer. Ms. Teresa Sedmak was appointed City Treasurer in June 2012. She came to the City with over 20 years' experience in public finance, debt and investment management. Prior to joining the City, Ms. Sedmak served as the Manager of Debt and Investments for the Regional Transportation District in Denver, Colorado from 1998 to 2012. She received her Master of Business degree and Bachelor of Science degree in Business from the University of Colorado.

Treasury Manager. The City's Treasury Manager is Jerry Trujillo. Mr. Trujillo has been with the Treasurer's Office since February 14, 1996. He received a Bachelor's degree in Accounting from Cameron University and a Master of Professional Accounting degree from the University of Washington. Mr. Trujillo has announced his retirement effective May 1, 2013, and recruiting for his replacement is currently underway.

City Council

Following is a list of the Mayor and current Councilmembers and their current term expiration dates.

Name	Office	Time Served on Council	Expiration of Term (Dec. 31)
Marilyn Strickland	Mayor	5 years	2013
Marty Campbell	Deputy Mayor	3 years	2013
David Boe	Councilmember	3 years	2015
Anders Ibsen	Councilmember	1 year	2015
Joe Lonergan	Councilmember	3 years	2013
Ryan Mello	Councilmember	3 years	2015
Robert Thoms	Councilmember	<1 year	2013
Lauren Walker	Councilmember	5 years	2015
Victoria Woodards	Councilmember	3 years	2013

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Labor Relations

As of November 2012, the City employed 3,364 people, including 2,019 general government and 1,345 Tacoma Public Utilities employees. As of such date, approximately 81 percent of those employees who are eligible under State law to be represented by a labor organization were members of one of the labor unions representing City employees. The following table shows the current union contracts and their respective expiration dates. The City considers its relationship with the bargaining units to be good.

Bargaining Unit	No. of Employees	Contract Expires
Local 17 International Federation of Professional and Technical Engineers	247	12/31/2014
Local 26 IUPA Tacoma Police Management Association (Captains and Lieutenants)	20	12/31/2014
Local 31 Tacoma Fire Fighters Union	369	12/31/2014
Local 117 Teamsters (General Unit)	243	12/31/2014
Local 117 Teamsters (Public Assembly Facilities (PAF) Unit)	31	12/31/2013
Local 117 Teamsters (Library Unit)	18	12/31/2014
Local 120 Washington State Council of County and City Employees	149	12/31/2012[1]
Local 120 Washington State Council of County and City Employees (Library Unit)	109	12/31/2014
Local 160 IAM and AW International Association of Machinist and Aerospace Workers (General Unit)	97	12/31/2011[1]
Local 160 IAM and AW (WWTP Supervisors Unit)	3	12/31/2012[1]
Local 160 IAM and AW (Yard Clerk Unit)	5	12/31/2012[1]
Local 160 IAM and AW (Rail Mechanics Unit)	9	12/31/2012[2]
Local 160 IAM and AW (Track Workers Unit)	8	12/31/2012[2]
Local 313 Teamsters	123	12/31/2013
Local 483 IBEW (Click! Unit)	48	12/31/2011[1]
Local 483 IBEW (Court Clerks)	28	New Unit
Local 483 IBEW (Custodial and Building Maintenance Unit)	28	12/31/2012[1]
Local 483 IBEW (Customer and Field Services)	142	12/31/2014
Local 483 IBEW (Supervisors Unit)	8	12/31/2014
Local 483 IBEW (Tacoma Power)	327	03/31/2013
Local 483 IBEW (Water Division)	113	12/31/2014
Local 483 IBE (Water Pollution Control Unit)	49	12/31/2014
Local 483 IBEW (Clerical Unit)	169	12/31/2014
Local 6 IUPA Tacoma Police Union	329	12/31/2014
Professional Public Safety Managers Association	7	12/31/2014
Brotherhood of Locomotive Engineers	19	12/31/2001[2]
United Transportation Union (Switch Crews Unit)	28	12/31/2010[2]
United Transportation Union (Yardmasters)	4	12/31/2011[2]
Total	2,690	

[1] Contract extension currently under negotiation.

[2] Under the terms of the National Railway Labor Act (45 USC Section 8), the contract does not expire but is only amendable; wage increases consistent with the national contracts of major rail carriers.

Source: the City

Risk Management

The City self-insures for all general liability claims. Funds are appropriated from the various cost centers based on prior claims history, and each cost center is assessed a proportionate share of administrative costs. The Self Insurance Program Claim Fund (the "Self Insurance Fund") is maintained in conformity with all laws, rules and regulations pertaining thereto and in accordance with State law. The Self Insurance Fund is dedicated and requires a unanimous vote of the Council before its assets can be used for any purpose except insurance or casualty losses. Additionally, the City maintains a supplemental general liability policy with limits of $20 million, subject to a self-insured retention of $3 million.

The City has a policy to cover extraordinary workers' compensation claims with a limit of $25 million ($1 million retention), and a property coverage policy with a limit of $500 million replacement cost ($100,000 deductible per occurrence, with exceptions). Earthquake coverage has a per-building deductible of the greater of five percent or $250,000.

Summary of Accounting Policies

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for as a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, other financing sources, expenditures or expenses, as appropriate, and other financing uses. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Accounting systems and budgetary controls are prescribed by the Office of the State Auditor in accordance with RCW 43.09.200 and RCW 43.09.230. State statutes require audits for cities to be conducted by the Office of the State Auditor. The City complies with the systems and controls prescribed by the Office of the State Auditor and establishes procedures and records which reasonably assure safeguarding of assets and the reliability of financial reporting.

The State Auditor is required to examine the affairs of all local governments at least once every three years. The City is audited annually. The examination must include, among other things, the financial condition and resources of the City, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the City. Reports of the auditor's examinations are required to be filed in the Office of the State Auditor and in the finance department of the City. The State Auditor last audited the City's financials for fiscal year ended December 31, 2011, which audited financials are available on the City and the State Auditor's websites (which are not incorporated into this Official Statement by this reference). The audit for fiscal year 2012 is currently in progress.

Budgeting

The City adopts a biennial budget. The expenditure budget is as adopted by appropriation ordinance of the City Council and may be amended by subsequent ordinances. Budgets are legally adopted for all governmental fund types, with the exception of the capital projects funds. While not required by law, the City adopts budgets for proprietary funds and some selected trust funds. These budgets are "management budgets" and, as such, are not reported in the City's Comprehensive Annual Financial Reports. All budgets are controlled at the fund level; the expenditures of a given fund may not legally exceed its appropriations. Any amendments to increase a fund's budget must be approved by the City Council. Budgets may be administratively revised within all funds as long as the total appropriation is not changed. Governmental fund

type budgets are on the modified accrual basis of accounting. All budgets are adopted on a basis consistent with generally accepted accounting principles.

Authorized Investments

Chapter 35.39 RCW limits the investment by cities and towns of its inactive funds or other funds in excess of current needs to the following authorized investments: United States bonds; United States certificates of indebtedness; bonds or warrants of the State and any local government in the State; its own bonds or warrants of a local improvement district which are within the protection of the local improvement guaranty fund law; and any other investment authorized by law for any other taxing district or the State Treasurer. Under chapter 43.84 RCW, the State Treasurer may invest in non-negotiable certificates of deposit in designated qualified public depositories; in obligations of the U.S. government, its agencies and wholly owned corporations; in bankers' acceptances; in commercial paper, in the obligations of the federal home loan bank, federal national mortgage association and other government corporations subject to statutory provisions and may enter into repurchase agreements. Utility revenue bonds and warrants of any city and bonds or warrants of a local improvement district are also eligible investments (RCW 35.39.030).

Chapter 39.59 RCW provides that, in addition to any other investment authority granted by law, the City is authorized to invest in bonds of the State and any local government in the State that have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency; and general obligation bonds of a state other than the State and general obligation bonds of a local government of a state other than the State that have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency.

Money available for investment may be invested on an individual fund basis or may, unless otherwise restricted by law, be commingled within one common investment portfolio. All income derived from such investments is apportioned and used as prescribed by State law. Funds derived for the sale of bonds or other instruments of indebtedness will be invested or used in such manner as the authorizing ordinances, resolutions or bond covenants may lawfully prescribe.

City Investment Practices

The City's Investment Committee (composed of the Mayor, the Finance Director and the City Treasurer) has recommended the following portfolio mix guidelines. These guidelines are intended to limit risk and generate a competitive return on investments. The Committee is committed to complying with the guidelines and recognizes that daily transactions may misalign this mix.

(i) *Banker's Acceptances.* City investment policy allows for purchase of Banker's Acceptances of the top 50 world banks as published by American Banker. Portfolio mix guidelines suggest a maximum of 20 percent of the total portfolio with no more than ten percent of the total portfolio in any one bank.

(ii) *U.S. Treasury Bills, Certificates, Notes and Bonds.* Portfolio mix guidelines allow for a maximum of 100 percent of the total portfolio to be invested in these securities.

(iii) *U.S. Government Agency Securities.* Portfolio mix guidelines suggest a maximum of 90 percent of the total portfolio with no more than 50 percent of the total portfolio per agency.

(iv) *Commercial Paper.* Portfolio mix guidelines require the highest rating by at least two nationally recognized rating agencies for purchase with no more than ten percent of the portfolio invested in commercial paper with an additional limit of no more than three percent in any one issuer.

(v) *Repurchase Agreements.* Portfolio mix guidelines suggest repurchase agreements be limited to a maximum of 15 percent of the total portfolio. The market value of collateral must exceed the dollar amount of the repurchase agreement by two percent over the term of the agreement. The collateral must be an investment instrument that the City is authorized to purchase.

(vi) *Reverse Repurchase Agreements.* The City is allowed to participate in reverse repurchase agreements, but did not in 2012.

The City is authorized under State Law, primarily RCW 43.84.080, RCW 39.59.020 and by the City of Tacoma Investment Policy (Tacoma City Charter Section 7.4) to make security lending transactions. Securities lent are collateralized with cash or securities having 102 percent of market value. The City's pension funds can be invested in a broad range of investments.

As of December 31, 2012, the City's cash and investments, on a fair value basis, totaled $854 million, excluding pension funds. The portfolio was distributed in the following investment vehicles in the percentages shown in the following table.

Investment Vehicle	Percentage
Municipal Securities	27.33%
Federal National Mortgage Association	23.58
Federal Home Loan Mortgage Association	17.66
LGIP	7.65
Federal Home Loan Bank	7.56
Bank Interest-Bearing Accounts	6.23
Federal Farm Credit Bank	6.00
Federal Agricultural Mortgage Corporation	1.51
Tennessee Valley Authority	1.45
Secured Repurchase Agreements	0.92
U.S. Treasuries	0.11
Percent of Total	100.0%

State Local Government Investment Pool

The State Treasurer's Office administers the Washington State Local Government Investment Pool (the "LGIP"), which invests money on behalf of more than 450 cities, counties and special taxing districts. The LGIP is available as an investment option for City funds. In its management of LGIP, the State Treasurer is required to adhere, at all times, to the principles appropriate for the prudent investment of public funds. These principles are, in order of priority, (i) the safety of principal; (ii) the assurance of sufficient liquidity to meet cash flow demands; and (iii) the attainment of the highest possible yield within the constraints of the first two goals. Historically, the LGIP has had sufficient liquidity to meet all cash flow demands.

The LGIP, authorized by chapter 43.250 RCW, is a voluntary pool which provides its participants the opportunity to benefit from the economies of scale inherent in pooling. It is also intended to offer participants increased safety of principal and the ability to achieve a higher investment yield than would

otherwise be available to them. The LGIP is restricted to investments with maturities of one year or less, and the average life typically is less than 90 days. Investments permitted under the guidelines of the LGIP include U.S. government and agency securities, bankers' acceptances, high quality commercial paper, repurchase and reverse repurchase agreements, motor vehicle fund warrants, and certificates of deposit issued by qualified State depositories.

Authorized Investments for Bond Proceeds

In addition to the eligible investments discussed above, bond proceeds may also be invested in mutual funds with portfolios consisting of U.S. government and guaranteed agency securities with average maturities of less than four years; municipal securities rated in one of the four highest categories; and money market funds consisting of the same, so long as municipal securities held in the fund(s) are in one of the two highest rating categories of a nationally recognized rating agency. Bond proceeds may also be invested in shares of money market funds with portfolios of securities otherwise authorized by law for investment by local governments (RCW 39.59.030).

Bond proceeds in the amount of $1,110,000 will be deposited into the Supplemental Reserve Fund and invested in tax-exempt municipal securities. The remaining proceeds of the Bonds will be immediately used to repay the Note and pay other costs of the Point Ruston LIDs.

General Fund and Pension Information

See Appendix E for information regarding the City's General Fund and pensions.

Future Financing

LID Assessment Bonds. In 2013, the City expects to sell Consolidated Local Improvement District No. 64 assessment bonds in the estimated amount of $11 million for sewer, water, street lights, underground wiring and street improvements in 2013. CLID No. 64 will include in excess of 735 property owners and is comprised of primarily developed property. No supplemental reserve fund will secure the bonds sold for CLID No. 64.

Additionally, the City has several smaller LIDs expected to total less than $1,000,000 in improvements that are in various stages of development and being closed out. The City anticipates combining them into one CLID for the purpose of permanent financing with assessment bonds over the next few years.

Revenue Bonds. During 2013, the City anticipates issuing water revenue bonds in three separate issues: a new money issue of approximately $52.6 million, a refunding issue of approximately $26.3 million and a refunding issue of approximately $63.3 million. Electric revenue refunding bonds are also expected to be issued, the size of which is currently unknown.

Debt Payment Record

The City has never defaulted on a payment of principal or interest on any of its notes, bonds or obligations. Furthermore, the City has never issued refunding bonds for the purpose of avoiding an impending default.

INITIATIVE AND REFERENDUM

State Measures

Under the State Constitution, the voters of the State have the ability to initiate legislation and modify existing legislation through the powers of initiative and referendum, respectively. The initiative power in the State may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least eight percent (initiative) and four percent (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the Legislature within a period of two years following enactment, except by a vote of two-thirds of all members elected to each house of the Legislature. After two years, the law is subject to amendment or repeal by the Legislature in the same manner as other laws. In recent years, the State's voters have approved numerous initiatives and referenda that have limited the ability of cities to impose taxes and collect fees. Some, but not all, of these initiatives and referenda have been determined to be unconstitutional.

Initiative measures affecting local governments such as the City have been filed in the past and may be filed in the future. It cannot be predicted whether or when any such initiatives might gain sufficient signatures to qualify for submission to the Legislature and/or the voters or, if submitted, whether they ultimately would be approved.

Local Measures

Under the City Charter, voters may initiate City Charter amendments and local legislation, including modifications to existing legislation, and through referendum may prevent legislation passed by the City Council from becoming law.

APPROVAL OF BOND COUNSEL

Legal matters incident to the authorization, issuance and sale of the Bonds by the City are subject to the separate approving legal opinion of Foster Pepper PLLC, Bond Counsel. The form of the opinion of Bond Counsel with respect to the Bonds is attached hereto as Appendix C. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of the initial delivery of the Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed therein and does not constitute a guarantee of result. In its opinion, Bond Counsel expresses no opinion on the completeness or accuracy of this Official Statement, offering circular or other sales material relating to the Bonds.

TAX MATTERS

Tax Exemption

Exclusion from Gross Income. In the opinion of Bond Counsel, under existing federal law and assuming compliance by the City with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

Continuing Requirements. The City is required to comply with certain requirements of the Code after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirements to the extent applicable to the Bonds. The City has covenanted in the Bond Ordinance to comply with those requirements, but if the City fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. Bond Counsel has not undertaken and does not undertake to monitor the City's compliance with such requirements.

Corporate Alternative Minimum Tax. While interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax-exempt interest, including interest on the Bonds, received by corporations is taken into account in the computations of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75 percent of the excess of the corporation's adjusted current earnings (including any tax-exempt interest) over the corporation's alternative minimum taxable income determined without regard to such increase. A corporation's alternative minimum taxable income, so computed, that is in excess of an exemption of $40,000, which exemption will be reduced (but not below zero) by 25 percent of the amount by which the corporation's alternative minimum taxable income exceeds $150,000, is then subject to a 20 percent minimum tax.

A small business corporation is exempt from the corporate alternative minimum tax for any taxable year beginning after December 31, 1997, if its average annual gross receipts during the three-taxable-year period beginning after December 31, 1993, did not exceed $5,000,000, and its average annual gross receipts during each successive three-taxable-year period thereafter ending before the relevant taxable year did not exceed $7,500,000.

Tax on Certain Passive Investment Income of S Corporations. Under Section 1375 of the Code, certain excess net passive investment income, including interest on the Bonds, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25 percent of the gross receipts of such S corporation is passive investment income.

Foreign Branch Profits Tax. Interest on the Bonds may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the Bonds are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

Possible Consequences of Tax Compliance Audit. The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax-exempt obligations, such as the Bonds, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS would commence an audit of the Bonds. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of its ultimate outcome.

Certain Other Federal Tax Consequences

Bonds are Not "Qualified Tax-Exempt Obligations" for Financial Institutions. Section 265 of the Code generally provides that 100 percent of any interest expense incurred by banks and other financial institutions for interest allocable to tax-exempt obligations acquired after August 7, 1986, will be disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than $10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as "qualified tax-exempt obligations," only 20 percent of any interest expense deduction allocable to those obligations will be disallowed.

The City is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing more than $10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) during the calendar year and has not designated the Bonds as "qualified tax-exempt obligations" for purposes of the 80 percent financial institution interest expense deduction. Therefore, no interest expense of a financial institution allocable to the Bonds is deductable for federal income tax purposes.

Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies. Under Section 832 of the Code, interest on the Bonds received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15 percent of tax-exempt interest received during the taxable year.

Effect on Certain Social Security and Retirement Benefits. Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest on the Bonds into account in determining gross income.

Other Possible Federal Tax Consequences. Receipt of interest on the Bonds may have other federal tax consequences as to which prospective purchasers of the Bonds may wish to consult their own tax advisors.

Potential Future Federal Tax Law Changes. From time to time, there are legislative proposals in Congress which, if enacted, could require changes in the description of federal tax matters relating to the Bonds set forth above or adversely affect the market value of the Bonds. It cannot be predicted whether future legislation may be proposed or enacted that would affect the federal tax treatment of interest received on the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any proposed or pending legislation that would change the federal tax treatment of interest on the Bonds.

NO LITIGATION CONCERNING THE BONDS

There is no controversy or litigation of any nature now pending or, to the knowledge of the City, threatened, restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale of the Bonds, or the validity of the assessments for the payment of the Bonds.

UNDERWRITING

The Underwriter has agreed, subject to the terms of a Bond Purchase Agreement, to purchase the Bonds from the City at a price of 99.158386 percent of the par value of the Bonds and will reoffer the Bonds at a price of 100.00 percent of the par value of the Bonds. The Bonds are being offered for sale to the public at the prices shown on the inside cover of this Official Statement. Concessions from the initial offering price may be allowed to selected dealers and special purchasers. The initial offering prices are subject to change after the date hereof.

FINANCIAL ADVISOR

In connection with the authorization and issuance of the Bonds, the City has retained Seattle-Northwest Securities Corporation as Financial Advisor (the "Financial Advisor") to the City in the offering of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in the Official Statement.

CONFLICTS OF INTEREST

All or a portion of the fees of the Underwriter, Financial Advisor, Underwriter's Counsel and Bond Counsel are contingent upon the issuance and sale of the Bonds. In addition, Bond Counsel from time to time serves as counsel to the Underwriter with respect to bonds issued by issuers other than the City, and Underwriter's Counsel serves as counsel to the City and the Financial Advisor with respect to matters other than the Bonds. None of the members of the City Council or other officers of the City has any conflict of interest in the issuance of the Bonds that is prohibited by applicable law.

COMMITMENT TO PROVIDE CONTINUING DISCLOSURE

City Continuing Disclosure Obligation

In order to permit the Underwriter of the Bonds to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission ("Rule 15c2-12"), the City has agreed in the Bond Ordinance, for the benefit of the holders of the outstanding Bonds, to provide annually certain information and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB"), as described in Appendix B – Continuing Disclosure (the "Undertaking"). The information to be provided, the events as to which notice is to be given and a summary of other provisions of the Undertaking, including termination, amendment and remedies, are set forth in Appendix B to this Official Statement.

Breach of the Undertaking will not constitute a default under the Bonds or the Bond Ordinance. A broker or dealer is to consider a known breach of the Undertaking, however, before recommending the purchase or sale of the Bonds in the secondary market. Thus, a failure on the part of the City to observe the Undertaking may adversely affect the transferability and liquidity of the Bonds and their market price. See Appendix B for the City's history of compliance with its prior continuing disclosure undertakings.

Point Ruston LLC Continuing Disclosure Obligation

The Developer, Point Ruston LLC, is not an "obligated person" with respect to the Bonds under Rule 15c2-12, and therefore has no obligation to agree to or provide ongoing information pursuant to a continuing disclosure undertaking. Even though the Developer is not an obligated person with respect to the Bonds

under Rule 15c2-12, the Developer has agreed to provide the City certain periodic information relating to the Point Ruston project. See "The Developer and the Point Ruston Project – Agreement Concerning Additional Disclosure."

ADDITIONAL INFORMATION AND MISCELLANEOUS

The summaries and descriptions contained in this Official Statement and the appendices hereto of the provisions of the Bonds, the Bond Ordinance, the Improvements Agreement and all reference to other materials not purporting to be quoted in full are only brief outlines of some of the provisions and do not purport to summarize or describe all of the provisions. Reference is made to such documents and contracts, copies of which are available, upon request and upon payment to the City for a charge for copying, mailing and handling, from the City at 747 Market Street, Tacoma, WA 98402, telephone (253) 591-5000.

This Official Statement is not to be construed as a contract or agreement between the City and the Underwriter or owners of any of the Bonds.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact. No representation is made that any of such statements will be realized.

DISCLOSURE STATEMENT

As a condition to the issuance of the Bonds, the City is required to deliver to the Underwriter at the time of the delivery of the Bonds a certificate substantially to the effect that this Official Statement, including any appendices, and in any supplements or amendments hereto, delivered by the City (which shall be deemed an original part for the purposes of such statement) did not, at the time the Bonds are issued, contain any untrue statement of a material fact or omit to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made.

APPROVAL OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement have been duly authorized by the City.

CITY OF TACOMA, WASHINGTON

By: R.C. Broadnax
City Manager

APPENDIX A

Economic and Demographic Information

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ECONOMIC AND DEMOGRAPHIC INFORMATION

The following discussion includes descriptive information obtained from a variety of sources. The information is presented to provide the reader with an overview of the City's economy, but is not intended to be exhaustive or comprehensive.

Local Economic Overview

The City is located in Pierce County (the "County"), and serves as the County seat and is the third largest city in the State. The City lies approximately 31 miles northeast of the City of Olympia, 26 miles south of SeaTac International Airport, and approximately 34 miles south of the City of Seattle. The City had a 2012 estimated population of 199,300. Historical population of the City, the County and the State is shown in the following table.

Year	City of Tacoma	Pierce County	State of Washington
2012	199,300	808,200	6,817,770
2011	198,900	802,150	6,767,900
2010	198,397	814,600	6,733,250
2009	198,155	813,600	6,668,200
2008	198,021	805,400	6,587,600

Source: Washington State Office of Financial Management for inter-census estimates as of each April and the 2010 U.S. Census.

The City lies adjacent to Interstate 5 and Commencement Bay, and is served by rail and Pierce County Transit routes. The Seattle-Tacoma International Airport is approximately twenty minutes away by freeway.

Located on Commencement Bay, a natural deep-water harbor in South Puget Sound, the Port of Tacoma (the "Port") encompasses approximately 2,400 acres of land on the Tacoma Tideflats. Port facilities include marine terminals, on-dock rail yards, cargo-handling equipment, and industrial property with warehouses, docks and other amenities available to lease or develop.

The Port is a major center for container cargo, bulk, autos and heavy-lift cargo. Created by the County in 1918, the Port has become one of the largest container ports in North America and one of the top 50 in the world. In 2011, the Port handled 1.5 million containers, contributing to nearly $35 billion in international trade and an estimated $3 billion in trade to Alaska.

The Tacoma Dome, one of the largest wood-domed structures in the world is located in the heart of the City. The 23,000-seat Tacoma Dome and 28,000-square-foot Tacoma Dome Exhibition Hall host more than one million guests annually for concerts, professional and amateur sports, trade shows, family shows, conventions, and more. A light rail system connects the Tacoma Dome Station with downtown businesses and passes the University of Washington's Tacoma campus, museums, the Greater Tacoma Convention and Trade Center (the "GTCTC") and retail businesses.

The GTCTC is the second largest meeting location in the Pacific Northwest. This venue offers a selection of usable event space including a 50,000 square-foot, column-free exhibition hall, 25,000 square feet of ballroom and meeting space and more than 43,800 square feet of additional event space.

There are several museums located within the City including the Museum of Glass, the Washington State History Museum and the Tacoma Art Museum. In June 2012, LeMay's America's Car Museum ("ACM") opened on a nine-acre campus with a four-story museum as the centerpiece, featuring 350 cars, trucks and motorcycles on display.

One of the larger components of the local service sector is health care, with major facilities including Multicare Medical Center, the Franciscan Health System, and Good Samaritan Hospital.

The U.S. military is another primary contributor to the local economy. Joint Base Lewis-McChord, including Madigan Army Medical Center, together employ over 59,000 civilians and military personnel.

Labor Force and Unemployment

The following table shows labor force and employment data for the County from 2008 through 2012, as well as unemployment rates for the State and the United States for the same period.

	Pierce County		- - - - Unemployment Rates - - - -		
Year	Labor Force	Employed	Pierce County	State of Washington	United States
2012	391,540	357,010	8.8%	8.2%	8.1%
2011	387,250	349,310	9.8	9.2	8.9
2010	392,440	352,260	10.2	9.9	9.6
2009	394,690	356,550	9.7	9.4	9.7
2008	393,080	370,570	5.7	5.4	4.6

Source: Washington State Department of Employment Security.

Major Employers

The major employers in Pierce County for 2011 as reported by the Tacoma-Pierce County Economic Development Board are as follows:

Employer	Type of Business Activity	Number of Employees
Joint Base Lewis-McChord	Military	55,603
Local Public School Districts (K-12)	Education	13,735
Multicare Health System	Health Care	6,756
Washington State	Public Sector	6,662
Franciscan Health System	Health Care	5,507
The City	Public Sector	3,364[1]
Pierce County	Public Sector	2,947
Washington State Higher Education	Education	2,720
Emerald Queen Casino	Gaming	2,230
Boeing (Frederickson Site)	Aerospace	1,450

[1] Source: the City, November 2012.

Source: Tacoma-Pierce County Economic Development Board.

Building Permits

The following table shows total number and valuation of new single-family and multi-family residential permits in the County for calendar years 2007 through 2011 (most recent data available from this source).

	Pierce County			
Year	Multi-Family Units	Multi-Family Value (000s)	Single-Family Units	Single-Family Value (000s)
2011	1,072	$119,788,98	1,494	$360,963,607
2010	192	22,130,123	1,708	398,553,753
2009	804	79,995,681	1,243	243,510,179
2008	545	64,597,860	1,805	342,505,780
2007	1,561	182,469,096	3,571	725,405,494

Source: US Census Bureau.

Personal Income Trends

The following table shows total and per capita personal income growth in Pierce County from 2007 through 2011 (most recent data available from this source). Data presented does not fully reflect recent changes in personal income due to recent recessionary trends.

	Pierce County	
Year	Total Personal Income (000s)	Per Capita Income
2011	$33,117,849	$40,992
2010	32,212,709	40,500
2009	32,332,969	40,577
2008	31,846,581	40,461
2007	28,949,941	37,446

Source: U.S. Department of Commerce, Regional Economic Information Center, Bureau of Economic Analysis.

Nonagricultural Wage and Salary Employment

The table below sets forth the total number of nonagricultural wage and salary workers in the County for the years and industries as shown. Figures are shown in thousands.

	2012	2011	2010	2009	2008	2007
Total Nonfarm	267.4	265.2	264.3	268.5	280.5	281.3
Total Private	210.4	207.4	205.9	210.7	223.5	226.3
Goods Producing	33.8	33.0	33.8	36.2	43.7	46.5
Mining, Logging	0.3	0.3	0.3	0.3	0.4	0.5
Construction	16.8	16.3	17.2	19.0	23.5	25.5
Manufacturing	16.7	16.4	16.3	16.9	19.8	20.5
Services Providing	233.6	232.1	230.5	232.2	236.7	234.8
Trade, Transportation, and Utilities	55.1	54.3	53.0	53.1	55.6	56.4
Information	2.7	2.8	3.0	3.1	3.7	3.7
Financial Activities	11.5	11.2	11.2	12.3	13.2	13.7
Professional and Business Services	23.9	23.9	23.5	23.9	24.9	25.5
Education and Health Services	44.2	43.8	43.6	43.2	41.6	40.4
Leisure and Hospitality	26.2	25.5	25.3	26.2	27.8	27.5
Other Services	13.0	12.9	12.6	12.7	13.0	12.7
Government	57.0	57.8	58.4	57.8	56.9	54.9

Source: Washington State Department of Employment Security.

Historical Taxable Retail Sales

The following table lists the taxable retail sales for all industries within the City and the County from 2007 through the first three quarters of 2012.

Year	City of Tacoma	Pierce County
2012[1]	$2,960,121,229	$ 8,105,597,912
2011	3,826,546,247	10,520,818,906
2010	3,849,213,821	10,624,265,947
2009	3,803,603,813	10,434,800,308
2008	4,288,739,111	11,711,653,486
2007	4,665,526,631	12,449,283,525

[1] First three quarters only. Figures for the first three quarters of 2011 were $2,819,616,587 for the City and $7,764,043,094 for the County.

Source: Washington State Department of Revenue.

Median Household Income Trends

The following table shows the median household income in Pierce County and the State from 2008 through 2012.

Year	Pierce County	Washington State
2012	$57,162	$56,444
2011	56,114	55,500
2010	55,531	54,888
2009	56,555	55,458
2008	57,674	57,858

Source: Washington State Office of Financial Management; figures are presented in current dollars; 2011 figures are projections.

APPENDIX B

Continuing Disclosure

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UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB (the "Undertaking") the following:

(i) Annual financial information and operating data of the type included in this final official statement for the Bonds and described in the Undertaking ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of term bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified below.

Type of Annual Financial Information Undertaken to be Provided

The annual financial information that the City undertakes to provide in the Undertaking:

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to State local governmental units such as the City, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) a statement of the outstanding balance of obligations secured by the Local Improvement Guaranty Fund and the Supplemental Reserve Fund; (3) the balance of cash and investments (based on market value) in the Local Improvement Guaranty Fund and the Supplemental Reserve Fund at fiscal year end; (4) a statement of the amount of assessments that the City billed in that fiscal year, and the amount collected for all LIDs secured by the Local Improvement Guaranty Fund, and separately for the Point Ruston Local Improvement

Districts; and (5) a statement of the total amount of unpaid assessments in CLID No. 65 and total amount of assessments delinquent in CLID No. 65 at fiscal year end (Items (2) through (5) are required only to the extent that such information is not included in the annual financial statements provided pursuant to item (1));

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2013; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

Amendment of Undertaking

The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any owner of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

Beneficiaries

The Undertaking shall inure to the benefit of the City and any Beneficial Owner of Bonds, and shall not inure to the benefit of or create any rights in any other person.

Termination of Undertaking

The City's obligations under the Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under the Undertaking shall terminate if those provisions of Rule 15c2-12 which require the City to comply with the Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

Remedy for Failure to Comply with Undertaking

As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person, if any, to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any beneficial owner of a Bond shall be to take such actions as that beneficial owner deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

Designation of Official Responsible to Administer Undertaking

The Director of Finance (or such other officer of the City who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the City in respect of the Bonds set forth in this section and in accordance with Rule 15c2-12, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in the Undertaking has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(iii) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with Rule 15c2-12;

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the City in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

Prior Compliance with Continuing Disclosure Undertakings

The City has entered into previous continuing disclosure undertakings under the Rule (the "Prior Undertakings"). During the preparation of this Official Statement, the City discovered that its annual continuing disclosure information submitted in connection with its Consolidated Local Improvement District No. 60 Bonds, dated April 1, 2004 (CUSIP No. 873472) did not include assessments levied, collected and uncollected in the submittals made for years 2007 through 2011. The City responded to the discovery by providing notice of the oversight as well as the missing information through the MSRB's EMMA system on February 27, 2013. The City believes it is currently in compliance with its Prior Undertakings.

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APPENDIX C

Form of Legal Opinion

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[FORM OF BOND COUNSEL OPINION]

City of Tacoma, Washington

Re: City of Tacoma, Washington, $30,999,358.40
Consolidated Local Improvement District No. 65 Bonds

We have served as bond counsel to the City of Tacoma, Washington (the "City"), in connection with the issuance of the above referenced bonds (the "Bonds"), and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

The Bonds are issued by the City pursuant to Ordinance No. 28143 (the "Bond Ordinance") for the purpose of providing the funds necessary to (i) finance the costs of carrying out improvements in the local improvement districts of the City consolidated into Consolidated Local Improvement District No. 65, including without limitation, repayment of a bond anticipation note issued to provide interim financing, (ii) make a deposit into the Supplemental Reserve Fund, and (iii) pay the costs of issuance and sale of the Bonds, all as described in the Bond Ordinance.

The Bonds are payable solely from (i) special assessments levied in Consolidated Local Improvement District No. 65 and paid into the Consolidated Local Improvement Fund, District No. 65, of the City (the "Bond Fund"), (ii) the Supplemental Reserve Fund, and (iii) the Local Improvement Guaranty Fund of the City.

Reference is made to the Bonds and the Bond Ordinance for the definitions of capitalized terms used and not otherwise defined herein.

We have not been engaged to review and thus express no opinion concerning the completeness or accuracy of any official statement, offering circular or other sales or disclosure material relating to the issuance of the Bonds or otherwise used in connection with the Bonds.

Under the Internal Revenue Code of 1986, as amended (the "Code"), the City is required to comply with certain requirements after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the Bonds. The City has covenanted in the Bond Ordinance to comply with those requirements, but if the City fails to comply with such requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. We have not undertaken and do not undertake to monitor the City's compliance with such requirements.

Based upon the foregoing, as of the date of initial delivery of the Bonds to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

1. The City is a duly organized and legally existing first-class city under the laws of the State of Washington.

2. The Bonds have been duly authorized and executed by the City and are issued in full compliance with the provisions of the Constitution and laws of the State of Washington and the ordinances of the City relating thereto.

3. The Bonds constitute valid and binding obligations of the Bond Fund, the Supplemental Reserve Fund and the Local Improvement Guaranty Fund of the City, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

4. The Bonds are not general obligations of the City.

5. Assuming compliance by the City after the date of issuance of the Bonds with applicable requirements of the Code, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, while interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by corporations is to be taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by certain S corporations may be subject to tax, and interest on the Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. We express no opinion regarding any other federal tax consequences of receipt of interest on the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

Respectfully submitted,

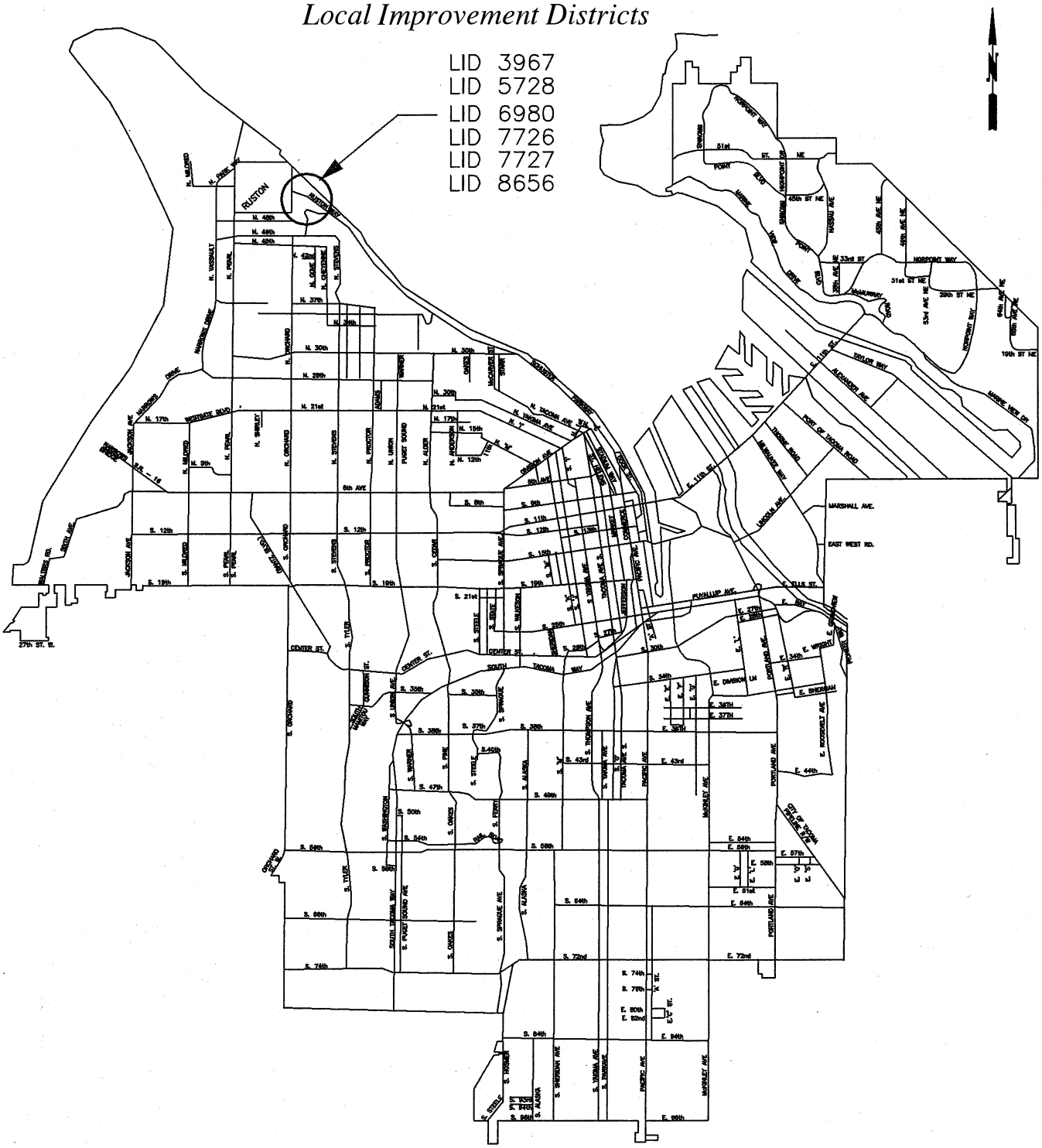
APPENDIX D

Maps of Point Ruston LIDs

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PROJECT LOCATION

Point Ruston Development
Local Improvement Districts



LID 3967) Sanitary Sewer mains
LID 5728) Water mains
LID 6980) Ornamental streetlighting
LID 7726) Underground primary electrical distribution feeder system (Tacoma only)
LID 7727) Underground primary electrical distribution systems (Ruston only)
LID 8656) Street paving with storm sewer mains, multiuse path and landscaping



POINT RUSTON Waterwalk

POINT RUSTON MASTER SITE PLAN

Point Ruston, LLC
5219 N SHIRLEY ST, STE 100, RUSTON WA 98407

DATE: 11/29/2012
SCALE: N.T.S.

REVISIONS:

EXHIBIT NUMBER:

Point Ruston Development Site



MAP KEY

City of Tacoma Limits

Point Ruston Parcels Town of Ruston

Point Ruston Parcels City of Tacoma

Aerial Photo Date: *May 2012*

City of Tacoma GIS

Plot Date: April 09, 2013

This map is to be used for reference purposes only.

APPENDIX E

General Fund and Pension Information

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GENERAL FUND AND PENSION INFORMATION

The following General Fund and pension information is presented to provide the reader with an overview of the City's General Fund and obligations thereof, but is not intended to be exhaustive or comprehensive. The Bonds are not a general obligation of the City. See "Security" in this Official Statement.

General Fund Financial Information

The City's finances are structured to account for all dedicated revenues in separate funds. General tax revenues are all accounted for in the General Fund. Taxes dedicated or restricted to specific purposes are accounted for in separate funds. See the table below titled "Comparative General Fund Statement of Revenues, Expenditures and Changes in Fund Balances" for General Fund financial information for the years 2007 through 2011, inclusive, and a portion of the year 2012.

In 2012, the Council hired a new City Manager and initiated actions to eliminate a forecasted $32 million gap in the City's 2011/2012 General Fund budget. In December 2012, the Council adopted a balanced 2013/2014 General Fund budget that was originally projected to have a $63 million deficit. In each of the previous three biennium (2007-2008 through 2011-2012), expenditures exceeded budgeted revenues (the 2011/2012 budget was in due course rebalanced). General Fund reserves were reduced from $46.3 million in 2008 to $14.2 million in 2011.

The City's 2013/2014 General Fund budget is balanced. The budget includes numerous expenditure reductions, including 224 (18%) fewer full-time equivalent positions, reductions in transfers to other funds and reductions in funding of external agencies. The City Council has enacted several tax increases, including elimination of a business tax exemption for non-profit health care organizations and imposition of a $20 vehicle license tab fee which are forecast to generate $9.4 million over the 2013/14 biennium. Overall 2013/14 General Fund revenues are forecast to grow 2.5 percent over revised 2011/2012 estimates.

See the table below titled "General Fund 2013-2014 Adopted Biennial Budget."

As of March 5, 2013, the City had non-voted limited tax general obligation debt outstanding in the principal amount of $268,385,962. The City may, without a vote of electors, incur general obligation indebtedness in an amount not to exceed 1.5 percent of assessed value. Due to decreases in assessed value, the City's outstanding non-voted indebtedness exceeds its current statutory debt capacity of $240,209,185. RCW 39.36.030 provides an exception to the City's statutory debt limitation for refinancings (so long as the refinancing does not increase the amount of outstanding debt). Therefore, the City is unable to issue non-voted general obligation debt for other than refinancing purposes, unless and until the City's debt capacity is restored either through a reduction in City debt or through an increase in assessed valuation in the City.

The State Auditor last audited the City's financials for fiscal year ended December 31, 2011, and the audit for fiscal year 2012 is currently in progress. For additional information regarding the City's financial statements, see the City's Audited Financial Statements for 2011, which are available on the City and the State Auditor's websites (which are not incorporated into this Official Statement by this reference).

Comparative General Fund Statement
of Revenues, Expenditures and Changes in Fund Balances
(Fiscal Years Ended December 31)
(amounts expressed in thousands)

	Unaudited	Actual				
	Thru 9/30/12	2011	2010	2009	2008	2007
Revenues						
Taxes	$ 123,462	$ 172,989	$ 169,326	$ 126,721	$ 135,832	$ 135,319
Licenses and Permits	2,789	3,242	3,114	4,713	5,108	8,483
Intergovernmental	7,080	8,775	9,907	8,887	10,691	9,137
Charges for Services	896	1,196	2,094	2,942	3,830	3,419
Fines and Forfeitures	543	724 (1)	5,470	4,031	4,070	3,104
Interest	403	1,079	1,099	1,634	2,840	4,331
Miscellaneous	2,431	1,060	819	267	1,478	295
Total Revenues	**137,604**	**189,065**	**191,829**	**149,195**	**163,849**	**164,088**
Expenditures						
Current						
General Government	17,371	21,645	21,941	22,159	21,186	15,613
Security of Persons and Property	85,354	128,370	124,166	132,004	129,466	121,630
Physical Environment	0	0	-	0	541	532
Transportation	6,999	0 (2)	15,416	15,344	17,040	16,654
Economic Environment	8,777	13,694	14,630	19,470	20,543	17,852
Mental and Physical Health	0	1,354	1,358	1,364	1,354	1,328
Culture and Recreation	8,621	12,845	13,045	12,930	16,157	12,919
Capital Outlay	253	2,033	1,356	1,470	2,838	1,654
Debt Service(3)	13	13	77	42	117	181
Total Expenditures	**127,388**	**179,954**	**191,989**	**204,783**	**209,242**	**188,363**
Excess (deficiency) of Revenues Over (Under) Expenditures	**10,216**	**9,111**	**(160)**	**(55,588)**	**(45,393)**	**(24,275)**
Other Financing Sources (Uses)						
Sale of Capital Asset	658	-	8	170	3	43
Transfers in	4,742	1,286	696	47,033 (4)	41,978 (4)	42,078 (4)
Tranfers out to other Governmental Funds	(11,752)	(16,373)	(4,979)	(5,759)	(7,762)	(8,570)
Total Other Financing Sources and Uses	**(6,352)**	**(15,087)**	**(4,275)**	**41,444**	**34,219**	**33,551**
Net Change in Fund Balance	**3,864**	**(5,976)**	**(4,435)**	**(14,144)**	**(11,174)**	**9,276**
Fund Balances-Beginning(5)	34,851	41,146	38,261	52,405	65,834	56,508
Prior Period Adjustments	(2,647)	(318)	(235)	-	(2,255)	50
Change in Accounting Principle	-	-	6,404	-	-	-
Fund Balances-Ending(5)(6)	**$ 36,068**	**$ 34,852**	**$ 39,995**	**$ 38,261**	**$ 52,405**	**$ 65,834**

(1) Special funds were created for fines and forfeitures beginning in 2011.
(2) The Street Fund was created for transportation beginning in 2011.
(3) Debt service on most limited tax general obligation bonds is paid from revenue sources other than General Fund taxes and therefore is included as an expense of a specific fund. The debt service on the Limited Tax General Obligation Refunding Bonds, 2013, which represents approximately 98 percent of the debt service, will be included in the Convention Center Fund.
(4) Primarily represents utility taxes. Beginning in 2010, utility taxes were categorized as "Taxes" under Revenues.
(5) The ending fund balance in 2010 did not match the beginning fund balance in 2011 due to a change in accounting procedures from the implementation of GASB 54.
(6) Projected unrestricted ending General Fund balance for 2012 is approximately $16 million.

Source: The City (except for 2012 information which is unaudited).

General Fund
2013-2014 Adopted Biennial Budget

	Adopted 2013-14
Revenue by Category	
Property Tax	$ 103,678,542
Sales Tax	80,277,441
Business Tax	83,028,674
Utility Tax	90,074,366
Other Taxes	4,070,688
Licenses and Permits	6,177,000
Intergovernmental Revenue (1)	21,579,046
Charges for Services	2,447,100
Fines and Forfeits	1,718,000
Misc. Revenue	3,607,500
Total Revenues	**$ 396,658,357**
Expenditure by Department	
City Attorney's Office	7,526,280
City Council	1,155,688
City Manager	1,467,936
Community & Economic Development	7,265,875
Finance	7,331,030
Fire	90,006,499
Government Relations	800,962
Hearing Examiner	518,073
Human Resources	2,251,739
Library	22,358,272
Municipal Court	7,022,726
Neighborhood & Community Services	14,918,437
Non Departmental (2)	64,489,685
Planning & Development Services	3,847,487
Police	143,428,570
Public Works	22,269,097
Total Expenditures	**$ 396,658,357**

(1) Primary sources of "Intergovernmental Revenue" includes $8.2 million for fire protection services to adjacent communities; $4 million from a vehicle license fee; $4.6 million from liquor taxes; and $2.1 million in payments for services provided to other local governments.
(2) Includes $4,487,731 designated to fund balance reserves.

Source: The City.

Pension Plans

City employees other than law enforcement officers, fire fighters and railroad employees are covered by the Tacoma Employees' Retirement System ("TERS"), an actuarially funded system administered by the City. Law enforcement officers and firefighters are covered by the Law Enforcement Officer and Firefighter Retirement System ("LEOFF"), which is operated by the State for law enforcement officers and firefighters throughout the State. Additionally, the City administers two single-employer pension funds as required by State Statute: a Police Relief and Pension Fund and a Firefighters' Relief and Pension Fund.

Tacoma Employees' Retirement System ("TERS"). TERS is a local single employer defined benefit pension retirement plan covering City of Tacoma employees. The Board of Administration of TERS administers the plan, and benefit provisions are established in accordance with chapter 41.28 RCW and Chapter 1.30 of the Tacoma City Code. As of December 31, 2011, there were 1,950 retirees and beneficiaries receiving benefits, 395 vested terminated employees entitled to future benefits, and 3,038 active members in TERS.

Employees covered by TERS are required by Chapter 1.30 of the Tacoma City Code to contribute to TERS. Contributions are based on the percent of employee pay shown in the following table:

Applicable Period	City Rate	Member Rate	Total Rate
1/1/1980 to 12/31/1996	10.44%	8.89%	19.33%
1/1/1997 to 12/31/2000	9.02	7.68	16.70
1/1/2001 to 2/1/2009	7.56	6.44	14.00
2/2/2009 to 12/31/2009	8.64	7.36	16.00
1/1/2010 to 12/31/2010	9.72	8.28	18.00
1/1/2011 to 12/31/2011	10.26	8.74	19.00
1/1/2012 and on	10.80	9.20	20.00

Contributions City-wide totaled $42.4 million in 2011 ($22.5 million employer contributions and $19.9 million employee contributions) and totaled $40.2 million in 2010 ($21.3 million employer contributions and $18.9 million employee contributions).

TERS Valuation ($000)

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
01/01/2007	$1,021.3	$ 895.8	$(125.5)	114.0%	$175.0	(71.7%)
01/01/2009	1,097.3	1,002.3	(95.0)	109.5	197.4	(48.1)
01/01/2011	1,074.8	1,132.9	58.1	94.9	219.3	26.5
01/01/2012	1,068.3	1,185.5	117.2	90.1	219.4	53.4

The most recent actuarial valuation of TERS was completed as of January 1, 2012 by Milliman (the "Milliman Report"). Assumptions include investment earnings of 7.75%, wage growth of 4.25 percent and price inflation of 3.25 percent. TERS's 2011 market value investment return of 1.3 percent was less than the 7.75 percent investment earning assumption. According to the Milliman Report, due primarily to the continued recognition of a large asset loss in 2008, as of January 1, 2012 the Funding Ratio declined from

94.9 percent to 90.1 percent and the projected amortization period for the Unfunded Actuarial Accrued Liability (UAAL) has increased from 12.8 years to 35.0 years. This is based on the Actuarial Value of Assets (AVA) which smooths gains and losses over four years. As of January 1, 2012, the large 2008 loss was fully recognized in the AVA. Since the 2011 investment return of 1.3 percent was lower than the 7.75 percent assumption, measures based on the Market Value of Assets (MVA) also declined. Specifically, based on MVA, the Funding Ratio declined from 95.4 percent to 91.3 percent and the projected amortization period of the UAAL increased from 11.4 years to 27.7 years. The asset losses were partially offset by salary increases that were less than expected.

The Milliman Report provides the following information regarding long-term funding projections: The baseline projection demonstrates that if experience in all future years matches the actuarial assumptions, including 7.75 percent investment returns, the Funding Ratio is projected to reach 100 percent by 2040. However, a downside scenario projection showing that adverse investment experience similar to what TERS experienced in 2006 – 2008 could require contribution rates to increase as high as 29.37 percent of pay to amortize the UAAL over 30 years. Future experience is expected to be both better and worse than the actuarial assumptions at different times and is likely to result in changes to TERS's funding status.

Although TERS is funded over a long period of time, the measurement of TERS's funding status can vary widely from year-to-year due to asset returns. The following chart summarizes TERS's asset returns in recent years and compares the market value gains and losses to the Actuarial Accrued Liability at the following valuation date. Returns greater than the 7.75% actuarial assumption are gains; returns less than the 7.75% actuarial assumption are losses. The Actuarial Value of Assets recognizes these market value gains and losses in four even pieces starting at the end of the year in which they occur. Gains in good years are needed to offset losses in bad years. The $451 million market value loss in 2008 was equal to 45 percent of TERS's Actuarial Accrued Liability was fully recognized in the actuarial assets as of January 1, 2012.

Year	Market Value % Return[1]	Market Value $ Gain / (Loss) compared to expected	End of Year Actuarial Accrued Liability (AAL)	Gain / (Loss) as a % of next AAL
2002	(8.9)%	$ (112,800,000)	$ 686,800,000	(16.4)%
2003	29.4	131,400,000		17.4
2004	15.5	60,100,000	$ 754,300,000	8.0
2005	8.7	8,500,000		0.9
2006	18.6	102,800,000	$ 895,800,000	11.5
2007	3.9	(42,200,000)		(4.2)
2008	(32.0)	(451,000,000)	$1,002,300,000	(45.0)
2009	27.3	147,700,000		13.0
2010	14.1	60,200,000	$1,132,900,000	5.3
2011	1.3	(69,900,000)	$1,185,500,000	(5.9)
2012[2]	14.1	Not available	$1,256,800,000	Not available

[1] The market value returns shown above are net of investment expenses, but not administrative expenses. They are based on the TERS's annual financial statements, but may have some variance from calculations performed by other parties due to different methodology.

[2] Preliminary, subject to change.

In August 2012, the TERS retirement board changed the report of return assumption from 7.75 percent to 7.5 percent. The changed assumption will be reflected in the 2012 valuation expected in May 2013.

Law Enforcement Officer and Firefighter Retirement System ("LEOFF"). LEOFF is a cost-sharing multiple-employer defined benefit pension plan. Membership in the plan includes all full-time, fully compensated local law enforcement officers and firefighters. The LEOFF system includes two plans.

Participants who joined the system by September 30, 1977, are LEOFF Plan I members. Those joining thereafter are enrolled in LEOFF Plan II. Retirement benefits are financed from employee and employer contributions, investment earnings, and State contributions. Retirement benefits in both LEOFF Plan I and LEOFF Plan II are vested after completion of five years of eligible service.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50.

The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average
5-9 Years	1.0%
10-19 Years	1.5
20 or more years	2.0

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service (FAS is based on the highest consecutive 60 months). Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. A cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

LEOFF Plan 1 employer and employee contribution rates are established by statute, and the State is responsible for the balance of the funding at rates set by the Pension Funding Council to fully amortize the total costs of the plan. Employer and employee rates for LEOFF Plan 2 are set by the director of the Department of Retirement Systems, based on recommendations by the Office of the State Actuary, to continue to fully fund the plan. LEOFF Plan 2 employers and employees are required to contribute at the level required by State law. The methods used to determine the contribution rates are established under State statute in accordance with chapters 41.26 and 41.45 RCW.

The following table outlines the contribution rates of employees and employers under LEOFF.

LEOFF Contribution Rates as of September 1, 2012

	Plan 1	Plan 2
Employer[1]	0.16%	5.24%
Employee	0.00	8.46
State	0.00	3.38

[1] Includes a 0.16% administration fee.

For the year ending December 31, 2011, the City contributed $3.8 million to LEOFF, representing its full liability under the system, except that future rates may be adjusted to meet the system needs.

The Department of Retirement Systems ("DRS"), a department within the primary government of the State, issues a publicly available comprehensive annual financial report ("CAFR") that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov (which is not incorporated into this Official Statement by this reference). According to the Report of the State Actuary dated September 2012, the actuarial valuation of LEOFF Plan 1 and Plan 2 as of June 30, 2011, shows funding ratios of 135 percent and 119 percent, respectively, subject to the assumptions and qualifications set forth in the report.

Police and Firefighter's Relief and Pension Funds. The City's Police Relief and Pension Fund ("PRP") and Fire Relief and Pension Fund ("FRP") are single-employer, defined benefit pension funds established and administered by the City in accordance with the requirements of RCW. No new employees have been covered by these plans since March 1, 1970, when they were replaced by the LEOFF plans. As of December 31, 2011, there were 173 City participants in PRP with a total of $2.45 million paid by the City in benefits in 2011, and there were 244 FRP participants with a total of $2.24 million paid by the City in benefits in 2011.

An actuarial valuation of FRP performed on January 1, 2012 determined that as of that date, the actuarial value of FRP assets were $235 thousand, unfunded accrued liability was $36.63 million and the funded ratio was 1 percent. As of that same date, the actuarial value of PRP assets were $108 thousand, unfunded accrued liability was $18.18 million and the funded ratio was 1 percent. Funding for the actuarial accrued liability for both PRP and FRP are funded on a pay-as-you-go basis.

Other Post-Employment Benefits. The Governmental Accounting Standards Board ("GASB") issued a standard concerning Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (GASB 45). In addition to pensions, many state and local governmental employers provide other post-employment benefits ("OPEB") as part of total compensation to attract and retain the services of qualified employees. OPEB includes post-employment health care as well as other forms of post-employment benefits that are provided separately from pension plan benefits. The new standard provides for the measurement, recognition and display of OPEB expenses/expenditures, related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports. This pronouncement became effective for the City for the fiscal year ended December 31, 2007.

Information about the City's OPEB obligation for the year ended December 31, 2012, is provided below. The City is financing the benefits on a pay-as-you-go basis. The City provides the option for retirees to pay the full premium cost of medical benefits until age 65, and for LEOFF 1, after the age 65. Eligibility and the amount of benefits paid by the City vary by group (TERS, LEOFF 1, LEOFF 2, or Rail employees).

The OPEB percentage of cost contributed is the amount contributed by the retiree based on the Annual OPEB cost. For example, for TERS the contributions (premium payments) made by the retirees were $1,971,606, the actual cost of the OPEB was $5,162,679; the contribution was 38.2 percent of the actual OPEB cost.

Other Post-Employment Benefits for 2012[1]

	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
TERS	$ 5,162,679	38.2%	$17,599,345
LEOFF I	11,901,822	58.0	18,472,271
LEOFF II	2,209,152	17.5	10,215,066
Rail	195,524	52.6	182,685

[1] Preliminary, subject to change.

For additional information regarding the City's retirement plans and OPEB, see the City's Audited Financial Statements for 2011, available on the City and State Auditor's websites (which are not incorporated into this Official Statement by this reference).

APPENDIX F

Book-Entry Only System

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T H E D E P O S I T O R Y T R U S T C O M P A N Y

SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (D TC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates

rep resenting their ownership interests in Securities, except in the event that use of the book-entry only system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry only credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.