



RESOLUTION NO. U-11160

1 A RESOLUTION relating to Tacoma Power; approving a Supplemental Ordinance;
2 and authorizing the issuance of an Electric System Subordinate Revenue
3 Note, Series 2020 (Taxable), in the principal amount of not to exceed
4 \$100,000,000, the execution of a Note Purchase Agreement, and other
5 matters related thereto.

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

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

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



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

3 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
4 No. 28297, adopted by the City Council on April 21, 2015, the City, acting through
5 its Department of Public Utilities, Light Division (d/b/a “Tacoma Power”), issued its
6 Electric System Subordinate Revenue Note, Series 2015B, to provide general
7 credit, including liquidity, for the Electric System in the principal amount of not to
8 exceed \$50,000,000 outstanding at any time (the “2015B Note”), and

9 WHEREAS the 2015B Note and the related Note Purchase Agreement
10 between the City and KeyBank National Association, as purchaser, matured on
11 May 12, 2018, and is no longer available to Tacoma Power for advances, and

12 WHEREAS Tacoma Power’s Electric Rate and Financial Policy directs,
13 among many things, that Tacoma Power maintain sufficient liquidity to support
14 Tacoma Power’s operational objectives, preserve financial and management
15 flexibility, and plan for maintaining or improving credit ratings, and

16 WHEREAS financial sustainability, planning for unexpected future events,
17 and strengthening and maintaining a strong fiscal management position are
18 consistent with City policy and fundamental to sound long range planning and
19 government performance, and

20 WHEREAS KeyBank National Association (the “Purchaser”) has offered to
21 extend a credit facility in the form of a drawdown revolving line of credit to Tacoma
22 Power to replace the expired 2015B Note, and

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WHEREAS the Public Utility Board (the “Board”) finds that it is in the best interest of Tacoma Power and its ratepayers that the City issue its Electric System Subordinate Revenue Note, Series 2020 (Taxable), to evidence a drawdown revolving line of credit established with the Purchaser to provide general credit, including liquidity, for the Electric System, and

WHEREAS pursuant to Tacoma City Charter Section 4.11, the Board is required to initiate and approve all matters related to the incurrence of indebtedness and the issuance of bonds on behalf of Tacoma Public Utilities, and then forward such matters to the Council of the City for concurring approval, and

WHEREAS the form of authorizing ordinance (the “Supplemental Ordinance”) has been presented to the Board and a copy of such document is on file with the Clerk of the Board, and

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

Now, Therefore,

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

Sec. 1. Due to increasing capital and operating costs, anticipated fluctuations in Revenues of the Electric System, and other economic conditions, the Board hereby finds that it is necessary and advisable to obtain a general credit facility in the form of a drawdown revolving line of credit to finance capital and operating costs of the Electric System and help maintain the financial stability of the Electric System. The use of short-term debt agreements to maintain financial



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stability is consistent with Tacoma Power financial policies and planning, as is the use of short-term debt to finance capital and operating costs. A general credit facility, including liquidity, will assist Tacoma Power in maintaining financial stability which will help support the current and future needs of the Electric System.

Pursuant to Tacoma City Charter Section 4.11, it is necessary for the Board to initiate and approve all matters related to the incurrence of indebtedness and the issuance of bonds on behalf of Tacoma Power, and then forward such matters to the Council of the City for concurring approval.

Sec. 2. The Board hereby finds (1) it is in the best interest of Tacoma Power and its ratepayers that the City issue the 2020 Note as a Subordinate Bond under the Master Subordinate Ordinance to provide general liquidity for Tacoma Power, (2) Tacoma Power has or expects to receive a proposal from the Purchaser to purchase the 2020 Note, which is based on current market conditions and rates which are changing in the current bond market, (3) it would be beneficial to Tacoma Power and its ratepayers to sell the 2020 Note to the Purchaser subject to the parameters provided for in the Supplemental Ordinance, and (4) the adoption of this resolution and the issuance of the 2020 Note as contemplated herein and in the Supplemental Ordinance is routine and consistent with City and Tacoma Power policy and procedures.

Sec. 3. Subject to the parameters set forth in the Supplemental Ordinance, that the terms and conditions of the proposed Supplemental Ordinance, including delegating authority to the Director of Utilities, and, in the alternative, the Tacoma Power Superintendent (each, a "Designated Representative"), to approve the



1 issuance and sale of the 2020 Note in the principal amount of not to exceed
2 \$100,000,000, outstanding at any time and selling such 2020 Note to the
3 Purchaser pursuant to the terms of a Note Purchase Agreement (the "Purchase
4 Agreement") are hereby approved, and the Council of the City is requested to
5 concur in this approval by the passage of the same at the earliest opportunity in
6 the final form approved by the City Attorney.

7 Sec. 4. Upon passage of the Supplemental Ordinance, each Designated
8 Representative is delegated authority to approve the final terms and conditions of
9 the Purchase Agreement in coordination with Bond Counsel, the Municipal Advisor
10 and the City Attorney's Office subject to the terms set forth in the Supplemental
11 Ordinance, and to execute and implement the Purchase Agreement (including the
12 payment of any financing costs associated with the delivery of the Purchase
13 Agreement).

14 Sec. 5. The Board finds that this resolution is necessary, routine, and
15 consistent with Governor Inslee's emergency proclamation issued on March 24,
16 2020, suspending portions of the Open Public Meetings Act.

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Sec. 6. This resolution shall become effective immediately upon its adoption.

Approved as to form:

Chair

/s/
Pacifica Law Group LLP,
Bond Counsel

Secretary

Clerk

Adopted _____