



ORDINANCE NO. 28297

1 AN ORDINANCE relating to Tacoma Power, Department of Public Utilities, Light
 2 Division (d.b.a. "Tacoma Power"); approving a Supplemental Bond
 3 Ordinance; and authorizing Tacoma Power to execute a short-term liquidity
 4 note purchase agreement with KeyBank in an amount not to exceed
 \$50 million, to provide general credit, including liquidity, for the Electric
 System, fixing certain terms and provisions thereof, and approving certain
 other matters in connection therewith.

5 WHEREAS the City, by Ordinance No. 23514, passed on November 20,
 6 1985 (as amended, supplemented and restated, the "Senior Bond Ordinance"),
 7 authorized Electric System Revenue Bonds of the City (the "Senior Bonds") to be
 8 issued in series having a parity of lien and charge on the Revenues after the
 9 payment of Operating Expenses (as those terms are defined therein) if certain
 10 conditions are met and complied with, made covenants in connection with the
 11 issuance of such Senior Bonds and authorized the sale and issuance of a first
 12 series of such Senior Bonds to refund all of the City's then-outstanding light and
 13 power revenue bonds, and

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 15 WHEREAS the City has issued and there are currently outstanding
 16 approximately \$508,000,000 aggregate principal amount of the Senior Bonds, and

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 18 WHEREAS, the Senior Bond Ordinance permits the City to issue obligations
 19 that are junior and subordinate to the payment of the Senior Bonds and that are
 20 payable out of revenues derived by the City from its ownership and operation of
 21 the City's Electric System, after payment of the expense of operating and
 22 maintaining the Electric System, only after the prior payment of all amounts
 23 required to be paid or set aside under the Senior Bonds Ordinance for the Senior
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1 Bonds, as the same shall become due at the times and in the manner as required
2 in the Senior Ordinance, and

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

8 WHEREAS it is deemed necessary and advisable to have a general credit
9 facility available, including for liquidity, for the Electric System, and

10 WHEREAS, the Public Utility Board of the City (the "Board") has initiated
11 and has recommended to the Council for its approval the issuance of Subordinate
12 Bonds in the form of a note (the "2015B Note") to provide general credit, including
13 liquidity, for the Electric System and to pay costs of issuance, and

14 WHEREAS the Council has determined that it is in the best interests of the
15 City and its ratepayers to issue the 2015B Note to provide general credit, including
16 liquidity, for the Electric System and pay the costs of issuance of the 2015B Note,
17 and

18 WHEREAS, the City deems it in the best interests of the City and its
19 ratepayers that the 2015B Note be sold to and purchased by KeyBank National
20 Association (the "Purchaser") by private sale pursuant to a Note Purchase
21 Agreement to be entered into between the City and the Purchaser (the "Note
22 Purchase Agreement"), and

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WHEREAS, the Council hereby finds and determines that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness to be evidenced by the 2015B Note, and in the issuing of the 2015B Note, as of the date of issuance thereof, shall exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State and the Charter of the City, and that the 2015B Note is within every debt limitation and other limit prescribed by the Constitution and statutes of the State and the Charter, and is not in excess of the amount of Subordinate Bonds permitted to be issued under the Master Subordinate Ordinance; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Master Subordinate Ordinance or Note Purchase Agreement. In addition, as used in this Second Supplemental Ordinance, the following words shall have the following meanings:

(a) "Designated Representative" means the officers of the City appointed in Section 3.4 to serve as the City's representative in connection with the issuance and sale of the 2015B Note.



1 (b) "Note Purchase Agreement" means the agreement of that name by
2 and between the City and the Purchaser, as the same shall be supplemented and
3 amended.

4 (c) "Purchaser" means KeyBank National Association, or its affiliate, and
5 its successors and assigns.

6 (d) "2015B Note" means the City of Tacoma Electric System Subordinate
7 Revenue Note, Series 2015B, authorized to be issued under the Master
8 Subordinate Ordinance and this Second Supplemental Ordinance.

9 (e) "2015B Note Proceeds" means proceeds of the sale of the 2015B
10 Note.
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12 ARTICLE II

13 PARITY AND OTHER FINDINGS

14 **Section 2.1. Parity Findings.** In connection with the issuance of the
15 2015B Note, the City hereby makes the following findings:
16

17 (a) There is, and as of the date of the issuance of the 2015B Note there
18 will be, no deficiency in the Bond Fund, and no Event of Default, as defined in the
19 Master Subordinate Ordinance, has occurred or shall have occurred and be
20 continuing.

21 (b) This Second Supplemental Ordinance provides for the payment of
22 the principal of and interest on the 2015B Note out of the Bond Fund.
23

24 (c) On the date of issuance of the 2015B Note, there will be on file with
25 the City a certificate of the Finance Director demonstrating that during any 12
26 consecutive calendar months out of the immediately preceding 24 calendar months



1 Net Revenues was at least equal to 1.0 times the projected Maximum Annual Debt
2 Service for all Outstanding Senior Bonds plus the 2015B Note and any other
3 Subordinate Debt.

4 **Section 2.2. Finding as to Sufficiency of Gross Revenue.** The City
5 hereby finds and determines that the Revenues of the Electric System at the rates
6 to be charged for power and other services and commodities from the Electric
7 System will be more than sufficient to meet all Operating Expenses, to make all
8 required payments with respect to the Senior Bonds, and to permit the setting
9 aside into the Bond Fund out of the Revenues of amounts sufficient to pay the
10 principal of and interest on the 2015B Note when due at maturity and upon any
11 mandatory sinking fund redemption thereof. The City further finds and determines
12 that in creating the Bond Fund and in fixing the amounts to be paid into the Bond
13 Fund, it has exercised due regard for Operating Expenses, and the City has not
14 bound and obligated itself to set aside and pay into the Bond Fund a greater
15 amount or proportion of the Revenues than in the judgment of the City will be
16 available over and above the Operating Expenses.

19 ARTICLE III

20 AUTHORIZATION AND TERMS OF NOTES

21 **Section 3.1. Authorization of 2015B Note; Terms and Description of**
22 **2015B Note.**

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24 (a) The City hereby authorizes the issuance of its "City of Tacoma
25 Electric System Subordinate Revenue Note, Series 2015B" subject to the
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1 provisions of this Section and as hereinafter provided. The 2015B Note shall be
2 issued to provide general credit, including liquidity, for the Electric System.

3 (b) The aggregate principal amount of the 2015B Note that may be
4 Outstanding at any one time hereunder shall not at any time exceed \$50,000,000.

5 (c) The terms of the 2015B Note shall otherwise be as set forth in the
6 Note Purchase Agreement. The principal of and interest on the 2015B Note shall
7 be due and payable at the rates, on the dates and in the manner, the 2015B Note
8 shall be subject to mandatory and optional redemption and to mandatory tender for
9 purchase prior to maturity on the dates and at the prices, and the terms of the
10 2015B Note shall otherwise be as set forth in, the Note Purchase Agreement.

11 (d) The 2015B Note shall constitute a Subordinate Bond within the
12 meaning of the Master Subordinate Ordinance.

13 (e) The 2015B Note shall contain a legend to the effect that the
14 transferability of such 2015B Note is subject to the restrictions set forth in the Note
15 Purchase Agreement. Registered ownership of the 2015B Note, or any portion
16 thereof or interest thereon, may not thereafter be transferred except as set forth in
17 the Note Purchase Agreement.

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20 **Section 3.2. Form of 2015B Note.** The definitive 2015B Note shall be in
21 substantially the form set forth in Exhibit "A" attached hereto and made a part
22 hereof, with such appropriate variations, omissions and insertions as shall be
23 required or appropriate consistent with the Master Subordinate Ordinance and this
24 Second Supplemental Ordinance.
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Section 3.3. Registered Note; No Book-Entry System. The 2015B Note

shall be issued in the form of a separate single fully-registered 2015B Note but not as Book-Entry Bonds. The 2015B Note shall be registered in the name of the Purchaser (as defined in the Note Purchase Agreement). The terms and provisions set forth in Sections 4.3(b), 4.3(d), 4.3(e), and 4.4 of the Master Subordinate Ordinance shall not apply to the 2015B Note, and the registration, transfer and exchange, place and medium of payment, shall be as set forth in the 2015B Note and the Note Purchase Agreement.

Section 3.4. Appointment of Designated Representative. The Director

of Utilities, and, in the alternative, the Superintendent of the Power Division, each is hereby appointed as the Designated Representative. The Designated Representative is authorized to issue and sell the 2015B Note, to establish and determine the terms of the 2015B Note, and to certify draws from time to time on the 2015B Note, which shall be made by the City Treasurer, all as provided herein and in the Note Purchase Agreement.

Section 3.5. Sale of 2015B Note; Note Purchase Agreement. The

2015B Note shall be sold to and purchased by the Purchaser pursuant to and in accordance with the Note Purchase Agreement. The Note Purchase Agreement, in the form presented at this meeting and on file with the City Clerk, is hereby approved, and the Designated Representative is hereby authorized to execute such Agreement with such changes therein approved by the Designated Representative in consultation with the City Attorney, such approval to be conclusively evidenced by his or her execution and delivery thereof to the



ARTICLE VI

MISCELLANEOUS

1
2 **Section 6.1. Ratification of Prior Acts.** Any action taken consistent with
3 the authority and prior to the effective date is ratified, approved, and confirmed.
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5 **Section 6.2. General Authorization.** The appropriate officers, agents and
6 employees of the City are authorized and directed to execute and deliver such
7 documents, agreements and certificates and to take such other actions, upon
8 consultation with the City Attorney, as may be necessary or desirable and in the
9 best interests of the City to carry out the purposes and intents of this Second
10 Supplemental Ordinance and the transactions contemplated hereby.
11

12 **Section 6.3. Terms of 2015B Note Subject to the Master Subordinate**
13 **Ordinance.** Except as in this Second Supplemental Ordinance expressly
14 provided, every term and condition contained in the Master Subordinate Ordinance
15 shall apply to this Second Supplemental Ordinance and to the 2015B Note with the
16 same force and effect as if the same were herein set forth at length, with such
17 omissions, variations and modifications thereof as may be appropriate to make the
18 same conform to this Second Supplemental Ordinance.
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20 **Section 6.4. Ratification of the Master Subordinate Ordinance.** Except
21 as supplemented and amended by this Second Supplemental Ordinance, the
22 Master Subordinate Ordinance is hereby ratified, approved and confirmed and
23 shall continue in full force and effect in accordance with the terms and provisions
24 thereof, as amended and supplemented, including as amended and supplemented
25 by this Second Supplemental Ordinance.
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Section 6.5. Provisions of Note Purchase Agreement. The terms and

provisions of the 2015B Note as set forth in the Note Purchase Agreement shall control over any inconsistent provision of this First Supplemental Ordinance.

Section 6.6. Effective Date of Ordinance. This Second Supplemental

Ordinance shall take effect and be in force 10 days from and after its publication.

Passed: _____

Mayor

Attest:

City Clerk

Approved as to form and legality:

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel to the City of Tacoma

By _____



CLERK'S CERTIFICATE

1 I, the undersigned, the duly chosen, qualified City Clerk of the City of
2 Tacoma, Washington, and keeper of the records of the City Council (herein called
3 the "Council"), DO HEREBY CERTIFY:
4

5 1. That the attached Ordinance No. _____ (herein called the
6 "Ordinance") is a true and correct copy of an Ordinance of the Council, as finally
7 passed at a regular meeting of the Council held on the ____ day of _____,
8 2015, and duly recorded in my office.

9
10 2. That said meeting was duly convened and held in all respects in
11 accordance with law, and to the extent required by law, due and proper notice of
12 such meeting was given; that a legal quorum was present throughout the meeting
13 and a legally sufficient number of members of the Council voted in the proper
14 manner for the passage of said Ordinance; that all other requirements and
15 proceedings incident to the proper adoption of said Ordinance have been duly
16 fulfilled, carried out and otherwise observed, and that I am authorized to execute
17 this certificate.
18

19 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the
20 official seal of the City as of this _____ day of _____, 2015.
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22 _____
23 City Clerk
24 City of Tacoma, Washington
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EXHIBIT "A"

(Form of Master Note)

**The Transferability of this Note is Restricted as Described in the Note
Purchase Agreement (as defined in the Second Supplemental Ordinance)
STATE OF WASHINGTON**

CITY OF TACOMA

ELECTRIC SYSTEM SUBORDINATE REVENUE NOTE,

SERIES 2015B

Registered Owner: _____

Principal Sum: Not to Exceed \$50,000,000 Outstanding

The CITY OF TACOMA, a municipal corporation duly organized and existing under and pursuant to the Charter of the City of Tacoma and the Constitution and laws of the State of Washington (hereinafter called the "City"), for value received, hereby promises to pay (but only out of the Revenues hereinafter referred to) to the registered owner hereinabove named or registered assigns, the principal amount hereof, together with unpaid accrued interest thereon, on the dates, at the rates and in the amounts as provided in the Master Subordinate Ordinance (as hereinafter defined) and the Note Purchase Agreement (as defined in the Master Subordinate Ordinance) referred to hereinafter. This Note is issued pursuant to Ordinance No. ____ of the City, passed on April __, 2015, as amended and supplemented, including as supplemented by Ordinance No. ____ of the City, passed on April __, 2015, providing for the issuance of the Bonds, including the 2015B Note (hereinafter collectively called the "Master Subordinate Ordinance").



1 The terms and provisions of this Note are set forth in the Master Subordinate
2 Ordinance and the Note Purchase Agreement. Payments shall be made to the
3 registered owner stated hereinabove by the Paying Agent without the necessity of
4 presentation and surrender of this Master Note.

5 This Note is one of a duly authorized issue of Electric System Subordinate
6 Revenue Bonds of the City (hereinafter called the "Bonds") of the series and
7 designation indicated on the face hereof. Said authorized issue of Bonds is not
8 limited in aggregate principal amount and consists of multiple series and subseries
9 of varying denominations, dates, maturities, interest rates and other provisions, as
10 in the Master Subordinate Ordinance hereinafter mentioned provided, all issued
11 and to be issued pursuant to the provisions of the Charter of the City of Tacoma,
12 and all laws of the State of Washington supplemental thereto (hereinafter called
13 the "Act").
14

15 Reference is hereby made to the Master Subordinate Ordinance and to the
16 Act for a description of the terms on which the Bonds are issued and to be issued,
17 the provisions with regard to the nature and extent of the Revenues, as that term is
18 defined in the Master Subordinate Ordinance, and the rights of the registered
19 owners of the Bonds; and all the terms of the Master Subordinate Ordinance and
20 the Act are hereby incorporated herein and made a contract between the City and
21 the registered owner from time to time of this Note, and to all the provisions thereof
22 the registered owner of this Bond, by its acceptance hereof, consents and agrees.
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24 Additional series and subseries of Bonds may be issued on a parity with this Note,
25 but only subject to the conditions and limitations contained in the Master
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1 Subordinate Ordinance and the Note Purchase Agreement. This Note is subject to
2 mandatory redemption and mandatory tender as provided in the Note Purchase
3 Agreement.

4 This Note, including the interest hereon, together with all other Bonds, and
5 the interest thereon, issued under the Master Subordinate Ordinance (and to the
6 extent set forth in the Master Subordinate Ordinance), is payable from, and is
7 secured by a charge and lien on, the Revenues, after payment of Operating
8 Expenses and required payments with respect to the Senior Bonds, derived by the
9 City from the Electric System (as those terms are defined in the Master
10 Subordinate Ordinance).

11 The Bonds are special obligations of the City, and are payable, both as to
12 principal and interest, out of the Revenues, after payment of Operating Expenses
13 and required payments with respect to the Senior Bonds, pertaining to the Electric
14 System and the moneys in the Funds and Accounts provided in the Master
15 Subordinate Ordinance, subject to the prior payment of principal of and interest on
16 the Senior Bonds, and not out of any other fund or moneys of the City. No holder
17 of this Note shall ever have the right to compel any exercise of the taxing power of
18 the City of Tacoma to pay this Note or the interest hereon.

19 This Note is transferable by the registered owner hereof, but only in the
20 manner and subject to the limitations provided in the Master Subordinate
21 Ordinance. Upon such transfer a new fully registered Note for the same aggregate
22 principal amount will be issued to the transferee in exchange herefore.



1 The rights and obligations of the City and of the registered owners of the
2 Bonds may be modified or amended at any time in the manner, to the extent, and
3 upon the terms provided in the Master Subordinate Ordinance; provided, that no
4 such modification or amendment shall (i) extend the stated maturity of any Bond,
5 or reduce the principal amount thereof, or reduce the rate or extend the time of
6 payment of interest thereon or reduce any premium payable upon the redemption
7 thereof, or change the currency for any payment of principal thereof or redemption
8 premium or interest thereon, without the consent of the holder of each Bond so
9 affected, or (ii) reduce the percentage of Bonds required for the affirmative vote or
10 written consent to an amendment or modification or permit the creation of a lien
11 upon the Revenues prior to or on a parity with the lien of the Master Subordinate
12 Ordinance, without the consent of the holders of all of the Bonds then outstanding,
13 or (iii) except as expressly permitted by the Master Subordinate Ordinance, prefer
14 or give priority to any Bond without the consent of the registered owner of each
15 Bond not receiving such preference or priority.
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18 It is hereby certified and recited that any and all acts, conditions and things
19 required to exist, to happen and to be performed, precedent to and in the incurring
20 of the indebtedness evidenced by this Note, and in the issuing of this Note, do
21 exist, have happened and have been performed in due time, form and manner, as
22 required by the Constitution and statutes of the State of Washington and the
23 Charter of the City of Tacoma, and that this Note, together with all other
24 indebtedness of the City pertaining to the Electric System, is within every debt
25 limitation and other limit prescribed by the Constitution and statutes of the State of
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Washington and said Charter, and is not in excess of the amount of Bonds permitted to be issued under the Master Subordinate Ordinance.

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

IN WITNESS WHEREOF, the CITY OF TACOMA has caused this Note to be executed in its name and on its behalf by its _____ and countersigned by its _____, and the seal of said City to be imprinted or reproduced by facsimile hereon, and this Note to be dated as of the ____ day of _____, _____.

CITY OF TACOMA

By

Title

Countersigned:

By

Title



CERTIFICATE OF AUTHENTICATION

1 This is the Master Note described in the within-mentioned Master Subordinate
2 Ordinance.

3 [NAME], as Paying Agent and Bond Registrar

4
5 By
6 Authorized Signatory

7 ASSIGNMENT

8 FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers
9 unto: _____

10
11 (Name, address, and Taxpayer Identification Number of Assignee)

12 this Master Note and all rights thereunder, hereby irrevocably constituting and
13 appointing _____ attorney to transfer said Master Note on
14 the books of the City with full power of substitution in the premises.

15 Dated:

16 Signature(s) Guaranteed

17
18 _____
(Signature)

19 Notice: The signature on this assignment must
20 correspond with the name as written upon the face
21 of this Master Note, in every particular, without
22 alteration or enlargement or any change
23 whatsoever.

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