



ORDINANCE NO. 28620

1 AN ORDINANCE of the City of Tacoma, Washington, relating to Tacoma Power,
2 approving a Supplemental Ordinance; authorizing the extension of and an
3 increase to the City's Electric System Subordinate Revenue Note,
4 Series 2015A, to a principal amount of not to exceed \$150,000,000;
5 authorizing an amendment to the Note Purchase Agreement to provide
6 funds to finance or refinance costs of capital improvements to the Electric
7 System; delegating the authority to approve the final terms of the
8 amendment; and approving certain other matters in connection therewith.

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

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 of the Electric System, after payment of Operating
21 Expenses, only after the prior payment of all amounts required to be paid or set
22 aside under the Senior Bond Ordinance for the Senior Bonds, as the same shall
23 become due at the times and in the manner as required in the Senior Bond
24 Ordinance, and

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

WHEREAS, pursuant to the Master Subordinate Ordinance and Ordinance No. 28296, adopted by the City Council on April 21, 2015 (“First Supplemental Ordinance”), the City, acting through its Department of Public Utilities, Light Division (d.b.a. “Tacoma Power”), issued its Electric System Subordinate Revenue Note, Series 2015A to evidence a revolving line of credit in the principal amount of not to exceed \$100,000,000 outstanding at any time (the “2015A Note”), and

WHEREAS the 2015A Note was sold to and purchased by Wells Fargo Municipal Capital Strategies, LLC (“Wells Fargo”) by private sale pursuant to the terms of the Note Purchase Agreement dated May 1, 2015 (the “Original Note Purchase Agreement”), between Wells Fargo and the City, acting by and through its Public Utilities Board (the “Board”), and

WHEREAS Tacoma Power has successfully utilized the 2015A Note and the Original Note Purchase Agreement to finance various capital projects, and

WHEREAS implementation of the 2015A Note and the Original Note Purchase Agreement has allowed for a more cost-effective and efficient management of capital construction compared to issuing long-term bonds, as



1 Tacoma Power could more closely match its draws on the line of credit with the
2 amount and timing of its capital projects, and

3 WHEREAS, pursuant to a First Amendment to Note Purchase Agreement
4 dated May 11, 2018 (the “First Amendment” and together with the Original Note
5 Purchase Agreement, the “Amended Note Purchase Agreement”), between the
6 City and Wells Fargo Bank, National Association, as successor purchaser (the
7 “Purchaser”) and City Ordinance No. 28509 adopted on May 8, 2018 (the “Second
8 Supplemental Ordinance”), the City and the Purchaser agreed to extend the term
9 of the 2015A Note to August 8, 2020, and to amend certain provisions of the
10 Original Note Purchase Agreement, and
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13 WHEREAS the Board has initiated and has recommended to the City
14 Council for its approval the extension of the expiration date of the 2015A Note and
15 the increase in the principal amount available under the 2015A Note of not to
16 exceed \$100,000,000 to not to exceed \$150,000,000 outstanding at any time, to
17 provide financing for capital projects of the Electric System, and
18

19 WHEREAS, to extend the expiration date and increase the available
20 principal amount of the 2015A Note, Wells Fargo has requested that Tacoma
21 Power enter into an amendment to the Amended Note Purchase Agreement (the
22 “Second Amendment,” and the Amended Note Purchase Agreement as amended
23 by the Second Amendment, and as it may be further amended, is referred to as the
24 “Note Purchase Agreement”), and
25

26 WHEREAS the extension of the expiration date, the increase in the
available principal amount, and the execution of the Second Amendment will be



1 treated (as of the date of the Second Amendment) as a new note issuance for
2 federal income tax purposes, and

3 WHEREAS, pursuant to RCW 39.46.040 the City Council wishes to
4 delegate authority to the Director of Public Utilities, or in the alternative, the
5 Tacoma Power Superintendent, as provided herein, for a limited time, to approve
6 the not to exceed principal amount available under the 2015A Note, the final
7 maturity date for the 2015A Note, the terms of the Second Amendment, and other
8 provisions relating to the 2015A Note within the parameters set by this ordinance,
9 and
10

11 and
12 WHEREAS the City Council now desires to authorize the extension of the
13 expiration date of the 2015A Note, the increase of the available principal amount,
14 and the execution of the Second Amendment and related documents subject to the
15 terms and conditions set forth in this ordinance; Now, Therefore,

16 BE IT ORDAINED BY THE CITY OF TACOMA:

17 ARTICLE I

18 DEFINITIONS

19 Section 1.1. Definitions and Interpretation of Terms. Unless otherwise
20 defined in the recitals and elsewhere in this Supplemental Ordinance, capitalized
21 terms used herein shall have the meanings set forth in the Master Subordinate
22 Ordinance, as previously amended.
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ARTICLE II

PARITY AND OTHER FINDINGS

Section 2.1. Parity Findings. In connection with the 2015A Note, the City hereby makes the following findings:

A. There is, and as of the effective date of the Second Amendment there will be, no deficiency in the Bond Fund, and no Event of Default has occurred or shall have occurred and being continuing.

B. The principal of and interest on the 2015A Note shall continue to be paid out of the Bond Fund and subject to the terms of the Master Subordinate Ordinance, the First Supplemental Ordinance, and the Note Purchase Agreement.

C. On the effective date of the Second Amendment, there will be on file with the City, if necessary, a certificate satisfying the conditions set forth in Section 6.1 of the Master Subordinate Ordinance.

Section 2.2. Findings as to Sufficiency of Gross Revenue. The City hereby confirms, finds, and determines that the Revenues of the Electric System at the rates to be charged for power and other services and commodities from the Electric System will be more than sufficient to meet all Operating Expenses, to make all required payments with respect to the Senior Bonds, and to permit the setting aside into the Bond Fund out of the Revenues of amounts sufficient to pay the principal of and interest on the 2015A Note as increased and extended and when due at maturity and upon any mandatory sinking fund redemption thereof. The City further finds and determines that in creating the Bond Fund and in fixing the amounts to be paid into the Bond Fund, it has exercised due regard for



1 Operating Expenses, and the City has not bound and obligated itself to set aside
2 and pay into the Bond Fund a greater amount or proportion of the Revenues than
3 in the judgment of the City will be available over and above the Operating
4 Expenses.

6 ARTICLE III

7 AUTHORIZATION

8 Section 3.1. Authorization.

9 A. The City Council has determined that it would be in the best interest of
10 the City to delegate to the Director of Public Utilities, or in the alternative, the
11 Tacoma Power Superintendent (the "Representatives"), for a limited time the
12 authority to extend the term of the 2015A Note, increase the available principal
13 amount of the 2015A Note, and approve the terms of the Second Amendment, as
14 provided herein.

15 Subject to the terms and conditions set forth in this Section 3.1, each
16 Representative is hereby authorized to approve the final term of the 2015A Note,
17 the available principal amount of the 2015A Note, and the final terms of the
18 Second Amendment and to agree to any additional terms and covenants that are
19 in the best interest of the City and consistent with this ordinance, provided that:

20 (a) The available principal amount of the 2015A Note that may be
21 outstanding at any time does not exceed \$150,000,000;

22 (b) The final maturity of the 2015A Note is no later than December 31,
23 2021; and
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(c) The initial variable interest rate on the 2015A Note, as increased and extended, does not exceed 80% of one-month LIBOR rate plus 43 basis points for funds used (subject to adjustment as set forth in the Note Purchase Agreement), and 21.5 basis points for funds not drawn under the Note Purchase Agreement, and as such terms may be further adjusted under the Note Purchase Agreement.

Subject to the terms and conditions set forth in this Section 3.1, each Representative is hereby authorized to approve the final terms and conditions of the Second Amendment in coordination with Bond Counsel, the Financial Advisor and the City Attorney's Office, to agree to any additional terms and covenants that are in the best interest of the City and consistent with this ordinance, and to execute and implement the Second Amendment (including the payment of any financing costs associated with the delivery of the Second Amendment), and such approval shall be conclusively evidenced by his or her execution thereof.

The authority granted to the Representatives by this section shall expire on December 31, 2019. If the Second Amendment has not been executed by such date, the authorization provided herein shall be rescinded, and the Second Amendment shall not be executed and the replacement 2015A Note shall not be delivered to the Purchaser unless such authority has been re-authorized by ordinance of the City Council at the request of the Board.

B. The terms of the 2015A Note shall otherwise be as set forth in the Note Purchase Agreement. The principal of and interest on the 2015A Note shall be due and payable at the rates, on the dates, and in the manner as set forth in the Note Purchase Agreement. The 2015A Note shall be subject to mandatory and



1 optional redemption and to mandatory tender for purchase prior to maturity on the
2 dates and at the prices as set forth in the Note Purchase Agreement. The City
3 Treasurer shall continue to be designated as the Paying Agent for the 2015A Note
4 in accordance with the Master Subordinate Ordinance.
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6 C. Advances drawn by the City under the 2015A Note shall be disbursed as
7 provided in the First Supplemental Ordinance to pay costs of the 2015A Note
8 Projects, as such projects may be supplemented and amended from time to time
9 as provided in the First Supplemental Ordinance, to currently refund the
10 outstanding balance on the 2015A Note, and to pay costs associated with the
11 Second Amendment and extension and increase of the 2015A Note. The Plan of
12 Additions, as supplemented and amended from time to time, is hereby confirmed.
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14 Section 3.2. Form of 2015A Note; Purchaser. The definitive replacement
15 2015A Note shall be in substantially the form set forth in Exhibit "A" attached to the
16 First Supplemental Ordinance and made a part hereof, with appropriate variations,
17 omissions, and insertions as shall be required or appropriate consistent with the
18 Master Subordinate Ordinance, the First Supplemental Ordinance, and this
19 Supplemental Ordinance to reflect the terms as provided herein.
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21 A replacement 2015A Note certificate reflecting the terms of the Second
22 Amendment shall be delivered to the Purchaser, or its affiliate, pursuant to and in
23 accordance with the Note Purchase Agreement.
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ARTICLE IV

MISCELLANEOUS

Section 4.1. Ratification of Prior Acts. Any action taken consistent with the authority and prior to the effective date of this Supplemental Ordinance is ratified, approved, and confirmed.

Section 4.2. General Authorization. The appropriate officers, agents, and employees of the City are authorized and directed to execute and deliver such documents, agreements, and certificates, including, but not limited to, a federal tax certificate setting forth the requirements of the Code for maintaining the tax exemption of interest on the 2015A Note, and to take such other actions, upon consultation with the City Attorney, as may be necessary or desirable and in the best interests of the City to effect the accomplishment of the extension of and increase to the 2015A Note and execution and delivery of the Second Amendment and to carry out the purposes and intents of this Supplemental Ordinance and the transactions contemplated thereby.

Section 4.3. Terms of 2015A Note Subject to the Master Subordinate Ordinance and the First Supplemental Ordinance; Ratification. Except as expressly provided herein, every term and condition contained in the Master Subordinate Ordinance, the First Supplemental Ordinance and the Second Supplemental Ordinance shall apply to this Supplemental Ordinance and the 2015A Note with the same force and effect as if the same were herein set forth at length, with such omissions, variations, and modification as may be appropriate to make the same conform to this Supplemental Ordinance.



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Except as supplemented and amended by this Supplemental Ordinance, the Master Subordinate Ordinance, the First Supplemental Ordinance and the Second Supplemental Ordinance are hereby ratified, approved, and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented.

Section 4.4. Provisions of Note Purchase Agreement. The terms and provisions of the 2015A Note as set forth in the Note Purchase Agreement shall control over any inconsistent provision of this Supplemental Ordinance.

Section 4.5. Effective Date of Ordinance. This Supplemental Ordinance shall take effect and be in force 10 days after its passage, approval, and publication as required by law.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form and legality:

Pacifica Law Group LLP
Bond Counsel

By _____



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 Council (herein called the
3 "Council"), DO HEREBY CERTIFY:
4

5 1. That the attached Ordinance No. ____ (herein called the "Ordinance") is
6 a true and correct copy of an Ordinance of the Council, as finally passed at a
7 regular meeting of the Council held on the ___ day of _____, 2019, and duly
8 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 passage 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 _____, 2019.
21

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