



SUPPLEMENTAL ORDINANCE NO. 28881

1 AN SUPPLEMENTAL ORDINANCE of the City of Tacoma, Washington, relating to
2 Tacoma Power; authorizing a second amendment to the Note Purchase
3 Agreement related to the City's Electric System Subordinate Revenue Note,
4 Series 2020 (Taxable); delegating the authority to approve the final terms of
5 the amendment; and approving certain other matters in connection therewith.

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 made covenants in connection with the issuance of such Senior Bonds,
14 and

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

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

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6 WHEREAS pursuant to the Master Subordinate Ordinance and Ordinance
7 No. 28669 adopted on May 5, 2020 (the “First Supplemental Ordinance”), the City,
8 acting through its Department of Public Utilities, Light Division (d/b/a “Tacoma
9 Power”) issued its Electric System Subordinate Revenue Note, Series 2020
10 (Taxable), to evidence a revolving line of credit in the principal amount of not to
11 exceed \$100,000,000 outstanding at any time (the “2020 Note”), and
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13 WHEREAS the 2020 Note was sold to and purchased by KeyBank National
14 Association (“Purchaser”) pursuant to the terms of the Note Purchase Agreement
15 dated May 21, 2020 (the “Original Note Purchase Agreement”), between the
16 Purchaser and the City, acting by and through its Public Utilities Board (the
17 “Board”), and
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19 WHEREAS pursuant to Ordinance No. 28772 adopted on August 3, 2021
20 (the “Second Supplemental Ordinance”) and the First Amendment to Note
21 Purchase Agreement dated September 16, 2021 (the “First Amendment” and
22 together with the Original Note Purchase Agreement, the “Amended Note
23 Purchase Agreement”), the City and the Purchaser agreed to reduce the available
24 principal amount of the 2020 Note to \$50,000,000, to extend the final maturity of
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1 the 2020 Note and to amend certain provisions of the Original Note Purchase
2 Agreement, as set forth therein, and

3 WHEREAS implementation of the 2020 Note and the Amended Note
4 Purchase Agreement has provided liquidity and financial sustainability and
5 increased Tacoma Power’s fiscal position, all of which are consistent with City
6 policy and fundamental to sound long range planning and government
7 performance, and

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9 WHEREAS the 2020 Note currently bears interest at a variable rate based
10 on the London Interbank Offered Rate (“LIBOR”), and

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12 WHEREAS LIBOR is scheduled to be discontinued as of June 30, 2023,
13 and

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15 WHEREAS in anticipation of the pending unavailability of LIBOR, the
16 Amended Note Purchase Agreement reflected certain terms related to alternate
17 benchmark rates, including the Secured Overnight Financing Rate (“SOFR”), and

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19 WHEREAS Tacoma Power has requested that the interest rate on the 2020
20 Note be converted to an index rate based on SOFR and the Board has initiated
21 and recommended to the City Council for its approval a second amendment to the
22 Amended Note Purchase Agreement (the “Second Amendment,” and the
23 Amended Note Purchase Agreement, and as it may be further amended, is
24 referred to as the “Note Purchase Agreement”) to reflect the terms, and

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WHEREAS the City Council now desires to authorize the execution of the Second Amendment and related documents subject to the terms and conditions set forth in this Supplemental Ordinance; Now, Therefore,

BE IT ORDAINED BY THE CITY OF TACOMA:

ARTICLE I

DEFINITIONS

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

ARTICLE II

PARITY AND OTHER FINDINGS

Section 2.1. Parity Findings. In connection with the 2020 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 2020 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, the Second Supplemental Ordinance, this Supplemental Ordinance and the Note Purchase Agreement.



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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 2020 Note 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 Operating Expenses, and the City has not bound and obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the Revenues than in the judgment of the City will be available over and above the Operating Expenses.

ARTICLE III
AUTHORIZATION

Section 3.1. Authorization.

A. The City Council has determined that it would be in the best interest of the City to delegate to the Director of Public Utilities and the Tacoma Power



1 Superintendent (each, a “Designated Representative”), for a limited time the
2 authority to approve the terms of the Second Amendment, as provided herein.

3 Subject to the terms and conditions set forth in this Section 3.1, each
4 Designated Representative is hereby authorized to approve the final terms of the
5 Second Amendment and to agree to any additional terms and covenants that are
6 in the best interest of the City and consistent with this Supplemental Ordinance,
7 provided that

9 (a) The available principal amount of the 2020 Note that may be
10 outstanding at any time remains not to exceed \$50,000,000;

12 (b) The final maturity of the 2020 Note remains no later than December 1,
13 2024; and

14 (c) The interest rate on draws on the line of credit represented by the
15 2020 Note does not exceed a variable rate equal to the Term SOFR Rate (as
16 defined in the Second Amendment) plus 54 basis points for funds used, and 20
17 basis points for funds not drawn under the Note Purchase Agreement, as such
18 terms may be adjusted under the Note Purchase Agreement; provided, that the
19 2020 Note may be subject to a standby letter of credit fee of not to exceed 125
20 basis points and an issuance fee of not to exceed \$200 for the portion, if any, of
21 the 2020 Note converted to a letter of credit in accordance with the Note Purchase
22 Agreement, and to a default rate upon the occurrence and continuation of an Event
23 of Default as provided for in the Note Purchase Agreement.
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Subject to the terms and conditions set forth in this Section 3.1, each Designated Representative is hereby authorized to approve the final terms and conditions of the Second Amendment in coordination with Bond Counsel, the Municipal Advisor and the City Attorney's Office, to agree to any additional terms and covenants that are in the best interest of the City and consistent with this Supplemental Ordinance, and to execute and implement the 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 such individual's execution thereof.

The authority granted to the Designated Representatives by this section shall expire on July 1, 2023. 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 unless such authority has been re-authorized by ordinance of the City Council at the request of the Board.

B. The terms of the 2020 Note shall otherwise be as set forth in the Note Purchase Agreement. The principal of and interest on the 2020 Note shall be due and payable at the rates, on the dates, and in the manner as set forth in 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. Upon the passage and approval of this Supplemental Ordinance, the proper officials of the City including the Designated Representatives, the Borrower Representatives, the Mayor, the City Treasurer, the Finance Director, the Assistant Finance Director/Controller and the City Clerk are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Second Amendment and further to execute all closing certificates, agreements, and other documents required to effect the delivery of the Second Amendment in accordance with the terms of this Supplemental Ordinance.

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

Section 4.3. Terms of 2020 Note Subject to the Master Subordinate Ordinance, as amended; 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 2020 Note with the same force and effect as if the same were herein set forth at length, with such omissions, variations and



1 modification as may be appropriate to make the same conform to this
2 Supplemental Ordinance.

3 In the event of any inconsistency between the terms and provisions
4 provided for in this Supplemental Ordinance and the Master Subordinate
5 Ordinance, the First Supplemental Ordinance and/or the Second Supplemental
6 Ordinance, the terms and provisions of this Supplemental Ordinance shall control.
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8 Except as supplemented and amended by this Supplemental Ordinance,
9 the Master Subordinate Ordinance, the First Supplemental Ordinance and the
10 Second Supplemental Ordinance are hereby ratified, approved and confirmed and
11 shall continue in full force and effect in accordance with the terms and provisions
12 thereof, as amended and supplemented.
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14 Section 4.4. Provisions of Note Purchase Agreement. The terms and
15 provisions of the 2020 Note as set forth in the Note Purchase Agreement shall
16 control over any inconsistent provision of this Supplemental Ordinance.
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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 _____



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CLERK'S CERTIFICATE

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

HEREBY CERTIFY:

1. That the attached is a true and correct copy of Supplemental Ordinance No. ____ (the "Ordinance") of the City, duly passed at a regular meeting of the City Council (the "Council") of the City held on _____, 2023.

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

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City as of this ____ day of _____, 2023.

City Clerk
City of Tacoma, Washington