



ORDINANCE NO. 28772

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

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

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

23 WHEREAS on April 21, 2015, the City Council passed Ordinance No. 28295
24 (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 known
2 as the City of Tacoma Electric System Subordinate Revenue Bonds (“Subordinate
3 Bonds”) in one or more series to finance costs of the Electric System, and

4 WHEREAS, pursuant to the Master Subordinate Ordinance and Ordinance
5 No. 28669, passed on May 5, 2020 (the “First Subordinate Ordinance”), the City,
6 acting through its Department of Public Utilities, Light Division (d.b.a. “Tacoma
7 Power”) issued its Electric System Subordinate Revenue Note, Series 2020
8 (Taxable), to evidence a revolving line of credit in the principal amount of not to
9 exceed \$100,000,000 outstanding at any time (the “2020 Note”), and
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11 WHEREAS the 2020 Note was sold to and purchased by KeyBank National
12 Association (“Purchaser”) by private sale pursuant to the terms of the Note
13 Purchase Agreement dated May 21, 2020 (the “Original Note Purchase
14 Agreement”), between the Purchaser and the City, acting by and through its Public
15 Utilities Board (the “Board”), and
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17 WHEREAS implementation of the 2020 Note and the Original Note
18 Purchase Agreement has provided liquidity and financial sustainability and
19 increased Tacoma Power’s fiscal position, all of which are consistent with City
20 policy and fundamental to sound long range planning and government
21 performance, and
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23 WHEREAS the Board has initiated and has recommended to the City
24 Council for its approval the extension of the expiration date of the 2020 Note, the
25 option to convert a portion of the line of credit represented by the 2020 Note to a
26 letter of credit, and the decrease of the available principal amount of the credit



1 facility in all forms to \$50,000,000 outstanding at any time, to provide liquidity
2 financing for the Electric System, and

3 WHEREAS, to extend the expiration date, provide such optional credit
4 facility, and decrease the available principal amount of the 2020 Note, Tacoma
5 Power has requested and the Purchaser has agreed to enter into an amendment
6 to the Original Note Purchase Agreement (the "First Amendment," and the Original
7 Note Purchase Agreement, and as it may be further amended, is referred to as the
8 "Note Purchase Agreement"), and

9
10 WHEREAS, pursuant to RCW 39.46.040 the City Council wishes to
11 delegate authority to the Director of Public Utilities and the Tacoma Power
12 Superintendent (each, a "Designated Representative"), as provided herein, for a
13 limited time, to approve terms of the First Amendment and provisions relating to
14 the 2020 Note within the parameters set by this Supplemental Ordinance, and

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

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20 BE IT ORDAINED BY THE CITY OF TACOMA:

21 ARTICLE I

22 DEFINITIONS

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



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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 First 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, and the Note Purchase Agreement.

C. On the effective date of the First 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 as decreased 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.
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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 and the Tacoma Power
11 Superintendent (the "Designated Representatives"), for a limited time the authority
12 to extend the term of the 2020 Note, to approve the terms relating to the option to
13 convert a portion of the revolving line of credit represented by the 2020 Note to a
14 letter of credit, to decrease the available principal amount of the 2020 Note, and to
15 approve the terms of the First Amendment, as provided herein.
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18 Subject to the terms and conditions set forth in this Section 3.1, each
19 Designated Representative is hereby authorized to approve the final term of the
20 2020 Note, to approve the terms relating to the option to convert a portion of the
21 line of credit represented by the 2020 Note to a letter of credit, to decrease the
22 available principal amount of the 2020 Note, to approve the final terms of the
23 First Amendment and to agree to any additional terms and covenants that are in
24 the best interest of the City and consistent with this Supplemental Ordinance,
25 provided that:
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1 (a) The available principal amount of the 2020 Note that may be outstanding
2 at any time does not exceed \$50,000,000 (reduced from \$100,000,000);

3 (b) The final maturity of the 2020 Note is no later than December 1, 2024;
4 and

5 (c) The interest rate on draws on the line of credit represented by the
6 2020 Note does not exceed a variable rate equal to the one-month LIBOR rate
7 (subject to one-month LIBOR being a minimum of 0 basis points) plus 50 basis
8 points for funds used, and 20 basis points for funds not drawn under the Note
9 Purchase Agreement, as such terms may be adjusted under the Note Purchase
10 Agreement; provided, that the 2020 Note may be subject to a standby letter of
11 credit fee of not to exceed 125 basis points and an issuance fee of not to exceed
12 \$200 for the portion, if any, of the 2020 Note converted to a letter of credit in
13 accordance with the Note Purchase Agreement, and to a default rate upon the
14 occurrence and continuation of an Event of Default as provided for in the Note
15 Purchase Agreement.
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19 Subject to the terms and conditions set forth in this Section 3.1, each
20 Designated Representative is hereby authorized to approve the final terms and
21 conditions of the First Amendment in coordination with Bond Counsel, the
22 Financial Advisor and the City Attorney's Office, to agree to any additional
23 terms and covenants that are in the best interest of the City and consistent with
24 this Supplemental Ordinance, and to execute and implement the First
25 Amendment (including the payment of any financing costs associated with the
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1 delivery of the First Amendment), and such approval shall be conclusively
2 evidenced by his or her execution thereof.

3 The authority granted to the Designated Representatives by this section
4 shall expire on December 31, 2021. If the First Amendment has not been
5 executed by such date, the authorization provided herein shall be rescinded,
6 and the First Amendment shall not be executed and the replacement 2020 Note
7 shall not be delivered to the Purchaser unless such authority has been re-
8 authorized by ordinance of the City Council at the request of the Board.

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10 B. The terms of the 2020 Note shall otherwise be as set forth in the Note
11 Purchase Agreement. The principal of and interest on the 2020 Note shall be due
12 and payable at the rates, on the dates, and in the manner as set forth in the Note
13 Purchase Agreement. The 2020 Note shall be subject to mandatory and optional
14 redemption and to mandatory tender for purchase prior to maturity on the dates
15 and at the prices as set forth in the Note Purchase Agreement. The City
16 Treasurer, or in the absence of the City Treasurer, the Finance Director, shall be
17 designated as the Paying Agent and Note Registrar for the 2020 Note in
18 accordance with the Master Subordinate Ordinance.

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20 C. The City Council hereby delegates to the Director of Utilities, the
21 Tacoma Power Superintendent, and the Tacoma Power Rates, Planning, and
22 Analysis Manager, or their designee (each, a "Borrower Representative") authority
23 to make written Requests for Advances, to submit Compliance Certificates, to
24 convert the form of the credit facility represented by the 2020 Note, to provide any
25 notice of reduction or termination of the 2020 Note, and to otherwise take all action
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1 necessary after delivery of the First Amendment to implement and administer the
2 2020 Note and the Note Purchase Agreement pursuant to the terms thereof. Each
3 Request for Advance and Compliance Certificate shall be signed by a Borrower
4 Representative and countersigned by the City Treasurer, the Finance Director, or
5 the Assistant Finance Director/Controller of the City.
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7 Section 3.2. Form of 2020 Note; Purchaser. The definitive replacement
8 2020 Note shall be in substantially the form set forth in Exhibit "A" attached to the
9 First Supplemental Ordinance and made a part hereof, with appropriate variations,
10 omissions, and insertions as shall be required or appropriate consistent with the
11 Master Subordinate Ordinance, the First Supplemental Ordinance, and this
12 Supplemental Ordinance to reflect the terms as provided herein.
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14 A replacement 2020 Note certificate reflecting the terms of the First
15 Amendment shall be delivered to the Purchaser pursuant to and in accordance
16 with the Note Purchase Agreement.
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18 ARTICLE IV

19 MISCELLANEOUS

20 Section 4.1. Ratification of Prior Acts. Any action taken consistent with the
21 authority and prior to the effective date of this Supplemental Ordinance is ratified,
22 approved, and confirmed.
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24 Section 4.2. General Authorization. Upon the passage and approval of this
25 Supplemental Ordinance, the proper officials of the City including the Designated
26 Representatives, the Borrower Representatives, the Mayor, the City Treasurer, the
Finance Director, the Assistant Finance Director/Controller and the City Clerk are



1 authorized and directed to undertake all action necessary for the prompt execution
2 and delivery of the replacement 2020 Note to the Purchaser and further to execute
3 all closing certificates, agreements, and other documents required to effect the
4 delivery of the amended 2020 Note in accordance with the terms of this
5 Supplemental Ordinance.
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7 Notwithstanding anything herein or in the Master Subordinate Ordinance to
8 the contrary, the signature of one authorized official, including, but not limited to,
9 the Designated Representatives and the Borrower Representatives, shall be
10 sufficient to bind the City.
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12 Section 4.3. Terms of 2020 Note Subject to the Master Subordinate
13 Ordinance and the First Supplemental Ordinance; Ratification. Except as
14 expressly provided herein, every term and condition contained in the Master
15 Subordinate Ordinance and the First Supplemental Ordinance shall apply to this
16 Supplemental Ordinance and the 2020 Note with the same force and effect as if
17 the same were herein set forth at length, with such omissions, variations and
18 modification as may be appropriate to make the same conform to this
19 Supplemental Ordinance.
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21 In the event of any inconsistency between the terms and provisions
22 provided for in this Supplemental Ordinance and the Master Subordinate
23 Ordinance and/or the First Supplemental Ordinance, the terms and provisions of
24 this Supplemental Ordinance shall control.
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26 Except as supplemented and amended by this Supplemental Ordinance,
the Master Subordinate Ordinance and the First Supplemental Ordinance are



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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 2020 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, City Clerk of the City of Tacoma, Washington, DO

2 HEREBY CERTIFY:

3 1. That the attached is a true and correct copy of Supplemental Ordinance
4 No. ____ (the "Ordinance") of the City, duly passed at a regular meeting of the City
5 Council (the "Council") of the City held on _____, 2021.

7 2. That said meeting was duly convened and held in all respects in
8 accordance with law, and to the extent required by law, including but not limited to
9 Washington State Governor Inslee's emergency proclamation No. 20-28 issued on
10 March 24, 2020, as amended and supplemented, suspending portions of the Open
11 Public Meetings Act (chapter 42.30 RCW), due and proper notice of such meeting
12 was given; that a legal quorum was present throughout the meeting and a legally
13 sufficient number of members of the Council voted in the proper manner for the
14 passage of said Ordinance; that all other requirements and proceedings incident to
15 the proper passage of said Ordinance have been fully fulfilled, carried out and
16 otherwise observed; and that I am authorized to execute this certificate.

19 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the
20 official seal of the City as of this ____ day of _____, 2021.

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23 _____
City Clerk
City of Tacoma, Washington

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