

APPROVED 4-8-15

MINUTES
 City of Tacoma
 Public Utility Board Meeting
 March 25, 2015
 6:30 p.m.

Mr. Flint called the Public Utility Board meeting to order at 6:30 p.m. at the Public Utilities Administration Building.

Present: David Nelson, Bryan Flint, Monique Trudnowski, Mark Patterson
Excused Woodrow Jones

The meeting was quorate.

Minutes of the Previous Meetings

Mr. Patterson moved that the minutes of the previous meetings be adopted; seconded by Mrs. Trudnowski. Voice vote was taken and carried. The minutes were declared adopted and made part of the record.

Recognitions

There were no recognitions.

Comments from the Public

There were no public comments.

Consent Agenda

There were no items on the consent agenda.

Regular Agenda

D-1 Resolution U-10762 – Award contracts and approve purchases:

1. Increase and extend contract to General Pacific, Inc., for supply of 15kV pad-mounted switchgear on an as needed basis (\$175,000; cumulative aggregate total \$368,167.05, plus sales tax).

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Ms. Cox provided clarification upon this item upon Board request.

Voice vote was taken and carried. The resolution was adopted.

D-2 Resolution U-10763 – Authorize execution of a Collective Bargaining Agreement between the City of Tacoma and the Sheet Metal, Air, Rail, and Transportation, Transportation Division.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Mike Brock, Labor Negotiator, outlined the provisions of the agreement.

Voice vote was taken and carried. The resolution was adopted.

D-3 Motion 15-04 – In accordance with Tacoma City Charter Article IV, Section 4.21, the Board confirm the appointment of Chris Robinson to serve as Tacoma Power Superintendent effective May 1, 2015.

Mr. Patterson moved to approve the motion; seconded by Mrs. Trudnowski.

Director Gaines described the recruitment and process utilized to make this appointment. Board Members made positive remarks and thanked outgoing Superintendent Coates for his service.

Voice vote was taken and carried. The motion was approved.

D-4 Resolution U-10764 – Authorize Tacoma Power to call outstanding \$122,135,000 Tacoma Power 2005B Bonds with cash and excess bond reserves.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Bill Berry, Rates, Planning, and Analysis Manager, addressed this and the following four finance resolutions. The approved 2015/2016 biennium budget and corresponding one-time three percent average system rate increase on April 1, 2015, was based on significant restructuring of Tacoma Power's outstanding debt as well as modifications of its financing practices and policies.

Having completed approval of the rate increase, Tacoma Power is requesting approval of its 2015 financing plan. The five components (as requested in Resolutions U-10764 through U-10768) are as follows:

1. (U-10764) Tacoma Power biennium budget contains the assumption that the 2005B bonds would be called on July 1, 2015. Due to a better than previously forecast financial performance in 2014, Tacoma Power will now use \$110,135M from the current fund at \$12M of excess bond reserve funds to call the outstanding bonds and not issue long-term bonds in 2015.
2. (U-10765) The new master subordinate ordinance will provide a consistent structure for the two bank agreements.
3. (U-10766) Implementation of a subordinate bond ordinance and accompanying short-term financing agreement with Wells Fargo will allow for more cost effective and efficient management of capital construction and development funds prior to issuing long-term bonds for capital projects.
4. (U-10767) Implementation of a subordinate bond ordinance and accompanying short-term liquidity agreement with Key Bank will allow Power to maintain a strong liquidity ratio in a cost efficient and economic manner.

5. (U-10768) A revised Tacoma Power electric rate and financial policy will accommodate the new short-term agreements and provide clarity to continue supporting strong financial metrics.

Voice vote was taken and carried. The resolution was adopted.

- D-5 Resolution U-10765 – Authorize Tacoma Power to implement a Master Subordinate Bond ordinance.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

In response to a Board request, Mr. Berry provided clarification to the definitions used in this resolution.

Voice vote was taken and carried. The resolution was adopted.

- D-6 Resolution U-10766 – Authorize Tacoma Power to execute a \$100 million short-term drawdown direct Note Purchase Agreement with Wells Fargo and corresponding supplemental bond ordinance.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

In response to a Board request, Mr. Berry described the selection process used in selecting the banks.

Voice vote was taken and carried. The resolution was adopted.

- D-7 Resolution U-10767 – Authorize Tacoma Power to execute up to a \$50 million short-term liquidity Note Purchase Agreement with Key Bank and corresponding supplemental bond ordinance.

Mr. Patterson moved to adopt the resolution; seconded by Mrs. Trudnowski.

Voice vote was taken and carried. The resolution was adopted.

- D-8 Resolution U-10768 – Authorize revisions to Tacoma Power's electrical rates and financial policy in accordance with the 2015 financing plan.

Mr. Flint moved to adopt the resolution; seconded by Mr. Patterson.

Board Members made positive remarks about the development of these five Power finance resolutions and expressed appreciation for the hard work.

Voice vote was taken and carried. The resolution was adopted.

H. Reports of the Director

Director Gaines voiced appreciation to the Board for supporting the Tacoma Power finance resolutions. Board Members made positive remarks about the Power financing resolutions and stated the actions will save Tacoma ratepayers approximately \$6.5 million dollars annually.

Director Gaines stated that the Board will receive monthly financial reports once the 2014 books have closed.

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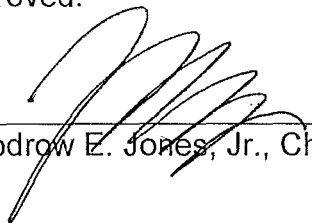
I. Comments by the Board


Mrs. Trudnowski stated that it is because of mandatory Federal regulations, not Click! policy, that Click! Cable TV customers do not have the option of selecting which stations to carry a la carte.

J. Adjournment

There being no further business or comments, the Public Utility Board was adjourned at 7:12 p.m. until Wednesday, April 8, 2015, for a study session beginning at 3:00 p.m., followed by the regular meeting at 6:30 p.m.

Approved:


Ed Woodrow E. Jones, Jr., Chair


Mark Patterson, Secretary