



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities, Tacoma Public Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Scott Dewhirst, Superintendent, Tacoma Water
MEETING DATE: July 12, 2023
DATE: June 30, 2023

STRATEGIC DIRECTIVE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Strategic Directives is supported by this action.

- | | |
|--|---|
| <input type="checkbox"/> SD1 – Equity & Inclusion | <input type="checkbox"/> SD8 – Telecom |
| <input checked="" type="checkbox"/> SD2 – Financial Sustainability | <input type="checkbox"/> SD9 – Economic Development |
| <input type="checkbox"/> SD3 – Rates | <input type="checkbox"/> SD10 – Government Relations |
| <input type="checkbox"/> SD4 – Stakeholder Engagement | <input type="checkbox"/> SD11 – Decarbonization/Electric Vehicles |
| <input type="checkbox"/> SD5 – Environmental Leadership | <input type="checkbox"/> SD12 – Employee Relations |
| <input type="checkbox"/> SD6 – Innovation | <input type="checkbox"/> SD13 – Customer Service |
| <input type="checkbox"/> SD7 – Reliability & Resiliency | <input type="checkbox"/> SD14 – Resource Planning |

SUMMARY: Tacoma Water requests approval to issue the 2023 Regional Water Supply System (RWSS) Revenue Refunding Bonds in an amount not to exceed \$40,850,000, in order to refund the 2013 Regional Water Supply System Revenue Refunding Bonds, and to amend the RWSS Repayment Agreement.

Due to the volatility of the current interest rate environment, Tacoma Water recommends the Board approve the resolution on July 12, 2023, in order to allow staff to act quickly when the market is favorable and maximize savings.

BACKGROUND: Tacoma Water is considering refunding the outstanding 2013 Regional System bonds callable on June 1, 2023. In addition, the existing RWSS Repayment Agreement will need to be amended as Covington has elected to payoff their portion of the bonds in lieu of participating in the refunding.

These bonds were issued to support the addition of the Second Supply Project, the Green River Filtration Facility, and other RWSS infrastructure projects. This refunding will provide savings, restructure debt service payments, and/or obtain more favorable bond covenants in the best interest of Tacoma Water and its ratepayers.

With assistance from Tacoma's Finance and Legal Departments, our municipal advisory firm, Montague DeRose and Associates, and bond counsel, Pacifica Law Group, we have prepared a bond ordinance for the Public Utility Board and City Council action (current request) that would authorize Tacoma Water to execute a refunding.

The bond ordinance clearly defines the parameters that are in effect for one year, including the delegation of authority to approve the final terms of the refunding.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED?

Debt service savings have not been budgeted due to the volatility of market conditions.



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ATTACHMENTS:

- Council Action Memorandum (CAM)
- City Council Ordinance
- TPU Board Resolution
- Repayment Agreement

CONTACT:

Primary Contact: Lyna Vo, Senior Economist

Supervisor's Name: Jodi Collins, Assistant Water Division Manager