



## ORDINANCE NO. 28509

1 AN ORDINANCE of the City of Tacoma, Washington, relating to Tacoma Power,  
2 approving a Supplemental Ordinance; authorizing the extension of the City's  
3 Electric System Subordinate Revenue Note, Series 2015A, in the principal  
4 amount of not to exceed \$100,000,000 and an amendment to the Note  
5 Purchase Agreement, to provide funds to finance or refinance costs of  
6 capital improvements to the Electric System; fixing certain terms and  
7 provisions thereof; and approving certain other matters in connection  
8 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

25  
26



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

WHEREAS, on April 21, 2015, the City Council passed Ordinance No. 28295 (“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 (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 (“Original Note Purchase Agreement”), between Wells Fargo and the City, acting by and through its Public Utilities Board (“Board”), and

WHEREAS, during the last three years, Tacoma Power successfully utilized the 2015A Note and the Original Note Purchase Agreement to finance approximately \$80 million of capital projects, which were recently refinanced on a long-term basis with proceeds of its Electric System Revenue Bonds, Series 2017, leaving a balance of approximately \$250,000 outstanding on the 2015A Note, and



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

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

WHEREAS the 2015A Note is scheduled to expire on May 11, 2018, unless such date is extended under the terms of the Original Note Purchase Agreement, and

WHEREAS the Board has initiated and has recommended to the City Council for its approval the extension of the expiration date of the 2015A Note until August 2020, to provide financing for capital projects of the Electric System, and

WHEREAS, to extend the expiration date and to make other revisions related to such extension, Wells Fargo has requested that Tacoma Power enter into an amendment to the Original Note Purchase Agreement (the "First Amendment," and the Original Note Purchase Agreement as amended by the First Amendment, and as it may be further amended from time to time, is referred to as the "Note Purchase Agreement"), and

WHEREAS the extension of the expiration date and the execution of the First Amendment will be treated (as of the date of the First Amendment) as a new issue for federal income tax purposes, and

WHEREAS the City Council now desires to authorize the extension of the expiration date of the 2015A Note and the execution of the First Amendment and related documents as provided herein; Now, Therefore,



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

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 and First Supplemental Ordinance.

ARTICLE II

PARITY AND OTHER FINDINGS

Section 2.1. Parity Findings. In connection with the extension of the 2015A 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 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 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



1 Electric System will be more than sufficient to meet all Operating Expenses, to  
2 make all required payments with respect to the Senior Bonds, and to permit the  
3 setting aside into the Bond Fund out of the Revenues of amounts sufficient to pay  
4 the principal of and interest on the 2015A Note as extended and when due at  
5 maturity and upon any mandatory sinking fund redemption thereof. The City  
6 further finds and determines that in creating the Bond Fund and in fixing the  
7 amounts to be paid into the Bond Fund, it has exercised due regard for Operating  
8 Expenses, and the City has not bound and obligated itself to set aside and pay into  
9 the Bond Fund a greater amount or proportion of the Revenues than in the  
10 judgment of the City will be available over and above the Operating Expenses.  
11  
12

### 13 ARTICLE III

### 14 AUTHORIZATION

#### 15 Section 3.1. Authorization of Extension of 2015A Note.

16 A. The City hereby authorizes the extension of and amendment to the  
17 2015A Note, pursuant to and in accordance with this Supplemental Ordinance and  
18 the First Amendment.  
19

20 B. The 2015A Note, as extended, shall be in the amount of not to exceed  
21 \$100,000,000 Outstanding at any time.  
22

23 C. The terms of the 2015A Note, as extended, shall otherwise be as set  
24 forth in the Note Purchase Agreement. The principal of and interest on the 2015A  
25 Note shall be due and payable at the rates, on the dates, and in the manner as set  
26 forth in the Note Purchase Agreement. The 2015A Note shall be subject to  
mandatory and optional redemption and to mandatory tender for purchase prior to



1 maturity on the dates and at the prices as set forth in the Note Purchase  
2 Agreement. The City Treasurer shall continue to be designated as the Paying  
3 Agent for the 2015A Note in accordance with the Master Subordinate Ordinance.

4           D. Advances drawn by the City under the 2015A Note shall be disbursed as  
5 provided in the First Supplemental Ordinance to pay costs of the 2015A Note  
6 Projects, as such projects may be supplemented and amended from time to time  
7 as provided in the First Supplemental Ordinance, to currently refund the  
8 outstanding balance on the 2015A Note, and to pay costs associated with the First  
9 Amendment and extension of the 2015A Note. The Plan of Additions, as  
10 supplemented and amended from time to time, is hereby confirmed.

11           Section 3.2. First Amendment to Original Note Purchase Agreement. The  
12           First Amendment to the Original Note Purchase Agreement, in the form presented  
13 at this meeting and on file with the City Clerk, is hereby approved. The Director of  
14 Public Utilities, or in the alternative, the Tacoma Power Superintendent, is hereby  
15 authorized to approve the final terms and conditions of the First Amendment in  
16 coordination with Bond Counsel, the Financial Advisor, and the City Attorney's  
17 Office, and to execute and implement the First Amendment (including the payment  
18 of any financing costs associated with the delivery of the First Amendment), and  
19 such approval shall be conclusively evidenced by his or her execution thereof.

20           Section 3.3. Form of 2015A Note; Purchaser. The definitive replacement  
21 2015A Note shall be in substantially the form set forth in Exhibit "A" attached to the  
22 First Supplemental Ordinance and made a part hereof, with appropriate variations,  
23 omissions, and insertions as shall be required or appropriate consistent with the  
24  
25  
26



1 Master Subordinate Ordinance, the First Supplemental Ordinance, and this  
2 Supplemental Ordinance to reflect the extension as provided herein.

3 A 2015A Note certificate reflecting the terms of the First Amendment shall  
4 be delivered to Wells Fargo, or its affiliate, pursuant to and in accordance with the  
5 Note Purchase Agreement. The City hereby authorizes the assignment and  
6 transfer of the 2015A Note to an affiliate of Wells Fargo, as provided in the First  
7 Amendment.  
8

9 ARTICLE IV

10 MISCELLANEOUS

11  
12 Section 4.1. Ratification of Prior Acts. Any action taken consistent with the  
13 authority and prior to the effective date of this Supplemental Ordinance is ratified,  
14 approved, and confirmed.

15 Section 4.2. General Authorization. The appropriate officers, agents, and  
16 employees of the City are authorized and directed to execute and deliver such  
17 documents, agreements, and certificates, including, but not limited to, a federal tax  
18 certificate setting forth the requirements of the Code for maintaining the tax  
19 exemption of interest on the 2015A Note, and to take such other actions, upon  
20 consultation with the City Attorney, as may be necessary or desirable and in the  
21 best interests of the City to effect the accomplishment of the extension of the  
22 2015A Note and execution and delivery of the First Amendment and to carry out  
23 the purposes and intents of this Supplemental Ordinance and the transactions  
24 contemplated thereby.  
25  
26



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

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 and the First 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.

Except as supplemented and amended by this Supplemental Ordinance, the Master Subordinate Ordinance and the First 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.





1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

Section 4.5. Effective Date of Ordinance. This Supplemental Ordinance shall take effect and be in force immediately 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 May, 2018, 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 May, 2018.  
21

22  
23 \_\_\_\_\_  
24 City Clerk  
25 City of Tacoma, Washington  
26