

CITY OF TACOMA, WASHINGTON
VOLUNTARY INFORMATION REGARDING
ANNOUNCED DEPARTURE OF MAJOR CUSTOMER
DATED __August 24, 2023

The City of Tacoma, Washington (the “City”) is filing this Voluntary Disclosure Notice (the “Notice”) regarding the announced departure of WestRock Company (“WestRock”), a large industrial business located within the City.

Nothing contained in this Notice is, or should be construed as, a representation by the City that this Notice comprises all of the information that may be material to a decision to invest in, hold, or dispose of any City bonds. This information is provided voluntarily by the City, without intention to provide any update to this information or its subject matter or to provide similar information in the future. Any obligation to do so is expressly disclaimed.

On August 1, 2023, Atlanta-based packaging manufacturer WestRock announced it will permanently cease operating its paper mill located in Tacoma, Washington, effective September 30, 2023. The Tacoma mill produces kraft and white top liner and bleached pulp for a combined annual capacity of 510,000 tons. WestRock has had operations in Tacoma for more than 90 years, and currently employs around 400 people.

The City is in the process of reviewing the financial impacts that the closure of this large industrial business may have on the revenue of its various departments, including Tacoma Public Utilities (specifically, the Water Division (“Tacoma Water”) and Light Division (“Tacoma Power”)) and the Department of Environmental Services (including the solid waste, wastewater and stormwater utilities), and on the City’s General Fund. The following summarizes the impacts, if any, anticipated at this time. While the full impact of the departure of WestRock on the City and its various departments is currently uncertain, the situation will continue to be monitored.

- WestRock is among Tacoma Public Utilities’ largest industrial customers, using approximately \$25 million worth of power and water each year.
 - WestRock’s announced departure is expected to decrease the overall revenues of Tacoma Water. Tacoma Water provided approximately \$7.5 million in water to WestRock in 2022, and WestRock provided approximately 7.3 percent of Tacoma Water’s total water sales revenue for 2022.
 - Tacoma Water anticipates it will need to raise rates to compensate for the loss of the expected revenue from WestRock. Any such rate increase must be initiated by the Tacoma Public Utility Board and approved by the Tacoma City Council, and is preliminary and subject to change. Tacoma Water is analyzing both the near and longer term impacts and will seek to minimize the effect of any related rate increases to customers, including increased marketing of its water supply to the wholesale market.
 - WestRock’s announced departure will also affect Tacoma Power’s revenue, however, the effect on net revenue (revenue less associated expenses) is being examined and is not expected to be as significant as that of Tacoma Water. Tacoma Power provided approximately \$17 million in electricity to WestRock in 2022. Although the dollar amount of the impact of the loss of this customer is larger for Tacoma Power, the overall financial impact to Tacoma Power is expected to be less

than that of Tacoma Water due to the potential decrease in associated expenses.

- Tacoma Power will continue to analyze the estimated rate impact for electric customers, if any, as a result of Westrock's announced departure.
- WestRock receives its solid waste, wastewater and stormwater services through the City's Department of Environmental Services. WestRock's announced departure is not, however, expected to significantly impact the Department of Environmental Services' revenue for its utilities. WestRock's announced departure is not currently anticipated to affect rates for the Department of Environmental Services' customers.
- WestRock's announced departure also is not anticipated to substantially impact the City's overall General Fund revenues as a result of Tacoma Public Utilities' anticipated lower-than-budgeted utility tax remittance stemming from the departure.

WestRock is expected to continue to use services from Tacoma Public Utilities and the Department of Environmental Services while the plant ramps down toward full closure. The City, including Tacoma Public Utilities and the Department of Environmental Services, manages its finances to mitigate unanticipated revenue losses while minimizing impacts on its customers and maintaining the reliability of its systems.

Cautionary Notes

The information in this Notice speaks only as of its date, and includes "forward-looking statements." Actual results may differ materially. Furthermore, the City expects these estimates and assumptions to change, including as actual revenue data is received and dependent on shifting variables such as the net impact of decreasing revenues and decreasing expenses for certain utilities and other factors.

The information in this voluntary disclosure notice has been obtained from the City and other sources that are considered reliable. Any statement in this notice that includes a matter of opinion, whether or not expressly so stated, is intended as such, and not as a representation of fact. The information contained in this notice is provided as of the respective dates specified herein and is subject to change without notice, and the filing of this notice shall not, under any circumstances, create any implication that there has been no change in the affairs of the City or in the other matters described herein since the dates as of which such information is provided.

This notice contains forecasts, projections, estimates and other forward-looking statements that are based on current expectations. The words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. Any such forward-looking statements inherently are subject to a variety of risks and uncertainties that could cause actual results or performance to differ materially from those that have been forecast, estimated or projected. Such risks and uncertainties include, among others, changes in regional, domestic and international political, social and economic conditions, federal, state and local statutory and regulatory initiatives, litigation, technological change, seismic events, and various other events, conditions and circumstances, many of which are beyond the control of the City.

The City expressly disclaims any obligation or undertaking to release publicly any updates or revisions to this notice, including any forward-looking statement contained herein to reflect any changes in the City's expectations with regard thereto or any change in events, conditions, or circumstances on which

any such statement is based.

The publication of this information does not constitute or imply any representation (i) that any or all of the foregoing is material to investors, (ii) regarding any other financial, operating, or other information about the City or its bonds, or (iii) that no other circumstances or events have occurred or that no other information exists concerning the City or its bonds that may have a bearing on the financial condition of the City, the security for its bonds, or an investor's decision to buy, sell, or hold any bonds. The provision of this information to EMMA is not intended as an offer to sell any security.