

Proposed Financing Transactions

\$150 Million Series 2021 Bonds
\$150 Million Note Purchase Agreement
\$50 Million Liquidity Agreement

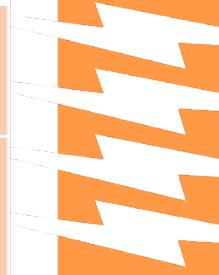
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Rates, Planning, and Analysis Manager
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Series 2021 Bonds

- Issue up to \$150 million Tacoma Power Electric System Revenue Bonds, Series 2021, to pay down current Wells Fargo Note Purchase Agreement (NPA)
- Plan to issue all, or a portion, of the 2021 Bonds as “Green Bonds”
- Potential Refunding Bond Issue up to \$155 million to refund the outstanding Tacoma Power 2013A and 2013B Bonds
- Enact a “**Springing Amendment**” to align Master Ordinance language with operational processes

	Current Language	Proposed Language
Rate-setting	Requires rates be set to meet financial metrics based on actual results	Reflect current practices based on forecasts of revenues and expenses
Amortization of principal Balloon payments	None. Tacoma Power only collects the large debt service the year prior to the due date	Tacoma Power can determine if a bond has a balloon payment structure and spread that debt service over the years prior to the due date



\$150 million Note Purchase Agreement

Wells Fargo Note Purchase Agreement Terms

Commitment Amount	\$150,000,000
General Purpose	Interim Financing of Capital Projects
Term	October 2024 + Extensions as Negotiated
Upfront Fee	None
Undrawn Fee	0.17 bps = .0017 x amount not drawn
Interest Rate	SIFMA Index + 35 bps as of 6/16/2021 = .03 + .35 = 0.38
Downgrade Pricing	+.05 bps on unutilized and utilized fee per downgrade below current ratings
Repayment	Anytime
Minimum Draw Amount	\$5,000,000
Est. Issuance Costs	\$160,000

- *Wells Fargo's response to our RFP provided the best pricing (lower all-in cost by 30 percent) compared to the nearest competitor*
- *We estimate the current NPA has saved about \$26 million from 2015 through 2020 by postponing long-term bond issues*



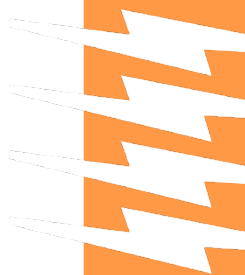
KeyBank Liquidity Agreement



- In May 2020, Tacoma Power entered into a taxable 2-year general liquidity \$100 million line of credit with KeyBank in 2020 in response to pandemic uncertainty
- We propose reducing the the commitment amount from \$100 million to \$50 million and extending the term to 2024

- Tacoma Power’s liquidity is stable and the market terms have improved
- *We estimate saving \$185,000 in fees from September 2021 through May 2022 by amending the terms*

	Current Keybank NPA (taxable)	Amended Keybank NPA (taxable)
Expiration Date	May 2022	December 2024
Commitment Amount	\$100M	\$50M
Rate on Drawn Amount	1M LIBOR + 1.75% x amount drawn	1M LIBOR + .50% x amount drawn
Unutilized Fee	.35% x amount not drawn	.20% x amount not drawn
LIBOR Floor	.50%	0%
Letter of Credit Fee	n/a	1.25% annual



Delegation Parameters



Bond Issue

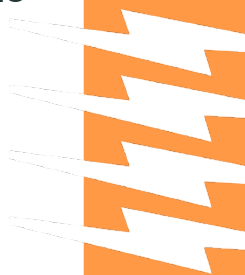
- Bonds may be issued in one or more series between now and December 31, 2021
- All Bonds issued under the ordinance cannot exceed a total of \$320 million
- The final maturity date for all Bonds cannot be later than January 1, 2051
- The true interest cost for all Bonds cannot exceed 4%
- If Bonds are issued to refund the 2013 Bonds, a minimum savings of 3% must be met
- Bonds may be sold as “Green Bonds”

Wells Fargo Short-term Financing

- Principal shall not exceed \$150 million outstanding at any time
- The final maturity must be no later than 3 years from issuance
- The interest rate is variable, based on Securities Industry and Financial Markets Association (SIFMA) rate, and is subject to a default rate and/or a taxable rate upon the occurrence and continuation of an Event of Default or Determination of Taxability
- The Note must be issued and the Note Purchase Agreement must be signed by December 31, 2021

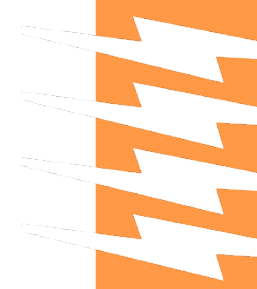
KeyBank Short-term Financing

- Principal outstanding at any time cannot exceed \$50 million (reduced from \$100 million)
- Credit facility, at the option of Tacoma Power, may convert a portion to a letter of credit.
- The final maturity of the credit facility must be no later than December 1, 2024 (same as current agreement)
- The interest rate is variable, based on the London Interbank Offered Rate (LIBOR), can be converted to the Secured Overnight Financing Rate (SOFR), and is subject to a default rate upon the occurrence and continuation of an Event of Default
- The amendment to the Note Purchase Agreement must be signed by December 31, 2021



Current Schedule

- 6/30** Public Utility Board Study Session
- 7/14** Public Utility Board – Consideration of Bond Resolutions
- 7/20** Government Performance & Finance Committee (GPFC)
- 7/27** City Council Meeting – 1st Reading
- 8/3** City Council Meeting – 2nd Reading
- 8/12** Ratings Received
- 8/24** Price Bonds and Sign Bond Purchase Agreement
- 9/8** Closing of 2021 Bonds
- 10/1** Closing of Note Purchase Agreements



Thank You

