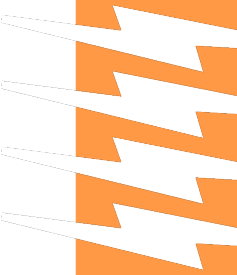


Tacoma Power

2023 KeyBank Amendment Request



The need for KeyBank short-term financing facility

KeyBank Note Purchase Agreement

KeyBank agreement provides financial flexibility.

It can be either a:

- revolving line of credit for general operational purposes, or
- letter of credit for collateral purposes

Tacoma Power anticipates primarily using the KeyBank agreement as a letter of credit to enable financial hedging in the wholesale power market

Benefits

- Preserves financial flexibility
- Low financing costs



Terms of KeyBank NPA amendment

- A taxable \$50 million short-term line of credit which may be converted to letters of credit with an aggregate amount not to exceed \$25 million.
- The interest rate is variable, and based on the London Interbank Offered Rate (LIBOR) index which is expiring on June 30, 2023.
- Propose to amend the interest rate index to the Secured Overnight Financing Rate (SOFR) and adjust the rate to match the average differential between LIBOR and SOFR over last 12 months.

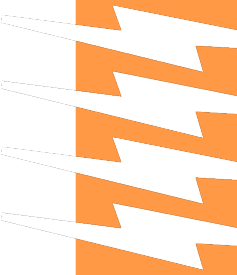
- *Tacoma Power entered into this agreement in 2020 when pricing was low.*
- *KeyBank is offering equivalent low pricing with the replacement SOFR index.*
- *We may need to use this credit facility as collateral for financial hedging in the future.*

	Current KeyBank NPA	Amended KeyBank NPA
Expiration Date	December 1, 2024	Same
Commitment Amount	\$50M	Same
Rate on Drawn Amount	1M LIBOR + .50% x amount drawn	1M SOFR + .54% x amount drawn
Unutilized Fee	.20% x amount not drawn	Same
Letter of Credit Fee	1.25% annual	same

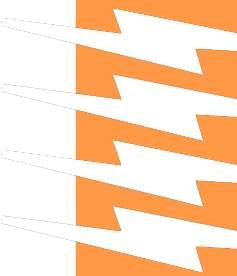
2023 KeyBank NPA Amendment Schedule

KeyBank amendment request

April	12th	Board Study Session
	18th	Government Performance & Finance Committee (GPFC)
	26th	Board approval
May	9th	City Council first reading
	16th	City Council second reading



Appendix



Background of KeyBank Note Purchase Agreement

KeyBank Note Purchase Agreement

This Note can be either a revolving line of credit for general operational purposes or alternatively, can be a letters of credit used as collateral for wholesale trades.

- 2014** Solicited proposals for short-term funding products and selected KeyBank as the lowest cost and most flexible option for general liquidity until it agreement expired in 2017.
- 2020** KeyBank agreed to reestablish a \$100 million line of credit to assist with Tacoma Power's potential need for liquidity during the Pandemic.
- 2021** Amended the KeyBank NPA to reduce the commitment amount from \$100 million to \$50 million and permit conversion to a letters of credit.

Example: Forward Hedging using Physical and Financial Products

