



ORDINANCE NO. 28445

1 AN ORDINANCE of the City of Tacoma, Washington, recommending the
2 defeasance of certain outstanding Electric System Revenue Bonds,
3 2013 Series A.

4 WHEREAS the City of Tacoma (the "City"), by Ordinance No. 28146
5 passed on April 30, 2013, (the "2013 Bond Ordinance"), issued for the benefit of
6 its Department of Public Utilities, Light Division (d.b.a. "Tacoma Power")
7 \$181,610,000 principal amount of Electric System Revenue Bonds, 2013
8 Series A (the "2013A Bonds"), of which \$151,460,000 is currently outstanding,
9 and

10 WHEREAS Section 7.1 of Ordinance No. 28146 provides that the City
11 may use money available from any lawful source to pay the principal of and
12 interest on the 2013A Bonds, as the same shall become due and payable, and to
13 defease the 2013A Bonds, and

14 WHEREAS, pursuant to Section 4.11 of the Tacoma City Charter, all
15 matters relating to the incurring of indebtedness and the issuance of bonds shall
16 be initiated by the Public Utility Board and approved by the City Council, and

17 WHEREAS the Public Utility Board has determined that it is in the best
18 interest of the customers of Tacoma Power and the citizens of the City of
19 Tacoma to use up to \$28 million of available cash to defease certain of the
20 outstanding 2013A Bonds; Now, Therefore,

21 BE IT ORDAINED BY THE CITY OF TACOMA:

22 Section 1. Provision for Defeasance. That the City shall provide for the
23 payment of the principal of and interest on certain of the outstanding 2013A
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1 Bonds (collectively, the “Defeased Bonds”), by the application of electric
2 revenues to acquire direct obligations of, or obligations the principal of and
3 interest on which are unconditionally guaranteed by the United States
4 Government (“Government Obligations”), and to pay all costs incurred in
5 establishing and implementing the plan of defeasance provided for by this
6 Ordinance.

7 The City Council hereby irrevocably calls for redemption of the Defeased
8 Bonds in accordance with the provisions of Section 7.1 of Ordinance No. 28146,
9 authorizing the redemption of up to \$28 million of the Defeased Bonds prior to
10 their maturities.

12 Section 2. Defeasance Fund and Appropriation of Money. The City
13 Council hereby creates a special fund for the Defeased Bonds to be known as
14 the “Electric System Revenue Bonds, 2013A Defeasance Fund” (the
15 “Defeasance Fund”). The Defeasance Fund shall be used solely for the purpose
16 of paying the principal of, interest on, and redemption price of the Defeased
17 Bonds. The Government Obligations and the cash deposited with the
18 Defeasance Agent shall be sufficient to provide money to pay the principal of,
19 interest on, and redemption price of the Defeased Bonds as the same shall
20 become due.
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23 The defeasance and call for redemption of the Defeased Bonds shall be
24 irrevocable after the establishment and funding of the Defeasance Fund and
25 delivery of the Government Obligations to the Defeasance Agent, except as
26 provided in the Defeasance Agreement relating to the substitution of securities.



1 Section 3. Defeasance Agent and Agreement. The Director of Finance,
2 or official acting in such capacity, is hereby authorized to appoint a bank or trust
3 company to serve as Defeasance Agent for the Defeased Bonds. The
4 Defeasance Agent is hereby authorized and directed to pay to the paying agents
5 for the Defeased Bonds sums sufficient to pay, when due, the principal of,
6 interest on, and redemption price of the Defeased Bonds. All such sums shall be
7 paid from the money and Government Obligations deposited with the
8 Defeasance Agent and the income therefrom and proceeds thereof. All such
9 sums so paid shall be credited to the Defeasance Fund. All money and
10 securities deposited with the Defeasance Agent and any income therefrom shall
11 be held, invested and applied in accordance with the provisions of this Ordinance
12 and the laws of the State of Washington for the benefit of the City and owners of
13 the Defeased Bonds.
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15 In accordance with the provisions of the Bond Ordinance, no further
16 payments shall be made into the Bond Fund securing the Defeased Bonds.
17 Such Defeased Bonds shall cease to be entitled to any lien, benefit or security of
18 the Bond Ordinance, except the right to receive payment from the Defeasance
19 Fund, and such bonds shall no longer be deemed to be outstanding.
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21 The Director of Finance of the City, or official acting in such capacity, is
22 authorized to enter into an agreement with the Defeasance Agent providing for
23 the irrevocable deposit of Government Obligations and cash for the purposes
24 described in this Ordinance and setting forth the duties, obligations and
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responsibilities of the Defeasance Agent in connection with the payment of the principal of and interest on the Defeased Bonds as provided herein.

Section 4. Verification Agent. The Director of Finance, or official acting in such capacity, is hereby authorized to appoint a verification agent in connection with this defeasance.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:

City Attorney

Requested by Public Utility Board
Resolution No. U-10938