



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Teresa Sedmak, City Treasurer  
Andy Cherullo, Finance Director  
**COPY:** City Council and City Clerk  
**SUBJECT:** A resolution authorizing the defeasance and redemption of certain sewer revenue bonds of the City and certain matters related thereto  
**DATE:** October 15, 2018

**SUMMARY:**

This resolution (the “Resolution”) authorizes the defeasance and/or redemption of the City’s Sewer Revenue and Refunding Bonds, Series 2006 and its Sewer Revenue Refunding Bonds Series 2011 (the “2006 and 2011 Bonds”) prior to their scheduled maturity dates, from available cash balances.

It is recommended that City Council approve the Resolution, which delegates authority to the City’s Finance Director and Treasurer, or his or her designee, to affect the defeasance and/or redemption of the 2006 and 2011 Bonds prior to their scheduled maturity dates.

**STRATEGIC POLICY PRIORITY:**

The defeasance and/or redemption of the 2006 and 2011 Bonds will further the following City policy priorities:

- Strengthen and support a safe city with healthy residents.
- Ensure all Tacoma residents are valued and have access to resources to meet their needs.
- Assure outstanding stewardship of the natural and built environment.
- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

**BACKGROUND:**

The 2006 and 2011 Bonds were issued to finance capital improvements to the City’s wastewater and surface water programs (together, the “System”), to refund certain outstanding bonds and to provide for costs of issuance. The cumulative outstanding principal amount of the 2006 and 2011 Bonds is \$34.320 million.

The System has available cash sufficient to redeem or defease the 2006 and 2011 Bonds.

**ISSUE:**

**Delegation:** The Resolution delegates authority to the Finance Director and the City Treasurer, or their designee, to redeem the 2006 Bonds and to defease the 2011 Bonds.

**ALTERNATIVES:**

1. The City could approve the Resolution, authorizing the defeasance of certain sewer revenue bonds of the City.
2. The City could choose not to approve the Resolution.
3. The City could propose modifications to the Resolution for consideration at a later date.



**RECOMMENDATION:**

It is recommended that the City approve the Resolution allowing for the defeasance of the outstanding 2006 and 2011 Bonds.

**FISCAL IMPACT:**

The defeasance of the 2006 and 2011 Bonds will be affected through available revenues of the System.

**EXPENDITURES:**

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Wastewater DS Fund 4300-06DS	528014	Principal & Interest Expense	7,390,305*
Surface Water DS Fund 4301-11DS	529853	Principal & Interest Expense	29,550,560*
<b>TOTAL</b>			<b>36,940,865*</b>

\* Approximate. Subject to market interest rates.

**REVENUES:**

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Wastewater DS Fund 4300-06DS	Various	4300000 (Cash)	7,390,305*
Surface Water DS Fund 4301-11DS	Various	4300000 (Cash)	29,550,560*
<b>TOTAL</b>			<b>36,940,865*</b>

\* Approximate. Subject to market interest rates.

**FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: \$36,940,865**

**ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No**

**IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.**

The utilities have sufficient cash in reserves to pay the outstanding debt for the 2006 and 2011 bonds. Request for appropriation authority to spend the cash will be included as part of the 2017-2018 Biennium-End Modification.