



RESOLUTION NO. U-10938

1 A RESOLUTION of the City of Tacoma, Washington, recommending the
2 defeasance of certain outstanding Electric System Revenue Bonds, 2013
3 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
13 to defease the 2013A Bonds, and
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15 WHEREAS the Board has determined that it is in the best interest of the
16 customers of Tacoma Power and the citizens of the City of Tacoma to use
17 available cash to defease certain of the outstanding 2013A Bonds; Now,
18 Therefore,

19 BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:
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21 Section 1. Provision for Defeasance. The City shall provide for the
22 payment of the principal of and interest on certain of the outstanding 2013A
23 Bonds (collectively, the "Defeased Bonds"), by the application of electric
24 revenues to acquire direct obligations of, or obligations the principal of and
25 interest on which are unconditionally guaranteed by the United States
26 Government ("Government Obligations"), and to pay all costs incurred in



1 establishing and implementing the plan of defeasance provided for by this
2 Resolution.

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4 The Board recommends the City Council hereby irrevocably call for
5 redemption of the Defeased Bonds in accordance with the provisions of
6 Section 7.1 of Ordinance No. 28146, authorizing the redemption of the
7 Defeased Bonds prior to their maturities.

8 Section 2. Defeasance Fund and Appropriation of Money. The Board
9 recommends that the City Council create a special fund for the Defeased Bonds
10 to be known as the "Electric System Revenue Bonds, 2013A Defeasance Fund"
11 (the "Defeasance Fund"). The Defeasance Fund shall be used solely for the
12 purpose of paying the principal of, interest on, and redemption price of the
13 Defeased Bonds. The Government Obligations and the cash deposited with the
14 Defeasance Agent shall be sufficient to provide money to pay the principal of,
15 interest on, and redemption price of the Defeased Bonds as the same shall
16 become due.
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19 The defeasance and call for redemption of the Defeased Bonds shall be
20 irrevocable after the establishment and funding of the Defeasance Fund and
21 delivery of the Government Obligations to the Defeasance Agent, except as
22 provided in the Defeasance Agreement relating to the substitution of securities.

23 Section 3. Defeasance Agent and Agreement. The Director of Finance,
24 or official acting in such capacity, is hereby authorized to appoint a bank or trust
25 company to serve as Defeasance Agent for the Defeased Bonds. The
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Defeasance Agent is hereby authorized and directed to pay to the paying agents for the Defeased Bonds sums sufficient to pay, when due, the principal of, interest on, and redemption price of the Defeased Bonds. All such sums shall be paid from the money and Government Obligations deposited with the Defeasance Agent and the income therefrom and proceeds thereof. All such sums so paid shall be credited to the Defeasance Fund. All money and securities deposited with the Defeasance Agent and any income therefrom shall be held, invested and applied in accordance with the provisions of this resolution and the laws of the State of Washington for the benefit of the City and owners of the Defeased Bonds.

In accordance with the provisions of the Bond Ordinance, no further payments shall be made into the Bond Fund securing the Defeased Bonds. Such Defeased Bonds shall cease to be entitled to any lien, benefit or security of the Bond Ordinance, except the right to receive payment from the Defeasance Fund, and such bonds shall no longer be deemed to be outstanding.

The Director of Finance of the City, or official acting in such capacity, is authorized to enter into an agreement with the Defeasance Agent providing for the irrevocable deposit of Government Obligations and cash for the purposes described in this Resolution and setting forth the duties, obligations and responsibilities of the Defeasance Agent in connection with the payment of the principal of and interest on the Defeased Bonds as provided herein.



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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.

Approved as to form and legality:

Minji W. [Signature]
Chief Deputy City Attorney

Chair

Secretary

Clerk

Adopted _____