



ORDINANCE NO. 28290

1 AN ORDINANCE relating to the water system of the City of Tacoma; providing
2 for the sale and issuance of water system revenue bonds in the aggregate
3 principal amount of not to exceed \$30,600,000 to provide funds to refund
4 and defease all or a portion of the Water System Revenue and Refunding
5 Bonds, 2005, fixing or setting parameters with respect to certain terms of
6 the bonds, and appointing the City’s designated representative to approve
7 the final terms of the sale of the bonds.

8 WHEREAS the City of Tacoma, acting by and through the Department of
9 Public Utilities (the “City”), owns and operates a water system (the “Water
10 System”) for which capital improvements and other expenses may be financed
11 through the issuance of water revenue bonds, and

12 WHEREAS, pursuant to Ordinance No. 27405, the City issued its
13 \$46,550,000 Water System Revenue and Refunding Bonds, 2005 (the
14 “2005 Bonds”), and

15 WHEREAS, pursuant to Ordinance No. 27837, the City issued its
16 \$76,775,000 Water System Revenue Bonds, 2009 (Taxable Build America
17 Bonds - Direct Payment) (the “2009 Bonds”), and

18 WHEREAS, pursuant to Ordinance No. 27902, the City issued its
19 \$29,100,000 Water System Revenue Refunding Bonds, 2010A (the
20 “2010A Bonds”) and its \$74,985,000 Water System Revenue Bonds, 2010B
21 (Taxable Build America Bonds – Direct Payment) (the “2010B Bonds,” and
22 collectively with the 2010A Bonds, the “2010 Bonds”), and
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1 WHEREAS, pursuant to Ordinance No. 28138, the City issued its
2 \$78,305,000 Water System Revenue and Refunding Bonds, 2013 (the
3 "2013 Bonds," and collectively with the outstanding 2005 Bonds, 2009 Bonds,
4 2010 Bonds and 2013 Bonds, the "Outstanding Parity Bonds"), and

5 WHEREAS, pursuant to the ordinances authorizing the Outstanding Parity
6 Bonds (collectively, the "Parity Bond Authorizing Ordinances"), the City is
7 authorized to issue water system revenue bonds for purposes of the Water System
8 with a lien and charge on net revenue of the Water System equal to the lien and
9 charge thereon of the Outstanding Parity Bonds, if specified conditions are met and
10 complied with at the time of the issuance of those bonds, and

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12 WHEREAS the 2005 Bonds maturing in the years 2015 through 2025,
13 inclusive (the "Refunding Candidates"), may be paid (in the case of the 2005 Bonds
14 maturing in 2015), or called for redemption in advance of their scheduled maturity
15 on or after December 1, 2015, in whole or in part on any date at 100 percent of the
16 principal amount thereon plus accrued interest to the date of redemption, and

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18 WHEREAS the Public Utility Board (the "Board") has initiated and has
19 recommended to the City Council for its approval the issuance of water revenue
20 bonds in one or more Series (the "2015 Bonds"), together with other available
21 money, to refund or defease all or a portion of the Refunding Candidates and to pay
22 costs of issuance, and

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24 WHEREAS the City has determined that it is in the best interests of the City
25 and its ratepayers to issue the 2015 Bonds, together with other available money, to
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1 refund or defease all or a portion of the Refunding Candidates to and pay the costs
2 of issuance and sale of the 2015 Bonds; Now, Therefore,

3 BE IT ORDAINED BY THE CITY OF TACOMA:

4 Section 1. Definitions. Capitalized terms used but not otherwise defined
5 herein shall have the meanings set forth in Ordinance No. 28138. In addition, as
6 used in this Ordinance, the following words shall have the following meanings:

7 (a) "Construction Fund" means the "2015 Water Division Construction
8 Fund" created by this Ordinance.

9 (b) "Designated Representative" means the officer of the City
10 appointed in Section 4 to serve as the City's representative in connection with the
11 issuance and sale of the 2015 Bonds.

12 (c) "Escrow Agent" means the escrow agent or any successor escrow
13 agent appointed pursuant to this Ordinance to carry out the Refunding Plan.

14 (d) "Escrow Agreement" means the Escrow Agreement between the
15 City and the Escrow Agent executed pursuant to Section 8.

16 (e) "Final Terms" means the final terms of the 2015 Bonds as
17 established pursuant to Section 5.

18 (f) "Issue Date" means, with respect to any Series of 2015 Bonds, the
19 date of initial issuance and delivery of such Series to the purchaser in exchange for
20 the purchase price thereof.

21 (g) "Plan of Refunding" means the deposit of proceeds of the
22 2015 Bonds and other available money of the City with the Escrow Agent which will
23 be sufficient, together with any investment earnings therefrom, to pay the principal
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1 of and interest on the Refunded Bonds when due up to and including December 1,
2 2015, and to pay or redeem on such date the Refunded Bonds then outstanding,
3 and the payment of costs associated therewith.

4 (h) "Refunded Bonds" means the Refunding Candidates specified by
5 the Designated Representative pursuant to Section 5.

6 Section 2. Parity and Other Findings.

7 (a) Parity Findings. In connection with the issuance of the
8 2015 Bonds on a parity of lien with the Outstanding Parity Bonds, the City hereby
9 makes the following findings, covenants and agreements:
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11 (1) There is, and as of the date of the issuance of the
12 2015 Bonds there will be, no deficiency in the Bond Fund, and no Event of Default,
13 as defined in Ordinance Nos. 27405, 27837, 27902 or 28138, has occurred or shall
14 have occurred and will be continuing.

15 (2) All assessments and interest thereon that may be levied in
16 any utility local improvement district created by the City for the purpose of paying, in
17 whole or in part, the principal of and interest on the 2015 Bonds, shall be paid
18 directly into the Bond Fund, except for any prepaid assessments permitted by law
19 to be paid into a construction fund or account.
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21 (3) The principal of and interest on the 2015 Bonds shall be
22 payable out of the Bond Fund as provided in and required by the Parity Bond
23 Authorizing Ordinances.
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25 (4) Amounts shall be paid into the Bond Fund to meet
26 mandatory sinking fund redemption requirements prior to maturity applicable to any



1 Term Bonds to be issued and for regular payments of the principal of such Term
2 Bonds at maturity.

3 (5) There shall be deposited into the Reserve Account: (1) an
4 amount, if any, from 2015 Bond proceeds or other available moneys; or (2) Reserve
5 Insurance, in each case in a total amount necessary to fund the Reserve
6 Requirement upon the issuance of the 2015 Bonds.

7 (6) On the date of issuance of the 2015 Bonds, there will be on
8 file with the City a certificate of the Finance Director demonstrating that during any
9 12 consecutive calendar months out of the immediately preceding 24 calendar
10 months Net Revenue was at least equal to 1.25 times the projected Maximum
11 Annual Debt Service for all Outstanding Parity Bonds plus the 2015 Bonds
12 (excluding therefrom debt service on the Refunded Bonds).

13 (b) Finding as to Sufficiency of Gross Revenue. The City hereby
14 finds and determines that the Gross Revenue of the Water System at the rates to
15 be charged for water and other services and commodities from the Water System
16 will be more than sufficient to meet all Operation and Maintenance Expenses and to
17 permit the setting aside into the Bond Fund out of the Gross Revenue of amounts
18 sufficient to pay the principal of and interest on the Parity Bonds, including the
19 2015 Bonds, when due at maturity and upon any mandatory sinking fund
20 redemption thereof. The City further finds and determines that in creating the Bond
21 Fund and in fixing the amounts to be paid into the Bond Fund, it has exercised due
22 regard for Operation and Maintenance Expenses, and the City has not bound and
23 obligated itself to set aside and pay into the Bond Fund a greater amount or
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1 proportion of the Gross Revenue than in the judgment of the City will be available
2 over and above the Operation and Maintenance Expenses.

3 Section 3. Authorization and Description of 2015 Bonds. For the purpose of
4 providing all or a part of the money required to: (a) provide for a reserve for the
5 2015 Bonds; (b) refund all or part of the Refunding Candidates; and (c) pay the
6 costs of issuance of the 2015 Bonds, the City shall issue the 2015 Bonds in the
7 principal amount of not to exceed \$30,600,000. The 2015 Bonds shall be
8 designated Water System Revenue Refunding Bonds, 2015, and may be issued in
9 one or more Series.

10 Section 4. Appointment of Designated Representative. The Director of
11 Utilities, and, in the alternative, the Superintendent of the Water Division, each is
12 hereby appointed as a Designated Representative. Either of the Designated
13 Representatives is authorized to conduct the issuance and sale of the 2015 Bonds
14 in the manner provided in this Ordinance, and to establish and determine the Final
15 Terms of the 2015 Bonds.

16 Section 5. Final Terms of 2015 Bonds. In determining the Final Terms and
17 taking such other actions as are delegated pursuant to this Ordinance, the
18 Designated Representative shall seek to achieve the lowest practicable true interest
19 cost on the 2015 Bonds. The Final Terms shall be established within the following
20 parameters:

21 (a) Refunded Bonds. The Designated Representative shall specify
22 all or a portion of the Refunding Candidates as the Refunded Bonds which will be
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1 refunded or defeased from proceeds of the 2015 Bonds together with other
2 available moneys.

3 (b) Principal Amount. The 2015 Bonds may be issued in one or more
4 Series and shall not exceed the aggregate principal amount of \$30,600,000.

5 (c) Date or Dates. Each Series of 2015 Bonds shall be dated as of its
6 Issue Date, which date may not be later than December 1, 2015.

7 (d) Denominations, Series Designation. The 2015 Bonds must be
8 issued in authorized denominations of \$5,000 or any integral multiple thereof within
9 a maturity, and shall be numbered separately in the manner and shall bear any
10 additional name or designation as deemed necessary or appropriate by the
11 Designated Representative.
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13 (e) Interest Rates. The 2015 Bonds shall bear interest at fixed rates
14 per annum (computed on the basis of a 360-day year of consisting of 12 months of
15 30 days) from their Issue Date or from the most recent date to which interest has
16 been paid or duly provided for, whichever is later; provided, that no rate of interest
17 for any 2015 Bond may exceed 5.50 percent, and the true interest cost to the City
18 for a Series of 2015 Bonds may not exceed 5.50 percent.
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20 (f) Payment Dates. Interest shall be payable semiannually on June 1
21 and December 1, commencing no later than one year following the Issue Date.
22 Principal payments shall commence on the interest payment date determined by
23 the Designated Representative and shall be payable at maturity or in mandatory
24 sinking fund redemption installments on such dates as are determined to the
25 Designated Representative; provided, that no more than 10 percent of the par
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1 amount of the 2015 Bonds shall mature or become due by mandatory sinking fund
2 redemption in any Fiscal Year.

3 (g) Final Maturity. The 2015 Bonds shall have a final maturity no
4 later than December 1, 2045.

5 (h) Redemption Rights. In his or her discretion, the Designated
6 Representative may approve provisions for the optional and mandatory redemption
7 of 2015 Bonds, as follows:

8 (1) Optional Redemption. Any 2015 Bonds may be designated
9 as being (i) subject to redemption at the option of the City prior to its maturity date
10 on the dates and at the prices determined by the Designated Representative; or
11 (ii) not subject to redemption prior to its maturity date. If a 2015 Bond is designated
12 as subject to optional redemption prior to its maturity, it must be subject to such
13 redemption on one or more dates beginning not more than 11 years after the Issue
14 Date at such premium or premiums if any as shall be determined by the Designated
15 Representative.
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18 (2) Mandatory Redemption. Any 2015 Bond may be
19 designated as a Term Bond, subject to mandatory sinking fund redemption prior to
20 its maturity on the dates and in the amounts determined by the Designated
21 Representative.
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23 (i) Price. The purchase price for any Series of 2015 Bonds may not
24 be less than 95 percent or more than 125 percent of the stated principal amount of
25 that Series.
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1 (j) Reserve Requirement. In his or her discretion, the Designated
2 Representative may provide that the 2015 Bonds will be secured by the Reserve
3 Account for a period less than the initial final maturity date thereof, and thereafter
4 (1) by a separate reserve account with a different reserve requirement, or (2) not be
5 secured by a reserve account at all.

6 (k) Minimum Savings. The present value savings to the City from the
7 issuance of the 2015 Bonds and the refunding of the Refunded Bonds shall not be
8 less than five (5) percent.

9 (l) Other Terms and Conditions. The Designated Representative may
10 determine to provide for bond insurance from a Bond Insurer or Reserve Insurance
11 with respect to the 2015 Bonds. The Designated Representative is hereby
12 authorized to execute and deliver such documents, agreements and certificates as
13 may be necessary or desirable to obtain such bond insurance or Reserve
14 Insurance, each of such documents, agreements and certificates to be in such form
15 as may be approved by the Designated Representative upon consultation with the
16 City Attorney, such approval to be evidenced conclusively by the execution and
17 delivery thereof.

18 Section 6. Construction Fund and Deposit of 2015 Bond Proceeds. There is
19 created in the Water Division Fund a fund known as the 2015 Water Division
20 Construction Fund (the "Construction Fund"). The principal proceeds of the sale of
21 the 2015 Bonds remaining after: (a) the deposit of the amount necessary to refund
22 the Refunded Bonds into the escrow account, and (b) the deposit of any proceeds
23 into the Reserve Account, shall be deposited to the Construction Fund as
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1 determined by the Designated Representative to be used for the purpose of paying
2 the costs of issuance of the 2015 Bonds. Until needed to pay such costs, the City
3 may invest principal proceeds and interest thereon temporarily in any legal
4 investment, and the investment earnings may be retained in the Construction Fund
5 and be spent for the purposes of that fund or may be deposited in the Interest
6 Account in the Bond Fund.

7 Section 7. Continuing Disclosure. The City hereby adopts with respect to
8 the 2015 Bonds the continuing disclosure undertaking set forth in Section 12 of
9 Ordinance No. 28138, effective as of the date of enactment of this Ordinance.
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11 Section 8. Refunding of the Refunded Bonds.

12 (a) Appointment of Escrow Agent. The Designated Representative is
13 authorized to appoint an Escrow Agent in connection with the refunding of the
14 Refunded Bonds. The Escrow Agent shall be a corporation or banking association
15 organized and doing business under the laws of the United States of America or of
16 any state, authorized under such laws to exercise corporate trust powers, which has
17 a combined capital and surplus of at least \$100,000,000, and which is subject to
18 supervision or examination by federal or state banking authority.
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20 (b) Use of Bond Proceeds. The portion of the proceeds of the sale of
21 the 2015 Bonds, together with other available money, allocated to refunding or
22 defeasing the Refunded Bonds shall be deposited immediately upon the receipt
23 thereof with the Escrow Agent and used to discharge the obligations of the City
24 relating to the Refunded Bonds pursuant to and in accordance with Ordinance
25 No. 27405 and the Plan of Refunding.
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1 (c) Authorization of Escrow Agreement. To carry out the Refunding
2 Plan provided for by this Ordinance, the Designated Representative is hereby
3 authorized and directed to execute an Escrow Agreement with the Escrow Agent in
4 such form as shall be approved by the Designated Representative, after
5 consultation with the City Attorney and Bond Counsel, such approval to be
6 evidenced conclusively by the execution and delivery of such agreement.

7 (d) Redemption of the Refunded Bonds. The City calls for
8 redemption on December 1, 2015, or such other date as shall be determined by the
9 Designated Representative, the Refunded Bonds at par plus accrued interest.
10 Such call for redemption shall be irrevocable after the delivery of the 2015 Bonds to
11 the initial purchaser thereof. The date on which the Refunded Bonds are herein
12 called for redemption is the first date after the Issue Date on which those bonds
13 may be called. The proper City officials are authorized and directed to give or
14 cause to be given such notices as required, at the times and in the manner
15 required, pursuant to Ordinance No. 27405, in order to effect the payment and
16 redemption of the Refunded Bonds.

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19 Section 9. Manner of Sale of 2015 Bonds.

20 (a) Manner of Sale. The Designated Representative is hereby
21 authorized to sell the 2015 Bonds by negotiated sale pursuant to a bond purchase
22 agreement or by competitive sale in accordance with a notice of sale, in each case
23 consistent with this Ordinance.

24 (b) Negotiated Sale. The City hereby authorizes the Designated
25 Representative to select and appoint one or more investment banks to serve as
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1 underwriters (the "Underwriters") for the 2015 Bonds in connection with any
2 negotiated sale(s) thereof. The 2015 Bonds shall be sold to the Underwriters in
3 accordance with a bond purchase agreement substantially in the form approved
4 by the Board, with such changes and additions as the Designated
5 Representative may approve upon consultation with the City Attorney, such
6 approval to be evidenced conclusively by the delivery to the Underwriters of such
7 bond purchase agreement as so added to or changed; provided, that the total
8 compensation to the Underwriters shall not exceed 0.5 percent of the par value
9 of the 2015 Bonds.
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11 (c) Delivery of 2015 Bonds. The 2015 Bonds shall be delivered to the
12 initial purchasers upon payment of the purchase price therefor.

13 Section 10. Official Statement.

14 (a) Preliminary Official Statement. The City hereby authorizes and
15 approves the preparation of a Preliminary Official Statement for the 2015 Bonds.
16 For the sole purpose of the initial purchaser's compliance with paragraph (b)(1) of
17 Rule 15c2-12, the Designated Representative is authorized to "deem final" the
18 Preliminary Official Statement as of its date, except for the omission of information
19 permitted by Rule 15c2-12. The City authorizes and approves the distribution of the
20 Preliminary Official Statement to prospective investors.
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23 (b) Final Official Statement. The City hereby authorizes and
24 approves the preparation of a final Official Statement for the 2015 Bonds in the form
25 of the Preliminary Official Statement, with such modifications and amendments as
26 the Designated Representative deems necessary or desirable upon consultation



1 with the City Attorney, such approval to be evidenced conclusively by the execution
2 by the Designated Representative of said final Official Statement as so added to or
3 changed. The City authorizes and approves the distribution of the final Official
4 Statement to prospective investors.

5 Section 11. Amendments to Ordinance No. 28138.

6 (a) The references to "Bonds" in the following Sections of
7 Ordinance No. 28138 are hereby amended to read "Parity Bonds": 5 through 11,
8 27, 30 and 31.

9 (b) Subsection 27.1 is hereby amended to add the following clause at
10 the beginning thereof: "Except as otherwise provided in the ordinance authorizing a
11 Series of Parity Bonds."
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13 Section 12. Ratification of Prior Acts. Any action taken consistent with the
14 authority and prior to the effective date is ratified, approved, and confirmed.

15 Section 13. General Authorization. The Director of Utilities and the other
16 officers, agents and employees of the City are authorized and directed to execute
17 and deliver such documents, agreements and certificates and to take such other
18 actions, upon consultation with the City Attorney, as may be necessary or desirable
19 and in the best interests of the City to carry out the purposes and intents of this
20 Ordinance and the transactions contemplated hereby.
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22 Section 14. Terms of 2015 Bonds Subject to the Parity Bond Authorizing
23 Ordinances. Except as in this Ordinance expressly provided, every term and
24 condition contained in the Parity Bond Authorizing Ordinances shall apply to this
25 Ordinance and to the 2015 Bonds with the same force and effect as if the same
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were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Ordinance.

Section 15. Ratification of the Parity Bond Authorizing Ordinances. Except as supplemented and amended by this Ordinance, the Parity Bond Authorizing Ordinances, including without limitation Ordinance No. 28138, are hereby ratified, approved and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as amended and supplemented, including as amended and supplemented by this Ordinance. The references in the Parity Bond Authorizing Ordinances to the "City" were and are intended to and shall include the City acting by and through the Board as appropriate.

Section 16. Effective Date of Ordinance. This Ordinance shall take effect and be in force 10 days from and after its publication.

Passed _____

Mayor

Attest:

City Clerk

Approved as to form:
Orrick, Herrington & Sutcliffe LLP
Bond Counsel to the City of Tacoma

By _____

Requested by Public Utility Board
Resolution No. U-10761



CLERK'S CERTIFICATE

1 I, the undersigned, the duly chosen, qualified City Clerk of the City of
2 Tacoma, Washington, and keeper of the records of the City Council (herein called
3 the "Council"), DO HEREBY CERTIFY:
4

5 1. That the attached Ordinance No. ____ (herein called the "Ordinance") is a
6 true and correct copy of an Ordinance of the Council, as finally passed at a regular
7 meeting of the Council held on the ____ day of _____, 2015, and duly recorded
8 in my office.

9 2. That said meeting was duly convened and held in all respects in
10 accordance with law, and to the extent required by law, due and proper notice of
11 such meeting was given; that a legal quorum was present throughout the meeting
12 and a legally sufficient number of members of the Council voted in the proper
13 manner for the passage of said Ordinance; that all other requirements and
14 proceedings incident to the proper adoption of said Ordinance have been duly
15 fulfilled, carried out and otherwise observed, and that I am authorized to execute
16 this certificate.
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19 IN WITNESS WHEREOF, I have hereunto set my hand and affixed the
20 official seal of the City as of this ____ day of _____, 2015.
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23 _____
24 City Clerk
25 City of Tacoma, Washington
26