



## Legislation Text

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**File #:** 2299-2019, **Version:** 1

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This ordinance authorizes the transfer of not to exceed \$55,000,000 from the City of Columbus Sewer Revenue System Reserve Fund (Fund 6102) for the purpose of defeasing a portion of the City's outstanding Sewerage System Revenue Refunding Bonds, Series 2014, originally issued in the aggregate principal amount of \$205,425,000.

To authorize the transfer of not to exceed \$55,000,000.00 from the City of Columbus Sewer Revenue System Reserve Fund (Fund 6102) for the purpose of defeasing a portion of the City's outstanding Sewerage System Revenue Refunding Bonds, Series 2014, originally issued in the aggregate principal amount of \$205,425,000.00.

Section 44-1(b) of the City Charter.

**WHEREAS**, the City of Columbus, Ohio (the "City") owns and operates as a public utility a municipal sewerage system (the Utility"), the services of which are, and are to be, supplied to persons and corporations within and without the corporate limits of the City; and

**WHEREAS**, pursuant to Ordinance No. 2235-2014, duly adopted by the City Council (the "Council") of the City on October 6, 2014 and a Master Trust Agreement, dated as of January 1, 2008 (the "Master Trust Agreement"), as supplemented by a First Supplemental Trust Agreement, dated as of January 1, 2008 (the "First Supplemental Trust Agreement"), a Second Supplemental Trust Agreement, dated as of January 1, 2008 (the "Second Supplemental Trust Agreement"), and a Third Supplemental Trust Agreement, dated as of December 1, 2014, (the "Third Supplemental Trust Agreement and, together with the Master Trust Agreement, First Supplemental Trust Agreement, and Second Supplemental Trust Agreement, the "Trust Agreement") each by and between the City and the Bank of New York Trust Company, N.A., as Trustee (the "Trustee"), the City issued and sold its Sewerage System Revenue Refunding Bonds, dated December 1, 2014, in the aggregate principal amount of \$205,425,000 (the "Series 2014 Bonds"), which amount remains outstanding, for the purpose of providing funds to refund certain outstanding special obligation bonds of the City originally issued for the purpose of providing funds to expand and improve the Utility and to refund bonds previously issued for such purpose; and

**WHEREAS**, the application of moneys in the City of Columbus Sewer Revenue System Reserve Fund (the “System Reserve Fund”) toward the defeasance of a portion of the Series 2014 Bonds is permitted under the Trust Agreement and will not adversely affect the City’s ability to meet the minimum coverage requirements set forth in the Trust Agreement;; and

**WHEREAS**, this Council hereby determines it to be in the best interest of the City to defease a portion of the Series 2014 Bonds (the “Defeased Bonds”) with funds from the System Reserve Fund;

**NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**Section 1.** This Council hereby directs the Director of Finance and Management or City Auditor, or such other appropriate officer of the City, to transfer the amount of not to exceed \$55,000,000 from the System Reserve Fund (Fund 6102) to the Escrow Account, as defined hereinbelow, for the purpose of defeasing the Defeased Bonds.

**Section 2.** The Trustee shall establish an escrow account under the Trust Agreement (the “Escrow Account”), which shall be used for the purpose of defeasing the Defeased Bonds. The moneys deposited in the Escrow Account may be (i) held as cash or (ii) used to purchase direct obligations of or obligations guaranteed as to payment by the United States of America of such maturities and interest payment dates and bearing interest at such rates as will, as certified by such independent public accounting firm as shall be permitted under the Trust Agreement and acceptable to the City Auditor without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to pay (i) interest on and principal of the Defeased Bonds when and as the same falls due, and (ii) the redemption price of the Defeased Bonds on December 1, 2024.

**Section 3.** The Defeased Bonds shall be further identified in a certificate to be executed by the City Auditor. The Director of Finance and Management and the City Auditor, and either of them, acting alone, are hereby authorized, if such officer determines it to be necessary and appropriate, to execute on behalf of the City an escrow deposit agreement (the “Escrow Deposit Agreement”) with the Trustee setting forth the terms by which the Escrow Account shall be held and disbursed, which Escrow Deposit Agreement shall be in such form, not inconsistent with this Ordinance, as shall be approved by the officer executing the same and as shall be approved as to form by the City Attorney. The approval of the Escrow Deposit Agreement shall be conclusively evidenced by the execution thereof by such official.

Further, if the City Auditor determines it to be necessary and appropriate to facilitate the defeasance of the Defeased Bonds, the City Auditor is also authorized to engage a consultant to verify the sufficiency of the cash or other obligations held in the Escrow Account to defease the Defeased Bonds.

**Section 4.** To provide for the payment of the costs of issuance of the Defeased Bonds, which shall include, but shall not be limited to, the fees and expenses of the City’s bond counsel and the fees and expenses of the City’s municipal advisor, the City Auditor is hereby authorized to expend from the Sewer Operating Sanitary Fund (Fund - 6100) a sum not to exceed \$70,000, and such amount is hereby deemed appropriated.

**Section 5.** This Council further hereby authorizes and directs the Mayor, Director of Finance and Management, the City Auditor, the City Attorney, the Clerk, or other appropriate officers of the City to prepare and sign all agreements and instruments and to take any other actions that may be appropriate to implement and that are in substantial compliance with this Ordinance.

**Section 6.** It is hereby found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were taken in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action, were in meetings open to the public, in compliance with all legal requirements including Ohio Revised Code Section 121.22.

**Section 7.** In accordance with Section 44-1(b) of the Charter of the City of Columbus, Ohio, this Ordinance shall take effect and be in force from and immediately after its passage and approval by the Mayor, or 10 days after passage if the Mayor neither approves nor vetoes the same.

