



Travis County Commissioners Court Agenda Request Travis County Health Facilities Development Corporation

Meeting Date: April 10, 2012

Prepared By/Phone Number: Andrea Shields, Manager/854-9116

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive, Planning and Budget/854-9106

Commissioners Court Sponsor: Samuel T. Biscoe, President

AGENDA LANGUAGE: Consider and take appropriate action to approve Notice of Redemption for the Corporation's Revenue Bonds (Westminster Manor Project) Series 2009 and authorize the Corporation's offices to execute Notice.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS: See attached backup.

STAFF RECOMMENDATIONS: Staff recommends approval.

ISSUES AND OPPORTUNITIES: None.

FISCAL IMPACT AND SOURCE OF FUNDING: None.

REQUIRED AUTHORIZATIONS: Andrea Shields, Manager/854-9116;
Leroy Nellis, Budget Manager, Planning and Budget/854-9066

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to Cheryl Aker in the County Judge's office, Cheryl.Aker@co.travis.tx.us by Tuesdays at 5:00 p.m. for the next week's meeting.



NAMAN HOWELL
SMITH & LEE^{PLLC}
ATTORNEYS AT LAW

MEMORANDUM
from
William C. Blount

(512) 479-0300
Fax (512) 474-1901
E-mail: blount@namanhowell.com

TO: Board of Directors of Travis County Health Facilities Development Corporation

DATE: April 5, 2012

RE: Redemption of 2009 Bonds issued for Westminster Manor

Agenda Date: April 10, 2012

Westminster Manor has requested that the Corporation execute the attached Borrower Request for Optional Redemption of the Bonds issued in 2009, the proceeds of which were loaned to Westminster Manor.

This will pay off debt with Westminster's funds and so my recommendation is that the Board approve execution of the Notice by Judge Biscoe as President of the Corporation.

Please give me a call if you have any questions regarding this matter before Tuesday.

cc: Andrea Shields



BORROWER REQUEST FOR OPTIONAL REDEMPTION

March 28, 2012

Travis County Health Facilities Development Corporation, as Issuer
314 W. 11th Street, Room 540
Austin, Texas 78701

The Bank of New York Mellon Trust Company,
National Association, as Trustee
601 Travis Street, 16th Floor
Houston, Texas 77002
Attention: Global Corporate Trust

Ladies and Gentlemen:

In accordance with *Sections 3.02 and 11.02* of the Bond Indenture of Trust and Security Agreement dated as of December 1, 2009 (the "*Indenture*"), between the Travis County Health Facilities Development Corporation (the "*Issuer*") and The Bank of New York Mellon Trust Company, National Association, as Bond Trustee (the "*Bond Trustee*"), securing the Issuer's Revenue Bonds (Westminster Manor Project) Series 2009 (the "*Bonds*"), Westminster Manor (the "*Borrower*") hereby exercises its option to redeem such Bonds in the amount of \$13,351,000 on April 9, 2010 (the "*Redemption Date*") at a Redemption Price of par plus accrued interest to the Redemption Date.

Per the Letter Agreement dated as of February 27, 2012, Frost National Bank, American Bank, N.A., and IBERIABANK as sole legal owners of the Bonds have waived their rights to receive notice of redemption from the Bond Trustee as required under Section 11.04 of the Indenture. Furthermore, Westminster Manor agreed to provide written notice of the exercise of its option to redeem Bonds to the Bond Trustee and the sole legal owners of the Bonds 10 days prior to the Redemption Date.

All capitalized terms used but not defined herein have the meanings ascribed to such terms by the Indenture.

Best Regards,

AGREED:

Westminster Manor
as Borrower
Brian Robbins
Executive Director

Travis County Health Facilities Development
Corporation as Issuer
Name:
Title:

4100 JACKSON AVENUE, AUSTIN, TEXAS 78731

P: 512-454-4643 • WWW.WESTMINSTERMANOR.ORG • F: 512-454-1389



**TRAVIS COUNTY HEALTH FACILITIES DEVELOPMENT CORPORATION
IDENTIFICATION OF SWAP FOR WESTMINSTER MANOR**

Solely for the purposes of satisfying the requirements of Sections 1.148-4(h)(2)(viii) of the United States Treasury Regulations (the "*Regulations*"), the Travis County Health Facilities Development Corporation (the "*Issuer*") hereby identifies on its books and records to be maintained for its Revenue Bonds (Westminster Manor Project) Series 2009 (the "*Bonds*"), the interest rate swap transaction (the "*Swap*"), entered into on February 23, 2010, between The Frost National Bank (the "*Counterparty*") and Westminster Manor (the "*Borrower*"), and amended on _____, 2012 (the "*Amendment Date*"). The terms of the Swap are more particularly described in the confirmation attached hereto and made a part hereof for all purposes, and they reflect that:

1. The Swap was entered into primarily to modify the risk of interest rate changes with respect to the Bonds; and

2. The Swap does not contain a significant investment element. Payments under the Swap are periodic payments within the meaning of Section 1.446-3 of the Regulations.

The Issuer reasonably expects, based on representations by the Borrower, that:

3. The Swap, as originally entered into on February 23, 2010, covered all the Bonds, which were issued on December 30, 2009, with an aggregate issue price of \$23,400,000 and a final maturity of December 1, 2013. The Bonds were issued for the governmental purpose of financing the acquisition, construction, improvement, renovation, equipping, and/or furnishing of facilities for elder housing and care, nursing care, and other health facilities. The Issuer identified the Swap on its books and records maintained for the Bonds on February 23, 2010.

4. On the Amendment Date, the Borrower and the Counterparty amended the terms of the Swap to take into account the anticipated optional redemption of the Bonds. The Swap, as amended, will cover all the Bonds outstanding on the date hereof. Solely for purposes of satisfying the Treasury Regulations in the event the amended Swap were deemed to be entered into for federal tax purposes on the Amendment Date, the Issuer is hereby re-identifying the Swap on its books and records maintained for the Bonds within three days of the Amendment Date.

5. The Swap is primarily interest based. The Bonds bear interest at a variable rate per annum equal to the lesser of (a) 65% of the London InterBank Offered Rate (LIBOR) for three months (90 days) plus 2.64% (264 basis points) per annum and (b) the maximum non-usurious rate of interest per annum permitted by applicable law. Therefore, each of the Bonds is a variable rate debt instrument within the meaning of Section 1.1275-5 of the Regulations.

6. Payments from the Counterparty under the Swap closely correspond in time to the interest payments due on the Bonds.

7. Taking into account all payments to be made and received under the Swap as additional payments on and receipts from the Bonds, the resulting Bonds would be substantially similar to fixed rate bonds.

8. Payments to the Counterparty will be made from the same source of funds that, absent the Swap, would be used to pay principal of and interest on the Bonds.

Nothing in this identification shall be construed as a representation or warranty that the expectations of the Issuer described herein will be realized.

Executed this ___ day of _____, 2012.

**TRAVIS COUNTY HEALTH
FACILITIES DEVELOPMENT
CORPORATION**

By: _____

Title: _____

EXHIBIT A
CONFIRMATION