



Travis County Commissioners Court Agenda Request

Meeting Date: November 27, 2012

Prepared By/Phone Number: Travis R. Gatlin, 854-9065

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive, Planning and Budget *LB*

Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE: CONSIDER AND TAKE ACTION ON AN ORDER AUTHORIZING THE DEFEASANCE OF CERTAIN OUTSTANDING TAX-SUPPORTED BONDS ISSUED BY TRAVIS COUNTY, TEXAS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

See draft attached order. Bond Counsel is finalizing the order and will provide a final document prior to the Court taking action.

STAFF RECOMMENDATIONS:

PBO recommends approval of the order and related matters.

ISSUES AND OPPORTUNITIES:

This is follow up action that is legally required for the proposed defeasance of County debt related to Proposition Three, 2001 Voter Approved Bonds that was discussed with the Commissioners Court on November 20, 2012.

FISCAL IMPACT AND SOURCE OF FUNDING:

N/A

REQUIRED AUTHORIZATIONS:

Leslie Browder, Planning and Budget Office (512) 854-9106

Leroy Nellis, Planning and Budget Office, (512) 854-9106

Jessica Rio, Planning and Budget Office, (512) 854-9106

Melissa Velasquez, County Judge's Office, (512) 854-9555

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.

AN ORDER AUTHORIZING THE DEFEASANCE OF CERTAIN
OUTSTANDING TAX-SUPPORTED BONDS ISSUED BY TRAVIS
COUNTY, TEXAS; AUTHORIZING THE EXECUTION AND DELIVERY OF
AN ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS
RELATING THERETO

WHEREAS, Travis County, Texas (the "County"), has previously issued and there are now outstanding tax-supported bonds authorized and issued pursuant to Proposition 3 ("Proposition 3") approved by voters at a bond election held November 6, 2001, for the purpose of purchasing right-of-way in connection with state highway improvements (the "Projects"); and

WHEREAS, the Projects described in Proposition 3 have been completed and all amounts payable with respect to the Projects have been disbursed to the persons entitled to receive such payments; and

WHEREAS, there remains approximately \$24,300,000 of unused bond proceeds (the "Unused Bond Proceeds") that cannot be used for any purpose not specifically authorized in Proposition 3; and

WHEREAS, pursuant to Sections 1207.061 and 1207.062 Texas Government Code, as amended, the County is authorized to use the Unused Bond Proceeds to defease a portion of the outstanding bonds issued to finance and refinance the costs of the Projects, such portion of bonds being listed and described on Schedule I hereto (the "Defeased Bonds"), by depositing the Unused Bond Proceeds with an entity qualified under Section 1207.061 to act as escrow agent; and

WHEREAS, as an entity qualified under Section 1207.061 to act as escrow agent for the Defeased Bonds, the County desires to appoint The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"), pursuant to the terms of an escrow agreement (the "Escrow Agreement"); and

WHEREAS, Section 1207.062 Texas Government Code, as amended, provides that, by depositing the Unused Bond Proceeds in an amount sufficient to provide for the payment of principal of and interest on or redemption price of the Defeased Bonds with the Escrow Agent for deposit to an escrow fund (the "Escrow Fund") held pursuant to the Escrow Agreement, such deposit, which is irrevocable, shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Defeased Bonds; and

WHEREAS, upon the deposit of the Unused Bond Proceeds, and any Federal Securities, as referenced in the Escrow Agreement (the "Federal Securities") purchased therewith, to the Escrow Fund, the Defeased Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such Escrow Agreement, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders authorizing the issuance of the Defeased Bonds, shall be, with respect to the Defeased Bonds, discharged, terminated and defeased; and

WHEREAS, the meeting at which this Order is considered is open to the public as required by law, and public notice of the time, place, and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; and

WHEREAS, it is hereby found and determined that (i) the defeasance contemplated in this Order will benefit the County by providing savings in the debt service payable by the County, and that such benefit is sufficient consideration for the defeasance of the Defeased Bonds; and (ii) the use of the Unused Bond Proceeds for the defeasance of the Defeased Bonds in the manner specified herein is in the public interest and constitutes a valid public purpose; NOW, THEREFORE,

BE IT ORDERED, ADJUDGED AND DECREED BY THE COMMISSIONERS COURT OF TRAVIS COUNTY, TEXAS:

Section 1. Unused Bond Proceeds in the approximate amount of \$24,300,000, and any Federal Securities purchased therewith, shall be transferred to the Escrow Agent and irrevocably deposited to the Escrow Fund to provide for the defeasance and final payment when due of the principal of and interest on the Defeased Bonds as identified in Schedule I. Upon such deposit to the Escrow Fund, the Defeased Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders authorizing the issuance of the Defeased Bonds, shall be, with respect to the Defeased Bonds, discharged, terminated and defeased. The final amount of Unused Bond Proceeds to be applied to the defeasance of the Defeased Bonds shall be determined jointly by the County Budget Director and the County's Financial Advisor.

Section 2. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as Escrow Agent for the Defeased Bonds to act pursuant to the terms of an Escrow Agreement, between the County and the Escrow Agent, the form, terms and provisions of such Escrow Agreement presented at this meeting being hereby authorized and approved. The County Judge is hereby authorized and directed to execute and deliver the Escrow Agreement with such changes as he may approve.

Section 3. The Defeased Bonds shall be paid on their respective stated maturity date or redemption date, as set forth in Schedule I. Any Defeased Bonds to be redeemed prior to the stated maturity date are hereby called for redemption on the redemption date specified for such Defeased Bonds in Schedule I. Notice of Defeasance and Notice of Redemption shall be given to the owners of the Defeased Bonds in the manner specified in the respective order authorizing the issuance thereof and filed in accordance with Securities Exchange Commission Rule 15c2-12.

Section 4. The appropriate officers of the County and the County's Financial Advisor are hereby authorized and directed to make necessary arrangements for the purchase of the Federal Securities referenced in the Escrow Agreement, as may be necessary for the Escrow Fund, and the application for the acquisition of the Federal Securities is hereby approved and ratified. The use of Grant Thornton, Certified Public Accountants, as verification agent with respect to the defeasance is hereby approved and authorized.

Section 5. The County's Financial Advisor, Bond Counsel and staff are hereby authorized and directed to take any and all action and execute such certificates, instruction letters or agreements as may be required to carry out the purposes of this Order. The County Judge is hereby authorized and directed to approve payment of costs associated with the defeasance upon presentation of invoices for such costs.

PASSED AND APPROVED THIS ____ DAY OF NOVEMBER, 2012.

SCHEDULE I

Defeased Bonds

(See attached schedules)