

HFC Item 2



Travis County Commissioners Court Agenda Request Travis County Housing Finance Corporation

Meeting Date: May 21, 2013

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 resolution authorizing sale of mortgage-backed securities and redemption of the Corporation's Single Family Mortgage Revenue Refunding Bonds (GNMA Mortgage-Backed Securities Program) Series 1999A.

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; Leslie Browder, County Executive, Planning and Budget/854-9106

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to the County Judge's office, agenda@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

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E-mail: blount@namanhowell.com

TO: Board of Directors of Travis County Housing Finance Corporation

DATE: May 14, 2013

RE: Transaction involving Corporation's Single Family Mortgage Revenue Bonds, Series 1999A (the "Bonds")

Agenda Date: May 21, 2013

Mark O'Brien of Raymond James (RJ) has presented a potential opportunity to the Corporation related to the outstanding Bonds. Andrea Shields, Karen Thigpen, Ladd Pattillo and I have discussed this proposal with Mark O'Brien and others at RJ and we believe the timing is right to determine if this is an opportunity that is of interest to the Board.

As you may recall, the Bonds are collateralized by single family mortgage loans pooled into GNMA certificates. The proposed transaction would be similar to several other transactions the Corporation has taken advantage of in past years in that it would involve selling those GNMA certificates and redeeming the Bonds with the proceeds from that sale. Any amounts left after the redemption and payment of expenses would be retained by the Corporation. After transaction costs, it is estimated that the Corporation would receive approximately \$180,000 - \$200,000.

The Corporation would give up future ongoing issuer fees and a small residual on the Bonds, the present value of which has been calculated by RJ to be approximately \$170,000. However, it is projected that such amount will not be fully realized until 2020. The redemption would not affect the homeowners who purchased homes through the program.

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

cc: Andrea Shields
Karen Thigpen
Ladd Pattillo
Mark O'Brien

Travis County HFC - Series 1999A SFMRBs
Summary as of May 14, 2013

Series 1999A			
Mortgage-Backed Securities (MBS - GNMA's)			\$975,993.79
Accrued Interest	5.90%		-
Estimated MBS Sale Price*	108.00%		78,079.50
May Principal & Interest			8,840.84
Revenue Fund			6,323.77
Expense Fund			112.23
Total Assets			\$1,069,350.13
Bonds outstanding			\$821,288.70
	493 bonds @	1,665.90	per bond
Accrued Interest			-
Optional Redemption Premium	3.00%		24,638.66
Structuring Agent/MBS Bidding - Raymond James			10,000.00
Bond Counsel - Fulbright & Jaworski			5,000.00
Financial Advisor - D. Ladd Pattillo & Assoc			5,000.00
Issuer's Counsel - Naman Howell Smith & Lee			5,000.00
Trustee - Wells Fargo			1,500.00
Total Liabilities			\$872,427.36
Estimated Net Funds to Issuer			\$196,922.77
* MBS Sale Prices are <u>Estimates</u> as of 5/14/13.			
Par Call:			2/1/2016
Call Notice:			5 days
Callable on any Business Day?:			Yes

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CERTIFICATE FOR RESOLUTION

I, the undersigned officer of Travis County Housing Finance Corporation (the "Corporation"), do hereby make and execute this certificate for the benefit of all persons interested in the validity of all actions and proceedings of the Corporation. I do hereby certify as follows:

1. I am the duly chosen, qualified and acting officer of the Corporation for the office shown beneath my signature and, in such capacity, I am familiar with the matters contained in this Certificate, and I am authorized to make, execute and deliver this Certificate.

2. The Board of Directors of the Corporation (the "Board") convened a meeting on May 21, 2013, and the roll was called of the duly constituted members of the Board to-wit:

Samuel T. Biscoe	President and Director
Sarah Eckhardt	Vice President and Director
Margaret Gomez	Secretary and Director
Gerald Daugherty	Treasurer and Director
Ron Davis	Assistant Secretary and Director

and all of said persons were present except Directors _____, thus constituting a quorum.

Whereupon, among other business the following was transacted at said meeting: a written

RESOLUTION AUTHORIZING THE SALE OF MORTGAGE-
BACKED SECURITIES AND SUBSEQUENT REDEMPTION
AND PAYMENT OF SINGLE FAMILY MORTGAGE
REVENUE REFUNDING BONDS (GNMA MORTGAGE-
BACKED SECURITIES PROGRAM) SERIES 1999A;
APPROVING THE FORM AND SUBSTANCE OF AND
AUTHORIZING THE EXECUTION AND DELIVERY OF
DOCUMENTS AND INSTRUMENTS NECESSARY TO
CARRY OUT THE PURPOSES OF THIS RESOLUTION;
AND CONTAINING OTHER PROVISIONS RELATING TO
THE SUBJECT

was introduced for the consideration of said Board. It was then duly moved and seconded that said Resolution be adopted and, after due discussion, said motion, carrying with it the adoption of said Resolution, prevailed and carried by the following votes:

AYES: _____ NAYS: _____ ABSTENTIONS: _____

3. The attached and following is a true, correct and complete copy of said Resolution; the original of said Resolution, together with all exhibits thereto, are on file in the official records of the Corporation; and said Resolution has not been amended, and is in full force and effect.

4. The persons named in the above and foregoing paragraph 2 were the fully qualified and acting members of the Board of Directors of the Corporation.

5. Each of the officers and members of the Board was duly and sufficiently notified officially, of the date, hour, place and subject of such meeting of the Board, and that the Resolution would be introduced and considered for passage at such meeting all in accordance with the Bylaws of the Corporation.

WITNESS MY HAND, to be effective on the 21st day of May, 2013.

TRAVIS COUNTY HOUSING FINANCE
CORPORATION

By: _____

Name: _____

Title: _____

RESOLUTION AUTHORIZING THE SALE OF MORTGAGE-BACKED SECURITIES AND SUBSEQUENT REDEMPTION AND PAYMENT OF SINGLE FAMILY MORTGAGE REVENUE REFUNDING BONDS (GNMA MORTGAGE-BACKED SECURITIES PROGRAM) SERIES 1999A; APPROVING THE FORM AND SUBSTANCE OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS NECESSARY TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, Travis County Housing Finance Corporation (the "Issuer") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, V.T.C.A., as amended (the "Act"), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, the Act authorizes the Issuer: (a) to acquire and enter into advance commitments to make and acquire home mortgage loans within Travis County, Texas (the "County"), to persons of low and moderate income; (b) to issue its revenue and refunding bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of an interest on such bonds; and (d) to redeem, in whole or in party, bonds previously issued by the Issuer; and

WHEREAS, the Board of Directors of the Issuer (the "Board") has previously issued its Single Family Mortgage Revenue Refunding Bonds (GNMA Mortgage-Backed Securities Program) Series 1999A (the "Bonds"), pursuant to an Indenture of Trust, dated as of January 1, 1999, between the Issuer and Norwest Bank, Texas, N.A., predecessor to Wells Fargo Bank, National Association (formerly known as Wells Fargo Bank Texas, N.A.), as Trustee (the "Indenture") (capitalized terms used herein and undefined shall have the meanings given such terms in the Indenture);

WHEREAS, the Issuer determined to issue the Bonds to obtain funds to finance the purchase, by the Issuer, of mortgage backed securities (the "Certificates") which are secured by qualified home mortgage loans originated within the County; and

WHEREAS, the Bonds became eligible for optional redemption on any date after February 1, 2009; and

WHEREAS, the Issuer expects the amount of money required to redeem the Bonds plus the costs associated with a redemption to be less than the selling price of the Certificates plus

monies available in other funds and accounts held under the Indenture, thus resulting in a residual for the Issuer; and

WHEREAS, the Board now elects to redeem the Bonds and desires to give notice to the Trustee of such election, all in accordance with the Indenture, the Constitution and laws of the State of Texas; and

WHEREAS, the Board desires to authorize certain other actions to be taken with respect to the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TRAVIS COUNTY HOUSING FINANCE CORPORATION:

Section 1.—Notice of Redemption to the Trustee. That the President, or other officer, is hereby authorized to give the requisite notice to the Trustee of the Issuer's election to redeem the Bonds.

Section 2.—Approval of the Sale of Certificates and Redemption of Bonds. Subject to the proceeds from the sale of the Certificates being in an amount that is sufficiently more, in the determination of the manager of the Corporation (who will consult with the Corporation's president and financial advisor to make such determination), than the amount required to fund (i) the costs and expenses associated with the actions set forth in this Resolution and (ii) the redemption cost of the Bonds, the sale of the Certificates and the redemption of the Bonds are hereby approved.

Section 3.—Execution and Delivery of Documents. That the officers of the Issuer are each hereby authorized to execute, attest and affix the Issuer's seal to such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 4.—Incorporation of Preamble. That the recitals in the preamble of this Resolution are true, correct and complete and that each and all of such recitals and the findings therein are hereby incorporated by reference to the same extent as if set here in full.

Section 5.— Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

[Remainder of page intentionally left blank.]

PASSED AND APPROVED this 21st day of May, 2013.

Name: Samuel T. Biscoe
Title: President

ATTEST:

Secretary

(SEAL)