



## Recommendation for Action

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**File #:** 21-3603, **Agenda Item #:** 13.

12/9/2021

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### **Posting Language**

Approve a resolution authorizing the defeasance of certain outstanding 2010 General Obligation Public Improvement Refunding Bonds, including authorizing the execution of an escrow agreement, and related documents.

### **Lead Department**

Financial Services Department.

### **Fiscal Note**

This item has no fiscal impact.

### **Prior Council Action:**

November 4, 2021 - Council authorized negotiation and execution of all documents and instruments necessary or desirable for the sale of approximately 2.798 acres, more or less, in fee simple, generally located at 7201 Levander Loop, Austin, Texas to the Austin Housing Finance Corporation.

### **For More Information:**

Belinda Weaver, Treasurer, 512-974-7885.

### **Additional Backup Information:**

A defeasance is a method of using available cash to pay off outstanding debt. The cash is placed in an escrow account with an escrow agent to make principal and interest payments on the required payment date for the bonds being defeased to the redemption date. Once the escrow is funded, the debt obligations payable from the escrow are no longer secured by or payable from the taxes or revenues initially pledged to their payment and the debt is considered to be legally retired.

The proposed action seeks authorization to defease and retire \$85,000 in principal (along with associated interest) for the 09/01/22 maturity of the City's outstanding 2010 General Obligation Public Improvement Refunding Bonds. The defeasance will allow the City to remove the debt from its books and is necessary due to a change of use and conveyance of a property originally purchased with General Obligation bonds. The property conveyance will be to the Austin Housing Finance Corporation and will support development of affordable housing.

The source of funds for the defeasance is the AHFC Housing Assistance Fund.

For this defeasance transaction, PFM Financial Advisors LLC will serve as Financial Advisor, McCall, Parkhurst & Horton L.L.P will serve as bond counsel, and Robert Thomas will serve as serving as Verification Agent.

### **Strategic Outcome(s):**

Government that Works for All.