



Recommendation for Action

File #: 22-1223, Agenda Item #: 11.

2/17/2022

Posting Language

Approve a resolution authorizing the defeasance of certain outstanding 2020 General Obligation Public Improvement and 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:

August 26, 2021 - Council authorized the negotiation and execution of all documents and instruments necessary or desirable for the sale of approximately 2.594 acres in fee simple, more or less, being a portion of approximately 0.48 of an acre of land being out of and a portion of Lots Two (2), Three (3) and Fourteen (14), Block 1, Crest Haven Addition, being a portion of Lot Thirteen (13), and the East Thirty feet (E.30') of Lot One (1), Block 1, Crest Haven Addition, and being a portion of approximately 1.269 acres of land being out of and a portion of Lots Two (2), Three (3), and Four (4), Block 1, Crest Haven Addition, according to map or plat thereof recorded in Volume 502, Page 425, of the Deed Records of Travis County, Texas, generally located at 3511 Manor Road, Austin, Texas, to the Austin Housing Finance Corporation, for a total amount not to exceed \$800,000 including closing costs.

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 maturity or a redemption date prior to maturity. 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 \$485,000 in principal (along with associated interest) for the City's outstanding 2020 General Obligation Public Improvement and 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 CPA will serve as Verification Agent.

Strategic Outcome(s):

Government that Works for All.