

**CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM**



**DEPARTMENT:** Office of the City Manager

**AGENDA DATE:** 12/17/24

**PUBLIC HEARING DATE:**

**CONTACT PERSON NAME:** Robert Cortinas, CFO

**PHONE NUMBER:** 915-212-1067

**DISTRICT(S) AFFECTED:** All

**STRATEGIC GOAL:** 6

**SUBGOAL:** 6.6

**SUBJECT:** Approve a resolution authorizing the defeasance and redemption of certain outstanding obligations of the City related to the MPC project.

**BACKGROUND / DISCUSSION:**

After voters revoked the City's authority to issue additional debt for the MPC project on November 5, 2024, the City plans to use the remaining unspent GO 2016 Bond proceeds and related unspent investment earnings to defease the bonds.

**COMMUNITY AND STAKEHOLDER OUTREACH:**

Community outreach meetings were conducted in each district to discuss this item. Information was also provided in the City's website, mail was sent to residents advising them about the revocation of authority option and social media channels were also used to provide awareness prior to the election date.

**PRIOR COUNCIL ACTION:**

No prior council action related to the defeasance of General Obligation Bonds 2016.

**AMOUNT AND SOURCE OF FUNDING:**


\$\_\_\_\_\_ 1100-999-99938-554110

**REPORTING OF CONTRIBUTION OR DONATION TO CITY COUNCIL:**

N/A

NAME	AMOUNT (\$)

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:** 

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

**A RESOLUTION** authorizing the defeasance and redemption of certain outstanding obligations of the City; approving and authorizing the execution of an escrow agreement for the deposit of funds in an amount sufficient to defease and redeem such obligations; resolving other matters incident and related thereto; and providing an effective date.

**WHEREAS**, pursuant to an election held in the City of El Paso, Texas (the “City”) on November 6, 2012 (the “2012 Election”), the City Council of the City (the “City Council”) became authorized to issue, sell and deliver general obligation bonds for acquiring, constructing and equipping a multipurpose performing arts and entertainment facility to be located in Downtown El Paso (the “MPC”), among other purposes; and

**WHEREAS**, pursuant to the 2012 Election and ordinances passed and adopted by the City Council, the City issued certain currently outstanding bonds, including: (1) “City of El Paso, Texas, General Obligation Bonds, Series 2016,” dated June 1, 2016 (the “Series 2016 Bonds”); and (2) “City of El Paso, Texas, General Obligation Refunding and Improvement Bonds, Series 2019A,” dated January 15, 2019 (the “Series 2019A Bonds” and, together with the Series 2016 Bonds, the “Bonds”); and

**WHEREAS**, on November 5, 2024, the City held a special election (the “Revocation Election”) to submit to the City’s voters a proposition (the “Revocation Proposition”) to revoke the City’s authority to issue the remaining bonds authorized by the 2012 Election that have not yet been sold or delivered to fund the MPC; and

**WHEREAS**, a majority of the resident, qualified voters of the City voting in the Revocation Election approved the Revocation Proposition, and the City’s authority to issue the remaining general obligation bonds to fund the MPC pursuant to the 2012 Election was revoked; and

**WHEREAS**, with the passage of the Revocation Proposition, the City intends to use certain unspent proceeds from the sale of the Bonds (the “Unspent Proceeds”) to defease Bonds; and

**WHEREAS**, in accordance with the provisions of Texas Government Code, Chapter 1207, as amended (“Chapter 1207”), the City is authorized and empowered to deposit funds and/or securities directly with the place of payment for the Bonds, or other authorized depository, and enter into an escrow or similar agreement for the safekeeping, investment, reinvestment, administration, and disbursement of such deposit of funds, and such deposit, when made in accordance with Chapter 1207, shall constitute the making of firm banking and financial arrangements for the discharge and full payment of the Bonds; and

**WHEREAS**, the City Council finds and determines that it is in the best interest of the City and its residents to use Unspent Proceeds to defease and redeem the Defeased Bonds (as hereinafter defined) as herein provided;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS:**

SECTION 1: A portion of the Bonds, in an aggregate principal amount of not less than \$34,000,000, maturing on August 15 in each of the years identified in the Escrow Agreement (defined below) (collectively, the “Defeased Bonds”), shall be defeased to their first available redemption date(s) (the “Redemption Date”), as set forth in this Resolution. The City Council hereby authorizes and directs the Chief Financial Officer of the City, in consultation with bond counsel, Norton Rose Fulbright US LLP (“Bond Counsel”), to ultimately determine the maturities, principal amount(s), redemption date(s), and series of Bonds to be defeased, which shall be set forth in the Escrow Agreement. Upon such determination, the City Council hereby authorizes and directs the Mayor, Mayor Pro Tem, City Manager, or Chief Financial Officer (each, an “Authorized Official”) to transfer the Unspent Proceeds, and other lawfully available funds of the City, if necessary, to the Escrow Agent (as hereinafter defined), in an amount sufficient (when combined with investment earnings on such initial deposit) to pay (i) all interest due and owing on the Defeased Bonds from the time of such deposit through the Redemption Date, (ii) the principal amount of the Defeased Bonds due and owing on the Redemption Date, and (iii) the associated costs and expenses of such defeasance and redemption. Upon the making of such deposit, the Defeased Bonds will be defeased and, as a result, discharged and no longer considered outstanding obligations of the City in accordance with applicable Texas law.

SECTION 2: In addition to the defeasance set forth in Section 1, upon the sale of that certain real property acquired for the MPC (the “MPC Property”), the net proceeds from the sale of the MPC Property shall be used to defease and redeem then-outstanding Bonds, in inverse order of maturity. Each Authorized Official is authorized to work with the City’s financial advisor, Hilltop Securities Inc. (the “Financial Advisor”), and Bond Counsel to bring forward to City Council any such subsequent defeasances on a contemporaneous basis with, or promptly following, the sale of all, or a significant portion of, the MPC Property.

SECTION 3: Each Authorized Official is hereby authorized to enter into an escrow agreement (the “Escrow Agreement”) with Computershare Trust Company, N.A., the paying agent/registrars for the Bonds, or such other entity as determined by such Authorized Official (the “Escrow Agent”), for the final payment and discharge of the Defeased Bonds on their Redemption Date, in a form acceptable to the Authorized Official, for and on behalf of the City and as the act and deed of the City Council of the City; and the Escrow Agreement as executed by an Authorized Official shall be deemed the Escrow Agreement approved by the City Council of the City.

SECTION 4: Each Authorized Official and other appropriate officials of the City as directed by such Authorized Officials and in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the escrowed securities referenced in the Escrow Agreement, if any, and the delivery thereof to the Escrow Agent for deposit to the credit of the “CITY OF EL PASO, TEXAS, MPC BONDS DEFEASANCE 2025 ESCROW FUND” (referred to herein as the “Escrow Fund”) or such other designation as provided for in the Escrow Agreement; all as contemplated and provided in Chapter 1207, this Resolution, and the Escrow Agreement.

SECTION 5: The City Council further hereby authorizes each Authorized Official to select a firm of independent certified public accountants (the “Verification Agent”) to verify the sufficiency of the deposit to the Escrow Fund to accomplish the defeasance of the Defeased Bonds.

SECTION 6: The Defeased Bonds shall be called for redemption on the Redemption Date, at the price of par and accrued interest to the date of redemption. The City Clerk or any Authorized Official is hereby authorized and directed to file a copy of this Resolution, together with the suggested form of notice of redemption to be sent to Bondholders, with Computershare Trust Company, N.A., or its successors or assigns (the “Paying Agent/Registrar”), in accordance with the redemption provisions applicable to such Defeased Bonds; such suggested form of notice of redemption being attached hereto as **Exhibit A** and incorporated herein by reference as a part of this Resolution for all purposes.

SECTION 7: Each Authorized Official is authorized to provide certifications or other evidence of adoption of this Resolution and to do any and all things necessary or convenient to effect the defeasance and redemption described herein and otherwise give effect to the intent and purpose hereof, including the execution of the Escrow Agreement.

SECTION 8: The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

SECTION 9: Though such parties may be identified, and the entry into a particular form of contract may be authorized herein, the City Council hereby delegates to each Authorized Official the authority to independently select the counterparty to any agreement with the Paying Agent/Registrar, the Escrow Agent, or any other contract that is determined by such Authorized Official, the City’s Financial Advisor, or Bond Counsel to be necessary or incidental to carry out the provisions of this Resolution, as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code (collectively, the “Ancillary Contracts”); and, as necessary, to execute the Ancillary Contracts on behalf and as the act and deed of the City Council. The City Council has not participated in the selection of any of the business entities which are counterparties to the Ancillary Contracts.

SECTION 10: If any provision of this Resolution or the application thereof to any person or circumstance shall be held invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 11: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 12: This Resolution shall be in force and effect from and after its passage on the date shown below.

*[Remainder of page intentionally blank]*

APPROVED this \_\_\_\_ day of December, 2024.

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Oscar Leeser  
Mayor, City of El Paso, Texas


ATTEST:

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Laura D. Prine  
City Clerk, City of El Paso, Texas

(SEAL)

APPROVED AS TO FORM:



12/12/2024

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Karla Nieman  
City Attorney  
City of El Paso, Texas

APPROVED AS TO CONTENT:



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Robert Cortinas  
Chief Financial Officer  
City of El Paso, Texas

APPROVED AS TO FORM:



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Paul A. Braden  
Bond Counsel

**EXHIBIT A**

NOTICE OF REDEMPTION  
CITY OF EL PASO, TEXAS  
GENERAL OBLIGATION [REFUNDING AND IMPROVEMENT] BONDS,  
SERIES 20\_\_  
Dated \_\_\_\_\_, 20\_\_

NOTICE IS HEREBY GIVEN that a portion of the bonds of the above series maturing on August 15 in each of the years 20\_\_ through 20\_\_, and aggregating in principal amount \$\_\_\_\_\_ have been called for redemption on August 15, 20\_\_ (the "Redemption Date"), at the redemption price of par and accrued interest to the date of redemption, such bonds being identified as follows:

<u>Maturity Date</u>	<u>Outstanding Principal Amount (\$)</u>	<u>Principal Amount to be Redeemed (\$)</u>	<u>CUSIP No.</u>
August 15, 20__			
August 15, 20__			
August 15, 20__			

A lot selection resulting in a pro rata selection among the outstanding maturity of the bonds has been made and your bond has been selected for redemption. All of such bonds shall become due and payable on the Redemption Date, and interest thereon shall cease to accrue from and after the Redemption Date, and payment of the redemption price of such bonds shall be paid to the registered owners of the bonds only upon presentation and surrender of such bonds to Computershare Trust Company, N.A. at its designated offices at the following address:

<u>By Registered or Certified Mail</u> Computershare Trust Company, N.A. 1505 Energy Park Drive St. Paul, Minnesota 55108	<u>By Hand or Overnight Mail</u> Computershare Trust Company, N.A. Corporate Trust Operations 1505 Energy Park Drive St. Paul, Minnesota 55108
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THIS NOTICE is issued and given pursuant to the terms and conditions prescribed for the redemption of such bonds and pursuant to a resolution by the City Council of the City of El Paso, Texas.

COMPUTERSHARE TRUST COMPANY, N.A.  
1505 Energy Park Drive  
St. Paul, Minnesota 55108