

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

DEPARTMENT: City Manager's Office

AGENDA DATE: May 07, 2024

CONTACT PERSON NAME / PHONE NUMBER: Robert Cortinas, Chief Financial Officer (915)-212-1067

DISTRICT(S) AFFECTED: All

STRATEGIC GOALS: Goal 6: Set the Standard for Sound Governance and Fiscal Management

SUBJECT:

A RESOLUTION authorizing the defeasance and redemption of certain outstanding obligations of the City; approving and authorizing the execution of an agreement for the deposit of funds in an amount sufficient to defease and redeem such obligations in an aggregate principal amount of \$11,820,000; resolving other matters incident and related thereto; and providing an effective date.

BACKGROUND / DISCUSSION:

The City of El Paso currently has approximately \$601 million in authorized, but unissued bonds to be issued over the next several years. In order to minimize the future debt service tax rate impacts, staff is recommending to defease a portion of General Obligation Refunding Bonds, Taxable Series 2014 in an aggregate principal amount of \$11,820,000. Upon the defeasement, the bonds will be determined to have been discharged and no longer considered outstanding obligations of the City.

<u>Maturity Date</u>	<u>Outstanding Principal Amount (\$)</u>	<u>Principal Amount to be Redeemed (\$)</u>	<u>CUSIP No.</u>
August 15, 2027	5,775,000	5,775,000	283734TE1
August 15, 2028*	6,045,000	6,045,000	283734TF8

PRIOR COUNCIL ACTION:

On April 11, 2023, the City Council approved an Ordinance authorizing the issuance of City of El Paso, Texas, General Obligation Refunding Bonds, Series 2023A for debt service savings.

AMOUNT AND SOURCE OF FUNDING:

Aggregate principal amount of \$11,820,000 from restricted debt service reserves.

*****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 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 ordinance passed and adopted by the City Council (the “City Council”) of the City of El Paso, Texas (the “City”), the City has heretofore issued and there are currently outstanding certain obligations more particularly described as follows: “City of El Paso, Texas, General Obligation Refunding Bonds, Taxable Series 2014,” dated January 1, 2014 (the “Bonds”); and

WHEREAS, the Bonds are currently outstanding in the principal amount of \$71,150,000, are scheduled to mature on August 15 in each of the years 2024 through 2027, inclusive, and 2034, and the Bonds maturing on and after August 15, 2024, are subject to redemption on August 15, 2023, or any date thereafter, at the option of the City; 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 with such place of payment 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 of the City finds and determines that it is in the best interest of the City and its residents to defease and redeem the Defeased Bonds (as hereinafter defined) as herein provided in order to reduce the City’s aggregate debt service requirements on such Defeased Bonds;

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 \$11,820,000, stated to mature on August 15 in each of the years 2027 and 2034 (the “Defeased Bonds”), shall be defeased to their prior redemption date, as set forth in this Section 1. The redemption amount being applied to redeem the Defeased Bonds maturing on August 15, 2034 shall be applied to the mandatory sinking fund redemption amount due on August 15, 2028, for such Defeased Bonds. The City Council hereby authorizes and directs the Mayor or Mayor Pro Tem, City Manager or Interim City Manager, or Chief Financial Officer (each, an “Authorized Official”) to transfer lawfully available funds of the City to Computershare Trust Company, N.A., the current paying agent/registrar for the Bonds, as successor-in-trust to Wells Fargo Bank, National Association (the “Paying Agent/Registrar”), in an amount sufficient to pay (i) all interest due and owing on the Defeased Bonds from the time of such deposit through the Defeased Bonds’ redemption date, (ii) the principal amount of the Defeased Bonds due and owing at their redemption, and (iii) the associated costs and expenses of such defeasance and redemption. Upon the making of such deposit, the Defeased Bonds will be determined to have been defeased and, as a result, discharged and no longer considered outstanding obligations of the City in accordance with applicable Texas law.

SECTION 2: Each Authorized Official is hereby authorized to enter into a deposit or escrow agreement with the Paying Agent/Registrar (the “Agreement”) 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 Agreement as executed by one of such officials shall be deemed the Agreement approved by the City Council of the City. Each Authorized Official is hereby authorized and directed to transfer lawfully available funds to the Paying Agent/Registrar to accomplish the defeasance and redemption of the Defeased Bonds in accordance with the terms of the Agreement.

SECTION 3: The sufficiency of the deposit to the fund established pursuant to the Agreement to accomplish such defeasance and redemption shall be certified to the City by the City’s financial advisor, the Paying Agent/Registrar, or another qualified financial institution.

SECTION 4: The Defeased Bonds shall be called for redemption on the redemption date set forth in the Agreement, 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 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 5: 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 Agreement.

SECTION 6: 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 7: 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 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 8: 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 9: 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 10: This Resolution shall be in force and effect from and after its passage on the date shown below.

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APPROVED AND ADOPTED, this 7th day of May, 2024.

Oscar Leeser
Mayor, City of El Paso, Texas

ATTEST:

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

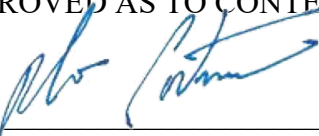
(SEAL)

APPROVED AS TO FORM:



Karla Nieman
City Attorney
City of El Paso, Texas

APPROVED AS TO CONTENT:



Robert Cortinas
Chief Financial Officer
City of El Paso, Texas

APPROVED AS TO FORM:



Paul A. Braden
Bond Counsel

EXHIBIT A

NOTICE OF REDEMPTION
CITY OF EL PASO, TEXAS
GENERAL OBLIGATION REFUNDING BONDS,
TAXABLE SERIES 2014
Dated January 1, 2014

NOTICE IS HEREBY GIVEN that a portion of the bonds of the above series maturing on August 15 in each of the years 2027 and 2034, and aggregating in principal amount \$11,820,000 have been called for redemption on _____, 2024 (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, 2027	5,775,000	5,775,000	283734TE1
August 15, 2028*	6,045,000	6,045,000	283734TF8

*Mandatory sinking fund redemption date for Term Bond maturing August 15, 2034.

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:

By Registered or Certified Mail
Computershare Trust Company, N.A.
1505 Energy Park Drive
St. Paul, Minnesota 55108

By Hand or Overnight Mail
Computershare Trust Company, N.A.
Corporate Trust Operations
1505 Energy Park Drive
St. Paul, Minnesota 55108

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