



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Agenda Item Summary

Meeting Date: August 21, 2024

Agenda Section: Discussion and Possible Action

Agenda Item Title: ORDER BY THE BOARD OF TRUSTEES OF SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT AUTHORIZING THE DEFEASANCE AND REDEMPTION OF CERTAIN OUTSTANDING BONDS; APPROVING AND AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT; AUTHORIZING THE ENGAGEMENT OF A VERIFICATION AGENT; AND CONTAINING OTHER PROVISIONS RELATING THERETO

From: Tony Kingman, Chief Financial Officer

Additional Presenters if Applicable:

Description: The I&S revenue collection for the I&S fund is projected to be in a range of \$2,000,000 to \$4,000,000 more than the obligated expenditure. The Board finds it is in the best interest of the District and its residents to defeasance certain of its Eligible Bonds extinguishing the District's payment obligations with respect thereto at the time of defeasance. South San Antonio ISD's School Board would need to adopt the defeasance resolution to keep the tax rate at \$0.4990.

Historical Data: N/A

Recommendation: Approve the Defeasance Resolution.

Funding Budget Code and Amount:

ORDER BY THE BOARD OF TRUSTEES OF SOUTH SAN ANTONIO
INDEPENDENT SCHOOL DISTRICT AUTHORIZING THE DEFEASANCE
AND REDEMPTION OF CERTAIN OUTSTANDING BONDS; APPROVING
AND AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT;
AUTHORIZING THE ENGAGEMENT OF A VERIFICATION AGENT; AND
CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, the South San Antonio Independent School District (the “District”) has heretofore issued its currently outstanding unlimited tax bonds described in Exhibit A (the “Outstanding Bonds”) pursuant to orders adopted by the Board of Trustees of the District (the “Board”) and the pricing certificates executed pursuant thereto (collectively, the “Outstanding Bond Orders”); and

WHEREAS, pursuant to the Outstanding Bond Orders, the District has the right to defease to maturity and to redeem in advance of their maturities all or a portion of the Outstanding Bonds; and

WHEREAS, the District desires to defease and either pay at maturity or redeem in advance of their maturities the Outstanding Bonds more specifically described in Section 3 herein (the “Defeased Bonds”); and

WHEREAS, the District is authorized to accomplish such defeasance and redemption by providing notice as required in the Outstanding Bond Orders and depositing with (i) a qualified escrow agent (the “Escrow Agent”) or (ii) the paying agent/registrar for the Defeased Bonds, lawfully available funds of the District in an amount sufficient to provide for the defeasance and payment at maturity or redemption of the Defeased Bonds; and

WHEREAS, the Board desires to authorize the execution of an escrow agreement (the “Escrow Agreement”) in order to provide for the deposit of such lawfully available funds of the District and certain other securities in an amount sufficient to accomplish the discharge and final payment of the Defeased Bonds on their maturity dates or respective redemption dates, and to obtain a verification report from the verification agent (the “Verification Agent”) verifying the sufficiency of the amounts initially deposited with the Escrow Agent to pay the principal of and interest on the Defeased Bonds when due on their maturity dates or respective redemption dates (the “Verification Report”); and

WHEREAS, upon the deposit of funds with the Escrow Agent as specified in the Verification Report, the District will have effected the defeasance of the Defeased Bonds under Chapter 1207, Texas Government Code, as amended, and the Outstanding Bond Orders, and the Defeased Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to the funds deposited under the Escrow Agreement with the Escrow Agent; and

WHEREAS, the Board hereby finds and declares that the meeting at which this Order is considered is open to the public, and that the public notice of the time, place and purpose of the meeting was given, as required by Chapter 551, Texas Government Code; now, therefore,

BE IT ORDERED BY THE BOARD OF TRUSTEES OF SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT:

Section 1. Findings. It is hereby found and determined that the matters and facts set out in the recitals of this Order are true and correct and incorporated herein for all purposes. All capitalized terms not otherwise defined in the recitals to this Order shall have the respective meanings set forth in the Outstanding Bond Orders.

Section 2. Approval of Defeasance and Redemption of Defeased Bonds; Approval of Use of Funds. It is hereby found and determined that sufficient lawfully available funds of the District are available for the purpose of defeasing and paying at maturity or redeeming the Defeased Bonds and to pay the costs relating thereto. It is hereby found and determined that it is in the best interest of the District to use such funds, in an amount not to exceed \$4,000,000, to effect the defeasance and payment at maturity or redemption prior to maturity of the Defeased Bonds. The Board hereby authorizes the use of such lawfully available funds (i) in an amount sufficient to provide for the payment of the principal of and interest on the Defeased Bonds when due on their maturity dates or respective redemption dates, as verified in the Verification Report, in order to accomplish the defeasance and payment at maturity or redemption of the Defeased Bonds and (ii) in an amount sufficient to pay any costs relating to the defeasance and payment at maturity or redemption of the Defeased Bonds.

Section 3. Defeasance and Redemption Prior to Maturity of Defeased Bonds. The District hereby authorizes the defeasance and payment at maturity or redemption prior to maturity of the Outstanding Bonds identified on Exhibit A hereto. Certain of the Defeased Bonds are hereby called for redemption prior to maturity on the respective redemption dates therefor set forth in Exhibit A at a redemption price of par plus accrued interest to their respective redemption date. The District hereby authorizes and directs notice of such defeasance and redemption of the Defeased Bonds to be given in accordance with the terms of the Outstanding Bond Orders.

Section 4. Appointment of Authorized Officer; Approval of Escrow Agreement; Subscription for Securities. The District hereby appoints the Superintendent, the Chief Financial Officer or the Director of Finance and any person serving in an acting or interim capacity for any such position (each, an "Authorized Officer") for the Defeased Bonds to act on behalf of the District in carrying out the procedures specified in this order, including determining (i) the selection of, and determination of the aggregate principal amount of, Bonds to be redeemed and defeased, (ii) the specific date to be selected to be the redemption date, (iii) the use of funds of the District to be used to defease the Defeased Bonds, and (iv) all other matters relating to the redemption and defeasance of the Defeased Bonds, all of which shall be specified in the Approval Certificate, which any Authorized Officer is hereby authorized to execute to effectuate the provisions of this Order.

The Defeased Bonds shall be identified in the Approval Certificate in accordance with the preceding sentence, except that if less than an entire maturity of any Outstanding Bonds is to be redeemed and defeased, the specific Outstanding Bonds to be redeemed within a maturity shall be selected as provided in the order authorizing their issuance and, if not so provided, by lot. The Escrow Agreement specifying the duties and responsibilities of the District and the Escrow Agent in substantially the form attached hereto as Exhibit B, with such revisions as may be approved by,

as evidenced by the execution of the Escrow Agreement, is hereby approved as evidence of the execution of the Escrow Agreement. Each Authorized Officer is each hereby authorized to select the escrow agent (the “Escrow Agent”) and to execute the Escrow Agreement on behalf of the District and to execute such documents and agreements in connection with the purchase of securities as may be necessary or desirable to effectuate the defeasance and redemption of the Defeased Bonds as contemplated herein, and the submission of any application necessary for the acquisition of such securities is hereby ratified and approved.

Section 5. Appointment of Verification Agent. The District hereby authorizes each Authorized Officer to engage a duly qualified as Verification Agent in connection with the defeasance and redemption of the Defeased Bonds and to execute an engagement letter in connection with such engagement.

Section 6. Related Matters. To satisfy in a timely manner all of the District’s obligations under this Order, each Authorized Officer and all other appropriate officers and agents of the District are hereby authorized and directed to take all actions that are reasonably necessary to provide for the defeasance and payment at maturity or redemption of the Defeased Bonds, including, without limitation, paying any fees or expenses required in connection with the defeasance and payment at maturity or redemption of the Defeased Bonds and executing and delivering on behalf of the District all bonds, consents, receipts, requests, agreements and other documents as may be necessary to direct the application of funds of the District consistent with the provisions of this Order, and any such actions taken prior to the date hereof are ratified and approved.

Section 7. No Personal Liability. No recourse shall be had for payment of principal of or interest on any Defeased Bonds or for any claim based thereon against any member of the Board of Trustees or employee of the District.

Section 8. Severability. If any provision, section, subsection, sentence, clause or phrase of this Order, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void, invalid, or unenforceable, neither the remaining portions of this Order nor their application to other persons or sets of circumstances shall be affected thereby, it being the intent of the Board in adopting this Order that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness, invalidity or unenforceability of any other portion hereof, and all provisions of this Order are declared to be severable for that purpose.

Section 9. Effective Date. This Order shall take effect immediately from and after its passage by the Board.

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PASSED AND APPROVED the 21st day of August, 2024.

President, Board of Trustees
South San Antonio Independent School
District

ATTEST:

Secretary, Board of Trustees
South San Antonio Independent School District

[SEAL]

EXHIBIT A

SCHEDULE OF ELIGIBLE BONDS

Unlimited Tax School Building Bonds, Series 2005

Unlimited Tax School Building Bonds, Series 2010

Unlimited Tax School Building Bonds, Taxable Series 2010 (Build America Bonds-Direct Subsidy)

Unlimited Tax Refunding Bonds, Series 2011

Unlimited Tax Refunding Bonds, Series 2013

Unlimited Tax Refunding Bonds, Series 2014

Unlimited Tax Refunding Bonds, Series 2019A

Unlimited Tax Refunding Bonds, Taxable Series 2019B

Unlimited Tax Refunding Bonds, Series 2019C

Unlimited Tax Refunding Bonds, Series 2020

Unlimited Tax Refunding Bonds, Series 2022

EXHIBIT B

ESCROW AGREEMENT

[Attached]