



DATA SHEET
Agenda Item No. 11.

Meeting Date: June 7, 2018

Agenda Item:

Consider Bond Resolution calling certain outstanding Northeast Regional Water Reclamation System Revenue Bonds for redemption and defeasance; authorizing the deposit of the funds with the Paying Agent/Registrar; and resolving other matters thereto.

Placement:	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Individual Consideration	<input type="checkbox"/> Executive Session
Vote:	<input type="checkbox"/> Non-Weighted <input checked="" type="checkbox"/> Weighted Capital		
Recommending Department: Business			

Background:

During FY 2016, both Celina and DCFWSD #10 purchased 0.10 MGD of excess capacity in the Doe Branch Plant of the Northeast Regional Water Reclamation System. Both entities provided up-front cash for the cost of the purchase. In addition, because the bonds used to construct the facility could not be redeemed prior to August 1, 2018, both entities had to provide interest costs from the date of purchase to the first date of eligible redemption. There is also an opportunity at this time to redeem approximately \$100,000 of bonds that were issued for the Debt Service Reserve.

In total, the amount of bonds to be redeemed is approximately \$1.830 million. Early redemption of these bonds leads the District and the entities involved to save on future interest costs. As a result of the redemption, future interest expense will be reduced by approximately \$905,000. Staff and the District's financial advisor recommend that the related bonds be redeemed.

Early redemption of bonds requires the Board to approve a Resolution that provides notice at least 30 days prior to the redemption date to bond holders of the District's plan. Upon Board approval of the Resolution, the Paying Agent/Registrar will inform the appropriate parties of the District's intentions.

Financial:

Upper Trinity's approval of the Bond Resolution will enable the District to redeem approximately \$1.830 million. The redemption will allow for future interest expense savings of approximately \$905,000.

Recommendation:

Staff recommends that the Board approve the Bond Resolution that allows for the redemption and defeasance of approximately \$1.830 million in Revenue Bonds in the Northeast Regional Water Reclamation System.

Enclosures:

Draft Bond Resolution
Memo from Nick Bulaich of Hilltop Securities

Submitted By: 
William A. Greenleaf, Director of Business Services

Date: June 1, 2018

RESOLUTION OF BOARD OF DIRECTORS OF UPPER TRINITY REGIONAL WATER DISTRICT CALLING CERTAIN OUTSTANDING NORTHEAST REGIONAL WATER RECLAMATION SYSTEM REVENUE BONDS FOR REDEMPTION AND DEFEASANCE; AUTHORIZING THE DEPOSIT OF FUNDS WITH THE PAYING AGENT/REGISTRAR; AND RESOLVING OTHER MATTERS RELATED THERETO

WHEREAS, Upper Trinity Regional Water District (the "District") has previously issued its Northeast Regional Water Reclamation System Revenue Bonds, Series 2014 (the "Series 2014 Bonds"); and

WHEREAS, the City of Celina, a Participating Member of the Northeast Regional Water Reclamation System (the "System"), and Denton County Fresh Water Supply District No. 10, a Participating Customer of the System, have each provided funds to the District in an amount sufficient to fully redeem and defease portions of certain outstanding maturities of the Series 2014 Bonds (as specifically identified on **Schedule I** hereto, such bonds to be hereinafter referred to as the "Refunded Bonds"); and

WHEREAS, the District, in accordance with this Resolution, will deposit funds in an amount sufficient to fully pay all principal and interest due and owing on the Refunded Bonds on August 1, 2018 (the "Redemption Date") with The Bank of New York Mellon Trust Company, N.A., the paying agent/registrar for the Refunded Bonds (the "Paying Agent"); and

WHEREAS, the Board of Trustees (the "Board") of the District finds and determines that it is in the best interests of the District to call for redemption and defease the Refunded Bonds and that the Refunded Bonds shall be redeemed on the Redemption Date; and

WHEREAS, the meeting at which this Resolution is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF UPPER TRINITY REGIONAL WATER DISTRICT:

Section 1. Findings. The findings and determinations set forth in the preambles hereto are hereby incorporated by reference for all purposes.

Section 2. Deposit of Funds. The transfer and deposit of available funds of the District in an amount equal to \$1,830,000 with the Paying Agent for the Refunded Bonds is hereby authorized, directed and approved.

Section 3. Redemption of Refunded Bonds. (a) The Refunded Bonds shall be paid on the Redemption Date as set forth on Schedule I attached hereto, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the Redemption Date.

(b) The Secretary of the Board and any other officer of the District is hereby authorized and directed to cause a copy of this Resolution to be delivered to the Paying Agent for the Refunded

Bonds, the delivery of which shall constitute notice of redemption and notice of defeasance to such Paying Agent.

Section 4. Notice of Redemption. The Paying Agent for the Refunded Bonds is hereby authorized and directed to give notice of such redemption to the owners thereof pursuant to the resolution authorizing the issuance of the Refunded Bonds.

Section 5. Execution and Delivery of Documents; Actions to be Taken. The President and Secretary of the Board, the Executive Director and the Director of Business Services are each hereby authorized and directed to consent to, accept, execute, attest and affix the District's seal to such other agreements, assignments, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, authorizations for the expenditure of funds of the District as may be required, written requests, and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution and to take any and all actions required to be taken to effect the purposes of this Resolution in accordance with this Resolution and the laws of the State of Texas.

FINALLY ADOPTED, APPROVED AND EFFECTIVE this 7th day of June, 2018.

President, Board of Directors
Upper Trinity Regional Water District

ATTEST:

Secretary, Board of Trustees
Upper Trinity Regional Water District

Signature Page to Resolution Authorizing Redemption of Caddo Mills ISD Bonds

SCHEDULE I
DESCRIPTION OF REFUNDED BONDS
[SEE ATTACHED SCHEDULE]

Schedule I-1

Nick Bulaich

Managing Director

Date: May 29, 2018

To: Bill Greenleaf

Subject: Partial Early Redemption of 2014 Northeast System Bonds

As a result of receiving a combined \$1.731 million from the City of Celina and Denton County Fresh Water Supply District #10 for the purchase of the excess capacity in the Doe Branch plant, the District can redeem a portion of the Series 2014 Northeast Regional Water Reclamation System Revenue Bonds at the first available call date of August 1, 2018. Additionally, as a result of this early redemption, the District will have approximately \$100,000 of excess Debt Service Reserve Funds that can be combined with the previously mentioned \$1.731 million to implement a total redemption of \$1.830 million of bonds. In order to facilitate the early redemption, the District's Board of Directors will need to consider a Notice of Redemption Resolution (the "Resolution") at the June Board meeting. The approved Resolution must be provided to the Paying Agent/Registrar at least 30 days before the August 1, 2018 call date. Upon receiving the Resolution, the Paying Agent/Registrar will provide the appropriate notices to the bondholders.

As a result of the proposed early redemption of \$1.830 million of the 2014 Bonds on August 1, 2018, the future interest expense will be reduced by approximately \$905,119.

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