

**R2023-06-06 - Resolution Authorizing  
Amendments to Escrow Agreements  
Executed in Connection with the Authority's  
Federally Taxable Sales Tax Revenue  
Refunding Bonds, Series 2019B and Series  
2021; and Related Matters**



# An Escrow Substitution could produce current savings of approximately \$400,000-\$500,000

*Process involves selling the securities in the current 2019 and 2021 escrows and re-populating with more efficient SLGS*

At the time each escrow was originally created, UTA bid out the escrow and received better results than had we used SLGS at that time. Currently, the shift in rates allows the restructuring to capture savings and make the existing escrows more efficient

- UTA bond refunding escrows from 2019 and 2021 present opportunities to generate cash savings now by doing an escrow substitution
- The combined escrows hold approximately \$500 million in securities that mature 15-30 days before they are needed to defease bonds in 2025
- As a result, a restructuring allows UTA to capture interest earnings on those funds during 2025 un-invested periods
- When current escrow securities are liquidated, SLGS (State and Local Government Securities) will be purchased with those proceeds for less than the amount of the securities sold
- Because SLGS rates are known at 8 AM Utah time, UTA would not actually complete the escrow liquidation unless we know the economic savings would meet desired targets



## Escrow Substitution Steps to Completion

- Consulted with the Local Advisory Council on May 31<sup>st</sup>
- Board of Trustees adopts resolution authorizing amendments to existing escrow agreements at a future meeting
- UTA works with bond counsel, their municipal advisor, escrow trustee, and bidding and verification agent to prepare bidding and legal documents
- UTA executes the escrow substitution on any day where the bond market rallies through the day (so that the rates on the sold escrow securities will be lower compared to the available SLGS rates that were published in the AM)
- The difference between the price the escrow is liquidated for and the cost of the SLGS necessary to re-populate the escrow is UTA's cash savings



# Recommended Action

## (by roll call)

Motion to approve R2023-06-06 Resolution Authorizing Amendments to Escrow Agreements Executed in Connection with the Authority's Federally Taxable Sales Tax Revenue Refunding Bonds, Series 2019B and Series 2021; and Related Matters, as presented

