

BLX ESCROW SERVICES

In recent years, the historically low yield environment has made State and Local Government Series securities (“SLGS”) the security of choice for many advance refunding escrow transactions. However, in many cases, there is an earnings benefit to purchasing open market securities that meet all of the requirements outlined in the governing bond documents. These additional earnings accrue directly to the savings transaction. Therefore a thoroughly considered escrow strategy can be an important part of the refinancing strategy.

Escrow Expertise

We are BLX Group, a MSRB and SEC registered municipal advisor firm specializing in serving public finance related entities through consulting, financial advisory, investment advisory and management services. Members of BLX’s structured products and investment management groups work together to structure and procure open market escrow portfolios in an efficient and cost effective manner, with a focus on transparency, documentation, and compliance with applicable Treasury regulations. Our team of professionals has over 20 combined years of experience in helping the public sector structure and procure defeasance escrows. Moreover, our position as the largest and most experienced provider of arbitrage rebate compliance services affords us specialized insights regarding the important tax and yield compliance considerations associated with defeasance escrows. BLX’s approach begins with a review of the governing bond documents to determine permitted defeasance securities with bond counsel and ensure access to the broadest range of potential securities. Our procurement process is governed by an exhaustive term sheet that details important legal and business provisions designed to formally document client objectives and establish the criteria by which securities will be procured. The term sheet is reviewed and approved by bond counsel and other financing team members prior to use. Our objective in structuring open-market security escrows for our clients is to generate material incremental savings when compared to SLGS while adhering to all applicable Treasury regulations.

Technical Capabilities

BLX utilizes specialized optimization software to evaluate the potential earnings benefit of incorporating open-market securities into the escrow portfolio. In addition to evaluating the cost and cashflow efficiency differences between permitted open-market securities and SLGS, the system generates reports which BLX can link to real-time pricing sources for purposes of monitoring expected portfolio costs. In addition, BLX team members consult with financing team members regarding the timing of economic data releases, Treasury financing activities, and Federal Reserve open market operations that may affect market conditions, dealer availability, and the open-market security bidding process. To conduct the competitive procurement process, BLX utilizes BLXBid, a proprietary web-based bidding platform. Each bid submitted via BLXBid is electronically “sealed” and known only to the bidder until the auction is closed. During the auction period, clients and financing team members are able to view the number of bids received in real time. Upon completion, the bids are automatically tabulated and presented to BLX and the client for review. Moreover, BLXBid provides clients with permanent on-line access to their transaction records ensuring more efficient record keeping and compliance. In connection with the procurement process, BLX provides a bidding agent certificate and disseminates information relating to the escrow transaction which includes; a copy of the final term sheet, a summary of all bids received, a copy of the winning portfolio details and evidence of cashflow sufficiency, and an executed security provider certificate.

Consider BLX

If you are looking for peace of mind, look no further than BLX. You deserve nothing less than significant expertise and market experience, a proven track record and a strong client history. Let BLX help with your next advance refunding escrow fund.

For additional escrow information, please contact:

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