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MEMORANDUM

from

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**TO:** Board of Directors of  
Travis County Housing Finance Corporation

**DATE:** December 5, 2013

**RE:** Proposed Financing for Timbers Apartments

**Agenda Date:** December 10, 2013

Approval of a resolution for financing of this project in the amount of \$7,000,000 was approved on December 3. The \$7,000,000 amount was an error and less than the borrower requested so this item is simply to approve the correct amount of \$7,771,000.

The body of my previous email is below with the only change being to correct the amount requested.

Timbers Clayton 104 Apartments, L.P., limited partnership which is controlled by the Rufino Contreas Affordable Housing Corporation, a entity related to the Cesar Chavez Foundation (“Applicant”) has applied for financing with the Corporation for a project at 1034 Clayton Drive, Austin, Texas, 78723, just east of Interstate 35 and just south of Highway 290 east. The plan is described in more detail in the application but essentially the Applicant plans to purchase and perform some rehabilitation of the Timbers Apartments. The amount of bond financing requested is an amount not exceed \$7,771,000.

The property consists of 104 units in 10 two and three story buildings. It was originally constructed in 1998.

Staff has reviewed the application along with attachments. Enclosed with this memo are drafts of a preliminary resolution and agreement to issue bonds which are in the Corporation’s standard format. Approval of this resolution does not obligate the Corporation to ultimately issue the bonds until the Board is satisfied with the transaction and the project. This resolution also authorizes filing a carryforward application with the bond review board for the required volume

cap. The Agreement to Issue Bonds contains our standard broad indemnification of the Corporation for considering and participating in the transaction.

If approved, the Applicant will be required to reserve 20% of the units for persons with incomes of 50% of the area median income, adjusted for family size and 90% of the units for persons with incomes of 120% or less of the area median income.

Under the proposed structure, the Corporation will not have any liability on the bonds, as the transaction will be structured as a revenue bond issuance. If the full \$7,771,000 of bonds is issued, the Corporation will receive an issuer fee of \$38,855 (0.50%). If a lesser amount is ultimately issued, the fee will be reduced proportionately.

The transaction will require the approval of the Attorney General's office. The Applicant will also need to have a public hearing required by the Internal Revenue Code. This transaction will also require a consent from the city of Austin under a new amendment to the tax credit statute.

Please give me a call if you have any questions or require any additional information regarding this matter before Tuesday.

cc: Andrea Shields  
Ladd Pattillo

**RESOLUTION OF BOARD OF DIRECTORS PRESCRIBING THE FORM AND SUBSTANCE OF AN AGREEMENT TO ISSUE BONDS; AUTHORIZING THE EXECUTION OF SUCH AGREEMENT; AND CONTAINING OTHER PROVISIONS RELATING TO \$7,7710,000 HOUSING REVENUE BONDS (TIMBERS APARTMENTS PROJECT)**

WHEREAS, Travis County Housing Finance Corporation (the “Corporation”) is authorized by the Texas Housing Finance Corporations Act, Local Government Code, Chapter 394, Vernon’s Annotated Texas Civil Statutes, as amended (the “Act”), to issue revenue bonds for the purpose of paying all or part of the cost of a Residential Development as defined in the Act, and to sell or lease the project to others or loan the proceeds of the bonds to others to finance all or part of the cost of the Residential Development; and

WHEREAS, the Act authorizes the Corporation: (a) to make loans to any person to provide financing for rental residential developments located within Travis County, Texas (the “County”), and intended to be occupied substantially (at least 90 percent) by persons of low and moderate income, as determined by the Corporation; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Corporation, including the revenues and receipts to be received by the Corporation from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Corporation in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Corporation now desires to authorize, issue and sell its tax-exempt housing finance revenue bonds, to the extent authorized by law, to provide funds to defray all or part of the cost of acquiring, rehabilitating and/or constructing a certain Residential Development known as the Timbers Apartments by Timbers Clayton 104 Apartments, L.P., a Texas limited partnership (the “User”); and

WHEREAS, the User and the Corporation desire that the Corporation adopt a resolution with respect to the bonds or take some other similar official action toward the issuance of such bonds prior to the commencement of construction or acquisition of such Residential Development; and

WHEREAS, Travis County, Texas (the “Unit”), has authorized and approved creation of the Corporation to act on its behalf to further certain public purposes of the Unit;

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TRAVIS COUNTY HOUSING FINANCE CORPORATION, THAT:**

Section 1: The Corporation hereby authorizes and agrees that it will issue and sell its housing finance revenue bonds (the “Bonds”) from time to time in one or more series pursuant to the provisions of Texas law to pay all or part of the cost of acquiring and constructing the project

described in Exhibit “A” to the Agreement to Issue Bonds attached hereto (the “Project”), together with all costs of authorization, sale and issuance of the Bonds. The Bonds will be issued and sold as more fully provided in the Agreement to Issue Bonds, and subject to the terms thereof, in a maximum aggregate principal amount expected to be issued for the Project in an amount not to exceed \$7,771,000.

Section 2: The proceeds of the Bonds will be used to finance the acquisition, rehabilitation and/or construction of the Project.

Section 3: The Corporation will enter into a financing agreement with the User providing for financing of all or part of the cost of the Project, as more fully described in the Agreement to Issue Bonds.

Section 4: The Board of Directors of the Corporation (the “Board of Directors”) hereby finds, determines and declares that (i) the Project is required and suitable for the promotion of the construction of new, improved, or expanded residential development in the Unit, (ii) the User has the business experience, financial resources and responsibility to provide reasonable assurance that the Bonds and the interest thereon to be paid from, or by reason of, payments made by the User under the financing agreement will be paid as the same become due, and (iii) the Project is in furtherance of the public purposes set forth in the Act.

Section 5: The Agreement to Issue Bonds by and between the Corporation and the User in substance and in form substantially as shown in the attachment hereto is hereby approved and the President or Vice President and Secretary or Assistant Secretary of the Corporation are hereby authorized to execute and attest such Agreement to Issue Bonds for and on behalf of the Corporation.

Section 6: The Corporation hereby authorizes the filing of an Application For Carryforward For Private Activity Bonds with the Texas Bond Review Board for the year 2013 for the amount of \$7,771,000 of qualified residential mortgage bonds, and the President of the Corporation, Samuel T. Biscoe, is designated as the authorized officer to execute and deliver such Application to the Texas Bond Review Board, and subject to any changes such officer deems necessary.

Section 7: That neither the User nor any other party is entitled to rely on this Resolution as a commitment to loan funds, and the Corporation reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Corporation shall not be subject to any liability or damages of any nature. Neither the User nor any one claiming by, through or under the User, nor any investment banking firm or potential purchaser of the Bonds shall have any claim against the Corporation whatsoever as a result of any decision by the Corporation not to issue the Bonds.

Section 8: This Resolution, together with the Agreement to Issue Bonds attached hereto, shall be deemed and construed as a resolution authorizing the issuance of the aforesaid Bonds or some other similar official action toward the issuance of the Bonds.

PASSED AND APPROVED this \_\_\_\_\_ day of December, 2013.

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Samuel T. Biscoe, President

**CERTIFICATION**

The above resolution, adopted by the Board of Directors of the Travis County Housing Finance Corporation at a meeting held on the \_\_\_\_ day of December, 2013, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand and seal of office this \_\_\_\_\_ day of December, 2013.

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Margaret Gomez, Secretary