



PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: October 16, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action to engage Chapman & Cutler LP as Co-Partnership Counsel for the Tower Road Apartments project.

BACKGROUND/SUMMARY:

This item is to engage Chapman & Cutler LP as co-partnership counsel for the Tower Road bond transactions.

The PFC has two primary roles in the Tower Road Apartment project: 1) issuer of bonds, and 2) general partner to the transaction which includes serving as landlord, making loans to the partnership of which it is a part of through its LLC, and serving as general contractor.

During the negotiation of the financing of the project, the financing structure was revised from the original concept to include a subordinate bond structure. This is a structure, that has been used successfully elsewhere and has been approved by tax counsel. This structure will be used in at least one other Texas transaction that will close after the Tower Road transaction.

The introduction of the subordinate bond structure has increased the level of complexity to the transaction. For that reason, it is advantageous to bring in additional support in drafting and finalizing the essential transaction documents, including those that are currently under negotiation.

Chapman & Cutler serves as the MHPFC’s tax and disclosure counsel for the Tower Road Apartments transaction and is qualified to serve as co-general partnership counsel for the bond financing. The fees for Chapman’s services are paid from the bond proceeds. Neither the City nor the PFC are obligated to pay for Chapman’s fees for services, which are paid from the proceeds of the underlying transactions.

LEGAL REVIEW: Yes, Gregory Miller Bond Counsel
FISCAL IMPACT: Not Applicable
PRESENTATION: Yes
ATTACHMENTS: Yes

- Form of Agreement between MHPFC and Chapman & Cutler

PROPOSED MOTION: Move to authorize the General Manager to negotiate and execute an agreement in substantially the same form as what has been provided to the Board for this matter with Chapman and Cutler LP to serve as co-general partnership counsel to the MHPFC for the Tower Roads Apartments project.

STAFF RECOMMENDATION: Staff recommends approval