

AGENDA
NOTICE OF MEETING OF THE CITY OF SHAVANO PARK, TEXAS HIGHER
EDUCATON FACILITIES CORPORATION

This notice is posted pursuant to the Texas Open Meetings Act. Notice hereby given that the Texas Higher Education Facilities Corporation of the City of Shavano Park, TX will conduct a Meeting on **Monday, July 25, 2016 scheduled at 6:30 p.m.** at 900 Saddletree Court, Shavano Park City Council Chambers for the purpose of considering the following agenda:

1. CALL MEETING TO ORDER

2. ROLL CALL

3. REGULAR AGENDA ITEMS

- 3.1. Discussion / action – Resolution R-2016-002 authorizing the issuance City of Shavano Park, Texas Higher Education Facilities Corporation Higher Education Revenue Bonds (Schreiner University Project) Series 2016; authorizing the execution of a purchase and investment letter, a loan agreement, and an indenture of trust and security agreement; appointing an authorized representative; and approving other matters in connection therewith - City Manager**

4. CONSENT AGENDA

All matters listed under this item are considered routine by the Texas Higher Education Facilities Corporation and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired by any Director on any item, that item will be removed from the consent agenda and will be considered separately.

- 4.1. Approval - Texas Higher Education Facilities Corporation Meeting Minutes, June 27, 2016**

5. ADJOURNMENT

Executive Sessions Authorized: This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of TEX. GOV'T CODE CHAPTER 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy TEX. GOV'T CODE §551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

The facility is wheelchair accessible and accessible parking spaces are also available in the front and sides of the building. The entry ramp is located in the front of the building. Sign interpretative services for meetings must be made 48 hours in advance of the meeting. Call the City Secretary at 210-493-3478 x240 or TDD 1-800-735-2989.

CERTIFICATION:

I, the undersigned authority, do hereby certify that the above Notice of Meeting was posted at Shavano City Hall, 900 Saddletree Court, a place convenient and readily accessible to the general public at all times, and said Notice was posted on the 18th day of July 2016 at 5:00 p.m.

Zina Tedford
City Secretary

TX HIGHER EDUCATION FACILITIES CORPORATION

STAFF SUMMARY

Meeting Date: July 25, 2016

Agenda item: 3.1

Prepared by: Bill Hill

Reviewed by: Bill Hill

AGENDA ITEM DESCRIPTION:

3.1. Discussion / action – Resolution R-2016-002 authorizing the issuance City of Shavano Park, Texas Higher Education Facilities Corporation Higher Education Revenue Bonds (Schreiner University Project) Series 2016; authorizing the execution of a purchase and investment letter, a loan agreement, and an indenture of trust and security agreement; appointing an authorized representative; and approving other matters in connection therewith - City Manager

X

Attachments for Reference: 1) Resolution R-2016-002

BACKGROUND / HISTORY:

The City of Shavano Park created the City of Shavano Park, Texas Higher Education Facilities Corporation (HEFC) on October 19, 1999. The creation of the corporation is allowed under Section 53.35 (b) of the Texas Education Code and facilitates the ability of non-profit educational institutions such as San Antonio Christian Schools to obtain tax-exempt debt thru the corporation. This type of conduit allows the corporation to issue debt for the institutions, but the City has no financial burden per the language required by the code. In 1999, the City supported the debt of San Antonio Christian Schools and received a one-time fee of \$35,000.

In November 2014, Shavano Park City Council reinstated the HEFC. In March 2015, City Council approved minor revisions to the Bylaws and Articles.

On March 23, 2015, the Board of the Corporation authorized and approved the issuance of bonds in support of the Montessori School of San Antonio for a fee of \$25,000.

On June 27th, Council approved amendments to the Bylaws of the HEFC. The changes primarily center on ensuring the HEFC compiles with the Texas Open Meeting Act along with other minor changes.

DISCUSSION:

Staff has been coordinating with bond attorney, Jeff Kuhn, Norton, Rose, Fulbright US LLP for several months to support a bond issuance for Schreiner University, a private university. The

University plans to utilize the funds from the HEFC's issuance of debt to improve facilities on the University's campus, including construction of a new music hall to accommodate additional students. The University hopes to close on the financing by the end of the third quarter.

COURSES OF ACTION: Approve or disapprove and provide further guidance to staff.

FINANCIAL IMPACT: The City will receive a \$15,000 fee reimbursement for the action.

MOTION REQUESTED: Approve Resolution R-2016-002 authorizing the issuance City of Shavano Park, Texas Higher Education Facilities Corporation Higher Education Revenue Bonds (Schreiner University Project) Series 2016; authorizing the execution of a purchase and investment letter, a loan agreement, and an indenture of trust and security agreement; appointing an authorized representative; and approving other matters in connection therewith

RESOLUTION AUTHORIZING THE ISSUANCE OF CITY OF SHAVANO PARK, TEXAS HIGHER EDUCATION FACILITIES CORPORATION HIGHER EDUCATION REVENUE BONDS (SCHREINER UNIVERSITY PROJECT), SERIES 2016; AUTHORIZING THE EXECUTION OF A PURCHASE AND INVESTMENT LETTER, A LOAN AGREEMENT, AND AN INDENTURE OF TRUST AND SECURITY AGREEMENT; APPOINTING AN AUTHORIZED REPRESENTATIVE; AND APPROVING OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City of Shavano Park, Texas (the *City*), has, pursuant to Chapter 53A, Texas Education Code, as amended (the *Act*) and specifically Section 53A.35(b) thereof, approved and provided for the creation of City of Shavano Park, Texas Higher Education Facilities Corporation (the *Issuer*) as a nonprofit educational facilities corporation; and

WHEREAS, the Issuer, on behalf of the City, is empowered pursuant to the provisions of Section 53A.35(b), of the Act to issue its revenue bonds to finance the acquisition, by purchase, purchase contract, or lease or to construct, enlarge, extend, repair, renovate, or otherwise improve “educational facilities” or “housing facilities” (as such terms are defined in the Act) for the purposes of aiding certain educational institutions (including Schreiner University (the *University*), which is a non-profit university) and providing educational facilities and housing facilities and facilities incidental, subordinate, or related thereto or appropriate in connection therewith; and

WHEREAS, in furtherance of the purposes of the Act and to provide additional higher education opportunities for the residents of the City and the surrounding area, the Issuer proposes to issue its revenue bonds in one series which will be designated as “City of Shavano Park, Texas Higher Education Facilities Corporation Higher Education Revenue Bonds (Schreiner University Project), Series 2016” to be issued in an aggregate principal amount not to exceed \$3,000,000 (the *Bonds*), the proceeds of which will be loaned to the University to finance the cost of acquiring, designing, renovating, constructing, and equipping educational facilities or housing facilities, and facilities incidental, subordinate, or related thereto or appropriate in connection therewith, including (i) financing or refinancing the costs of financing educational facilities and/or housing facilities, being (specifically) including (i) repurposing the existing Rex Kelly Pavilion to serve as the University’s first Music Education Hall, complete with practice areas, studio facilities, and classrooms; (ii) renovating the Alice Hanszen Theater Arts Building; and (iii) providing upgrades to the University’s Arts Plaza to connect the foregoing, all in an effort to create a comprehensive Music and Performing Arts Education Center (each of which constitute an “Educational Facility” or a “Housing Facility”, as such terms are defined in Chapter 53A, as amended, Texas Education Code), and (ii) paying certain expenses in connection with the issuance of the Bonds (the *Project*); and

WHEREAS, there have been presented to the Issuer proposed forms of each of the following:

1. The Loan Agreement, dated as of July 27, 2016 (the *Loan Agreement*), by and between the Issuer and the University, including a promissory note from the University to the Issuer in the principal amount of the Bonds (the *Note*); and
2. The Indenture of Trust and Security Agreement, dated as of July 27, 2016 (the *Indenture*), by and among the Issuer, U.S. Bank National Association, Dallas, Texas, as trustee (the *Trustee*), and the University; and
3. The Purchase and Investment Letter, dated July 27, 2016 (the *Bond Purchase Agreement*), by and among the Issuer, the University, and Broadway National Bank, as the initial purchaser of the Bonds (the *Purchasers*); and
4. The Deed of Trust, Security Agreement, and Assignment of Rents and Leases, dated as of July 27, 2016 (but effective as of _____, 2016) (the *Mortgage*), granting to the mortgage trustee named therein, on behalf and for the benefit of the Issuer, a first and prior lien on the property identified therein (on parity with current outstanding liens therein).

WHEREAS, the necessity of the financing the Project has been fully examined and discussed, copies of the above-described proposed instruments have been previously provided to each member of this Board and presented for its consideration at this meeting, and the material provisions of such documents have been described to this Board and fully discussed at this meeting; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF SHAVANO PARK, TEXAS HIGHER EDUCATION FACILITIES CORPORATION THAT:

Section 1. Approval of Documents. The terms of the Loan Agreement, the Note, the Indenture, the Bonds, and the Bond Purchase Agreement, in the forms and to the effect presented to this Board, be, and the same hereby are, approved.

Section 2. Execution of Documents. The President and each Vice President, or any of them, and the Secretary, or the designee thereof, are authorized and directed to execute and deliver, and to effect performance by the Issuer of its obligations under, the Loan Agreement, the Note, the Indenture, the Bonds, and the Bond Purchase Agreement, to execute and deliver any and all certificates and other instruments described in the Loan Agreement, the Note, the Indenture, the Bonds, or the Bond Purchase Agreement upon the conditions therein described, and to assign the Note and the Mortgage in accordance with the terms of the Indenture, all in the name and as the act of the Issuer, all upon the terms herein approved, and the President (and, in the event of the absence or disability of such officer, any Vice President) and the Secretary (and in the event of the absence or disability of such officer, the designee thereof) are authorized to negotiate and approve such changes in the terms of each such instrument (prior to the execution and delivery thereof), as such officers shall deem necessary or appropriate.

Section 3. Approval of the Issuance of the Bonds. The Bonds are authorized to be issued in an aggregate principal amount of not to exceed \$3,000,000, maturing on the dates and in the amounts, and bearing interest at the respective per annum rates, as set forth in the Indenture. The Bonds are issued for the purpose of loaning the proceeds thereof to the

University for the purposes as described in the recitals of this Resolution. The Board hereby approves the Bonds in substantially the form and substance set forth in the Indenture and the President or the Vice President and the Secretary or the designee thereof are hereby authorized and directed, for and on behalf of the Issuer, to execute the Bonds or have their facsimile signatures placed upon the bonds, and such officers are hereby authorized and directed to deliver the Bonds, and the seal of the Issuer is hereby authorized and directed to be affixed or placed in facsimile on the Bonds. The Bonds shall be issued, executed, authenticated, and delivered in the form and manner, and shall be dated, shall and may be redeemed prior to maturity, and shall have all of the characteristics, as provided in the Indenture. The Bonds shall be issued, authenticated, and delivered as provided in the Indenture, and all of the Bonds shall be issued initially as fully registered bonds, without coupons, numbered as set forth in the Indenture and in the denomination described in the Indenture.

Section 4. Appointment of the Trustee. U.S. Bank National Association, Dallas, Texas is hereby appointed as Trustee under the Indenture, thereby serving as Bond Registrar, Authenticating Agent, and Paying Agent under the terms of the Indenture.

Section 5. Authorized Representative. The President, Vice President, or Secretary, or the designee thereof, of the Issuer are hereby designated the Issuer's "Authorized Representative" for the purposes of this Resolution. All officers, employees, agents, and representatives of the Issuer and its Board shall be and are hereby expressly authorized, empowered, and directed from time to time, and at any time, to do and perform all such acts and things, and to execute and deliver in the name and under the official seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Resolution and of the Bonds, as well as the terms and provisions of the Loan Agreement, the Indenture, and the Bond Purchase Agreement. The Board of the Issuer may designate from time to time other officers or employees of the Issuer to act as the Authorized Representative or Issuer Representative, such designation to be evidenced by a certificate filed with the Trustee and the University.

Section 6. Sale of the Bonds. The sale of the Bonds pursuant to the terms and conditions of the Bond Purchase Agreement is hereby authorized and approved. The Board hereby approves the price and terms, as specified in the Indenture, including the aggregate principal amount of each maturity of the Bonds and the rate of interest to be borne on the principal amount of each maturity. The Authorized Representative is authorized and directed, for and on behalf of the Issuer, to sign, seal, and otherwise execute, and the Secretary or the designee thereof is authorized and directed, for and on behalf of the Issuer, to attest the Bond Purchase Agreement, and such officers are hereby authorized to deliver the Bond Purchase Agreement in substantially the form as presented to the Issuer at the meeting at which this Resolution was adopted and, upon its execution and delivery, it shall constitute a binding and enforceable agreement of the Issuer in accordance with its terms.

Section 7. Execution and Delivery of the Bonds. The President, the Vice President, the Secretary, or the designee thereof is hereby authorized to execute and deliver to the Trustee the written order of the Issuer for the authentication and delivery of the Bonds by the Trustee in accordance with the Indenture, and to deliver a transcript or proceedings to the Attorney General

of the State of Texas, along with initial Bonds, which shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration upon Attorney General approval.

Section 8. Guaranteed Investment Contracts. Guaranteed investment contracts, if any, meeting the requirements of Section 2256.015, Texas Government Code, are hereby expressly approved as authorized investments for certain proceeds of the Bonds, and the officers of the Issuer are each hereby authorized to execute, attest, and impress the Issuer's seal to such guaranteed investment contracts and to deliver such guaranteed investment contracts.

Section 9. Ratification of Prior Action. All action (not inconsistent with provisions of this Resolution) heretofore taken by this Board and the officers of the Issuer directed toward the financing of the Project and the issuance of the Bonds shall be and the same hereby is ratified, approved, and confirmed. The officers of this Board, or any of them, are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by the instruments approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.

Section 10. TEFRA Approval. Pursuant to section 147(f) of the Internal Revenue Code of 1986, as amended (the *Code*), the Issuer's Bond Counsel, Norton Rose Fulbright US LLP, will conduct public hearings following reasonable public notice with respect to the Bonds and the Project on _____, 2016, in Kerrville, Texas, and in Shavano Park, Texas, and in order to satisfy the requirements of section 147(f) of the Code, it is necessary for the approval of the Bonds after the public hearings have been held and the adoption of this Resolution for the purpose of satisfying the conditions and requirements of the sections 103 and 147(f) of the Code and the regulations promulgated thereunder.

Section 11. Resolution Irrepealable. After any of the Bonds are issued, this Resolution shall be and remain irrepealable until the Bonds or the interest thereon shall have been fully paid or provision for payment shall have been made pursuant to the Indenture.

Section 12. Severability. If any section, paragraph, clause, or provision of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution. In case any obligation of the Issuer authorized or established by this Resolution or the Bonds is held to be in violation of law as applied to any person or any circumstance, such obligation shall be deemed to be the obligation of the Issuer to the fullest extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have caused this Resolution to be duly executed and the Issuer has caused its corporate seal to be hereunto affixed, all as of the day and year first above written.

CITY OF SHAVANO PARK, TEXAS
HIGHER EDUCATION FACILITIES
CORPORATION

President, Board of Directors

(SEAL)

ATTEST:

Secretary, Board of Directors

1. CALL MEETING TO ORDER

President Werner called the meeting to order at 6:30 p.m.

2. ROLL CALL

PRESENT:

Director Berrier
Vice President Ross
Director Hisel
Director Simpson
President Werner

ABSENT:

Director Heintzelman
Director Walea

3. REGULAR AGENDA ITEMS

3.1. Discussion / action – Resolution R-2016-001 by the Board of Directors of the City of Shavano Park, Texas Higher Education Facilities Corporation authorizing and approving amendments to the Bylaws; approving other provisions relating to matters incidental thereto; and providing an effective date – City Manager

Director Berrier made a motion to approve R-2016-001.
Vice President Ross seconded the motion.

Director Simpson made a motion to delete Section 2.7 – Executive Committee and number accordingly.
Vice President Ross seconded the motion.
The motion to amend the resolution was approved unanimously.

Director Simpson made a motion to amend Section 2.4 Special Meetings to read “Special meetings of the Board of Directors shall be held whenever called by the president, by the secretary, or by three (3) members at the time in office....”
Vice President Ross seconded the motion.
The motion carried unanimously.

The motion to approve R-2016-001 as amended carried unanimously.

3.2. Discussion / action – Approval by the Board of Directors of the City of Shavano Park, Texas Higher Education Facilities Corporation authorizing a change to the Corporation’s Registered Agent – City Manager

President Werner asked City Manager Hill to provide his written consent to serve as the City’s Registered Agent.
Director Simpson made a motion to change the City of Shavano Park’s Corporation’s Registered Agent to reflect City Manager Hill as the City of Shavano Park’s Registered Agent.
Director Berrier seconded the motion.
The motion carried unanimously.

4. CONSENT AGENDA

**4.1. Approval - Texas Higher Education Facilities Corporation Meeting Minutes,
March 23, 2015**

Vice President Ross made a motion to approve the minutes of March 23, 2015.

Director Simpson seconded the motion.

Motion to approve the minutes of March 23, 2015 carried unanimously.

5. ADJOURNMENT

Director Simpson made a motion to adjourn the meeting.

Vice President Ross seconded the motion.

The meeting adjourned at 6:50 p.m.

Robert Werner
President

Zina Tedford
City Secretary