



**SHFC Action Item IV.B.
June 21, 2021**

Resolution No. SHFC-2021-09: To Authorize the debt financing, equity financing, property acquisition, service related agreements and other matters necessary or convenient for Strategic Housing Finance Corporation of Travis County to participate in the development and operation of Yager Flats Apartments transaction; and the execution and delivery of documents and instruments necessary to carry out the contemplated transaction, and to take other actions related to the subject.

1. Land Acquisition and Ground Lease.

WHEREAS, Patrick Howard is the Executive Vice President and Secretary of Strategic Housing Finance Corporation of Travis County ("SHFC"), and Robert Onion is the Director of Real Estate Development of SHFC (collectively, the "Authorized Signatories" and each, an "Authorized Signatory");

WHEREAS, SHFC is the sole member of SHFC Yager GP LLC, a Texas limited liability company (the "General Partner"), which is the sole general partner of ECG Yager, LP, a Texas limited partnership (the "Partnership");

WHEREAS, the Partnership is intending to develop a multi-family housing property, to be known as "Yager Flats Apartments" (the "Apartment Complex") on certain real property located in Travis County, Texas (the "Real Property");

WHEREAS, SHFC is the sole member of SHFC Yager Land LLC, a Texas limited liability company (the "Landlord");

WHEREAS, SHFC, by and through the Landlord, will acquire the Real Property that it will lease to the Partnership pursuant to a long-term ground lease (the "Ground Lease") on which the Apartment Complex is to be constructed, developed and operated; and

WHEREAS, in connection with the acquisition of the Real Property, the Landlord and/or SHFC will be required to enter into various documents to evidence such acquisition (collectively, the "Acquisition Documents");

RESOLVED, that (a) the formation of the General Partner and the Landlord is hereby ratified and approved; (b) the Landlord is authorized to acquire the Real Property, to lease such Real Property to the Partnership, and to execute and deliver the Acquisition Documents and the Ground Lease; (c) SHFC, acting on behalf of the Landlord, is hereby authorized to execute and deliver the Acquisition Documents, the Ground Lease, and such other documents in connection therewith as may be necessary or desirable and do all things necessary or desirable to facilitate the acquisition of the Real Property and the lease thereof to the Partnership; and (d) any Authorized Signatory (or any other officer of SHFC), each acting on behalf of SHFC, acting on behalf of the Landlord, is hereby severally authorized to (i) execute and deliver the Acquisition Documents and the Ground Lease, with such changes as such signatory, in his or her discretion, believes to be necessary or desirable (such necessity or desirability being evidenced by the execution of such documents), and such other documents and instruments in connection therewith as may be necessary or desirable, and (ii) do all things necessary or desirable to facilitate the acquisition of the Real Property and the lease thereof to the Partnership.



FURTHER RESOLVED, that (a) the Partnership is authorized to obtain a leasehold interest in the Real Property, to execute and deliver the Ground Lease and to develop the Apartment Complex; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Ground Lease and such other documents in connection therewith as may be necessary or desirable and to do all things necessary or desirable to facilitate the acquisition of a leasehold interest in the Real Property and the construction, development and operation of the Apartment Complex thereon; (c) SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Ground Lease and such other documents in connection therewith as may be necessary or desirable and to do all things necessary or desirable to facilitate the acquisition of a leasehold interest in the Real Property and the construction, development and operation of the Apartment Complex thereon; and (d) any Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby severally authorized to (i) execute and deliver the Ground Lease, with such changes as such signatory, in his or her discretion, believes to be necessary or desirable (such necessity or desirability being evidenced by the execution of such documents), and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to facilitate the Partnerships' acquisition of a leasehold interest in the Real Property and the construction, development and operation of the Apartment Complex thereon.

2. Debt Financing.

WHEREAS, SHFC is issuing Multifamily Housing Revenue Bonds (the "Bonds") in the approximate total principal amount not to exceed \$43,547,093 pursuant to and in accordance with the terms of a Trust Indenture, anticipated to be dated as of June 1, 2021 (the "Indenture"), between the Corporation and Wilmington Trust, National Association, as trustee (the "Trustee");

WHEREAS, the proceeds of the Bonds are being used by SHFC to provide a loan to the Partnership in the amount of up to \$43,547,093 (the "Loan") for the purpose of financing the construction and development of the Apartment Complex;

WHEREAS, in conjunction with the Loan and/or the issuance of the Bonds, the Partnership, the General Partner, and/or SHFC will execute and/or accept delivery of certain documents, including but not limited to a Note, a Loan Agreement, a Regulatory Agreement and Declaration of Restrictive Covenants, a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (or other deed of trust document), and various other documents and instruments (collectively, the "Loan Documents");

WHEREAS, the Partnership may also obtain additional loans, including bridge loans, (referred to herein as an "Additional Loan") as SHFC's officers, in consultation with bond counsel, agree is appropriate, for the purpose of providing additional financing for the construction and development of the Apartment Complex;



WHEREAS, in conjunction with any additional financing, the Partnership, the General Partner, and/or SHFC will execute certain documents, which may include but not be limited to a Promissory Note, a Loan Agreement, a Deed of Trust, an Assignment of Leases and Rents, a Security Agreement and other documents and instruments that may be required in connection with such additional financing (collectively, the "Additional Loan Documents");

RESOLVED, that (a) SHFC is authorized to (i) issue the Bonds, (ii) use the proceeds thereof to make the Loan to the Partnership, (iii) execute and deliver the Loan Documents and all other documents related thereto, and (iv) do all things necessary or desirable to effect the foregoing; (b) the Partnership is authorized to (i) obtain the Loan and any Additional Loan, (ii) execute and deliver the Loan Documents, the Additional Loan Documents, and all other documents related thereto; (c) the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Loan Documents, the Additional Loan Documents, and all other documents related thereto and do all things necessary to facilitate the Loan or the Additional Loan; (d) SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Loan Documents, the Additional Loan Documents, and all other documents related thereto and do all things necessary to facilitate the Loan and any Additional Loan; and (e) any Authorized Signatory (or any other officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, as applicable, is severally authorized to (i) execute and deliver the Loan Documents and the Additional Loan Documents, with such changes as such signatory, in his or her discretion, believes to be necessary or desirable (such necessity or desirability being evidenced by the execution of such documents), and such other documents and instruments in connection therewith as may be necessary or desirable, and (ii) do all things necessary or desirable for the Partnership to obtain the Project Loan and any Additional Loan.

3. Equity Financing.

WHEREAS, Redstone Equity Partners (the "Equity Provider") has agreed to provide equity financing to the Partnership for the development of the Apartment Complex (the "Equity Financing");

WHEREAS, in connection with the Equity Financing, the General Partner will enter into an Amended and Restated Agreement of Limited Partnership for the Partnership (the "Partnership Agreement") with an affiliate entity of the Equity Provider and ECG Yager SLP, LLC, a Tennessee limited liability, as limited partners;

WHEREAS, the Partnership Agreement calls for the Partnership and/or the General Partner and/or SHFC to enter into certain documents associated with the Equity Financing (collectively, with the Partnership Agreement, the "Equity Documents");



RESOLVED, that (a) the Partnership is authorized to obtain the Equity Financing from the Equity Provider and to execute and deliver the Equity Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Equity Documents and do all things necessary to facilitate the Equity Financing; (c) SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Equity Documents and do all things necessary to facilitate the Equity Financing, including serving as a co-developer for the development of the Apartment Complex; and (d) any Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby severally authorized to (i) execute and deliver the Equity Documents, with such changes as such signatory, in his or her discretion, believes to be necessary or desirable (such necessity or desirability being evidenced by the execution of such documents), and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Equity Financing and perform the Partnership's and/or the General Partner's and/or SHFC's obligations thereunder.

4. Service as General Contractor

WHEREAS, to further the economic efficiencies for the development of the Apartment Complex, SHFC intends to pursue a sales tax exemption for materials used in the construction of the Apartment Complex by acting (either directly or through a wholly-owned limited liability company) as the general contractor for the Apartment Complex and sub-contracting the construction work to Elmington Construction, LLC, a Tennessee limited liability company (the "Contracting Work");

WHEREAS, in furtherance of the Contracting Work, SHFC (or its wholly-owned affiliate), as the general contractor, will enter into a construction contract with the Partnership and may enter into other documents related thereto (collectively, the "Construction Agreements");

WHEREAS, in connection with one or more portions of the above-described financing, SHFC (or its wholly-owned affiliate) may be required to execute certain documents in its capacity as general contractor (collectively with the Construction Agreements, the "Contractor Documents");

RESOLVED, that SHFC's service as the general contractor (directly or through its wholly-owned affiliate) for the construction of the Apartment Complex is hereby ratified and approved.

FURTHER RESOLVED, that any Authorized Signatory (or any other officer of SHFC), each acting on behalf of SHFC, is hereby severally authorized to execute and deliver (or to cause its wholly-owned affiliate to execute and deliver) the Contractor Documents and any other documents related thereto and cause SHFC (or its wholly-owned affiliate) to take any and all action deemed necessary or advisable in connection with facilitating the Contracting Work and performing the obligations in connection therewith.



5. Authorization/Ratification.

RESOLVED, that any Authorized Signatory (or any other officer of SHFC), each acting on behalf of SHFC, acting its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments and documents, and (b) take, or cause to be taken, any and all such action, in the name and on behalf of SHFC, the General Partner, and/or the Partnership, as applicable, as such person shall deem to be necessary, desirable, or appropriate (such necessity, desirability, or appropriateness being evidenced by the execution of such documents) in order to effect the purposes of the foregoing resolutions.

FURTHER RESOLVED, that any and all action taken by an Authorized Signatory (or any other officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, prior to the date this consent is actually executed in effecting the purposes of the foregoing resolutions is hereby approved, ratified, and adopted in all respects.

FURTHER RESOLVED, that an Authorized Signatory (or any other officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to approve modifications to the documents contemplated herein, including approval of increases to any of the loan amounts stated above, as such person deems to be necessary or appropriate in order to facilitate the transactions described herein, such approval to be evidenced by the Authorized Signatory's execution of the documents.

FURTHER RESOLVED, that the Secretary of the Corporation is authorized to certify and attest to the adoption and approval of the foregoing resolutions by the Board of Directors.

[Certification page follows.]



CERTIFICATION

The undersigned hereby certifies that the foregoing resolutions were duly adopted and approved by the Board of Directors of Strategic Housing Finance Corporation of Travis County in a meeting of the Board on June 21, 2021.

Patrick Howard, Secretary of Strategic Housing Finance Corporation
of Travis County

Patrick Howard
Signature

June 21, 2021
Date



**SHFC Action Item IV.A. & IV.B.
June 21, 2021**

Resolution No. SHFC-2021-08: To Authorize the issuance, sale, and delivery of one or more series of multifamily housing revenue bonds (Yager Flats) Series 2021; Authorize the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily residential rental development; and other related provisions as necessary to complete the transaction; and Approve the form and substance thereof.

Resolution No. SHFC-2021-09: To Authorize the debt financing, equity financing, property acquisition, service related agreements and other matters necessary or convenient for Strategic Housing Finance Corporation of Travis County to participate in the development and operation of Yager Flats Apartments transaction; and the execution and delivery of documents and instruments necessary to carry out the contemplated transaction, and to take other actions related to the subject.

Background Information: Strategic Housing Finance Corporation (SHFC) staff has been working with Elmington Capital (Principals are Mark McCord and Hunter Nelson) for the last 8 months to identify sites in Travis County. Lloyd Griffin (Managing Director of Affordable Housing) of Berkadia Commercial Mortgage introduced SHFC staff to them. The development firm headquarters are in Nashville, Tennessee. They have acquired/developed over 4,050 affordable apartments primarily in Tennessee. The Elmington team has extensive experience with 4% and 9% tax-exempt bond financing, tax-increment financing, HUD rental assistance, and historic tax credits. Elmington Property Management currently manages over 10,000 affordable units in 10 states, including 3rd party management agreements.

The subject property they currently have under contract is at 4818 E Yager Lane, Manor TX 78653. It is located near the intersection of Yager Lane and Parmer just east of the Samsung facility. The subject site is located in the ETJ of Austin and will consist of Family Units as follows: (80) - 1-bedroom units (135) 2 bedroom 2 bath units (75) 3 bedrooms 2 bath and (10) 4 bedroom 2 bath units. Total cost of the development is anticipated to be \$67,086,741 with \$38 million (now \$41 million) in bond financing previously submitted.

On October 15th, 2019 the Board approved Resolution No. SHFC-2019-21 to authorize the filing of applications with the Texas Bond Review Board for a reservation of an allocation of State Volume cap. The reservation stated a Bond Amount of \$38 million. The applicant now wishes to change the amount of the Bonds to \$41 million, therefore the new resolution for consideration is stated at \$41 million. All other terms and conditions remain unchanged. The applicant further indicated that they believe they will be able to provide 5% of the units at 30% of area medium income and will make best efforts to target for an additional 5% of the units at 30% if Section 8 vouchers are provided.

The Board approved Resolution SHFC – 2021-07 at the June 3rd Board meeting. This resolution approved the MOU for the transaction. The two resolutions presented today (SHFC 2021-08 and SHFC-2021-09) will authorize the issuance, sale and delivery of one or more series of taxable or tax-exempt multifamily housing revenue obligations and authorize the debt financing, equity financing, property acquisition and other matters necessary to participate in the development of operations of Yager Flats Apartments.



It is anticipated that this transaction Yager Flats Apartments will close in July 7, 2021. Set asides will be 95% at 60% of AMI with 5% (or 15 units) will be set aside for 30% of AMI. Developer will also make best efforts to target an additional 5% of the units at 30% if Section 8 vouchers provide additional subsidize rents.

Recommended Action: Consider the appropriate action regarding Resolution No. SHFC-2021-08: To Authorize the issuance, sale, and delivery of one or more series of multifamily housing revenue bonds (Yager Flats) Series 2021; Authorize the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily residential rental development; and other related provisions as necessary to complete the transaction; and Approve the form and substance thereof.

Consider the appropriate action regarding Resolution No. SHFC-2021-09: To Authorize the debt financing, equity financing, property acquisition, service related agreements and other matters necessary or convenient for Strategic Housing Finance Corporation of Travis County to participate in the development and operation of Yager Flats Apartments transaction; and the execution and delivery of documents and instruments necessary to carry out the contemplated transaction, and to take other actions related to the subject.

Alternate Option:

The Board of Directors could elect to Not Approve the following Resolutions:

- Resolution No. SHFC-2021-08
- Resolution No. SHFC-2021-09

Fiscal Impact:

This transaction will greatly enhance the financial position of SHFC through the collection of Bond issuance fee, Construction Administration fees, Developer's fees, and cash flow of the property upon stabilization.

Attachments:

- A. Resolution No. SHFC-2021-08
- B. Resolution No. SHFC-2021-09

Prepared by:

Robert Onion – Director of Real Estate Development

Approval:

Patrick B. Howard

Patrick B. Howard, Executive Vice President