



**SHFC Action Item V.B.
May 6, 2021**

Resolution No: SHFC-2021-05: To Approve a Memorandum of Understanding (MOU) between Strategic Housing Finance Corporation of Travis County and LDG Capital (“Developer”) for participation in Middle Fiskville Apartments; and Authorize the execution of such MOU.

WHEREAS, Strategic Housing Finance Corporation of Travis County (“SHFC”) has been approached by LDG Development, LLC (“LDG”) about an opportunity to participate as general partner and landowner in the approximately 172-unit affordable housing development for seniors (residents age 55 and above) known as The Village at Fiskville Apartments located at 10127 Middle Fiskville Road, Austin, Travis County, Texas (the “Development”);

WHEREAS, it is contemplated that SHFC and its affiliates will control the Property and that LDG and its affiliates will provide development services, guarantees, and other assistance in connection with the operation of the Property;

WHEREAS, the Property is owned by Villages at Fiskville, LP, a Texas limited partnership (the “Partnership”) and that its sole general partner will be a Texas limited liability company (the “General Partner”) which general partner will be wholly controlled by SHFC;

WHEREAS, the real property that the Development sits on may be transferred to a limited liability company, which will be wholly controlled by SHFC (the “Landlord”) and the Landlord will enter into a long term ground lease with the Partnership (the “Ground Lease”);

WHEREAS, the Board of SHFC has reviewed a proposed Memorandum of Understanding (the “MOU”) with LDG, describing the terms of the transaction, a copy of which has been provided to the Board;

WHEREAS, the Board of SHFC desires to give preliminary approval for SHFC, acting through its duly authorized representatives, to pursue the proposed transaction;

RESOLVED, that the MOU is hereby approved and that the Executive Vice President of SHFC (or any other officer of SHFC or the Director of Real Estate Development), acting on behalf of SHFC, is hereby authorized to execute and deliver the MOU;

RESOLVED, that SHFC shall cause the General Partner to be organized as its wholly-owned subsidiary and that the Executive Vice President of SHFC (or any other officer of SHFC or the Director of Real Estate Development), acting on behalf of SHFC, is hereby authorized to execute such documents and take such actions as may be necessary or appropriate to organize the General Partner;



RESOLVED, that SHFC shall cause the Landlord to be organized as its wholly-owned subsidiary and that the Executive Vice President of SHFC (or any other officer of SHFC or the Director of Real Estate Development), acting on behalf of SHFC, is hereby authorized to execute such documents and take such actions as may be necessary or appropriate to organize the Landlord;

RESOLVED, that the General Partner shall be member-managed by SHFC, and the Executive Vice President of SHFC (or any other officer of SHFC or the Director of Real Estate Development), acting on behalf of SHFC, shall be an authorized party to sign documents on behalf of the General Partner, both in their individual capacity and in their capacity as general partner of the Partnership, respectively, including but not limited to an Amended and Restated Limited Partnership Agreement of the Partnership;

RESOLVED, that the Landlord shall be member-managed by SHFC, and the Executive Vice President of SHFC (or any other officer of SHFC or the Director of Real Estate Development), acting on behalf of SHFC, shall be an authorized party to sign documents on behalf of the Landlord, both in their individual capacity and in their capacity as general partner of the Partnership, respectively, including but not limited to the Ground Lease;

RESOLVED, that the Executive Vice President of SHFC (or any other officer of SHFC or the Director of Real Estate Development) is 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, the Landlord or the Partnership, as applicable, as such person shall deem to be necessary, desirable, or appropriate in order to effect the purposes of the foregoing resolutions; and

RESOLVED, that the Executive Vice President of SHFC (or any other officer of SHFC or the Director of Real Estate Development), acting on behalf of SHFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, be and hereby is severally authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments and documents in connection with the Ground Lease, obtaining financing for the development of the Property, including but not limited to applications relating to bonds and/or low-income housing tax credits, and (b) take, or cause to be taken, any and all such action, including in the name and on behalf of the General Partner and the Partnership, as shall be deemed necessary, desirable, or appropriate in order to effect the development of the Project.

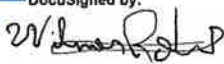
RESOLVED, that any and all action taken by the Executive Vice President of SHFC and other SHFC staff prior to the date of approval of these resolutions in effecting the purposes of the foregoing resolutions is hereby ratified, approved, confirmed, and adopted.



NOW, THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors of SHFC hereby:

1. Approves Resolution No. SHFC-2021-05;
2. Authorizes the President, Executive Vice President and Director of Real Estate Development to execute all necessary documents and extensions.

Passed and approved the 6th day of May, 2021.

DocuSigned by:

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Wilmer Roberts, President, Board of Directors

Attested and approved as to form:


Patrick B. Howard, Executive Vice President



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Background Information: In early April of this year, Justin Hartz requested that Strategic Housing Finance Corp consider becoming a Partner in the transaction known as Village of Middle Fiskville located in Austin, Texas. The property has already been constructed and is currently 80 plus percent leased. The Developer LDG has experienced some difficulty in getting the property completed due to gas line repairs with Texas Natural Gas. As such, the property expended a large amount of interim interest to complete the development.

The subject property consists of 6.5 acres of land containing 172 units of Senior Housing age restricted at 55 years and older with 58 one bedroom (750 square feet) 114 two bedroom (970 square feet) located at 10127 Middle Fiskville Rd, Austin Texas. Affordability Set- Asides are at 100% at 60% of area median Income. See Power point presentation attached.

Because the Bonds have already been issued and the construction is complete, Strategic Housing Finance Corp will not be able to collect those fees normally associated with a new bond transaction. The Developer, LDG has offered to compensate Strategic Housing Finance Corp as follows:

Strategic Housing Finance Corporation will receive a preferred one-time fee equal to 10% of the Development Fee earn out at conversion and a 30% Strategic/70% LDG. LDG will use it’s 70% to pay back General Partner loans and deferred Developer Fees. Strategic Housing Finance Corporation will also share 35%/65% in the cashflow/sale/ or re-finance of property.

Recommended Action: Consider the appropriate action regarding **Resolution No. SHFC-2021-05:** To Approve a Memorandum of Understanding (MOU) between Strategic Housing Finance Corporation of Travis County and LDG Capital (“Developer”) for participation in Middle Fiskville Apartments; and Authorize the execution of such MOU.

Alternate Option:

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

- Resolution No. SHFC-2021-05



Fiscal Impact:

This transaction will greatly enhance the financial position of SHFC through the collection of Developer's Fees, cash flow and sale or refinance of the property in the future.

Attachment:

A. Resolution No. SHFC-2021-05

Prepared by:

Robert Onion – Director of Real Estate Development

Approval:

Patrick B. Howard

Patrick B. Howard, *Executive Vice President*