



**SHFC Action Item IV.E.
June 3, 2021**

Resolution No. SHFC-2021-10: To Authorize a loan from Strategic Housing Finance Corporation of Travis County to SHFC Oak Valley LLC to assist in the payment of repairs to Rosemont at Oak Valley Apartments; 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.

WHEREAS, Strategic Housing Finance Corporation of Travis County ("SHFC") is the sole member of SHFC Oak Valley LLC, a Texas limited liability company (the "Company");

WHEREAS, Patrick Howard is the Secretary/Executive Vice President of SHFC (the "EVP") and Robert Onion is the Director of Real Estate Development of SHFC (the "Director of Real Estate Development" and along with the EVP, the "Authorized Representatives");

WHEREAS, the Company owns and operates the Rosemont at Oak Valley Apartments located at 2800 Collins Creek Drive, Austin, Texas 78741 (the "Development");

WHEREAS, the Development sustained damage in February 2021 as result of Winter Storm Uri, some or all of which damage needs to be repaired in advance of the receipt of insurance proceeds;

WHEREAS, SHFC has agreed to loan funds [up to an amount of \$800,000.00] to the Company in order to fund necessary repairs to the Development (the "Loan") and the Company has agreed to repay the Loan from insurance proceeds once such proceeds are received;

1. Authorization of Loan by SHFC

RESOLVED, that the Loan is authorized, consented to, and approved, in all respects by SHFC, and that the Authorized Representatives are authorized, empowered, and directed, for and on behalf of and in the name of SHFC to execute, acknowledge, and deliver any and all loan agreements, promissory notes, instruments, documents, agreements, and certificates as the Authorized Representatives may deem necessary or appropriate in order to consummate the Loan and all transactions contemplated in any document described or contemplated herein, as determined in the sole and absolute discretion of the Authorized Representatives with such changes, amendments, and modifications that the Authorized Representatives may deem appropriate.



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 at a duly called and noticed meeting of the Board on June 3, 2021.

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

Patrick Howard

Signature

June 3, 2021

Date



2. Approval of Loan by the Company

WHEREAS, in conjunction with the Loan, the Company will execute a promissory note and other agreements (the "Loan Documents") evidencing the Project Loan;

RESOLVED, that (a) the Company is authorized to (i) obtain the Loan and (ii) execute and deliver the Loan Documents; and (b) the Authorized Representatives (or in their absence, any officer of SHFC) is individually authorized, each acting on behalf of SHFC, acting on behalf of the Company, to (i) execute and deliver the Loan 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 Company to obtain the Loan.

FURTHER RESOLVED, that the actions of the EVP (or in his absence, the Director of Real Estate Development or any officer of SHFC), each acting on behalf of SHFC, acting on behalf of the Company, acting as the sole member of the Company, pursuant to these resolutions shall be binding on the Company when any such document is executed by such person, without the necessity of any attest of such signature by any other person and without the placement of a corporate seal upon any such document.

3. Authorization/Ratification

RESOLVED, that the Authorized Representatives (or in their absence, any officer of SHFC), are individually authorized, each acting on behalf of SHFC, acting on behalf of the Company, to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments and documents, as such individual shall deem to be necessary, desirable, or appropriate in order to effect the purposes of the foregoing resolutions.

FURTHER RESOLVED, that any and all action taken by the Authorized Representatives (or in their absence, any officer of SHFC), each acting on behalf of SHFC, acting on behalf of the Company, 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.

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

1. Approves Resolution SHFC-2021-10,
2. Authorizes the Executive Vice President and the Director of Real Estate Development (or in the absence of either, any other officer of SHFC) to execute all relevant documents, instruments, agreements, policies, and procedures and to take all actions on behalf of SHFC or the Company, contemplated by the foregoing resolutions.

[Signature page follows.]



SHFC Action Item IV.E.
June 3, 2021

Resolution No. SHFC-2021-10: To Authorize a loan from Strategic Housing Finance Corporation of Travis County to SHFC Oak Valley LLC to assist in the payment of repairs to Rosemont at Oak Valley Apartments; 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: Rosemont at Oak Valley Apartments suffered significant damage as the result of Storm Uri. The rehabilitation work is well underway at the property with SRP performing their moisture mapping analysis and Phoenix Restoration (Phoenix) following up behind them beginning the rehabilitation process. At this point, Phoenix has submitted two invoices totaling \$548,679.73.

Invoice #1 dated 5/9/21 in the amount of \$221,353.21
Invoice #2 dated 5/16/21 in the amount of \$327,326.52

Since TML Insurance (TMLI) has told us that their expectation for issuing payment is likely to be 30-60 days, it is necessary for the SHFC to self-fund these invoices. Otherwise, the SHFC runs the risk of Phoenix leaving the property due to non-payment. TMLI is reviewing the claim and is not prepared to provide any indication as to how much their payment will be. Given that information, the SHFC will very likely need to self-fund additional weekly invoices from Phoenix as well as invoices from other vendors until some form of payment is received from TMLI. Staff is requesting Board approval to pay Phoenix Restoration invoices 1 and 2 totaling \$548,679.73 and authorization self-fund subsequent invoices from vendors as needed in excess of the insurance payment(s) issued by TML Insurance.

Recommended Action: Consider the appropriate action regarding Resolution No. SHFC-2021-10: To Authorize a loan from Strategic Housing Finance Corporation of Travis County to SHFC Oak Valley LLC to assist in the payment of repairs to Rosemont at Oak Valley Apartments; 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 Resolution:

- Resolution No. SHFC-2021-10

Fiscal Impact:

Not known at this time.

Attachments:

- A. Resolution No. SHFC-2021-10
- B. Multifamily Note



Prepared by:
Robert Onion – Director of Real Estate Development

Approval:

Patrick B. Howard
Patrick B. Howard, *Executive Vice President*

MULTIFAMILY NOTE

US \$ 800,000

June 3, 2021

FOR VALUE RECEIVED, the undersigned (“**Borrower**”) promises to pay to the order of **STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY**, a public nonprofit housing finance corporation duly organized and existing under the laws of the State of Texas (“**Lender**”), the principal amount of Eight Hundred THOUSAND AND NO/100 DOLLARS (US \$ 800,000) (the “**Loan**”), or the amount drawn hereunder, if less, together with interest thereon accruing on the unpaid principal balance from the date hereof until this Note is paid in full.

Non-Revolving Draw Note

This is a draw note. Borrower may borrow up to the amount of the Loan. The unpaid note balance may fluctuate due to future advances. Payments by Borrower shall neither reduce nor increase the original maximum Principal Amount nor affect Borrower’s liability to pay the unpaid principal balance plus all accrued interest. Borrower shall not have the ability to redraw any amounts previously repaid hereunder. Borrower agrees to sign written evidences of any advances hereunder at the time such advances are made, which evidences shall constitute controlling evidence of the amount and date of any advance hereunder.

Interest

Interest shall not accrue on this Note prior to the Maturity Date but shall accrue after the Maturity Date at the Default Rate.

For purposes of this Note, the following terms shall have the meanings set forth below:

“**Maturity Date**” means (i) August 1, 2021 (or the date that Borrower receives insurance proceeds from its claim under its casualty policy related to storm damage incurred in February, 2021, if such date is after August 1, 2021) or (ii) any earlier date on which the unpaid principal balance of this Note becomes due and payable, by acceleration or otherwise.

“**Default Rate**” means an interest rate equal to the lesser of: (i) the maximum interest rate which may be collected from Borrower under applicable law, or (ii) the six percent (6%), in each case compounded monthly. Default interest shall be paid as follows:

If any Indebtedness due is not paid in full on the Maturity Date, then interest shall accrue at the Default Rate on all such unpaid amounts from the Maturity Date until fully paid and shall be payable upon demand by Lender.

Repayment

Borrower agrees to pay the principal amount of the Loan and interest on the principal amount of the Loan from time to time outstanding at the Default Rate (if any), together with all other amounts due to Lender this Note.

Prepayment

Borrower shall have the right to prepay the entire outstanding principal balance of this Note (the “**Prepayment**”) at any time.

Acceleration

If an Event of Default has occurred and is continuing, the entire unpaid principal balance of the Loan, any accrued and unpaid interest, including interest accruing at the Default Rate, and all other amounts payable under this Note shall at once become due and payable, at the option of Lender, without any prior notice to Borrower, unless applicable law requires otherwise (and in such case, after satisfactory notice has been given). “Event of Default” shall mean any failure by Borrower to perform any of its obligations under this Note.

Governing Law

This Note shall be governed by the laws of Texas.

Waivers

Presentment, demand for payment, notice of nonpayment and dishonor, protest and notice of protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, and grace and diligence in collecting the Indebtedness are waived by Borrower, for and on behalf of itself, Guarantor, and all endorsers and guarantors.

Commercial Purpose

Borrower represents that the Indebtedness is being incurred by Borrower solely for the purpose of carrying on a business or commercial enterprise or activity, and not for agricultural, personal, family or household purposes.

Time is of the Essence

Borrower agrees that, with respect to each and every obligation and covenant contained in this Note, time is of the essence.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Borrower has signed and delivered this Note as of the date set forth above.

BORROWER:

SHFC OAK VALLEY LLC

By: Strategic Housing Finance Corporation of Travis County,
Sole Member

By: 
Robert Onion, Director of Real Estate Development