



**Strategic Housing Finance Corporation
Resolution No. SHFC-2016-14**

Resolution No. SHFC-2016-14: To Authorize and Approve (i) the Sale, Issuance, and Delivery of one or more series of Multifamily Housing Revenue Bonds for *Marquis at Shoreline Apartments*; and (ii) the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily rental residential development and other related provisions as necessary to complete the transaction.

WHEREAS, Strategic Housing Finance Corporation of Travis County (the "Issuer") has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, as amended, Texas Local Government Code, Chapter 394 (the "Act"), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford; and

WHEREAS, the Act authorizes the Issuer: (a) to make loans to any person to provide financing for rental residential developments located within Travis County, Texas (the "County"), and intended to be occupied substantially (at least 90 percent) by persons of low and moderate income, as determined by the Issuer; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; (c) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board of Directors of the Issuer (the "Board") has determined to authorize the issuance, sale and delivery of its Multifamily Housing Revenue Bonds (Marquis at Shoreline Apartments), Series 2016A (the "Series A Bonds") and its Multifamily Housing Revenue Bonds (Marquis at Shoreline Apartments), Subordinate Series 2016B (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") pursuant to and in accordance with the terms of a Trust Indenture dated as of June 1, 2016 (the "Indenture"), between the Issuer and Wilmington Trust, National Association, as trustee (the "Trustee"), for the purpose of lending the proceeds thereof to CVII - Shoreline LLC, a Delaware limited liability company (the "Borrower"), to provide financing for the acquisition and rehabilitation of a multifamily rental residential development known as Marquis at Shoreline Apartments located within the County at 3501 Shoreline Drive, Austin, Texas 78728, described more fully on Exhibit A attached hereto (the "Project"), all in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board, by Resolution adopted on May 5, 2016, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, in order to assist in carrying out such acquisition and rehabilitation of the Project, the Board has determined that the Issuer shall enter into a Loan Agreement dated as of June 1, 2016 (the "Agreement"), between the Issuer and the Borrower, pursuant to which (i) the Issuer will agree to make a loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and rehabilitation of the Project and related costs, and (ii) the Borrower will execute and deliver to the Issuer a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Agreement; and



WHEREAS, in order to assure compliance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), the Issuer will require the Borrower to enter into a Regulatory Agreement and Declaration of Restrictive Covenants dated as of June 1, 2016 (the "Regulatory Agreement") with respect to the Project; and

WHEREAS, it is anticipated that the Note and the Agreement will be secured by a Deed of Trust, Security Agreement, Assignment of Rents and Leases and Fixture Filing (the "Mortgage") from the Borrower for the benefit of the Issuer; and

WHEREAS, the Issuer's rights (except for certain reserved rights) under the Loan and the Agreement, including the Note and the Mortgage, will be assigned to the Trustee, as its interests may appear, pursuant to the Indenture and an Assignment of Bond Mortgage Documents (the "Assignment") between the Issuer and the Trustee and acknowledged, accepted and agreed to by the Borrower; and

WHEREAS, the Board desires to engage Naman, Howell, Smith & Lee, PLLC to act as Bond Counsel in connection with the authorization, issuance and delivery of the Bonds; and

WHEREAS, the Board desires to ratify certain other actions heretofore taken with respect to the Bonds; and

WHEREAS, the Issuer desires to authorize the Trustee to invest and reinvest the proceeds of the Bonds and all other funds received and held under the Indenture as specified in the Indenture; and

WHEREAS, Section 147(f) of the Code requires that the Bonds be approved by the "applicable elected representative" (the "AER") after a public hearing following reasonable public notice; and

WHEREAS, with respect to bonds issued by the Issuer, the AER is the County Judge of the County; and

WHEREAS, notice of a public hearing with respect to the Bonds and the Project held by the Issuer on June 2, 2016, was published no less than 14 days before such date in a newspaper of general circulation available to residents within the County; and

WHEREAS, the Board held such public hearing on the date and at the time and place set out in such published notice, and conducted such hearing in a manner that provided a reasonable opportunity for persons with differing views on the issuance of the Bonds and the Project to be heard; and

WHEREAS, the Board and its advisors have examined proposed forms of the Indenture, the Agreement, the Regulatory Agreement, the Note, the Mortgage and the Assignment, and have found the form and substance of such documents to be satisfactory and proper; and have determined to provide financing for the Project in accordance with such documents by authorizing the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient;



NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Strategic Housing Finance Corporation of Travis County that:

Section 1. Public Hearing. The Board hereby finds, determines, recites and declares that a public hearing with respect to the Bonds and the Project was held on June 2, 2016 at 9:00 a.m.; prior to the time of the meeting at which this resolution has been presented, that notice of such public hearing was published no less than 14 days before such date in a newspaper of general circulation available to residents within the County; that such notice included the date, time and place of the public hearing, the location, general nature and the initial owner of the Project and the maximum aggregate principal amount of the Bonds; that all comments from interested persons were taken at such public hearing and were provided to the AER; and it is anticipated that the AER will approve the Bonds for purposes of Section 147(f) of the Code.

Section 2. Issuance, Execution, Sale and Delivery of the Bonds. The issuance of the Bonds is hereby authorized, according to the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the President or any Vice President and Secretary of the Issuer each are authorized hereby to execute, attest and affix the Issuer's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and to the Trustee for authentication, and thereafter to sell the Bonds to the initial purchaser thereof and deliver the Bonds as provided in the Indenture.

Section 3. Interest Rate, Principal Amount, Maturity and Price. The officers of the Issuer are hereby authorized to fix and determine the interest rate, principal amount, maturity and price of the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by such officers of the Indenture; provided, however, that: (a) the interest rate on the Bonds during the Initial Fixed Rate Period, as defined in the Indenture, shall not exceed 8.0 % per annum, subject to adjustment as provided in the Indenture; provided that, in no event shall the interest rate on the Bonds (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (b) the aggregate principal amount of the Series 2016A Bonds shall not exceed \$20,000,000 and the aggregate principal amount of the Series 2016B Bonds shall not exceed \$10,000,000 (iii) the final maturity of the Bonds shall occur not later than July 1, 2056; and (iv) the price at which the Bonds are sold to the initial purchaser thereof shall not exceed the principal amount thereof.

Section 4. Approval, Execution and Delivery of the Indenture. The form and substance of the Indenture are hereby approved; and that the President or any Vice President and the Secretary of the Issuer are each hereby authorized to execute, attest and affix the Issuer's seal to the Indenture and to deliver the Indenture to the Trustee. The Trustee is authorized to invest the moneys held under the Indenture as provided therein.

Section 5. Approval, Execution and Delivery of the Agreement. The form and substance of the Agreement are hereby approved; and that the officers of the Issuer are each hereby authorized to execute the Agreement and to deliver the Agreement to the Borrower.

Section 6. Approval, Execution and Delivery of the Regulatory Agreement. The form and substance of the Regulatory Agreement are hereby approved; and that the officers of the Issuer are each hereby authorized to execute, attest and affix the Issuer's seal to the Regulatory Agreement and to deliver the Regulatory Agreement to the Borrower and the Trustee.



Section 7. Determination of Moderate Income. That the Board has heretofore determined and hereby confirms, in accordance with the Act, for purposes of the Project, until revised by the Board, that the maximum amount constituting moderate income shall be 120% of area median income as defined by HUD, initially \$93,360.

Section 8. Acceptance of the Mortgage and the Note. That the Mortgage and the Note are hereby accepted by the Issuer; and that the President and any Vice President of the Issuer are each hereby authorized to endorse the Note to the order of the Trustee, without recourse.

Section 9. Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved; and that the officers of the Issuer are each hereby authorized to execute the Assignment and to deliver the Assignment to the Trustee.

Section 10. Approval of Bond Counsel. Naman, Howell, Smith & Lee, PLLC is hereby approved to serve as Bond Counsel with respect to the Bonds with all fees and expenses of Bond Counsel to be paid by the Borrower.

Section 11. Execution and Delivery of Other Documents. The officers of the Issuer are each hereby authorized to execute, deliver, attest and affix the Issuer's seal to such other agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution. Specifically, the execution and delivery of an additional application to the Texas Bond Review Board for an allocation of private activity bond volume cap for the principal amount of the Bonds greater than \$20,000,000 is hereby approved.

Section 12. Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the officers of the Issuer are each hereby authorized to make or approve such revisions in the form of the documents hereby approved as, in the opinion of Bond Counsel, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution; and approval of such changes by the Issuer shall be indicated by such officers' execution of the documents.

Section 13. Incorporation of Preamble. The recitals in the preamble of this Resolution are true, correct and complete and that each and all of such recitals and the findings therein are hereby incorporated by reference to the same extent as if set forth here in full.

Section 14. Approval of Submission to the Attorney General of Texas. The Board hereby authorizes and ratifies the submission by Bond Counsel to the Attorney General of Texas, for approval as required under Chapter 1202, Texas Government Code, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 15. Ratification of Certain Prior Actions. That all prior actions taken for or on behalf of the Issuer in connection with the Bonds are hereby ratified, confirmed and approved.



Section 16. Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the Bonds to assist in the financing of the Project will promote the public purposes set forth in Section 394.002 of the Act and will accomplish a valid public purpose of the Issuer by assisting persons of low and moderate income in the County to obtain decent, safe and sanitary housing at affordable prices, thereby helping to relieve unemployment, to preserve and increase the tax base of the County, and to reduce public expenditures for crime prevention and control, public health, welfare and safety and for other valid public purposes.

Section 17. Limited Obligations. The Bonds and the interest thereon shall be special limited obligations of the Issuer payable solely from the revenues, funds and assets pledged under the Indenture, to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Issuer.

Section 18. Obligations of Issuer Only. The Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or a pledge or loan of the faith or credit or taxing power, within the meaning of any constitutional or statutory provision whatsoever, of the United States of America or any agency or instrumentality thereof, the State of Texas, the County or any other political subdivision or governmental unit.

Section 19. Approval Conditions. The actions and obligations authorized in this Resolution shall be subject to and conditioned upon receipt by the Issuer on the date of delivery of the Bonds to the initial purchaser thereof of the appropriate opinions of Bond Counsel with respect to the Bonds.

Section 20. Adjustment of Rate on Bonds. Upon satisfaction of the conditions set forth in Section 2.12 of the Indenture or if necessary to meet a condition set forth in Section 2.12 of the Indenture, each officer of the Issuer is authorized to execute and deliver, for and on behalf of the Issuer, any additional agreements, applications, certificates, documents and other papers, in forms approved by counsel to the Issuer, and to perform all other acts as they may deem necessary or appropriate to implement and carry out conversion of the Series B Bonds and the interest rate thereon from taxable bonds to bonds the interest rate on which is excluded from gross income for Federal income tax purposes. Execution of any such additional agreements, applications, certificates or documents, or any amendments to Issuer Documents, by an officer of the Issuer, shall constitute conclusive evidence of the approval of such counsel and such officer on behalf of the Issuer, of such agreements, applications, certificates or amendments.

Section 21. Information Return for Tax-Exempt Private Activity Bonds. The Board further directs that an officer of the Issuer submit to the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, a statement containing the information required by Section 149(e) of the Code. Additionally, the Board further directs that an officer of the Issuer submit to the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the interest rate on the Series B Bonds is converted to a tax-exempt rate, a statement containing the information required by Section 149(e) of the Code.

Section 22. Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.



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

1. Approves Resolution No. SHFC-2016-14,
2. Authorizes the Executive Vice President to execute all necessary documents and extensions.

Passed and approved the 2nd day of June 2016.

Ann Denton, Acting President, Board of Directors

Attested and approved as to form:

Patrick B. Howard, *Executive Vice President*

Housing Authority of Travis County

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SHFC Action Item #5 June 2, 2016

Resolution No. SHFC – 2016-14: To Authorize and Approve (i) the Sale, Issuance, and Delivery of one or more series of Multifamily Housing Revenue Bonds for *Marquis at Shoreline Apartments*; and (ii) the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily rental residential development and other related provisions as necessary to complete the transaction.

Background Information:

On May 5, 2016, the Board approved Resolution No. SHFC-2016-12, thereby committing to issue bonds, and supporting the filing of an application with the Texas Bond Review Board for *Volume Cap* related to the issuance of multifamily revenue bonds. These bonds are to be used to finance the purchase and rehabilitation of a residential development currently known as *Marquis at Shoreline Apartments*. Subsequent to this approval, the entity (created by Teachers Insurance and Annuity Association of America, or *TIAA*), has since received a reservation for bonds, secured financing for the purchase, and has prepared all of the necessary documents to close the transaction by mid to late June of this year.

Requested Action:

Consideration and appropriate action regarding **Resolution No. HATC-2-16-14:** To Authorize and Approve (i) the Sale, Issuance, and Delivery of one or more series of Multifamily Housing Revenue Bonds for *Marquis at Shoreline Apartments*; and (ii) the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily rental residential development and other related provisions as necessary to complete the transaction.

This Tax Exempt Bond financing will create additional affordable housing in Travis County, Austin, Texas and is consistent with SHFC's strategic goals of participating in future affordable housing developments in Travis County.

Alternate Option:

The Board of Commissioners (or Directors) could elect to Not Authorize and Approve Agreement to Issue Bonds and approve the filing of an application with the Texas Bond Review Board for *Volume Cap*.



Housing Authority of Travis County

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Fiscal Impact:

N/A

Attachments:

- A. Salient Facts
- B. Resolution No. SHFC-2016-12
- C. Location Map and Photos

Prepared by:

Robert Onion, *Asset Manager*

Approval:



Patrick B. Howard, *Executive Vice President*

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SHFC Action Item #5
June 2, 2016

ATTACHMENT A:

Salient Facts of Bond Transaction - *Marquis at Shoreline Apartments*

Bond Structure:

The Tax Exempt Bonds will be privately placed with Bank of America/Merrill Lynch and will have an interest rate of 5% and a term of 40 years. The amount of the first series of tax exempt bonds is reported to be \$20 million. A taxable series of bonds will also be issued in the amount of \$5 million and will be redeemed with tax exempt bonds once additional *Tax Exempt Multi-Family Volume Cap* becomes available later in the year. It is anticipated that second series of bonds will have the same rate and terms when they are converted to Tax Exempt Bonds. The borrower will be providing approximately \$3,924,000 (\$14,000 a unit) in rehabilitation cost which is in excess of the Federal requirement.

Borrowing Entity:

A to-be-created single purpose entity and wholly owned subsidiary of CASA Partners VII LP (CASA VII)

This fund was created by the Teachers Insurance and Annuity Association of America (TIAA) and specializes in value-add multifamily assets, including properties financed with tax-exempt bonds that maintain an affordability component.

Property Facts:

The property consist of 14.2 acres of land together with improvement consisting 14 three story buildings and Clubhouse with 280 units containing 257,338 net rentable square feet. Unit mix is comprised of 130 one bedrooms 130 two bedrooms, and 20 three bedrooms with an average unit size of 919 square feet.

Set Asides:

The borrowing entity has elected to set aside 20% of the units at 50% of Area Median Income (AMI) and 90% at 120% AMI as outlined by the requirements to issue Federal tax exempt bond debt. Regulations further require the borrowing entity to provide 15% of the bond financed amount (less associated land cost) for rehabilitation of the existing units.

Issuer Fee:

Strategic Housing Finance Corporation will receive .50% of the tax exempt amount (\$100,000) and .50% of the additional series of bonds (\$25,000) once these bonds are converted to Tax Exempt Bonds. In addition, SHFC will receive at Bond Administration fee of .10% (estimated at \$25,000 annually) of the outstanding bonds for term of the bonds.

Attachment B



Strategic Housing Finance Corporation
Resolution SHFC-2016-12

Resolution No. SHFC-2016-12: Approve Agreement to Issue Bonds and approve the filing of an application with the Texas Bond Review Board for volume cap related to the issuance of multifamily revenue bonds to finance the purchase and rehabilitation of a residential development currently known as **Marquis Shoreline Apartments**.

WHEREAS; one of SHFC's strategic goals is to participate in future affordable housing development projects involving Strategic Housing Finance Corporation (SHFC) and or other affordable housing partners; and

WHEREAS, Strategic Housing Finance Corporation of Travis County, a housing finance corporation created pursuant to Chapter 394 of the Texas Local Government Code ("SHFC"), has the authority to issue Tax Exempt Bonds under the Texas Local Government Code; and

WHEREAS, this Tax Exempt Bond financing project has the potential to create additional affordable housing in Travis County, Austin, Texas.

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

1. Approves Resolution SHFC-2016-12,
2. Authorizes the Executive Vice President to execute all relevant policies and procedures.

Passed and approved the 5th day of May 2016.

Ann Denton, Acting President, Board of Directors

Attested and approved as to form:

Patrick B. Howard, Executive Vice President

ATTACHMENT C:

Marquee Shoreline Exhibit

Location



Property Photos



