

STRATEGIC HOUSING
FINANCE CORPORATION

of TRAVIS COUNTY

Resolution No. SHFC-2018-13: To Authorize and direct the officers and staff of Strategic Housing Finance Corporation of Travis County to pursue ownership opportunities for the Rosemont at Williamson Creek Apartments located at 4509 E St Elmo Rd, Austin, Texas, 78744 and to negotiate and execute a memorandum of understanding related to the ownership of such apartment community.

WHEREAS, Strategic Housing Finance Corporation of Travis County ("SHFC") 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

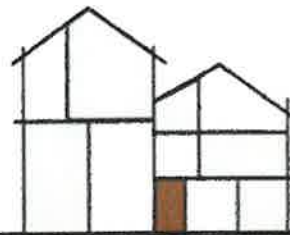
WHEREAS, Eddie Karam is President of SHFC, Wilmer Roberts is Vice President of SHFC, Patrick Howard is Executive Vice President of SHFC and Robert Onion is the Director of Real Estate Development of SHFC (collectively, the "Authorized Signatories" and each, an "Authorized Signatory"); and

WHEREAS, staff of SHFC has been approached with the possibility of participating in the ownership of Rosemont at Williamson Creek Apartments located at 4509 E St Elmo Rd, Austin, Texas, 78744 (the "Development"); and

WHEREAS, the Board of Directors of SHFC (the "Board") has received a presentation regarding the possible options of participating in the ownership of the Development and the possible terms of a nonbinding Memorandum of Understanding ("MOU") setting forth the terms and conditions on which SHFC would participate in the Development; and

WHEREAS, the Board has determined that the ownership of the Development is appropriate to its corporate purposes;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY THAT Any Authorized Signatory (or any other officer of SHFC), each acting on behalf of SHFC, is hereby individually authorized to (i) negotiate the terms of SHFC's participation of the ownership of the Development and to execute and deliver an MOU with such terms and provisions as in such person's discretion are deemed necessary or desirable, 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 SHFC's activities under the MOU.



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

FURTHER RESOLVED, that the President, Executive Vice President and Secretary of SHFC are each individually authorized to certify and attest to the adoption and approval of the foregoing resolutions.

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

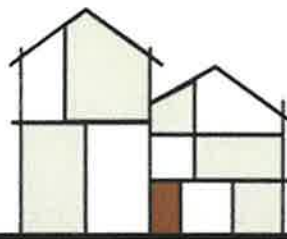
1. Approves Resolution SHFC-2018-13.
2. Authorizes the officers, including, specifically, the Executive Vice President and Director of Real Estate Development, to execute all relevant documents, instruments, agreements, policies, and procedures and to take all actions on behalf of SHFC contemplated by the foregoing resolutions.

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Strategic Housing Finance Corporation of Travis County at a meeting held on the 6th day of September 2018, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand and seal of office this 6 day of September 2018.

By: Patrick Howard
Patrick Howard, Secretary/Executive Vice President



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SHFC Action Item 6B
September 6, 2018

Resolution No. SHFC-2018-13: To Authorize and direct the officers and staff of Strategic Housing Finance Corporation of Travis County to pursue ownership opportunities for the Rosemont at Williamson Creek Apartments located at 4509 E St Elmo Rd, Austin, Texas, 78744 and to negotiate and execute a memorandum of understanding related to the ownership of such apartment community.

Background Information: Strategic Housing Finance Corporation (SHFC) has an opportunity to purchase the property known as Rosemont at Williamson Creek located at 4509 East Saint Elmo Road, Austin Texas.

Property Description: The subject property consist of 25.7 acres together with improvements consisting of 8 three-story rental buildings and one office/clubhouse containing 163 units. Unit mix consist of 101 two bedroom two bath units, 49 three bedroom two bath units, and 13 four bedroom two bath units. Total net rentable area is 166,750 square feet. The property was built in 2004 using the 9% tax credit program with the Texas Department of Housing and Community Affairs. The Affordability restrictions under the Land Use Restriction Agreement are: 26 units @30% AMI, 52 units @ 40 AMI, 52 units @ 50% of AMI with the balance (33 units) at Market Rent. Final year of LIHTC restriction is 2059.

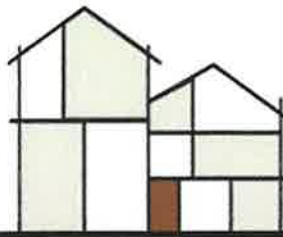
Offering Memorandum recap:

Price: \$12 million
Price per Unit: \$73,620
Price per SF. \$71.96

Strategy for Purchase: An offer will be submitted by Bear Creek Asset Management (or a related entity) for an amount at or near the stated price. Offer is due in late August. The intention of the parties is for Strategic Housing Finance Corporation to own the property and for SHFC to issue Essential Purpose Bonds, which will be purchased by Bear Creek Asset Management (or a related entity).

Recap of Sources and Uses of Funds:

Sources:	Senior Bond Debt -	\$9,330,000	Interest Rate 4.75% Interest Only
	Subordinate Bond Debt -	-\$2,251,737	Interest Rate 8.5% Interest Only
	SHFC Equity -	\$ 500,000	
	Total Sources	\$12,082,137	



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Uses:	Acquisition Cost	\$11,663,000
	Soft/Title	\$ 35,000
	Tax/Insurance Deposit	\$ 25,000
	Bond Transaction Cost	\$ 325,804
	Total Uses	\$12, 082,137

See additional detail attached:

Options after purchase:

Option #1 – For SHFC to purchase and hold the property for 3 years and then place long term financing on the asset. Consider paying off the Subordinate Lien debt/cost (approximately \$2,251,737) and operate the property as affordable receive a return on SHFC's investment of approximately 8.5%. Investor requirement is that a Third Party Property Manager be selected subject to their approval.

Option #2 – For SHFC to purchase and hold the property for 3 years and then consider a re-syndication using Bonds and 4% Tax credits. The require threshold for Rehab is a minimum of \$27,500 per unit or approximately \$4,500,000. This option could be accomplished with or without a Development Partner. The investor would prefer a development partner. Investor requirement is that a Third Party Property Manager be selected based upon their approval rights.

Recommended Action:

Consider the appropriate action regarding **Resolution No. SHFC-2018-13**: To Authorize and direct the officers and staff of Strategic Housing Finance Corporation of Travis County to pursue ownership opportunities for the Rosemont at Williamson Creek Apartments located at 4509 E St Elmo Rd, Austin, Texas, 78744 and to negotiate and execute a memorandum of understanding related to the ownership of such apartment community.

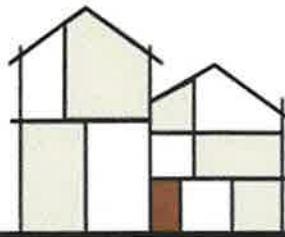
Alternate Option:

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

- **Resolution No. SHFC-2018-13**

Fiscal Impact:

This transaction will enhance the financial position of SHFC through the acquisition cash flow and cash flow of the property.



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Attachments:

- A. Offering Memorandum
- B. Sources and Uses analysis
- C. Resolution No. SHFC-2018-13

Prepared by:

Robert Onion – Director of Real Estate Development

Approval:

Patrick Howard

Patrick B. Howard, *Executive Vice President*