

STRATEGIC HOUSING  
FINANCE CORPORATION

of TRAVIS COUNTY

**SHFC Action Item IV.D.**  
**October 15, 2019**

**Resolution No. SHFC-2019-20:** To Approve a loan of \$184,698.71 to SEA RAD GP LLC.

**Background Information:**

The Housing Authority of Travis County acting as the sole member of SEA RAD GP LLC. of SEA RAD LP. (Alexander Oaks and Summit Oaks Properties) is responsible for the completion of the improvements under a completion guarantee with the Partnership. The development has experienced an over run due to certain flatwork needing to be poured in the right of way of the property to meet ADA compliance standards. This was not anticipated or planned for in the construction budget. This resolution is requesting the approval for Strategic Housing Finance Corporation to lend the Housing Authority of Travis County \$184,698.71 in funds necessary to substantially complete the development and receive a substantially complete certificate from the development Architect. This is one of the steps necessary in order to received additional funds from the Limited Partner.

**Requested Action:**

Consider and appropriate action regarding Resolution No. SHFC-2019-20: To Approve a loan of \$184,698.71 to SEA RAD GP LLC.

**Alternate Option:**

The Board of Directors could elect to Not Approve a loan of \$184,698.71 to SEA RAD GP LLC.

**Fiscal Impact:**

Failure to substantially complete these properties (along with additional requirements of the second funding of the Partnership agreement - See attached) will cause the Housing Authority of Travis County to continue to pay approximately \$42,000 per month in construction interest that is not available in the Construction Budget.

**Attachments:**

A. Requirements for Second Equity Funding in the Limited Partnership Agreement

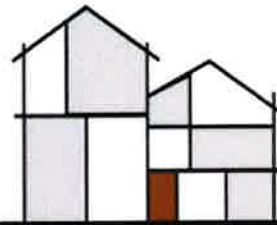
**Prepared by:**

Robert Onion – Director of Real Estate Development

**Approval:**



Patrick B. Howard, *Executive Vice President*



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October 15, 2019**

**Resolution No. SHFC-2019-20:** To Approve a loan of \$184,698.71 to SEA RAD GP LLC.

**WHEREAS**, the Strategic Housing Finance Corporation (the "Corporation") is authorized by the Texas Housing Finance Corporations Act, Local Government Code, Chapter 394, Vernon's Annotated Texas Civil Statutes, as amended (the "Act"), (a) to make loans to any person to provide financing for residential rental developments located within Travis County, Texas (the "County"), and intended to be occupied in part or in whole by persons of low and moderate income; and (b) to enter into contracts to perform services with respect to residential development, any housing authority, nonprofit enterprise, or similar entity; and

**WHEREAS**, the Housing Authority of Travis County, Texas ("HATC") is the sole member of SEA RAD GP, LLC (the "General Partner"), the sole general partner of SEA RAD, LP, a Texas limited partnership (the "Partnership"); and

**WHEREAS**, HATC, as the sole member of the General Partner, has approved a change order in the amount of \$184,698.71 (the "Change Order") in order to complete the rehabilitation of two multifamily properties, known as Alexander Oaks and Summit Oaks (the "Properties"), the Properties are currently owned by HATC upon land that is owned by HATC, and the Properties are leased to the Partnership pursuant to a Ground Lease with HATC; and

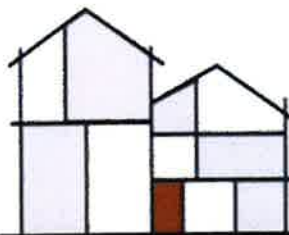
**WHEREAS**, the General Partner must obtain funding in order to accomplish the Change Order to complete the rehabilitation of the Properties.

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CORPORATION, THAT:**

Section 1: It is in the best interest of the Corporation to provide funding for the Change Order by making a loan, as lender, to the General Partner in the amount of \$184,698.71 (the "Loan"), and the Corporation hereby authorizes and agrees to make said Loan, to be evidenced by a loan agreement and such other agreements as are contemplated thereby (together, the "Loan Documents").

Section 2: The form, terms and provisions of the Loan Documents are hereby in each and every respect approved, ratified and confirmed; and each and every transaction effected or to be effected pursuant to, and in substantial accordance with, the terms of the Loan Documents is hereby in each and every respect authorized, approved, ratified and confirmed.

Section 3: The Corporation hereby authorizes the President of the Corporation, the Executive Vice President of the Corporation, and/or the Director of Real Estate Development of the Corporation as the authorized officers, acting together or individually, on behalf of the Corporation, to execute and deliver the Loan Documents and such other documents and instruments in connection therewith as may be necessary or desirable, and to take any other necessary or desirable actions consistent with this Resolution.



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Section 4: Any and all action taken by the President of the Corporation, the Executive Vice President of the Corporation, and/or the Director of Real Estate Development of the Corporation, prior to the date these resolutions are actually adopted and executed in effecting the purposes of the foregoing Resolutions is hereby approved, ratified, and adopted in all respects.

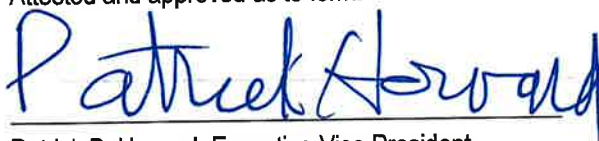
**NOW, THEREFORE, BE IT FURTHER RESOLVED that the Board of Directors of the Corporation hereby:**

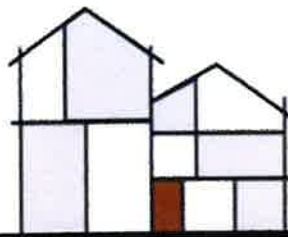
1. Approves Resolution SHFC-2019-20,
2. Authorizes the President of the Corporation, the Executive Vice President of the Corporation, and/or the Director of Real Estate Development of the Corporation to execute all relevant documents, instruments, agreements, policies, and procedures and to take all actions on behalf of the Corporation contemplated by the foregoing resolutions.

Passed and approved the 15th day of October, 2019.

  
\_\_\_\_\_  
Eddie Karam, President, Board of Directors

Attested and approved as to form:

  
\_\_\_\_\_  
Patrick B. Howard, Executive Vice President



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### 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 15th day of October, 2019, 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 15 day of October, 2019.

By: Debbie Honeycutt  
Name: Debbie Honeycutt  
Title: Sr. Admin. Assistant

Attachment A:

Requirements for Second Equity Funding in the Limited Partnership Agreement

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Requirements for Second Equity Funding in the Limited Partnership Agreement

Installment	Funding Conditions	Amount
First	1. Satisfactory completion of the Investor Limited Partner's due diligence review	\$1,230,947*
	2. Execution of this Agreement	(\$1,000,000 of which will be contributed upon satisfaction of conditions ##1-4 and \$230,947 of which will be contributed upon satisfaction of conditions ##5-6.)
	3. Execution of Construction Financing Documents	
	4. Receipt of Permanent Loan commitments	
	5. Receipt of HUD documentation evidencing commitment to enter a project-based 20-year HAP contract upon Completion	
	6. Receipt of evidence satisfactory to the Investor Limited Partner that the RAD Conversion Commitment and RAD Use Agreement have been transferred or endorsed to the Partnership in a manner satisfactory to HUD, and that all necessary approvals from HUD have been received (collectively, " <u>HUD Approval</u> ")	
*Up to \$65,000 of the First Installment will be used to pay 42 Equity's due diligence and closing costs		
Second	1. Satisfaction of any outstanding requirements related to payment of the prior installment	\$6,811,241*
	2. Receipt of certificates of occupancy for all Project building(s)	
	3. Receipt of Architect's certificate of substantial completion	
	4. Inspection by 42 Equity's construction consultant confirming Completion	
	5. Satisfactory completion of all punch list items	
	6. Receipt of final endorsement to Title Policy	
	7. Receipt of satisfactory updated "As-Built" ATLA survey	
	8. Receipt of final lien waivers from the general contractor and any subcontractors, or evidence of bond coverage in accordance with the requirements set forth in the definition of "Completion"	
	9. Receipt and approval of final Cost Certification	
	10. Receipt of an as-recorded Extended Use Agreement	
	11. Receipt of satisfactory evidence that all reserves have been established by the General Partner and funded at the required levels (the funding levels may be met with funds from this Installment)	
	12. Completion	
	13. Stabilization	
	14. Permanent Loan Conversion; or documentation satisfactory to the Special Limited Partner that this Second Installment shall permit the Partnership to achieve Permanent Loan Conversion	
	15. 100% Qualified Occupancy	