

STRATEGIC HOUSING
FINANCE CORPORATION

of TRAVIS COUNTY

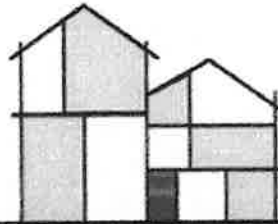
SHFC Action Item V.B
November 21, 2019

Resolution No. SHFC-2019-23: To Authorize the issuance, sale, and delivery of one or more series of taxable or tax-exempt Governmental Note (Austin Manor Apartments) Series 2019; Approve the form and substance of; and Authorize the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily residential rental development, and other related provisions as necessary to complete the transaction.

WHEREAS, Strategic Housing Finance Corporation of Travis County (the "Governmental Lender") 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 Governmental Lender: (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 Governmental Lender; (b) to issue its revenue notes 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 notes; and (c) to pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the payment of the principal or redemption price of and interest on such notes; and

WHEREAS, the Board of Directors of the Governmental Lender (the "Board") has determined to authorize the issuance, sale and delivery of its Governmental Note (Austin Manor Apartments) Series 2019 (the "Governmental Note") pursuant to and in accordance with the terms of a Funding Loan Agreement (the "Funding Loan Agreement"), between the Governmental Lender, International Bank of Commerce, a Texas state banking corporation, as initial funding lender (the "Funding Lender"), and Wilmington Trust, National Association, as Fiscal Agent (the "Fiscal Agent"), for the purpose of obtaining funds (the "Funding Loan") to make a mortgage loan to TX Austin Manor Apartments, LP, a Texas limited partnership (the "Borrower"), in order to finance costs of the acquisition, construction and equipping of a multifamily rental residential development to be known as Austin Manor Apartments (or such other name as may be determined from time to



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time) and located within the County and described 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 June 21, 2018, declared its intent to issue its revenue bonds/notes to provide financing for the Project; and

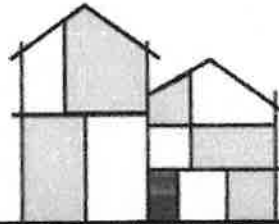
WHEREAS, in order to assist in carrying out the acquisition, construction and equipping of the Project, the Board has determined that the Governmental Lender shall enter into a Project Loan Agreement (the "Project Loan Agreement") between the Governmental Lender, Fiscal Agent and the Borrower and agreed to by the Funding Lender, pursuant to which (i) the Governmental Lender will agree to make one or more mortgage loans funded with the proceeds of the Governmental Note (the "Borrower Loan") to the Borrower to enable the Borrower to finance costs of the acquisition, construction and equipping of the Project and related costs, and (ii) the Borrower will execute and deliver to the Governmental Lender one or more multifamily notes (the "Project Note") in an original principal amount equal to the original aggregate principal amount of the Governmental Note, and providing for payment of interest on such principal amount equal to the interest on the Governmental Note and to pay other costs described in the Project Loan Agreement; and

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

WHEREAS, it is anticipated that the Project Note will be secured by a Leasehold Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing with Joinder of Fee Owner (the "Security Instrument") from the Borrower for the benefit of the Governmental Lender and the Funding Lender, as their interests may appear, and the Board desires to accept such Security Instrument; and

WHEREAS, the Governmental Lender's interest (except for certain rights) in the "Assigned Instruments" (as defined in the Assignment), including the Project Note and the Security Instrument, will be assigned pursuant to an Assignment of Deed of Trust and Loan Documents (the "Assignment"); and

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



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

WHEREAS, the Governmental Lender desires to authorize the Fiscal Agent to invest and reinvest the proceeds of the Governmental Note and all other funds received and held under the Funding Loan Agreement; and

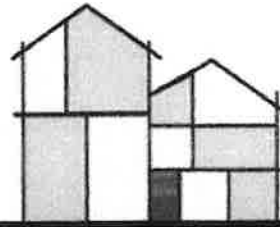
WHEREAS, Section 147(f) of the Code requires that the Governmental Note be approved by the "applicable elected representative" (the "AER") after a public hearing following reasonable public notice; and

WHEREAS, with respect to bonds and notes issued by the Governmental Lender, the AER is the Commissioners Court of the County or the County Judge of the County; and

WHEREAS, notice of a public hearing with respect to the Governmental Note and the Project held by the Governmental Lender on November 21, 2019, was published no less than 7 days before such date in a manner permitted under the Code or any regulations promulgated thereunder; and

WHEREAS, the Governmental Lender 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 Governmental Note and the Project to be heard; and

WHEREAS, the Board and its advisors have examined proposed forms of the Funding Loan Agreement, the Governmental Note, the Project Loan Agreement, the Regulatory Agreement, the Project Note, the Security Instrument, and the Assignment, and have found the form and substance of such documents to be satisfactory and proper; and the Board has determined to provide financing for the Project in accordance with such documents by authorizing the issuance of the Governmental Note, the execution and delivery or acceptance, as appropriate, of such documents and the taking of such other actions as may be necessary or convenient.



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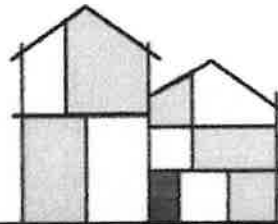
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY THAT:

Section 1.—Public Hearing. The Board hereby finds, determines, recites and declares that a public hearing with respect to the Governmental Note and the Project was held on November 21, 2019; that notice of such public hearing was published no less than 7 days before such date in a manner permitted under the Code or any regulations promulgated thereunder; 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 Governmental Note; and 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 Governmental Note for purposes of Section 147(f) of the Code. The Board hereby confirms the designation of Patrick Howard, Robert Onion, Cliff Blount, and Chris Sayers as the Governmental Lender's hearing officers.

Section 2.—Issuance, Execution, Sale and Delivery of the Governmental Note. The issuance of the Governmental Note is hereby authorized, according to the conditions set forth herein and in the Funding Loan Agreement, and upon execution and delivery of the Funding Loan Agreement, the President, any Vice President and the Secretary of the Governmental Lender are each hereby authorized to execute, attest and affix the Governmental Lender's seal to each of the Governmental Note and to deliver the Governmental Note to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Fiscal Agent for authentication (to the extent required in the Funding Loan Agreement), and thereafter to sell the Governmental Note to the Funding Lender and deliver the Governmental Note as provided in the Funding Loan Agreement.

Section 3.—Interest Rate, Principal Amount, Maturity and Price. The officers of the Governmental Lender are hereby authorized to fix and determine the interest rate, principal amount, maturity and price of the Governmental Note, all of which determinations shall be conclusively evidenced by the execution and delivery by such officers of the Funding Loan Agreement and the Governmental Note; provided, however, that: (a) the Governmental Note shall bear interest at an initial interest rate not to exceed 10% per annum, subject to adjustment as provided in the Funding Loan Agreement; provided that in no event shall the interest rate on the Governmental Note (including any default interest rate) exceed the maximum rate allowed by law; (b) the aggregate principal amount of the Governmental Note shall not initially exceed \$35,000,000; (c) the final maturity of the Governmental Note shall occur not later than December 1, 2072; and (d) the price at which the Governmental Note is sold to the Funding Lender shall not exceed the principal amount thereof.

Section 4.—Approval, Execution and Delivery of the Funding Loan Agreement. The form and substance of the Funding Loan Agreement are hereby approved and the President and Secretary/Executive Vice President and each of the other officers of the Governmental Lender are each hereby authorized to execute the Funding Loan Agreement and to deliver the Funding Loan Agreement to the Funding Lender and Fiscal Agent. The Fiscal Agent is authorized to invest the moneys held under the Funding Loan Agreement as provided therein.



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Section 5.--Approval, Execution and Delivery of the Project Loan Agreement. The form and substance of the Project Loan Agreement are hereby approved and the officers of the Governmental Lender are each hereby authorized to execute the Project Loan Agreement and to deliver the Project Loan Agreement to the Borrower, the Fiscal Agent and the Funding Lender.

Section 6.--Approval, Execution and Delivery of the Regulatory Agreement. The form and substance of the Regulatory Agreement are hereby approved and the officers of the Governmental Lender are each hereby authorized to execute the Regulatory Agreement and to deliver the Regulatory Agreement to the Fiscal Agent and the Borrower.

Section 7.--Determination of Moderate Income. 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.

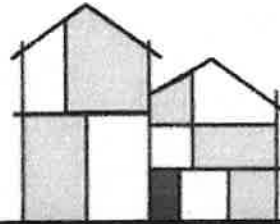
Section 8.--Acceptance of the Security Instrument and the Project Note. The Security Instrument and the Project Note are hereby accepted by the Governmental Lender and the President and each of the other officers of the Governmental Lender are each hereby authorized to endorse the Project Note to the order of the Fiscal Agent and the Funding Lender, as their interests may appear, without recourse.

Section 9.--Approval, Execution and Delivery of the Assignment. The form and substance of the Assignment are hereby approved and the officers of the Governmental Lender are each hereby authorized to execute the Assignment and to deliver the Assignment to the Fiscal Agent.

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

Section 11.--Execution and Delivery of Other Documents. The officers (including the Secretary/Executive Vice President and Director of Real Estate Development) of the Governmental Lender are each hereby authorized to execute, attest and affix the Governmental Lender's seal to and deliver 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.

Section 12.--Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the officers (including the Secretary/Executive Vice President and Director of Real Estate Development) of the Governmental Lender are each hereby authorized to make or approve such revisions in the form of the documents hereby approved, in the opinion of Bond Counsel, as 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 Governmental Lender shall be indicated by such officers' or manager's execution of the documents.



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

Section 14.--Approval of Submission to the Attorney General of Texas. The Board hereby authorizes 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 Governmental Note.

Section 15.--Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the Governmental Note 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 Governmental Lender 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.

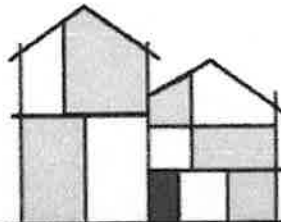
Section 16.--Limited Obligations. The Governmental Note and the interest thereon shall be limited obligations of the Governmental Lender payable solely from the revenues, funds and assets pledged under the Funding Loan Agreement to secure payment of the Governmental Note and under no circumstances shall the Governmental Note be payable from any other revenues, funds, assets or income of the Governmental Lender.

Section 17.--Ratification of Certain Prior Actions. All other prior actions taken for or on behalf of the Governmental Lender in connection with the Governmental Note are hereby ratified, confirmed and approved.

Section 18.--Obligations of Governmental Lender Only. The Governmental Note 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 Governmental Lender on the date of delivery of the Governmental Note to the Funding Lender of the appropriate opinions of Bond Counsel with respect to the Governmental Note.

Section 20.--Waiver of Guidelines. The Board hereby waives the Governmental Lender's policy guidelines for receiving and approving applications for financial participation in residential developments (the "Guidelines"), if any, to the extent such Guidelines are inconsistent with the terms of this Resolution and the documents authorized hereunder.



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Section 21.--Information Return for Tax Exempt Private Activity Bonds. The Board further directs that an officer of the Governmental Lender submit or cause to be submitted 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 Governmental Note is issued, a statement containing the information required by Section 149(e) of the Code.

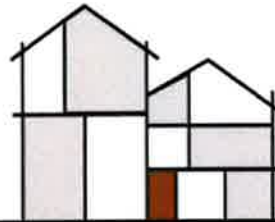
Section 22.--Conversion. If the Freddie Mac Commitment and the Construction Phase Financing Agreement are executed and delivered by the parties thereto, and if the Conditions to Conversion are satisfied in accordance with the Freddie Mac Commitment and the Construction Phase Financing Agreement, the Project Loan will convert from the Construction Phase to the Permanent Phase on the Conversion Date and, on such Conversion Date, the Initial Funding Lender will deliver, and the Freddie Mac Seller/Service will purchase, the Funding Loan, as evidenced by the Governmental Note. It is further anticipated that if the Conditions to Conversion are satisfied and the Funding Loan is purchased by the Freddie Mac Seller/Service on the Conversion Date as set forth above, the Freddie Mac Seller/Service will then deliver the Funding Loan to Freddie Mac for purchase pursuant to the terms of the Freddie Mac Commitment and the Guide (the events described in this sentence and the immediately preceding sentence, and all other events occurring in connection therewith, are collectively referred to as the "Freddie Mac Purchase"). The capitalized terms used in this section and not otherwise defined in this Resolution have the meanings given to them in the Funding Loan Agreement. The officers (including the Secretary/Executive Vice President and Director of Real Estate Development) of the Governmental Lender are each hereby authorized to execute, attest and affix the Governmental Lender's seal to and deliver such 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 Freddie Mac Purchase or the Conversion, if it occurs.

Section 23.--Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

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

1. Approves Resolution SHFC-2019-23; nad
2. Authorizes the officers, including, specifically, the Secretary / 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 the Governmental Lender contemplated by the foregoing resolutions.

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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 21st day of November, 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.

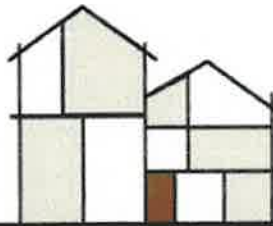
WITNESS my hand and seal of office this 21st day of November, 2019.

By:

Patrick Howard

Patrick B. Howard

Secretary / Executive Vice President



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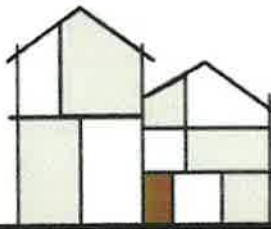
EXHIBIT A Description of Project

Austin Manor Apartments

The Project is a proposed mixed income affordable housing community to be named Austin Manor Apartments (subject to change) to consist of approximately 280 units located on approximately 15 acres at the intersection of Farmhaven and Boyce Lane, south of Parmer Lane, Austin, Travis County, Texas 78653. The Project is expected to offer a variety of floor plans, including studio units, 1-bedroom units, 2-bedroom units and 3-bedroom units. Each unit is expected to include central heat and air conditioning, ceiling fans, dishwasher, garbage disposal, carpet, drapes/blinds, washer/dryer, refrigerator and microwave.

The residential units will be marketed to families earning 30% to 60% of the area median incomes. The development will offer housing convenient to the fast-growing East Austin area, all accessible to Hwy 71 and Hwy 290 from TX 130/45. Property residents are served by the top-rated Manor ISD. This site is an SADDA with good schools and amenities in reasonable driving distance down Parmer or North on TX 130.

The community will provide family supportive services such as student achievement reading programs, adult education, homebuyer education, counseling services, credit education classes, health and nutritional courses, latchkey programs for school age children and other appropriate programs, at no additional cost to residents. Residents at the property will also enjoy a +-6,000 square foot club house with an equipped fitness center, business center with computers and internet access, and a large community room.



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SHFC Action Items V.A, V.B, and V.C
November 21, 2019

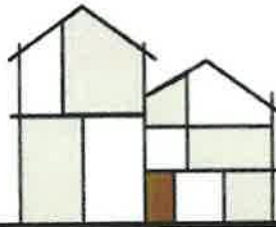
Resolution No. SHFC-2019-22: To Approve a Memorandum of Understanding (MOU) between Strategic Housing Finance Corporation of Travis County and ICON Builders/Kelly Sands or their designated affiliate for the development of Austin Manor Apartments.

Resolution No. SHFC-2019-23: To Authorize the issuance, sale, and delivery of one or more series of taxable or tax-exempt Governmental Note (Austin Manor Apartments) Series 2019; Approve the form and substance of; and Authorize the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily residential rental development, and other related provisions as necessary to complete the transaction.

Resolution No. SHFC-2019-24: To Authorize the debt financing, equity financing, property acquisition, service related agreements and other matters necessary or convenient for Strategic Housing Finance Corporation of Travis County to participate in the development and operation of (Austin Manor Apartments) transaction; 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: On June 21, 2018, the Strategic Housing Finance Corporation Board approved Resolution No SHFC-2018-07. To Approve the prescription of the form and substance of an Agreement to Issue Bonds for Multifamily Housing Revenue Bonds (Boyce Parmer Apartments Phase II) Series 2018. Due to the delays associated with site plan and building plan approval with the City of Austin, Bond Counsel suggested the Board approve and re-issue a resolution to induce the bonds which was approved at the September 24th meeting (Resolution No. SHFC-2019-14). Staff is now requesting the Board to approve Resolution SHFC-2019-22 which will approve the MOU, SHFC-2019-23 and SHFC-2019-24 will authorize the issuance, sale and delivery of one or more series of taxable or tax-exempt multifamily housing revenue obligations and authorize the debt financing, equity financing, property acquisition and other matters necessary to participate in the development of operations of Austin Manor Apartments. It is anticipated that this transaction Austin Manor Apartments will close in December of 2019.

Recommended Action: Consider and take appropriate action regarding **Resolution No. SHFC-2019-22:** To Approve a Memorandum of Understanding (MOU) between Strategic Housing Finance Corporation of Travis County and ICON Builders/Kelly Sands or their designated affiliate for the development of Austin Manor Apartments.



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Consider and take appropriate action regarding **Resolution No. SHFC-2019-23**: To Authorize the issuance, sale, and delivery of one or more series of taxable or tax-exempt Governmental Note (Austin Manor Apartments) Series 2019; Approve the form and substance of; and Authorize the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily residential rental development, and other related provisions as necessary to complete the transaction.

Consider and take appropriate action regarding **Resolution No. SHFC-2019-24**: To Authorize the debt financing, equity financing, property acquisition, service related agreements and other matters necessary or convenient for Strategic Housing Finance Corporation of Travis County to participate in the development and operation of (Austin Manor Apartments) transaction; 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-2019-22
- Resolution No. SHFC-2019-23
- Resolution No. SHFC-2019-24

Fiscal Impact:

This transaction will greatly enhance the financial position of SHFC through the collection of Bond issuance fee, Construction Administration fees, Developer's fees, and cash flow of the property upon stabilization.

Attachment:

- A. Memorandum of Understanding

Prepared by:

Robert Onion – Director of Real Estate Development

Approval:

Patrick B. Howard

Patrick B. Howard, *Executive Vice President*