



Resolution No. SHFC-2018-2: 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 Del Valle 969 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.

The Board of Directors (the "**Board**") of STRATEGIC HOUSING FINANCE CORPORATION OF TRAVIS COUNTY, a housing finance corporation created pursuant to Chapter 394 of the Texas Local Government Code ("**SHFC**"), in a meeting on March 6, 2018, adopted the following resolution:

1. **Land Acquisition and Ground Lease.**

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

WHEREAS, SHFC is the sole member of SHFC DV GP LLC, a Texas limited liability company (the "**General Partner**"), which is the sole general partner of Del Valle 969 Apartments, Ltd., a Texas limited partnership (the "**Partnership**");

WHEREAS, the Partnership is intending to develop a multi-family housing property, to be known as "Del Valle 969 Apartments" (the "**Apartment Complex**") on certain real property located in Austin, Texas (the "**Real Property**");

WHEREAS, the Board previously approved the terms of a Memorandum of Understanding (the "**MOU**") between SHFC and The NRP Group, LLC ("**NRP**") with respect to the development of the Apartment Complex;

WHEREAS, the MOU contemplates that SHFC will create a wholly-owned affiliate known as SHFC Del Valle Land LLC (the "**Landlord**") to own the Real Property and enter into a long-term ground lease (the "**Ground Lease**") with the Partnership; and

WHEREAS, in connection with the acquisition of the Real Property, the Landlord will be required to enter into various documents to evidence such acquisition (collectively, the "**Acquisition Documents**"); and

RESOLVED, that (a) the formation of the Landlord is hereby approved; (b) the Landlord is authorized to acquire the Real Property, to lease such Real Property to the Partnership, and to execute and deliver the Acquisition

Documents and the Ground Lease; (c) SHFC, acting on behalf of the Landlord, is hereby authorized to execute and deliver the Acquisition Documents, the Ground Lease, and such other documents in connection therewith as may be necessary or desirable and do all things necessary or desirable to facilitate the acquisition of the Real Property and the lease thereof to the Partnership; and (d) any Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, acting on behalf of the Landlord, is hereby severally authorized to (i) execute and



deliver the Acquisition Documents and the Ground Lease, with such changes as such signatory, in his or her discretion, believes to be necessary or desirable (such necessity or desirability being evidenced by the execution of such documents), 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 the acquisition of the Real Property and the lease thereof to the Partnership.

FURTHER RESOLVED, that (a) the Partnership is authorized to obtain a leasehold interest in the Real Property and to execute and deliver the Ground Lease; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Ground Lease and such other documents in connection therewith as may be necessary or desirable and to do all things necessary or desirable to facilitate the acquisition of a leasehold interest in the Real Property and the construction, development and operation of the Apartment Complex thereon; (c) SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Ground Lease and such other documents in connection therewith as may be necessary or desirable and to do all things necessary or desirable to facilitate the acquisition of a leasehold interest in the Real Property and the construction, development and operation of the Apartment Complex thereon; and (d) any Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby severally authorized to (i) execute and deliver the Ground Lease, with such changes as such signatory, in his or her discretion, believes to be necessary or desirable (such necessity or desirability being evidenced by the execution of such documents), 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 the Partnerships' acquisition of a leasehold interest in the Real Property and the construction, development and operation of the Apartment Complex thereon.

2. Debt Financing.

WHEREAS, SHFC is issuing a Multifamily Note (herein so called) payable to Navistone Del Valle Instrument Purchaser LLC (the "**Funding Lender**") in the approximate principal amount not to exceed \$38,000,000 to evidence a loan from the Funding Lender to SHFC in the same amount (the "**Funding Loan**" and all other documents evidencing or governing the Funding Loan, including the Multifamily Note, being referred to herein as the "**Funding Loan Documents**");

WHEREAS, the proceeds of the Funding Loan are being used by SHFC to provide a loan to the Partnership in the amount of up to \$38,000,000 (the "**Project Loan**") for the purpose of financing the construction and development of the Apartment Complex;

WHEREAS, SHFC will collaterally assign the Project Loan to BOFK, N.A. as Fiscal Agent (herein so called) as security for SHFC's obligations under the Funding Loan;

WHEREAS, in conjunction with the Project Loan and/or the Funding Loan and its collateral assignment, the Partnership, the General Partner, and/or SHFC will execute and/or accept delivery of certain documents, including but not limited to a Multifamily Note, Project Loan Agreement, a Regulatory Agreement and Declaration of Restrictive

Covenants, a Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (or other deed of trust document), a Security Agreement (Assignment of Partnership Interests and Capital Contributions), an Assignment



of Management Agreement, an Assignment of Contracts, an Assignment of Deed of Trust and Loan Documents, a Construction Phase Financing Agreement, and a Continuing Covenant Agreement (collectively, the "**Project Loan Documents**");

WHEREAS, the Partnership is also obtaining bridge loan financing (the "**Bridge Loan**") from KeyBank National Association ("**KeyBank**") for the purpose of providing additional financing for the construction and development of the Apartment Complex;

WHEREAS, in conjunction with the Bridge Loan, the Partnership, the General Partner, and/or SHFC will execute certain documents, including but not limited to a Promissory Note, a Construction Loan Agreement, a Fee and Leasehold Deed of Trust Assignment of Rents, Security Agreement, and Fixture Filing, an Assignment of Leases and Rents, a Ground lease Non-Disturbance, Attornment and Estoppel Agreement, a Collateral Assignment of General Partnership Interest and Security Agreement, an Assignment of Construction Documents and Management Agreement, a Capital Contribution Pledge Agreement, an Environmental and Hazardous Substances Indemnity Agreement, and a Security Agreement (collectively, the "**Bridge Loan Documents**");

WHEREAS, at the conversion of the Project Loan to its permanent phase (the "**Permanent Loan**"), KeyBank will acquire the Funding Loan and transfer it to Freddie Mac, and in connection with all the foregoing, the Partnership, the General Partner, and/or SHFC will execute certain documents, including but not limited to an Amended and Restated Project Note, an Amended and Restated Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, an Assignment of Management Agreement and Subordination of Management Fees, and a Ground Lease Mortgage Ground Lessor's Estoppel Certificate, (collectively, the "**Permanent Loan Documents**");

WHEREAS, to memorialize the Partnership's commitment to enter into the Permanent Loan, it may be required to execute a Delivery Assurance Note and a Multifamily Deed of Trust, Assignment of Rents and Security Agreement (collectively, the "**Delivery Assurance Documents**");

RESOLVED, that (a) SHFC is authorized to (i) obtain the Funding Loan, (ii) use the proceeds thereof to make the Project Loan to the Partnership, (iii) collaterally assign the Project Loan to the Fiscal Agent as security for the Funding Loan, (iv) execute and deliver the Funding Loan Documents and all other documents related thereto, and (v) do all things necessary or desirable to effect the foregoing; (b) the Partnership is authorized to (i) obtain the Project Loan, the Bridge Loan, and the Permanent Loan, (ii) participate as required in the collateral assignment of the Project Loan as security for the Funding Loan and the transfer of the Funding Loan in connection with the conversion of the

Project Loan to the Permanent Loan, and (iii) execute and deliver the Project Loan Documents, the Bridge Loan Documents, the Permanent Loan Documents, the Delivery Assurance Documents, and all other documents related thereto; (c) the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Project Loan Documents, the Bridge Loan Documents, the Permanent Loan Documents, the Delivery Assurance Documents, and all other documents related thereto and do all things necessary to facilitate the Project Loan, the Bridge Loan, and the Permanent Loan; (d) SHFC, acting on its own behalf or on behalf of the General



Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Project Loan Documents, the Bridge Loan Documents, the Permanent Loan Documents, the Delivery Assurance Documents, and all other documents related thereto and do all things necessary to facilitate the Project Loan, the Bridge Loan, and the Permanent Loan; and (e) any Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, as applicable, is severally authorized to (i) execute and deliver the Project Loan Documents, the Bridge Loan Documents, the Permanent Loan Documents, the Delivery Assurance Documents, with such changes as such signatory, in his or her discretion, believes to be necessary or desirable (such necessity or desirability being evidenced by the execution of such 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 Partnership to obtain the Project Loan, the Bridge Loan, and the Permanent Loan.

3. **Equity Financing.**

WHEREAS, pursuant to a letter of intent dated October 24, 2017, U.S. Bancorp Community Development Corporation (the "**Equity Provider**") agreed to provide equity financing to the Partnership for the development of the Apartment Complex (the "**Equity Financing**");

WHEREAS, in connection with the Equity Financing, the General Partner will enter into an Amended and Restated Agreement of Limited Partnership for the Partnership (the "**Partnership Agreement**") with the Equity Provider and NRP Del Valle 969 SPE SLP LLC, a Delaware limited liability company, as limited partners; and

WHEREAS, the Partnership Agreement calls for the Partnership and/or the General Partner and/or SHFC to enter into certain documents associated with the Equity Financing, including but not limited to an Interest Purchase Option and Right of First Refusal Agreement, a Development Services Agreement, a Pledge and Security Agreement, and a Partnership Management Agreement (collectively, with the Partnership Agreement, the "**Equity Documents**");

RESOLVED, that (a) the Partnership is authorized to obtain the Equity Financing from the Equity Provider and to execute and deliver the Equity Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Equity Documents and do all things necessary to facilitate the Equity Financing; (c) SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to execute and deliver the Equity Documents and do all things necessary to facilitate the Equity Financing, including serving as a co-developer for the development of the Apartment Complex; and (d) any Authorized Signatory (or any other duly authorized officer of SHFC), each acting on

behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby severally authorized to (i) execute and deliver the Equity Documents, with such changes as such signatory, in his or her discretion, believes to be necessary or desirable (such necessity or desirability being evidenced by the execution of such documents), and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Equity Financing and perform the Partnership's and/or the General Partner's and/or SHFC's obligations thereunder.



4. **Service as General Contractor.**

WHEREAS, to further the economic efficiencies for the development of the Apartment Complex, SHFC intends to pursue a sales tax exemption for materials used in the construction of the Apartment Complex by acting (either directly or through a wholly-owned limited liability company) as the general contractor for the Apartment Complex and sub-contracting the construction work to NRP Contractors II, LLC (the "**Contracting Work**");

WHEREAS, in furtherance of the Contracting Work, SHFC (or its wholly-owned affiliate), as the general contractor, will enter into a construction contract with the Partnership and may enter into other documents related thereto (collectively, the "**Construction Agreements**"); and

WHEREAS, in connection with one or more portions of the above-described financing, SHFC (or its wholly-owned affiliate) may be required to execute certain documents in its capacity as general contractor (collectively with the Construction Agreements, the "**Contractor Documents**");

RESOLVED, that SHFC's service as the general contractor (directly or through its wholly-owned affiliate) for the construction of the Apartment Complex is hereby ratified and approved.

FURTHER RESOLVED, that any Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, is hereby severally authorized to execute and deliver (or to cause its wholly-owned affiliate to execute and deliver) the Contractor Documents and any other documents related thereto and cause SHFC (or its wholly-owned affiliate) to take any and all action deemed necessary or advisable in connection with facilitating the Contracting Work and performing the obligations in connection therewith.

5. **Authorization/Ratification.**

RESOLVED, that any Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, acting its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments and documents, and (b) take, or cause to be taken, any and all such action, in the name and on behalf of SHFC, the General Partner, and/or the Partnership, as applicable, as such person shall deem to be necessary, desirable, or appropriate (such necessity, desirability, or appropriateness being evidenced by the execution of such documents) in order to effect the purposes of the foregoing resolutions.

FURTHER RESOLVED, that any and all action taken by an Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, 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.



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FURTHER RESOLVED, that an Authorized Signatory (or any other duly authorized officer of SHFC), each acting on behalf of SHFC, acting on its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is severally authorized to approve modifications to the documents contemplated herein, including approval of increases to any of the loan amounts stated above, as such person deems to be necessary or appropriate in order to facilitate the transactions described herein, such approval to be evidenced by the Authorized Signatory's execution of the documents.

FURTHER RESOLVED, that the Secretary of the Corporation is authorized to certify and attest to the adoption and approval of the foregoing resolutions by the Board of Directors.

[Certification page follows.]



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 in a meeting of the Board on March 6, 2018.

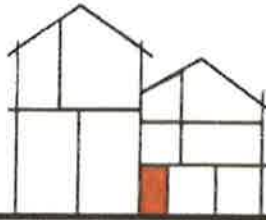
Patrick Howard, Secretary of Strategic Housing Finance Corporation of Travis County

Patrick Howard

Signature

3/6/18

Date



STRATEGIC HOUSING
FINANCE CORPORATION

TRAVIS COUNTY

SHFC Action Items 6B
March 6, 2018

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Background Information:

On September 1, 2016 the Board approved Resolution No. SHFC-2016-18 which approved the prescription of the form and substance of an Agreement to issue bonds. On October 3, 2017 the Board approved Resolution No. SHFC-2017-21 which approved the Memorandum of Understanding (MOU) between Strategic Housing Finance Corporation and the developer NRP Group LLC a Texas Limited Liability Company related to the participation of Del Valle 969 Apartments. On December 7, 2017 the Board approved Resolution SHFC-2017-24 (Authorize the issuance of Bonds) and Resolution No. SHFC-2017-25 authorizing the debt, equity, and property acquisition to allow SHFC to participate in the development of Del Valle 969 Apartments. The debt and equity structure have changed from previously approved and counsel is recommending a Revised Resolution No. SHFC-2017-25 to properly document the changes. Staff is recommending the approval of the Revised Resolution as submitted.

Recommended Action:

Consider and take appropriate action regarding **Resolution No. SHFC-2018-2:** 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 Del Valle 969 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 Resolution No. SHFC-2018-2

Fiscal Impact:

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

Attachment:

A. Resolution No. SHFC-2018-2

Prepared by:

Robert Onion, Director of Real Estate Development

Approval:

Patrick B. Howard, Executive Vice President