

October 6, 2022
9:30 A.M.

The Board of Directors will meet at 502 East Highland Mall Blvd., 106-B Austin, TX 78752 and via Zoom. Join the Meeting by using the Link, Meeting ID and Password provided below.

<https://us02web.zoom.us/j/2496318264?pwd=TmVYWEVRM3JRK1pPMHdhNmVDWTNvQT09>

Meeting ID: 249 631 8264
Passcode: 300437

The Board of Directors will consider and may take action on the following items:

I. CALL TO ORDER / ROLL CALL / CONFIRMATION OF QUORUM

MISSION STATEMENT: The Travis County Facilities Corporation, Texas, preserves and develops affordable housing and vibrant communities, which enhance the quality of life for all.

II. PUBLIC FORUM / CITIZEN COMMUNICATION

- Anyone desiring to discuss or comment on items directly related to the TCFC is always welcome.
- If the item is deemed related to an Agenda item at the current meeting, the presiding officer will inform the citizen that pending action(s) remain.
- Speakers must sign-in prior to the start of the Board Meeting by emailing Debbie Honeycutt at Debbie.Honeycutt@traviscountytexas.gov
- Maximum three-minute limit per speaker.

III. CONSENT AGENDA

- A. Approval of the Minutes from the August 4, 2022 Regular Meeting

IV. ACTION ITEMS

A. Resolution No. TCFC-2022-06	To <u>Approve</u> inducing the Real Street Apartments in Partnership with 2824/2826 Horizontal Investors, LP to be located at approximately 2824-2826 Real Street and <u>Authorizing</u> the negotiation and execution of a term sheet; and other matters in connection therewith
B. Resolution No. TCFC-2022-07	To <u>Approve</u> Policy Statement on Affordable Housing Development as drafted, Superseding Resolution No. TCFC-2020-04

V. REGULAR AGENDA

- A. Existing Affordable Multifamily Development Partnerships
- B. Pending & Potential Affordable Multifamily Development Partnership
- C. Finance – *Subra Narayanaier*

VI. BOARD COMMITTEE REPORTS

- A. Real Estate Committee
- B. H.R. Committee / Governance Committee
- C. Quality of Life Committee

VII. NEW / UNFINISHED BUSINESS

- A. Discussion and consideration regarding Board of Directors issues and concerns

VIII. ADJOURNMENT

**TRAVIS COUNTY FACILITIES CORPORATION
BOARD OF DIRECTORS
REGULAR MEETING
502 East Highland Mall Blvd., Suite 106-B
Austin, Texas 78752
August 4, 2022
9:30 a.m.**

MINUTES

The Travis County Facilities Corporation held a Regular Board of Directors Meeting at 502 East Highland Mall Blvd., 106-B Austin, Texas 78752.

I. CALL TO ORDER / ROLL CALL / CONFIRMATION OF QUORUM

A quorum was established, and Vice President Sharal Brown called the meeting to order at 9:30 a.m.

Roll Call of Directors: Vice President Sharal Brown; Director Ann Denton; Director Jimmy Paver via Boardable; Director Wilmer Roberts. Guest: Corbin Graham with Graham Development and Walter Moreau. Staff in Attendance: CEO/Executive Director Patrick Howard; Director of Real Estate Development Robert Onion; Asset Manager Keith Hoffpauir; Sr. Administrative Assistant Debbie Honeycutt; Director of Finance Subra Narayanaier; Deputy Executive Director Steve Peglar.

CEO/Executive Director Patrick Howard certified the quorum.

II. PUBLIC FORUM / CITIZEN COMMUNICATION

- Anyone desiring to discuss or comment on items directly related to the TCFC is always welcome.
- If the item is deemed related to an Agenda item at the current meeting, the presiding officer will inform the citizen that pending action(s) remain.
- Speakers must sign-in prior to the start of the Board Meeting by emailing Debbie Honeycutt at Debbie.Honeycutt@traviscountytexas.gov
- Maximum three-minute limit per speaker.

Walter Moreau addressed the Board regarding developments.

III. CONSENT AGENDA

A. Approval of the Minutes from the July 7, 2022 Regular Meeting

Director Wilmer Roberts made a **motion** to approve Item III.A. Director Ann Denton seconded the motion, which **passed** unanimously.

IV. ACTION ITEM

A. Resolution No. SHFC-2022-05	To <u>Approve</u> the negotiation of a Memorandum of Understanding (MOU) between Travis County Facilities Corporation of Travis County and W2 Real Estate Partners (“Developer”) by the Executive Vice President, Director of Real Estate Development, and the officers of the Corporation for participation in Manor Oz Apartments located at Gregg Manor Rd and Tur Weg Lane Manor, TX; and <u>Authorize</u> the execution of such MOU.
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Vice President Sharal Brown made a **motion** to table Item IV.A. Director Ann Denton seconded the motion, which **passed** unanimously.

V. DISCUSSION ITEM

A. Heritage Woods Apartments Acquisition Proposal

On July 7, 2022 Staff presented a proposal to consider a Travis County Facilities Corporation partnership with Lonestar Acquisition Group for two properties located in Pflugerville Texas. (The Dalton and the Beacon at Pflugger Farm). The Dalton was too far along in the process of bidding so Lone Star declined to bid on that one. The Beacon is still under consideration; however, in the early stages of lease up. Heritage Woods Apartments located at 12205 N Lamar Blvd., Austin, TX 78753.

Subject Property: Heritage Woods Apartments was built in 2021, consists of 17.68 acres of land (16.86 units/acre) and contains 298 units of One and Two-Bedroom units. There are 225 one-bedroom units and 73 two-bedroom units with a total net rentable area of 287,380 square feet. Average Unit square footage is 964 square feet. There will be 51 Detached Garages, 33 covered spaces, 391 surface spaces for a total of 487 spaces.

VI. REGULAR AGENDA

A. Existing Affordable Multifamily Development Partnerships – Robert Onion / Keith Hoffpauir

Director Real Estate Development presented the Staff report.

B. Pending & Potential Affordable Multifamily Development Partnership – Robert Onion / Keith Hoffpauir

Director of Real Estate Development presented the Staff report.

There are currently four pending transactions and six potential transactions.

C. Finance – Subra Narayanaier

Director of Finance presented the Staff report.

VII. BOARD COMMITTEE REPORTS

A. Real Estate Committee – None at that time

B. H.R. Committee / Governance Committee – None at that time

C. Quality of Life Committee – None at that time

VIII. NEW / UNFINISHED BUSINESS

A. Discussion and consideration regarding Board of Directors issues and concerns

There were none at that time.

IX. ADJOURNMENT

Ms. Denton made a **motion** to adjourn. Mr. Roberts seconded the motion, which **passed** unanimously.

The Board adjourned at 10:23 a.m.

Respectfully submitted,

Patrick B. Howard, CEO / Executive Director

TCFC Regular Agenda IV.A.
October 6, 2022

Resolution No. TCFC 2022-06: To Approve inducing the Real Street Apartments in Partnership with 2824/2826 Horizontal Investors, LP to be located at approximately 2824-2826 Real Street and Authorizing the negotiation and execution of a term sheet; and other matters in connection therewith

Background Information: On March 2, 2022, staff was contacted by Conor Kenny of Capital A Housing, Inc. to discuss a possible PFC Structure where two entities (The Geyser Group Michael Bernstein and Capital A Housing Conor Kenny) were interested in sharing a PFC structure with two separate buildings on one tract of land. Total acreage is reported to be 2.0967 acres of which tract A (The Geyser Group) 1.5467 acres will contain 230 units of which 85 units will be affordable at 80% of AMI. Tract B (Capital A Housing) will contain 60 units of senior housing operated by Family Elder Care which will be 100% affordable, averaging 60% of AMI, with at least 20% of those units reserved at 50% of AMI.

Tract A			Tract B		
Land	1.5467 acres		Land	.55 acres	
Proposed Improvements:	230 units		Proposed Improvements:	60 units	
Unit Mix:	Studio-	48	Unit Mix:	Studio (Family Elder Care) 300 SF.	
	1bd/1bath	130		# of Affordable Units	
	2bd/2bath	52		60 units	
# of Affordable Units	55 units				
Sources and Uses:	Loan:	\$42,709,476	Sources and Uses:	* MFDL Funds	\$4,000,000.
	Equity:	<u>\$24,980,761</u>		** RHDA Funds	<u>\$3,400,000</u>
	Total Cost	\$67,690,237		Total Cost	\$7,400,000

*Texas Department of Housing Multifamily Direct Loan Funds.

**City of Austin Residential Housing Development Assistance

This proposal is requesting that TCFC assign all annual rental fees normally collected in a PFC transaction to a conglomerate of Non-Profit who will provide Social Services to the 60 units of Family Elder Care. It is anticipated that this rental fee will assist Family Elder Care in making this project permanent supportive housing.

Subsequently, staff has learned that 7 total developments were proposed to Travis County Commissioners at their May 12 meeting where HATC would participate in the developments and provide property tax exemption through the PFC structure. We have not been approached with these requests and cannot evaluate them at this time, but expect that they will all utilize this structure.

Requested Action: Consider an appropriate action regarding Resolution No. TCFC-2022-06: To Approve inducing the Real Street Apartments in Partnership with 2824/2826 Horizontal Investors, LP to be located at approximately 2824-2826 Real Street and Authorizing the negotiation and execution of a term sheet; and other matters in connection therewith

Alternate Option: Consider an alternative fee structure from what is proposed.

Fiscal Impact:

TCFC would receive a closing fee of \$250,000, \$345,000 for construction administration, paid on a percentage of completion basis and 2% commission each time the project sells.

Attachment:

A. Resolution No. TCFC2022-06

Approval:



Patrick B. Howard, *Executive Vice President*

TERM SHEET FOR THE DEVELOPMENT OF

2824-2826 REAL STREET

IN THE CITY OF AUSTIN, TEXAS

August __, 2022

This Term Sheet addresses the terms for the development and financing of the Property (hereafter defined). This Term Sheet is not meant to be an exhaustive document and will be replaced and superseded by definitive documentation. No legally binding obligations on either party will be created, implied or inferred until documents in final form are executed and delivered by all parties in a form acceptable to each party, in each party's sole and absolute discretion, provided that the parties agree that to the extent a business term is expressed herein, the parties agree that the definitive documents will reflect these terms. This Term Sheet replaces all previous understandings and agreements, written or oral, with respect to the Property.

The Project will be owned by Travis County Facilities Corporation, a Texas public facility corporation ("**HATC PFC**"). The Land owned by 2824/2826 Real Horizontal Investors, LP, a Texas limited partnership ("**Tenant**" or "**Site Partner**") will be conveyed by the Site Partner to HATC PFC. HATC PFC will at Closing pay the Site Partner for the Land and simultaneously enter into a long-term lease with the Tenant covering the Land and the Improvements (if any), who will make a Prepaid Rent Prepayment to HATC PFC of an equal amount. Site Partner, in turn, will sublease a portion of the Land (the "**Non-Profit Partner's Site**") to an affiliate of Family Eldercare, a non-profit corporation ("**Non-Profit Partner**") pursuant to the terms of a Sublease Agreement (the "**Sublease**"). Collectively, the improvements constructed on the Non-Profit Partner's Site and the Site Partner's Site shall qualify (x) for a tax exemption under Section 303.042(d) of the Texas Local Government Code as of the effective date (the "**PFC Statute**") and (y) Austin's Affordability Unlocked Ordinance, at all times during the term of the PFC Lease. The Non-Profit Partner's project (the "**Non-Profit Project**") shall consist of a minimum of sixty (60) units. The Site Partner's project shall consist of approximately 230 units (the "**Site Partner's Project**" and together with the Non-Profit Project, the "**Project**").

The Non-Profit Partner will agree in the Sublease that (1) the average income level - adjusted for household size - of the units on the Non-Profit Partner's Project will not exceed 40% of the Austin-Travis County Median Family Income for the term of the Sublease, (2) no less than 15 units on Non-Profit Partner's Project will be offered at an income level which shall not exceed thirty percent (30%) of the Austin-Travis County Median Family Income for the term of the Sublease, and (3) 60 units on Non-Profit Partner's Project will qualify as permanent supportive housing or housing for households with at least one individual who is at least 62 years of age at the time of initial occupancy for the term of the Sublease. **[Breakdown how many will be PSH?]**

The Site Partner will ensure that for the term of the Lease, the income-restricted units on the Site Partner's site – when combined with the units on the Non-Profit Partner's Site – will meet the requirements of (1) the City of Austin's Affordability Unlocked Ordinance for the Project (for example, an overall average income level and pricing of the income-restricted units will not exceed 60%) and (2) Section 303.042 of the PFC Statute.

DEFINITIONS: The following terms shall have the following meanings:

"Annual Tax Savings" means the product of (x) the actual Site Partner's Project costs as shown on the Project Budget for the Site Partner's Project, multiplied by (y) eighty-five percent (85%) multiplied by (z) the effective property tax rate for the Site Partner Project in calendar year 2022.

“Capital Event” means the proposed sale of the Site Partner Project (including any proposed assignment of the entire Lease) to a third party for consideration or of all of the interests in the Tenant to a third party for consideration.

“City” means City of Austin, Texas.

“Closing Date” means the date of closing for all financing for the Non-Profit Project and the Site Partner’s Project.

“Collaborative” means a contemplated limited liability company whose sole members shall be the Travis County Supportive Housing Collaborative, a group of seven non-profit organizations working together to allocate \$50 million in federal funding earmarked by Travis County in 2021 for the purpose of providing homelessness response housing.

“Consumer Price Index” means the U.S. all items Consumer Price Index for All Urban Consumers (CPI-U) for Austin Texas published by the U.S. Bureau of Labor Statistics.

“Control Agreement” means a Tri-Party Deposit and Control Agreement, pursuant to which Site Partner will make payments to the HATC PFC, who will then remit such payments to the Non-Profit Partner, or Non-Profit Partner’s designee.

“Developer” means (i) Site Partner, or an affiliate of Site Partner developing the Site Partner’s Project and (ii) Capital A Housing with respect to developing the Non-Profit Project.

“Equity Partner” means the entity or entities which are selected by Site Partner to contribute common equity (cash or property) to the Equity Partner and to be admitted as a limited partner of the Site Partner. Such interest may receive a preferred return for all or a portion of its equity contribution.

“Governing Law” means the law of the State of Texas.

“HATC PFC” means Travis County Facilities Corporation, a Texas Public Facility Corporation.

“Site Partner” or **“Tenant”** means 2824/2826 Real Horizontal Investors, LP, or its affiliates or assignees.

“Stabilization” shall occur the first time that ninety percent (90%) of the units have been occupied.

“Tenant” means Site Partner, the Tenant under the Lease for the Project, which will be a single purpose Texas limited partnership, the sole General Partner of which will be an affiliate of The Geyser Group and Sephira Group, and the Limited Partners of which will be the Equity Partner. Tenant’s successors and assigns are also included in this definition.

Ad Valorem

Tax Exemption:

HATC PFC shall be responsible for obtaining a one hundred percent (100%) property tax exemption for the Project and Lease. HATC PFC shall apply for, and use good faith efforts to obtain prior to closing, a predetermination letter from the appraisal district indicating that the Project will be exempt. Shortly after the Closing Date, HATC PFC will apply for the formal tax exemption. Pursuant to the Lease and Partnership Agreement, if the ad valorem tax exemption with respect to the Project is lost (**“Loss of Tax Status Event”**) (i) for any reason within the first 50 years or (ii) at any time during the Term of the Lease due to the fraud, willful misconduct or action or willful inaction of HATC PFC or its affiliates, then as liquidated damages HATC PFC, as Landlord, will convey the Project to Tenant (fee ownership of the Project, free and clear) and the Lease will terminate and HATC PFC will assign its interest in the Tenant to another partner of Tenant. Upon a Loss of Tax Status Event occurring after the 50th anniversary of the commencement of the Lease, then at the option of Tenant, Landlord will convey the Project to Tenant in fee and the Lease and accompanying regulatory

agreement will terminate, upon payment by Tenant to Landlord of an amount equal to the fair market value of the Landlord's reversionary interest in the Project, assuming it is operated as a market rate apartment complex paying taxes. In the event of a Loss of Tax Status Event, prior to the transfers discussed in the prior sentence, HATC PFC and the Tenant shall use reasonable efforts to modify the structure to allow the ad valorem tax exemption to continue. Notwithstanding the foregoing, HATC PFC shall effectuate the aforementioned transfers within one hundred twenty (120) days following a Loss of Tax Status Event if the efforts of HATC PFC and Tenant have not resulted in the reinstatement of a one hundred percent (100%) ad valorem tax exemption.

Construction:

HATC PFC will serve as the general contractor for the Site Partner's Project with a sub-general contractor selected by Site Partner ("**Site Partner Contractors**") to construct the Improvements. Site Partner Contractors will receive a market-rate Contractor Fee, and any construction contract will also include a contractor's contingency solely for the use of the joint venture. HATC PFC will receive a construction administration fee equal to \$1,500 per unit payable on a percentage of completion basis. The joint venture will provide construction completion guarantees necessary to satisfy any lenders and Equity Partners for the Project on terms acceptable to Site Partner Contractors in its sole discretion.

Development Agreement:

Developer, HATC PFC, Non-Profit Partner and Tenant will enter into one or more development agreements ("**Development Agreements**") in a form acceptable to the parties, in accordance with the terms set forth herein. The Development Agreement will require the Tenant and Non-Profit Partner to finance and construct their respective portions of the Project pursuant to an approved set of plans and specifications and pursuant to an approved budget and agreed to schedule. The Project will be constructed pursuant to one or more separate fixed price contracts. Developer, Non-Profit Partner and Tenant will provide HATC PFC with full indemnifications, excluding HATC PFC's intentional acts and gross negligence in its role as the Landlord. HATC PFC will have a right to attend meetings and inspect the property and will receive monthly progress reports. All draws will require construction consultants for debt and equity approval and architect certifications.

Developer Fee:

Developer is to receive a developer fee (the "**Developer Fee**") in connection with the development of the Project in an amount equal to 4% of the Project's hard and soft costs. It is anticipated that twenty-five percent (25%) of the cash portion of the Developer Fee will be earned and paid at or before the construction loan closing. Seventy-five percent (75%) of the cash portion of the Developer Fee will be earned and paid monthly out of the loan proceeds as part of the monthly construction loan process and the final payment will be earned and paid upon issuance of the final certificate of occupancy for the Project.

Entitlements:

Entitlements will include, without limitation, obtaining a zoning designation for the Property allowing for the intended development, construction, and operation of the Project. All entitlements will be obtained by Developer or Tenant.

Guarantees:

Certain financial obligations related to the Site Partner's Project will be guaranteed by Site Partner or its affiliates on terms to be negotiated by Site Partner and lenders and the Equity Partners. Certain financial obligations related to the Non-Profit Partner's Project will be guaranteed by Non-Profit Partner or its affiliates on terms to be negotiated by Non-Profit Partner and its lenders. HATC PFC will not be required to provide any financial guarantees with respect to financing or construction of the Project.

Improvements:

Between the Site Partner and Non-Profit Partner's Project a total of approximately 290 units of multifamily residential housing, together with all to be constructed, with onsite infrastructure improvements for the Project, pursuant to Plans and Specifications developed by Developer and Non-Profit Partner.

Lease: Lease between HATC PFC, as landlord, and Tenant, pursuant to which HATC PFC leases the Property to the Tenant for a term (the "**Term**") of 75 years (the "**Lease**"). So long as Tenant is not in default under the Lease, Tenant will be permitted under the Lease to assign its interest in the Lease without the requirement of any consent from Landlord. Landlord will not be permitted to assign its interests under the Lease in any manner which jeopardizes the availability of exemption of the Project from ad valorem taxation or to the extent as may be prohibited in any loan documents with the lenders or any agreement between the Tenant and any Equity Partner. The rent will be (1) deemed prepaid rent at closing equivalent to the cost of Land conveyed to the PFC and (2) an annual Administrative Fee beginning in the second year (the "**Administrative Fee**"), in an amount equal to \$10,000 increased by 3% per annum (in the absence of a foreclosure).

Sublease: In consideration of Non-Profit Partner's construction and operation of the Non-Profit Project and in further consideration of the affordability and supportive housing provided by the Non-Profit Partner's Project, Site Partner shall pay to Landlord through the Control Agreement cash flow rent, quarterly in arrears, beginning six months after Stabilization, equal to twenty five percent (25%) of the Annual Tax Savings (with such payment being a minimum of \$300,000 in the first year), increasing annually by the increase in CPI, but not to exceed five percent per annum ("**Supportive Rent Payment**"). Landlord shall make a grant of the Supportive Rent Payment to the Non-Profit Partner through the Control Agreement. The Supportive Rent Payment shall be available to Site Partner to cure defaults under the Sublease.

The Lease will provide that the Project will set aside for rent 50% of the units to tenants earning less than eighty percent (80%) of the area median income (AMI), in each case adjusted for family size (collectively, the "**Affordable Units**"). Notwithstanding the foregoing, rents for the Affordable Units shall be the lesser of (x) the amount established annually by the US Department of Housing and Urban Development and calculated using the Novogradac Rent and Income Limit Calculator (the "**Calculator**") for the applicable year, based upon the HUD Published Rent Limit of "80% AMI" and Imputed Persons Per Bedroom for Rent Limited Calculations set to "1 Person/1 Bedroom + 1.5" (the "**Rent Restriction**") and (y) at least \$200 less per month than the market rate rents for units of a comparable size. In addition, the Lease will provide that (1) the average income level - adjusted for household size - of the units on the Non-Profit Partner's Project will not exceed 40% of the Austin-Travis County Median Family Income for the term of the Sublease, (2) no less than 15 units on Non-Profit Partner's Project will be offered at an income level which shall not exceed thirty percent (30%) of the Austin-Travis County Median Family Income for the term of the Sublease, and (3) 60 units on Non-Profit Partner's Project will qualify as permanent supportive housing or housing for households with at least one individual who is at least 62 years of age at the time of initial occupancy for the term of the Sublease

The Lease will require the Tenant to maintain the Project as a Class A residential project and will require renovations to the extent financially feasible, to the extent necessary to maintain the Project as a Class A residential project. Tenant will insure the Project and will set aside an amount per door per year as determined by lenders as a reserve for replacements. Tenant and Subtenant will provide full

indemnities to HATC PFC. Provisions will be negotiated to help the HATC PFC assure that the Project remains a Class A residential project throughout the Term of the Lease, including conducting periodic needs assessments upon a Capital Event, at least every seven years and at any point in time when there is a significant negative change in occupancy. For avoidance of doubt, the parties agree that maintaining the Project as a Class A apartment project means keeping the Project as originally designed and constructed in appropriate condition to compete with other Class A residential projects of the same age as the Project, but does not mean adding amenities, making structural or other changes to the exterior or interior of the Project to make it consistent with newly constructed Class A apartment projects at a future date.

Management:

Site Partner will designate the property manager for the Site Partner's Project, such manager to have experience with the supervision of Public Facility Corporation or Low Income Housing Tax Credit Housing programs in the State of Texas, subject to the approval by the Director of Real Estate Development of HATC PFC, such approval not to be unreasonably withheld. Commencing with substantial completion of the first residential building, the manager will be paid a market rate fee not to exceed 4% of the gross receipts for the Project. **[Do we need approvals on non-profit?]**

Miscellaneous Expenses:

Tenant will be responsible for and will include in the Project Budget all legal fees of HATC PFC and Site Partner actually incurred in connection with the preparation, negotiation and execution of the documents, all reasonable out-of-pocket expenses, including, without limitation, all business, financial, collateral due diligence expenses, and, to the extent provided herein, all appraisal fees and all examination fees.

PFC Structuring Fee:

HATC PFC, or one of its affiliates, will receive a structuring fee equal to \$250,000 at the closing of the Project. In addition, Site Partner will pay HATC PFC's attorneys' fees in the amount of \$200,000.00.

Commission:

HATC PFC will receive a payment equal to two percent (2%) of the actual sale price of the Project upon each Capital Event.

Plans and Specifications:

Each of HATC PFC, Tenant, Lender, and Partners will have the right to review and approve the Plans and Specifications for Project in the design development stage and once they are materially completed, such approval not to be unreasonably withheld, conditioned, or delayed. Once HATC PFC has approved the conceptual and/or schematic design for the Project, it may not object to such design Plans and Specifications, unless the subsequent Plans and Specifications materially and adversely affects the design character or value of the Project.

Prerequisites to Closing:

The Parties must be in receipt of a predetermination letter from the Travis County Appraisal District confirming that the Project and Land, as proposed, shall be one hundred percent (100%) exempt from ad valorem taxes.

Project Budget:

An initial Project Budget is attached hereto as Exhibit B. The Project Budget will be finalized and approved by all parties to the transaction prior to Closing, and will include the proposed sources of funds that will be needed to develop, construct and operate the Project, and the uses on which the funds will be spent. Sources of revenue include, without limitation, rental income, capital contributions and other revenues. Project uses include all reasonable and necessary direct and hard costs incurred in connection with the Project.

Project Financing:

HATC PFC will provide the leasehold estate for the Project to the Tenant Partnership pursuant to the Lease. The Lease will be prepared once the Lenders are identified and will include commercially reasonable provisions required by the Lenders, which may include a requirement HATC PFC subordinate its interests in the Project, including the leasehold and fee interests in the Project.

Loans

For the Site Partner Project, Developer will obtain a senior loan from a senior lender to the Tenant for approximately the amount shown in the Project Budget for development of the Project to be secured by a first-lien deed of trust on the Tenant's leasehold interest in the Project, and a lien on HATC PFC's fee interest in the Project. Developer may also obtain subordinate loans (which may be structured as mezzanine financing) from a subordinate lender for approximately the amount shown in the Project Budget which may be secured by a second-lien deed of trust on the Tenant's leasehold interest, a lien on HATC PFC's fee interest in the Project or partnership interest in the Tenant or Equity Partner.

All financings and guarantees must be approved by HATC PFC, with such approval not to be unreasonably withheld or delayed. Developer and the Tenant must also approve all financings and guarantees, in their sole and absolute discretion. HATC PFC, Equity Partners, and Developer will be provided with a right of notice and the right to cure Tenant's defaults for all financings.

Equity

Developer will obtain one or more Equity Partners who will invest approximately the amount shown in the Project Budget. Contributions from the Equity Partners will be contributed to the Tenant, for approximately the amounts shown in the Project Budget.

Project Term:

The "**Project Term**" is from commencement of Project for a period of 75 years after Closing. Two years prior to the end of the Project Term, Tenant shall assist the PFC with evaluating its options upon the end of the Project Term and the reversion of the Project to the PFC. Should the Landlord choose to sell the Project at the end of the Project Term, the Tenant shall assist the Landlord in the sale of the Project. Notwithstanding the foregoing, HATC PFC acknowledges that the Non-Profit Project shall be conveyed to the Non-Profit Partner at the end of the Sublease term and/or in the event of a termination of the Lease due to a default by Tenant (not occasioned by a default by Subtenant under the Sublease).

Property:

Approximately two +/- acres for the Project to be built and operated as proposed by this Term Sheet, and shown on the parcel map attached as Exhibit A hereto. The Property will be purchased by HATC PFC in return for pre-paid lease for the Agreed Value.

Representations and Warranties:

Those customarily found in credit agreements for asset-based lending transaction of this type and others appropriate to this transaction in the reasonable credit judgment of HATC PFC and Site Partner, subject to limitations and exceptions to be agreed upon.

Sales Tax:

The HATC PFC will, as General Contractor (which will subcontract with Site Partner Contractors), be responsible for the purchase of materials for the construction of the Site Partner Project so that the purchases will be exempt from all sales and use taxes pursuant to Applicable Law.

This instrument may be executed in several counterparts, each of which will be deemed an original and all of which will constitute one and the same instrument, and will become effective when counterparts have been signed by each of the parties and delivered to the other party; it being understood that all parties need not sign the same counterpart. The exchange of copies hereof and of signature pages by facsimile transmission (whether directly from one facsimile device to another by means of a dial-up connection or whether mediated by the worldwide web), by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, will constitute effective execution and delivery hereof as to the parties and may be used in lieu of the original document for all purposes. Signatures of the parties transmitted by any of the foregoing methods will be deemed to be their original signatures for all purposes.

Signature Pages Follow

SITE PARTNER:

2824/2826 Real Horizontal Investors, LP

By: _____

Name: _____

Title: _____

NON-PROFIT PARTNER

Family Eldercare

By: _____

Name: _____

Title: _____

HATC PFC:

Travis County Facilities Corporation

By: _____

Name: _____

Title: _____

EXHIBIT A
Property

EXHIBIT B
Initial Project Budget

REAL STREET APARTMENTS
Inducement

CERTIFICATE FOR RESOLUTION

The undersigned officer of Travis County Facilities Corporation, a nonprofit public facility corporation created pursuant to the laws of the State of Texas (the "Corporation") hereby certifies as follows:

1. In accordance with the bylaws of the Corporation, the Board of Directors of the Corporation (the "Board") held a meeting on October [], 2022 (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

**RESOLUTION INDUCING THE REAL STREET APARTMENTS IN
PARTNERSHIP WITH 2824/2826 HORIZONTAL INVESTORS, LP, TO BE
LOCATED AT APPROXIMATELY 2824-2826 REAL STREET; AND
AUTHORIZING THE NEGOTIATION AND EXECUTION OF A TERM
SHEET; AND OTHER MATTERS IN CONNECTION THEREWITH**

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Articles of Incorporation and the Bylaws of the Corporation.

SIGNED _____, 2022.

Secretary

RESOLUTION INDUCING THE REAL STREET APARTMENTS IN PARTNERSHIP WITH 2824/2826 HORIZONTAL INVESTORS, LP, TO BE LOCATED AT APPROXIMATELY 2824-2826 REAL STREET; AND AUTHORIZING THE NEGOTIATION AND EXECUTION OF A TERM SHEET; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the Housing Authority of Travis County, Texas (the "Authority"), has, pursuant to the Texas Public Facility Corporations Act, Chapter 303, Texas Local Government Code, as amended (the "Act"), approved and created Travis County Facilities Corporation, a nonstock, nonprofit public facility corporation (the "Corporation");

WHEREAS, the Corporation, on behalf of the Authority, is empowered to finance the costs of public facilities that will provide decent, safe, and sanitary housing at affordable prices for residents of Travis County, Texas;

WHEREAS, 2824/2826 Horizontal Investors, LP or its affiliate (the "User"), has requested that the Corporation finance the acquisition, construction, and equipping of a proposed 290-unit multifamily housing facility to be located at approximately 2824-2826 Real Street and to be known as the Real Street Apartments (the "Project");

WHEREAS, this Resolution shall constitute the Corporation's preliminary, non-binding commitment, subject to the terms hereof, to proceed;

WHEREAS, the Corporation and the User or an affiliate or affiliates thereof will define their mutual relationship in a Term Sheet (the "Term Sheet");

WHEREAS, the User has requested authorization to make all filings necessary to obtain and maintain equity and debt financing for the Project; and

WHEREAS, the Board has determined that it is in the public interest and to the benefit of the citizens and residents of Travis County for the various entities to enter into the transactions described above so that the User may construct the Project; now, therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF TRAVIS COUNTY FACILITIES CORPORATION THAT:

Section 1. Subject to the terms hereof, the Corporation agrees that it will

(a) cooperate with the User with respect to the Project, and, if arrangements therefor satisfactory to the User and the Corporation can be made, take such action and authorize the execution of such documents and take such further action as may be necessary or advisable for the authorization, execution, and delivery of any contracts or agreements deemed necessary and desirable by the User or the Corporation in connection with the Project (collectively, the "Contracts"), providing among other things for financing, acquisition, construction, equipping, and improvement of the Project; and use, operation, and maintenance of the Project, all as shall be authorized, required, or permitted by law and as shall be satisfactory to the Corporation and the User;

(b) take or cause to be taken such other actions as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Neither the State of Texas (the "State"), the Authority, nor any political subdivision or agency of the State shall be obligated to pay any debt or other obligation of the User or the Project and that neither the faith and credit nor the taxing power of the State, the Authority, or any political subdivision or agency thereof is pledged to any obligation relating to the Project.

Section 2. It is understood by the Corporation, and the User has represented to the Corporation, that in consideration of the Corporation's adoption of this Resolution, and subject to the terms and conditions hereof, the User has agreed that

(a) the User will (1) pay all Project costs which are not or cannot be paid or reimbursed from the proceeds of any debt and (2) indemnify and hold harmless the Corporation and the Authority against all losses, costs, damages, expenses, and liabilities of whatsoever nature (including but not limited to reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the Project, or the design, construction, equipping, installation, operation, use, occupancy, maintenance, or ownership of the Project (other than claims arising from the gross negligence or willful misconduct of the Corporation or the Authority); and

Section 3. This Resolution shall be deemed to constitute the acceptance of the User's proposal that it be further induced to proceed with providing the Project. **Neither the User nor any other party is entitled to rely on this Resolution as a commitment to enter into the proposed transaction, and the Corporation reserves the right not to enter into the proposed transaction either with or without cause and with or without notice, and in such event the Corporation shall not be subject to any liability or damages of any nature. Neither the User nor any one claiming by, through or under the User, nor any investment banking firm or potential purchaser shall have any claim against the Corporation whatsoever as a result of any decision by the Corporation not to enter into the proposed transaction.**

Section 4. The Board authorizes the negotiation and execution by the Executive Vice President, Director of Real Estate, or any officers of the Board of a Term Sheet setting forth the details of the Project.

Section 5. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 6. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 7. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 8. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 9. This Resolution shall be in force and effect from and after its passage.

* * *

TCFC Action Item IV.B.

October 6, 2022

Resolution No. TCFC-2022-07: To Approve the Policy Statement on Affordable Housing Development as drafted, superseding Resolution No. TCFC-2020-04.

Background Information: On July 2, 2020, the TCFC Board passed Resolution No. TCFC-2020-04 to "set-aside a minimum of 50% of all proceeds generated via "Tech Ridge Apartments" to be specifically utilized for the development of extremely low-income, deeply affordable housing units. However, Resolution No. TCFC-2020-04 did not include all other future real estate transactions. This Resolution effectively aligns the efforts of both TCFC and SHFC via its adoption of a comprehensive joint policy statement intended to ensure the set-aside of funds for the development of deeply affordable housing units within Travis County.

Recommended Action: Consider the appropriate action regarding Resolution No. TCFC-2022-07: To Approve the Policy Statement on Affordable Housing Development as drafted, superseding Resolution No. TCFC 2020-04

Alternate Option: The Board of Directors could elect Not to Approve Resolution No. TCFC-2022-07

Fiscal Impact: TBD

Attachments:

- Policy Statement
- Resolution No. TCFC-2022-07
- Resolution No. TCFC-2020-04

Approval:



Patrick B. Howard, *Executive Vice President*

Policy Statements on Affordable Housing Development

OBJECTIVE: Drafted by the respective Boards of Strategic Housing Finance Corporation (SHFC) and of the Housing Authority of Travis County (HATC) and its affiliate, Travis County Facilities Corporation (TCFC), the purpose of these Policy Statements is to serve as a guide and provide a framework when considering future real estate development projects. The *Policy Statements on Affordable Housing Development* included in this document are consistent with the agencies' 5-Year Strategic Plan and aims to advance the mission of *"preserving and developing affordable housing and vibrant communities to enhance the quality of life for all."*

Policy Statement One: (Applicable to SHFC)

The TCFC and SHFC shall set-aside a minimum of 50% of all proceeds generated via the issuance of Multifamily Housing Revenue Bonds only, including Public Facilities Corporation developments, and excluding 4% bond transactions that include a Partnership Agreement, to be specifically utilized for the benefit of extremely low-income households, including the development of deeply affordable housing units. This would include the *Apartments at Tech Ridge, Limestone Canyon* and *Parkside Crossing* developments, and future projects meeting the tenets of this Policy.

Policy Statement Two: (Applicable to SHFC)

The SHFC shall set-aside a minimum of 10% of all proceeds generated via all real estate transactions, to include development fees, the issuance of all future 4% Multifamily Housing Revenue Bonds, and all other real estate transactions, to be specifically utilized for the benefit of extremely low-income households, including the development of deeply affordable housing units. ***[Emphasis shall be placed on acquiring or developing units to be owned by HATC or SHFC to achieve the Policy mission.]***

Policy Statement Three:

The TCFC and SHFC shall encourage the inclusion of housing units for extremely low-income persons via the use of tools such as average income test and other programs to serve extremely low-income households.

TCFC Action Item IV.B.

October 6, 2022

Resolution No. TCFC-2022-07: To Approve Policy Statement on Affordable Housing Development as drafted, superseding Resolution No. TCFC-2020-04

WHEREAS The Travis County Facilities Corporation (TCFC) is committed to the preservation and development of affordable housing for low-income Travis County Families; and

WHEREAS TCFC is particularly concerned with enormous shortage of suitable housing for persons whose incomes do not exceed 30% of average median income for this area;

WHEREAS TCFC recognizes that the provision of funding to offset costs related to the development of housing for families with extremely low income is paramount.

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

1. Approves Resolution No. TCFC-2022-07,
2. Authorizes the Executive Vice President to execute all necessary documents and extensions.

Passed and approved the 6th day of October 2022

Sharal Brown, Vice President, Board of Directors

Attested and approved as to form:

Patrick B. Howard, Executive Vice President/Secretary



TCFC Action Item III.A.

July 2, 2020

Resolution No. TCFC-2020-04: To Approve the set-aside of 75% of all revenue generated via TCFC to be specifically utilized for the development of extremely low income, deeply affordable housing units.

WHEREAS, There is not enough affordable housing in the United States; and

WHEREAS, According to the *Urban Institute*, for every 100 extremely low income households, there are only 29 adequate, affordable, and available rental units; and

WHEREAS, Oftentimes, the gap between the amount a building is expected to produce from rents and the amount developers will need to pay lenders and investors will likely stop deeply affordable housing development before it even begins; and

WHEREAS, the provision of funding to offset costs related to the development of housing for the extremely low is paramount.

NOW, THEREFORE, BE IT RESOLVED THAT The Board of Directors of TCFC hereby:

1. Approves Resolution TCFC-2020-04;
2. Authorizes the CEO / Executive Director to execute all necessary documents and extensions.

Passed and approved the 2nd day of July 2020.

Eddie Karam, President, Board of Directors

Attested and approved as to form:

Patrick B. Howard

Patrick B. Howard, CEO / Executive Director

TRAVIS COUNTY FACILITIES CORPORATION

Existing Transactions and Status

Name of Apartments	Developer	Transaction Type	Location	Inducement of Bonds	MOU Approval	Closed
Tech Ridge Apartments	Embry Development	PFC Structure	IH-35 & Tech Ridge Austin, Texas	N/A	Approved 5/7/2020	9/1/2020

TRAVIS COUNTY FACILITIES CORPORATION

Pending Transactions and Status

Name of Apartments	Developer	Transaction Type	Location	Inducement of Bonds	MOU Approval	Close
Blue Ridge Apartments	Elmington Capital	PFC Structure	Intersection of Highway 290 & State Highway 130 Austin, Travis County, Texas	Approved 10/7/2021	TBD	TBD
ATX Montopolis Apartments	Manish Verma	PFC Structure	5908 Burleson Rd. Austin, Travis County, Texas	Approved 10/7/2021	TBD	TBD
South First Apartments	Marcus Organization	PFC Structure	South First & Eberhart Lane Austin, Texas	N/A	Approved 4/7/2022	Anticipated 7/15/2022
900 Old Koenig/ Apartments	Bercy Chen Studio LP / Cambrian Development	PFC Structure	5916 N. Lamar Austin, Texas	N/A	Approved 9/3/2021	Anticipated 8/26/2022

TRAVIS COUNTY FACILITIES CORPORATION

Potential Transactions and Status

Name of Apartments	Developer	Transaction Type	Location	Inducement of Bonds	MOU Approval	Close
Heritage Woods Apartments	Lone Star Acquisition Group	PFC Structure	12205 N. Lamar Austin, Texas 78753	N/A	TBD	TBD
The Beacon at Pflugger Farms Apartments	Lone Star Acquisition Group	PFC Structure	1300 Rauscher Rd. Pflugerville, Texas 78660	N/A	TBD	TBD
Elgin Apartments	Meyers Picard Property Development	PFC Structure	Elgin, Texas	N/A	TBD	TBD
Manor Apartments	W2 Real Estate Partners	PFC Structure	Manor, Texas	N/A	TBD	TBD
Real Street Apartments	Geyser Group Michael Bernstein & Capital a Housing	PFC Structure	2824-2826 Real Street Austin, Texas	N/A	TBD	TBD

TCFC Discussion Item V.C.

Finance

October 6, 2022

Subject: TCFC August 2022 Monthly Finance Report

The Monthly Finance Report presented is for the period ending August 31, 2022.

This report reflects financial activities for eight-month period for the 12-month fiscal year ending 12/31/2022.

Recommended Action:

For discussion/information only. No action needed.

Alternate Option:

N/A

Fiscal Impact:

N/A

Attachment:

A. TCFC Finance Report

Prepared by:

Subra Narayanaier, CPA, Director of Finance

Approval:



Patrick B. Howard, CEO/Executive Director



Travis County Facilities Corp
Finance Report - August 2022

Schedule

No

Report

- | | |
|---|---|
| 1 | TCFC - Operating Statement & Balance Sheet |
| 2 | Draft TCFC Revenue Projection - Discussion only |

HATC - Travis County Facilities Corporation (TCFC) - Fund 12

Schedule 1

Budget Line Item	FY2022 Approved Budget	FYTD Budget July 2022	FYTD Actual July 2022	MTD Actual Aug 2022
Revenues				
Other Revenues - Embry & Other Dev. Fees	2,000,000	1,333,333	2,022,748	190,982
Interest Income	4,500	3,000	7,144	1,117
Total Revenues	2,004,500	1,336,333	2,029,892	192,099
Expenses				
Contribution TCFC Set-Aside-50%	1,000,000	666,667	1,006,375	90,491
Contribution to HATC Foundation	125,247	83,498	83,496	10,437
Total Expenses	\$ 1,125,247	\$ 750,165	\$ 1,089,871	\$ 100,928
Provision for Reserve	\$ 879,253	\$ 586,169	\$ 940,021	\$ 91,171

HATC - Travis County Facilities Corporation (TCFC) - Fund 18

Set Aside Funds - Deeply Affordable Units

Schedule 1

Budget Line Item	FY2022 Approved Budget	FYTD Budget July 2022	FYTD Actual July 2022	MTD Actual Aug 2022
Revenues				
Contribution SHFC-bond only & new RE transactions	140,000	93,333	40,109	40,109
Contribution TCFC-50% proceeds	1,000,000	666,667	1,006,375	90,491
Interest	3,500	2,333	8,243	1,287
Total Revenues	1,143,500	762,333	1,054,727	131,887
Total Expenses	-	-	-	-
Excess/Deficiency Rev over Exp	1,143,500	762,333	1,054,727	131,887
Provision for Reserve	\$ 1,143,500	\$ 762,333	\$ 1,054,727	\$ 131,887

TCFC Balance Sheet as of 08/31/2022	Amount
Cash TCFC	2,725,658
Cash TCFC Set-Aside	3,130,587
Total Assets	5,856,245
Other Current Liabilities	46,595
Total Liabilities	46,595
Beginning Equity - 01/01/2022	3,814,908
Provision For Reserve	1,994,748
Ending Equity - 08/31/2022	5,809,656
Liabilities & Equity	5,856,251

Draft PFC Revenue Projection – Discussion only

Embry Tech Ridge

- As of 8/31/2022, \$594,749 remains to be drawn as PFC fees for Embry Tech Ridge. To date, TCFC has earned \$5.12M (consisting of \$4.4M in PFC Fees, \$250,000 in structuring fees, and \$465,250 in construction fees). Upon completion of the construction (estimated mid-December 2022), TCFC would have earned \$5.715M from the Embry project.
- FY2023 projection for Embry Tech Ridge consists of annual \$250,000 in ground lease payment (paid on an equal monthly basis) beginning three months after the first unit is occupied. Additionally, \$25,000 in administrative fee will be paid annually upon stabilization (90% occupancy). Since the fees in the initial year is dependent on occupancy of the units, TCFC will likely receive a much smaller prorated amount.
- 2024 and beyond, estimated PFC fees would be \$275,000 per year.

5916 North Lamar – Bercy Chen

- Loan closing is planned for November 2022. \$820,313 in fees will be due to PFC upon loan closing.
- 2023 projection (1st year in construction) PFC fees is currently estimated at \$452,626.
- 2024 projection in PFC fees is estimated at \$369,230.
- Subsequent years -\$200,000 in ground lease rent, \$25,000 in administrative rent.

6311 1st Street (SOFI)

- PFC received \$391,965 in July 2022 upon loan closing (consisting of \$250,000 in Structuring Fee and \$141,975 in PFC Development fees).
- Remaining \$141,975 in PFC Development fees and \$360,000 in construction management fee will be paid as construction progresses. 25% (or \$125,494) of the total fees are anticipated to be earned in 2023.
- Net Cash Flow Rent due six months following stabilization – anticipated in August 2025. This annual fee projected at \$260,000 per year (25% of annual tax savings adjusted with CPI annually). Stabilization expected in February 2025. Paid prior to distribution to partners.
- \$25,000 per year in administrative rent will be paid upon stabilization-anticipated in February 2025.

Blue Ridge Apartments

- Terms are currently being negotiated with Elmington Capital.