

January 5, 2023  
9:30 A.M.

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

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

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**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 Madeleine Hoffman at [Madeleine.Hoffman@traviscountytexas.gov](mailto:Madeleine.Hoffman@traviscountytexas.gov)*
- *Maximum three-minute limit per speaker.*

**III. ACTION ITEMS**

A.	Resolution No. TCFC-2023-01	To <u>Approve</u> inducing the Frontier Valley Apartments in partnership with Heartwood Management to be located at approximately 1418 Frontier Valley Drive; and authorizing the negotiation and execution of a term sheet; and other matters in connection therewith.
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**IV. REGULAR AGENDA**

- B. Discussion of a new Public Facilities Corporation finance structure for Travis County Facilities Corporation
- C. Election of Officers (President and Vice President)

**V. NEW / UNFINISHED BUSINESS**

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

**VI. ADJOURNMENT**

**HOUSING AUTHORITY OF TRAVIS COUNTY  
BOARD OF COMMISSIONERS  
REGULAR MEETING  
502 East Highland Mall Blvd., Suite 106-B  
Austin, Texas 78752  
December 1, 2022  
9:30 a.m.**

**MINUTES**

*The Housing Authority of Travis County, Texas, held a Regular Board of Commissioners meeting at 502 East Highland Mall Blvd., 106-B Austin, TX 78752 and via Zoom.*

A quorum was established, and Vice Chair Sharal Brown called the meeting to order at 9:55 a.m.

*Roll Call of Commissioners: Vice-Chair Sharal Brown; Commissioner Jimmy Paver; Commissioner Wilmer Roberts; and Commissioner Janet Wenig. Staff in Attendance: CEO/Executive Director Patrick Howard; Asset Manager Keith Hoffpauir; Sr. Administrative Assistant Debbie Honeycutt; Administrative Specialist Alecia Campbell; Director of Finance Subra Narayanaier; Director of Affordable Housing Programs Carlos Guzman; Director of Finance and Administration Subra Narayanaier; Deputy Executive Director Steve Peglar.*

CEO/Executive Director Patrick Howard certified the quorum.

There were no members of the public requesting to speak, and therefore item II Public Forum/Citizen Communication was closed.

Commissioner Jimmy Paver made a **motion** to approve item III, the November minutes, which was seconded by Commissioner Wilmer Roberts. This motion **passed** unanimously.

Director of Finance Subra Narayanaier presented on Resolution No. HATC-2022-10, the HATC Budget for FY2023. Executive Director Patrick Howard noted that it was a balanced budget, that all Board members had previously seen the budget in workshop groups, and that this would be a brief by exception. Director Narayanaier cited a \$1.4million contribution to the staff's pension, and a very modest deficit due to some of the programming undertaken at various properties.

Director Wilmer Roberts asked if HUD's contributing percentage could be increased in order to account for some of the deficit. Executive Director Patrick Howard suggested that such an increase had yet to be discussed with the Housing Authority and therefore could not be depended upon, as it could range anywhere from 70-84% annually.

Director Jan Wenig wanted to know how to increase the yield from vouchers, about which Executive Director Howard deferred to Director of HCV Christina Montes. Director Montes shared about the new position in her division for which she hopes to secure funding through an amendment to the Continuity of Care (CoC) grant.

**I. ACTION ITEMS**

- A. Administer the Housing Authority of Travis County's Oath of Office of confirmed appointee of Travis County Commissioners Court  
Administered the Oath of Office to the following appointee:

B. Resolution No. HATC-2022-09	To <u>Approve</u> a loan from Texas State Affordable Housing Corporation (“TSAHC”) for funds to be used in the development and construction of Manor Town Phase II, and to <u>Authorize</u> the execution and delivery of all documents and instruments necessary to carry out the contemplated transaction, and to take other actions related to the subject.
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**Staff provided an explanation of there needing to be official approval for acceptance of funds from TSAHC awarded for activities associated with the constructing of Manor Town Phase II.**

Commissioner Wilmer Roberts made a **motion** to approve Item II.B. Commissioner Jimmy Paver seconded the motion, which **passed** unanimously.

- **PUBLIC FORUM / CITIZEN COMMUNICATION**

There was no citizen communication.

#### **IV. CONSENT AGENDA**

- Approval of the Minutes from the October 6, 2022 Regular Meeting

Commissioner Jimmy Paver made a **motion** to approve Item IV.A. Commissioner Wilmer Roberts seconded the motion, which **passed** unanimously.

#### **V. CEO / EXECUTIVE DIRECTOR’s REPORT**

##### **A. Voucher Programs/ Homeless Initiatives**

##### **1. HCV Program (Conventional)**

- As of September 30, 2022, the total lease up for the HCV program was 661 of 670.
- For the reporting period, there were 500 applicants on the waiting list
- As of September 30, 2022, Cambridge had a total lease up of 16 vouchers under contract.

##### **2. Homeless Initiatives**

- HATC was awarded \$1,149,159 in new federal funds from the 2021 CoC competition to provide housing for chronically homeless clients with a disability for 2022-2023. This grant began July 1, 2022, and ends on June 30, 2023.
- As of September 30, 2022, HATC, provided housing assistance to 77 Continuum of Care participants.
- As of September 30, 2022, Homeless Preference has 45 tenants under contract.

##### **3. Special Purpose Vouchers**

- HATC has been awarded **75** Housing Choice Vouchers (HCVs) under different special purpose voucher program types to serve non-elderly persons with disabilities. As of September 30, 2022, there were 68 tenants under contract.
- HATC was awarded 34 FUP vouchers effective 1/01/2019. An additional 38 vouchers were awarded effective 11/01/2021. As of September 30, 2022, there were 19 tenants under contract.
- Effective 9/01/2022, HATC was awarded 10 additional Mainstream Vouchers. Total MVP: 49.
- As of September 30, 2022, there were 32 tenants under contract.
- Total VASH vouchers: 30. As of September 30, 2022, *VASH*, has 21 tenants under contract.
- HATC has an MOU with Integral Care and Travis County Mental Health Public Defender to provide supportive services. Total EHV: 34. As of September 30, 2022, EHV has 13 tenants under contract.

B. Affordable Housing Programs – *Carlos Guzman*

- SEA OAKS: Vacancies (10) will be filled from the Multifamily Housing Waiting list.
- Carson Creek: 100% occupied.
- Manor Town: Vacancies (6) will be filled from the Manor Town Waitlist.
- SEA RAD: Vacancies (8) will be filled from the Multifamily Housing-Eastern Oaks Waiting list.

C. Real Estate Development

1. Manor Town, Phase II

- Manor Town Phase II Apartments is to be a single, two-story building consisting of 8 two-bedroom, two bath units and 12 one-bedroom, one bath units
- Current Funding Sources:
 

TDHCA:	\$3,352,213
TSAHC:	\$ 250,000
HATC:	\$1,022,816
<u>TOTAL</u>	<u>\$4,625,029</u>
- HATC ratification of additional funding for equity contribution – (TBD)
- Close on TDHCA and TSAHC funding – 11/22
- Issue Notice to Proceed to Contractor – 11/22
- Contractor to complete mobilization and begin construction – 1/23
- Construction Completion – 2/24

D. Finance – *Subra Narayanaier*

- Business Activities 2022 Approved Budget Total Expenses \$1,228,832. FYTD Budget Sept. 2022 \$921,324

- Contribution from SHFC FY2022 Approved Budget \$1,176,698. FYTD Budget Sept. 2022 882,524
- Balance Sheet Business Activities Total Asset \$5,760,077
- Balance Sheet Business Activities Total Liability \$2,991,007

E. Human Resources/Organizational Development/HATC Foundation – *Steve Peglar*  
Human Resources

- The Performance Management Process that has previously been in place at HATC has undergone a much-needed full and complete revision
- Extensive revisions are still underway on the HATC Personnel Policies
- HATC/SHFC employees have been undergoing individual personal development plan updates and revisions during 2022
- All HATC/SHFC job descriptions have undergone a full review

HATC Foundation

- The HATC Foundation Advisory Committee plans to hold meetings on a quarterly basis, with upcoming meetings tentatively scheduled for November 2022, February 2023, and May 2023
- The HATC Foundation recently submitted a HUD grant request for the HUD FSS (Family Self Sufficiency)

## **VI. BOARD COMMITTEE REPORTS**

- A. Real Estate Development Committee – Did Not Meet
- B. Governance Committee – Did Not Meet
- C. HR Committee – Did Not Meet
- D. Quality of Life – Did Not Meet

## **VII. DISCUSSION ITEM**

- A. Performance Evaluation for the Executive Director
  - Evaluation forms are filled out by each Board Member and then they are submitted to the HR Committee

## **VIII. NEW / UNFINISHED BUSINESS**

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

There were none at that time

## **IX. EXECUTIVE SESSION**

There was no Executive Session.

## **X. ADJOURNMENT**

Mr. Roberts made a **motion** to adjourn the Board meeting. Mr. Paver seconded the motion, which **passed** unanimously.

The Board meeting adjourned at 11:16 a.m.

Respectfully submitted and approved,

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Patrick Howard, CEO/Executive Director

**TCFC Action Item III.A.**  
**January 1, 2023**

**Resolution No. TCFC-2023-01:** To Approve inducing the Frontier Valley Apartments in partnership with Heartwood Management to be located at approximately 1418 Frontier Valley Drive; and authorizing the negotiation and execution of a term sheet; and other matters in connection therewith.

**Background Information:** The proposed project is located southeast Austin. The project will have 101 units, 51 of which will average at 60% AMI. It will be comprised of 40 efficiencies, 43 one bedrooms, and 18 two bedrooms. This proposed project is possible through a partnership with Heartwood Real Estate Group and Delphi Affordable Housing Group.

**Recommended Action:** Consider the appropriate action regarding Resolution No. TCFC-2023-01: To Approve inducing the Frontier Valley Apartments in partnership with Heartwood Management to be located at approximately 1418 Frontier Valley Drive; and authorizing the negotiation and execution of a term sheet; and other matters in connection therewith.

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

- Resolution No. TCFC-2023-01

**Fiscal Impact:** TBD

**Attachment:**

- Resolution No. TCFC-2023-01

**Approval:**

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



# 1418 FRONTIER VALLEY



## CONFIDENTIAL FINANCING MEMORANDUM

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101-Unit Multifamily Construction Financing Opportunity in Austin, Texas  
50% of Units at an average of 60% AMI (Affordability Unlocked Program)





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# Executive Summary

# EXECUTIVE SUMMARY

## 1418 Frontier Valley

Jones Lang LaSalle (“JLL”), on behalf of Heartwood Real Estate Group & Delphi Affordable Housing Group (“Borrower” or “Sponsor”), is pleased to present the exceptional opportunity to provide construction financing for 1418 Frontier Valley (the “Property” or “Project”), a 101-unit boutique multifamily development in Austin, Texas. The property is certified for Affordability Unlocked which requires 50% affordable at an average of 60% AMI in exchange for 50% real estate tax abatement.

Located in the East Riverside Corridor of Southeast Austin, the Property Benefits from the nearby demand drivers of Downtown Austin, Oracle’s Corporate Headquarters, Tesla’s Headquarters, and the South Congress District.

To facilitate the development of 1418 Frontier Valley, Sponsorship is seeking a construction loan of **\$14,000,000 (65.6% LTC)**. Estimated closing is November 2022, with construction to begin in December 2022 for a 16-month construction timeline.

The Sponsor purchased the land site in July 2021 and received certification for Affordability Unlocked, without this certification residential use would be prohibited on this site and they could not achieve the proposed density.

### Project Summary

**ADDRESS:** 1418 Frontier Valley Drive, Austin, Texas 78741

**PRODUCT TYPE:** Mid-rise Multifamily with surface parking

**SITE SIZE:** 1.68 AC

**TOTAL UNITS:** 101 Units

**AFFORDABLE UNITS:** 51 units at an average 60% AMI

**AVERAGE UNIT SIZE:** 548 SF

**EST CLOSING:** November 2022

**TOTAL PROJECT COSTS:** \$21,327,373 (\$211,162/u)<sub>1</sub>

1) Construction pricing from 90% CD’s

### Loan Request

**LOAN REQUEST:** \$14,000,000 (\$138,614/unit)

**LOAN TO COST:** 65.6% LTC

**LOAN TO STABILIZED VALUE:** 55% LTV

**LOAN TERM:** 3+1+1



**DELPHI**  
AFFORDABLE HOUSING GROUP

# INVESTMENT HIGHLIGHTS

## UNBEATABLE MULTIFAMILY LOCATION

The Property's location near the intersection of Riverside Drive and Montopolis Drive provides exceptional connectivity on one of the most traveled roadways in Southeast Austin, providing unparalleled connectivity to all parts of the city with immediate access to IH-35, SH-71 and US 183.

1418 Frontier Valley is located less than 10 minutes from Downtown Austin, 5 minutes from Austin Bergstrom Airport (ABIA), and only 5 minutes from the heart of East Austin, which has transformed into one of Austin's top hotspots, bringing an expanding mix of eclectic shops, foodie destinations, and entertainment venues to the area.

Additionally, this extraordinary location provides easy accessibility to the newly opened Oracle Austin Corporate Headquarters. The recent completion of Oracle's new campus nearby has provided an enormous impact on the future of Southeast Riverside for years to come as more employers continue to gravitate south towards Austin's urban core where it is possible to walk, bike, or use public transportation for all aspects of life.

## STRONG LOCAL DEMOGRAPHICS

Austin's emergence as a leading 18-hour city is attracting young affluent professionals who are migrating to Austin for its nationally recognized brand and culture – 31% of the population is of prime rental age (18-34) compared to 23% nationally. 1418 Frontier Valley will benefit from a high concentration of millennials looking for more affordable housing options just outside of Austin's CBD.

### WITHIN 1 MILE

**3.7%**

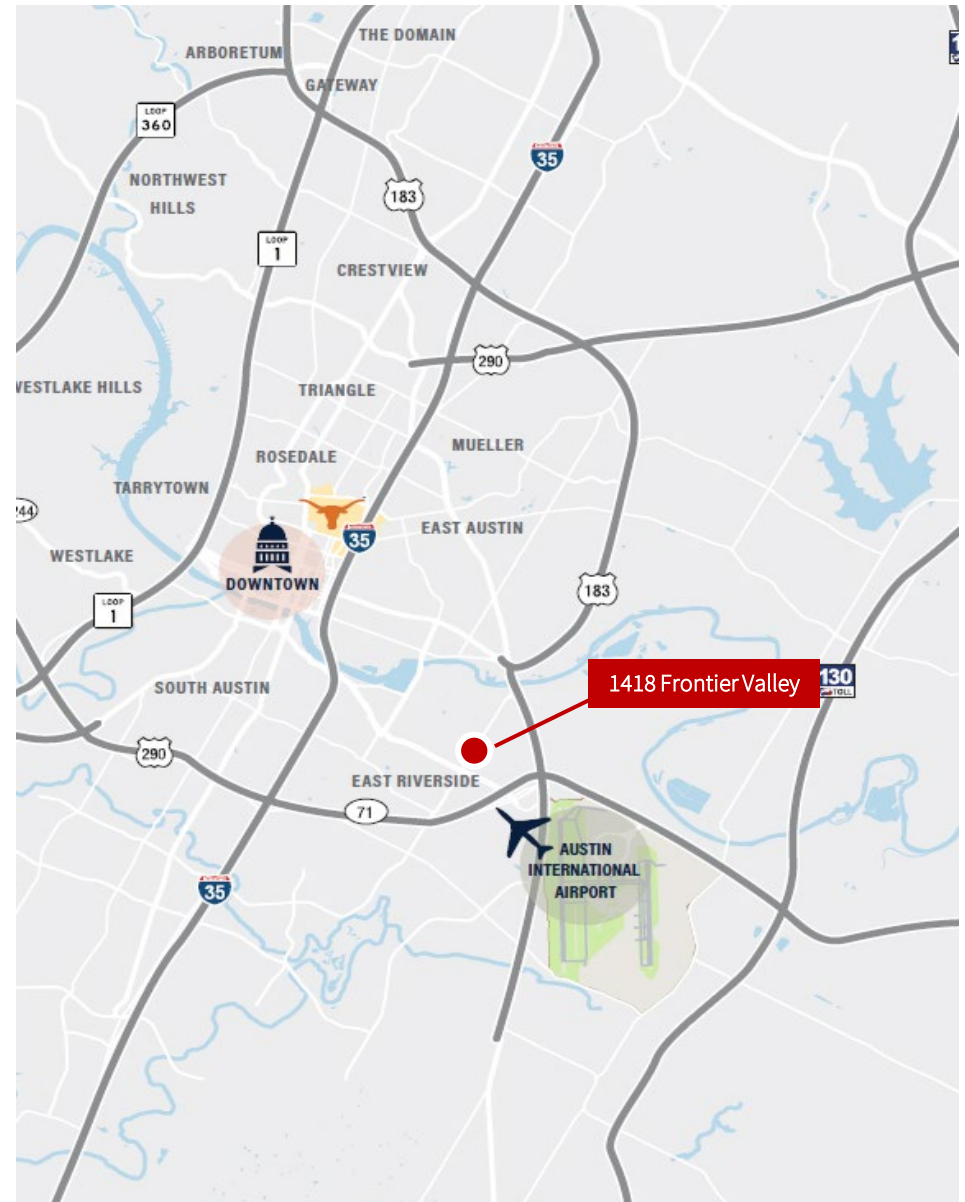
**ANNUAL POPULATION  
GROWTH 2010-2022**

**2.8%**

**ANNUAL POPULATION  
GROWTH 2022-2027**

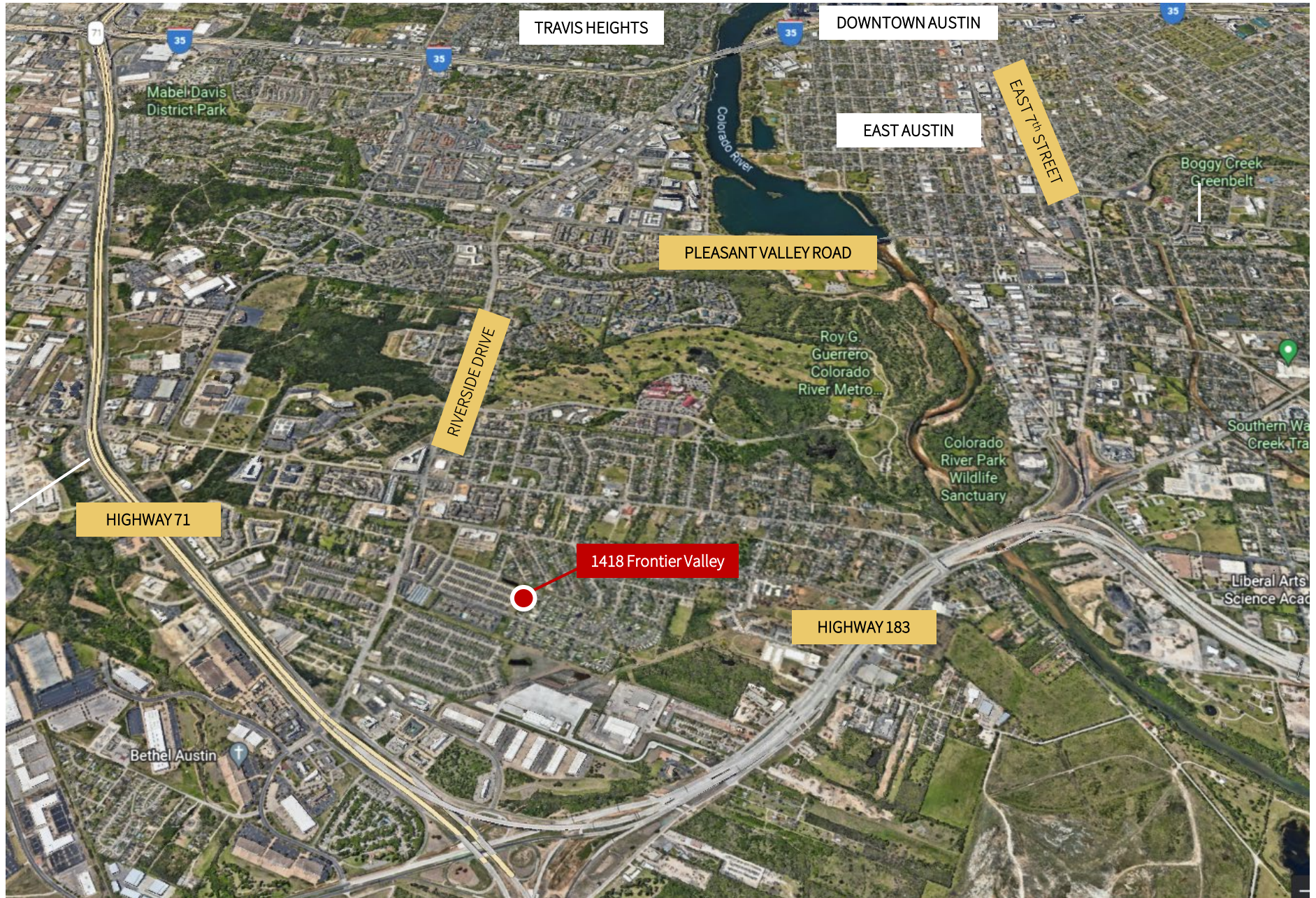
**\$69,878**

**AVERAGE HOUSEHOLD  
INCOME**





# SUPERIOR LOCATION





# DEMAND DRIVERS





# HIGH GROWTH CORRIDOR







# Property Overview

# PROPERTY DETAILS

PROPERTY NAME	1418 Frontier Valley
LOCATION	East Riverside
ESTIMATED BUILDING CONSTRUCTION START	December 2022
ESTIMATED DELIVERY/STABILIZATION	16 Months
SITE AREA	1.68 acres
UNITS (TOTAL)	101
STORIES	5-story stick frame
AFFORDABLE UNITS	51 at an average of 60% AMI
AVERAGE UNIT SIZE	548 SF
TOTAL APARTMENT SF	55,313 SF
PARKING	75 Parking Spots; gated lot with site lighting

## RESIDENT AMENITIES



SWIMMING POOL



FITNESS CENTER



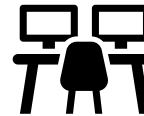
BICYCLE PARKING



LOBBY AND LEASING OFFICE



PARCEL ROOM



BUSINESS CENTERS (4)



OUTDOOR KITCHEN/GRILL



LOUNGE

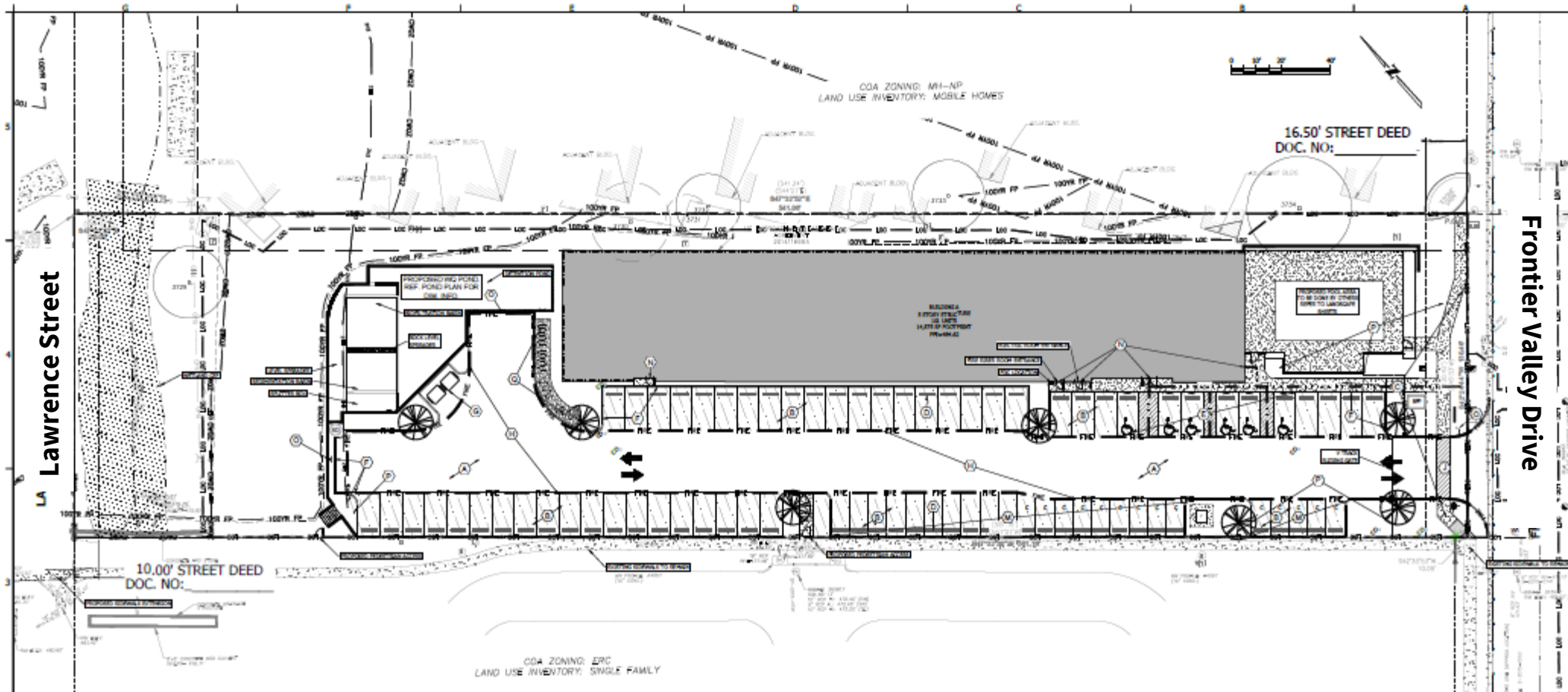
Unit Mix									
Unit Description	Unit Mix	Restriction	QTY.	% of Mix	Sq. Ft.	Rent	Per Sq. Ft.	Total Sq. Ft.	Total Rent
S1-Aff	0x1	BMR	24 units	23.8%	439	\$1,159	\$2.64	10,536	\$27,816
S2	0x1	Market	10 units	9.9%	447	\$1,350	\$3.02	4,470	\$13,500
S2-Aff	0x1	BMR	6 units	5.9%	447	\$580	\$1.30	2,682	\$3,480
A1	1x1	Market	22 units	21.8%	552	\$1,600	\$2.90	12,144	\$35,200
A1-Aff	1x1	BMR	5 units	5.0%	552	\$966	\$1.75	2,760	\$4,830
A2	1x1	Market	16 units	15.8%	552	\$1,600	\$2.90	8,832	\$25,600
B1-Aff	2x2	BMR	11 units	10.9%	772	\$1,765	\$2.29	8,492	\$19,415
B2	2x2	Market	2 units	2.0%	771	\$2,100	\$2.72	1,542	\$4,200
B2-Aff	2x2	BMR	5 units	5.0%	771	\$1,324	\$1.72	3,855	\$6,620
<b>Total/Avg</b>			<b>101 units</b>	<b>100%</b>	<b>±548</b>	<b>\$1,393</b>	<b>\$2.54</b>	<b>±55,313</b>	<b>\$140,661</b>



# LOCATION OVERVIEW

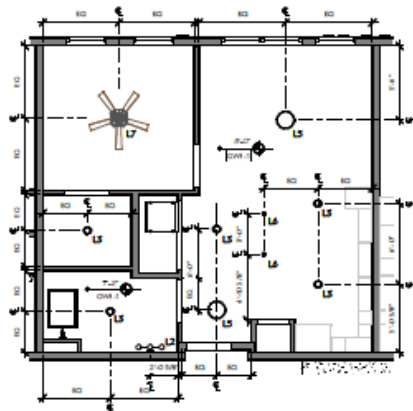


# SITE PLAN

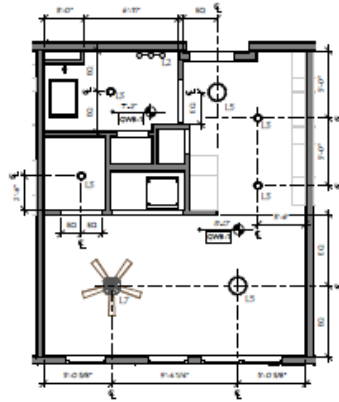




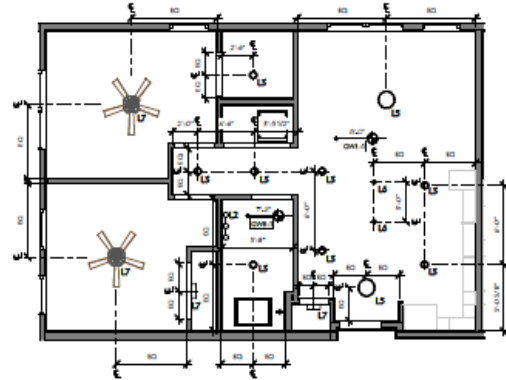
# FLOOR PLANS



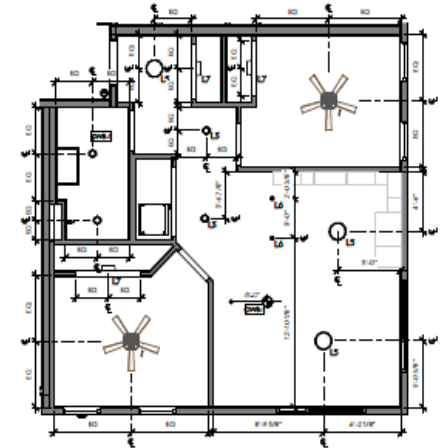
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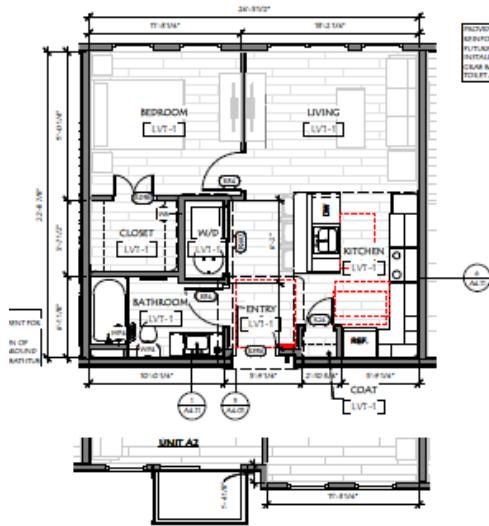
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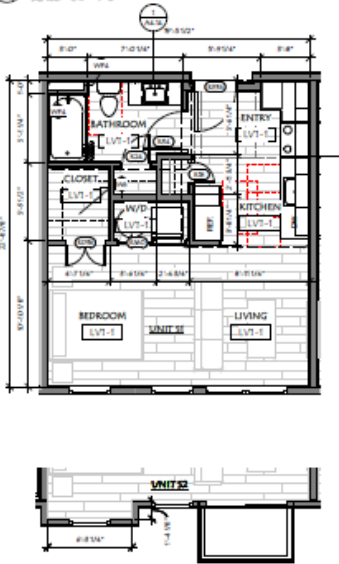
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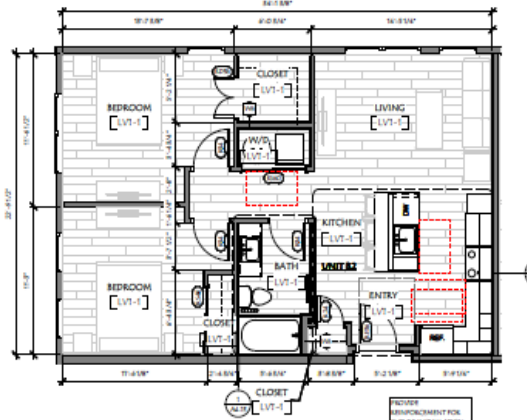
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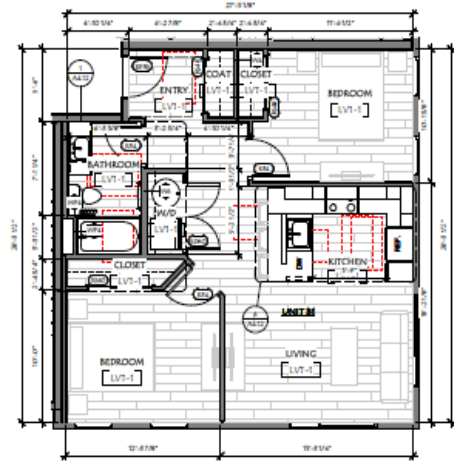
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1 ENLARGED S1 UNIT PLAN  
SCALE: 1/8" = 1'-0"



2 ENLARGED B2 UNIT PLAN  
SCALE: 1/8" = 1'-0"



1 ENLARGED B1 UNIT PLAN  
SCALE: 1/8" = 1'-0"



# AFFORDABILITY UNLOCKED

## AFFORDABILITY UNLOCKED

The program is designed to increase the number of affordable housing units being developed in Austin and fully leverage public resources by allowing housing providers to build more units in their developments when significant amounts of affordable housing are included. In return for setting aside half of a development's total units as affordable, bonuses include height and density increases, parking and compatibility waivers, and reductions in minimum lot sizes. The 'Affordability Unlocked' Development Bonus Program looks to capitalize on the \$250 million in Affordable Housing Bonds that voters approved in 2018 by enabling developers to include more affordable units in their developments. The program is designed to help the City meet its goal of building 60,000 affordable housing units by 2027, which the City committed to through the Strategic Housing Blueprint.

The program applies citywide and offers extensive waivers and modifications of development regulations in exchange for setting aside at least half to a development's total units as affordable. For rental units, that means the affordable units must serve households with incomes averaging up to 60% of the median family income (MFI), with a portion of those serving households up to 50% MFI, for 40 years.

1418 Frontier Valley has 51 units renting at an average of 60% AMI plus 20% at 50% AMI. The breakdown includes 20% at 50%, 10% at 60%, and 20% at 70% which averages 60% AMI. Because 1418 Frontier Valley meets the project requirements for both AU Type I and II, maximum height allowed by base zoning can increase by 1.5 times, in addition to the incentives listed above.

Summary by Restriction			
	QTY	Avg Rent	Rent PSF
Market	50 units	\$1,570	\$2.91
BMR	51 units	\$1,219	\$2.19
<b>Total/Avg</b>	<b>101 units</b>	<b>\$1,393</b>	<b>\$2.54</b>

### Unit Mix

Unit Description	Unit Mix	Restriction	QTY.	% of Mix	Sq. Ft.	Rent	Per Sq. Ft.	Total Sq. Ft.	Total Rent
S1-Aff	0x1	BMR	24 units	23.8%	439	\$1,159	\$2.64	10,536	\$27,816
S2	0x1	Market	10 units	9.9%	447	\$1,350	\$3.02	4,470	\$13,500
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# Market Overview

# AUSTIN ACCOLADES

"Austin is an ideal location to attract the talent we need to deliver the latest capabilities to our customers."

**#1**

**BEST CITY FOR  
JOB GROWTH**

**OVER A FIVE-YEAR PERIOD**

inc.com



**#1**

**BEST CITY FOR  
JOB CREATION**

**37% OVER FIVE-YEAR PERIOD**

Forbes



**#18**

**FUTURE-PROOFING  
GLOBAL TOP 30**

**THE ONLY TEXAS CITY  
IN THIS INTERNATIONAL INDEX**

JLL Global Research

"Austin is a rapidly growing hub for high tech startups and established tech companies, and not surprisingly, a hub for top tech talent. It has an **innovative, entrepreneurial vibe with a laid back, inclusive culture**, making it an ideal location for us. Not only will our employees love living in such a great city, but they'll have a unique opportunity to bring our great values to life and grow their careers."

**ATLASSIAN**

Jay Simons  
President

"We are committed to growing in Austin, a city that is a proven tech hub with **excellent access to talent** and a community that **encourages innovation**."

**BAE SYSTEMS**

Dave Harrold

Vice President & General Manager  
Countermeasure & Electromagnetic  
Attack Solutions

**#1**

**BEST PLACE TO LIVE**

**3 CONSECUTIVE YEARS**

U.S. News & World Report



**#1**

**HOTTEST U.S.  
LABOR MARKET**

**2 CONSECUTIVE YEARS**

Wall Street Journal

**8 YEARS IN A ROW**

**Fastest Growing MSA In The Nation**

**AUSTIN MSA: TRAVIS, HAYS, WILLIAMSON,  
BASTROP, CALDWELL COUNTIES**

U.S. Census



**#1**

**U.S. MARKET FOR  
2020 INVESTMENT**

Urban Land Institute

**#1**

**ATTRACTS THE  
MOST WORKERS**

**AMONG MAJOR U.S. CITIES**

LinkedIn, 2018

The Austin MSA adds

**152 new  
residents**

each day

Khoros is proud to be in Austin, and we are excited to begin this next phase of our growth in our new and expanded space. As an Austinite for more than 10 years, I know that this is a **great place to build and grow successful companies**, and that's why we continue to invest here. We look forward to many more years of success in Austin."

**KHOROS**

Jack Blaha  
Chief Executive Officer

**#1**

**BEST U.S. CITY TO  
START A BUSINESS**

inc.com



# Austin Economic Snapshot



**2.21 M**

Current  
Population



**1.11 M**

Total Nonfarm  
Employment



**2.1 %**

Annualized 12 Month  
Job Growth



**\$73.5 K**

Median Household  
Income



**31.8**

Median  
Age



**\$395K**

Median  
Home Value



**2.5%**

YoY Population  
Growth



**\$36.7 K**

Per Capita  
Income



**2.4%**

Unemployment Rate  
(Seasonally Adjusted)



**42.8%**

Population With  
Bachelors Degree



**33,084**

(+7.2% YoY)  
2019 Housing  
Sales



**+7.2%**

YOY Home Value  
Increase\*  
\*Travis County



Sources: U.S. Bureau of the Census, Texas Workforce Commission, MetroStudy, Bureau of Labor Statistics, Austin Chamber of Commerce, Austin Board of Realtors, Federal Reserve Bank of Dallas Economic Indicators, Travis County Appraisal District

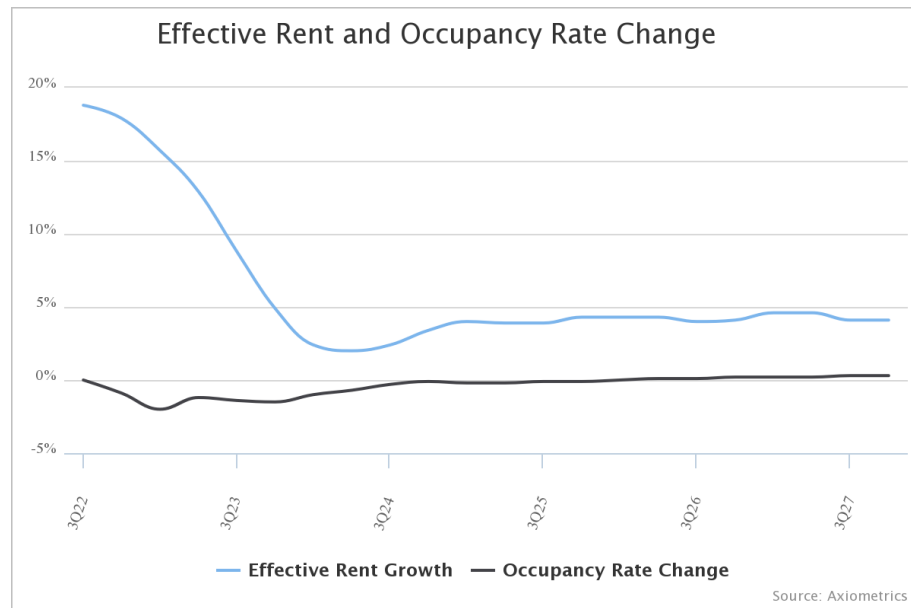
# MARKET OVERVIEW

## AUSTIN MULTIFAMILY MARKET

Austin's multifamily market has continued to display strong fundamentals through the beginning of 2022 as the city experiences positive occupancy and rent growth. Low unemployment, heightened corporate relocations and expansions, low cost of living, and a business-friendly environment are all major drivers that have landed Austin as a nation-leading city for population and job growth. Austin's multifamily market and economy overall has experienced one of the fastest recoveries in the country since the end of 2020.

**84,272**      **880 sf**      **93.4%**      **\$1,962**

**RENTABLE UNITS**      **AVERAGE UNIT SIZE**      **OCCUPIED**      **AVERAGE \$/MO**

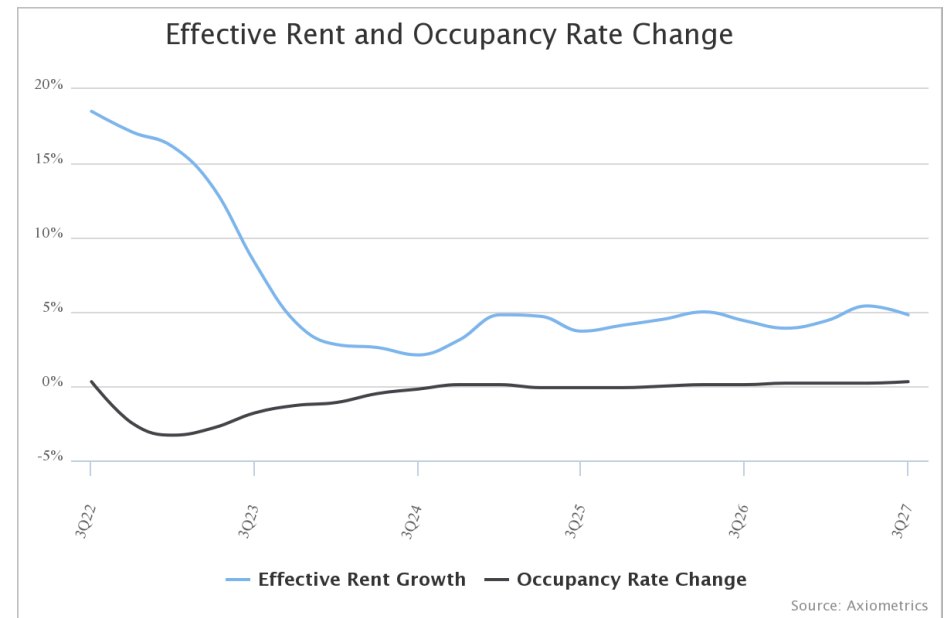


## RIVERSIDE/SOUTHEAST AUSTIN MULTIFAMILY MARKET







Higher rents in Austin's CBD have caused a movement of renters to submarkets like Southeast Austin, where rents are lower especially for newer product when compared to peer properties around the metro. Austin is one of the few markets nationally that has recovered most, if not all, job losses post-pandemic. With the expansions of Tesla, Oracle, Facebook, and many other large corporations, submarkets like Southeast Austin are poised to absorb the demand of workers in the area.

**3,796**      **875 sf**      **94.9%**      **\$1,635**

**RENTABLE UNITS**      **AVERAGE UNIT SIZE**      **OCCUPIED**      **AVERAGE \$/MO**

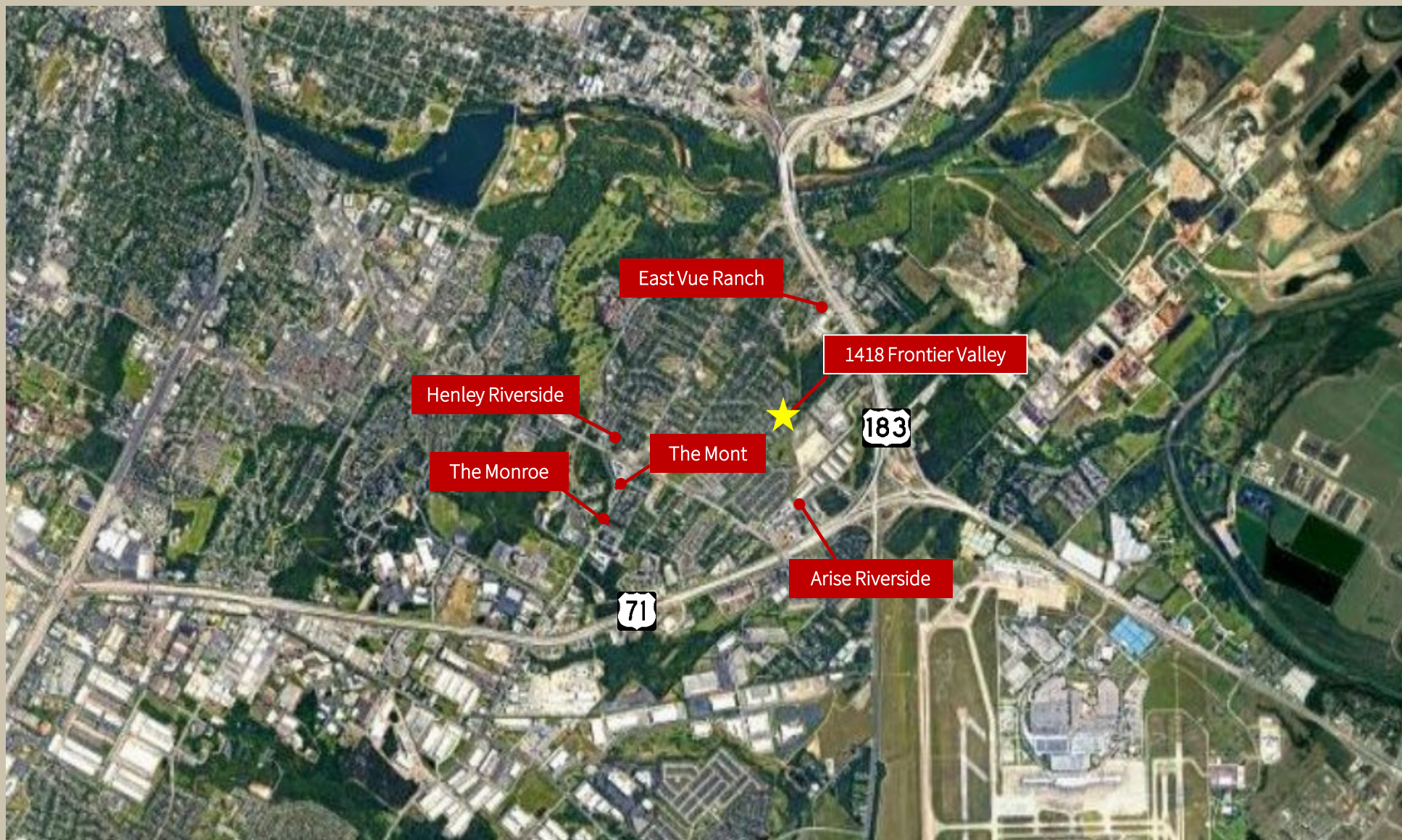


# LEASE COMPARABLES

		1418 Frontier Valley		The Monroe		The Mont		Arise Riverside		East Vue Ranch		Henley Riverside	
Type		Mid-rise		Mid-rise		Mid-rise		Mid-rise		Garden		Mid-rise	
Property Details													
Address		1418 Frontier Valley Dr.		2511 Montopolis Drive		2405 Montopolis Dr		1900 Airport Commerce Dr		460 Bastrop Hwy		6107 E Riverside Dr	
Location		Austin		Austin		Austin		Austin		Austin		Austin	
Year Built		2022		2021		2020		2020		2019		2019	
Unit Count		101		221		287		273		340		366	
Occupancy		0.0%		89.0%		93.0%		92.0%		97.0%		96.0%	
Concessions		No Concessions		No Concessions		No Concessions		No Concessions		No Concessions		No Concessions	
Averages		Rent	PSF	Rent	PSF	Rent	PSF	Rent	PSF	Rent	PSF	Rent	PSF
TOTAL	Market	\$1,405	\$2.57	\$2,041	\$2.23	\$1,844	\$2.16	\$1,804	\$2.24	\$1,819	\$2.23	\$1,920	\$2.30
	Effective	\$1,405	\$2.57	\$2,041	\$2.23	\$1,844	\$2.16	\$1,804	\$2.24	\$1,819	\$2.23	\$1,920	\$2.30
	Unit Size	548 SF		914 SF		856 SF		805 SF		815 SF		835 SF	
EFF	Market	\$1,130	\$2.55									\$1,631	\$2.76
	Effective	\$1,130	\$2.55									\$1,631	\$2.76
	Unit Size	442 SF										590 SF	
1BR	Market	\$1,599	\$2.90	\$1,820	\$2.47	\$1,643	\$2.28	\$1,710	\$2.36	\$1,708	\$2.54	\$1,781	\$2.32
	Effective	\$1,599	\$2.90	\$1,820	\$2.47	\$1,643	\$2.28	\$1,710	\$2.36	\$1,708	\$2.54	\$1,781	\$2.32
	Unit Size	552 SF		743 SF		729 SF		733 SF		679 SF		775 SF	
2BR	Market	\$1,553	\$2.01	\$2,374	\$2.03	\$2,149	\$2.05	\$2,351	\$1.92	\$1,997	\$1.90	\$2,484	\$2.14
	Effective	\$1,553	\$2.01	\$2,374	\$2.03	\$2,149	\$2.05	\$2,351	\$1.92	\$1,997	\$1.90	\$2,484	\$2.14
	Unit Size	772 SF		1,173 SF		1,048 SF		1,222 SF		1,053 SF		1,169 SF	
3BR	Market									\$2,353	\$1.71	\$2,921	\$1.99
	Effective									\$2,353	\$1.71	\$2,921	\$1.99
	Unit Size									1,375 SF		1,469 SF	
Efficiency		40	39.6%									68	18.6%
1 Bedroom		43	42.6%	133	60.2%	173	60.3%	233	85.3%	232	68.2%	216	59.0%
2 Bedroom		18	17.8%	88	39.8%	114	39.7%	40	14.7%	90	26.5%	74	20.2%
3 Bedroom										18	5.3%	8	2.2%



# LEASE COMPARABLES MAP







# Financial Overview

# LOAN ANALYSIS

Transaction Detail		
	Total	Per Unit
Land Price	\$3,750,000	\$37,129
Total Project Costs	\$21,327,373	\$211,162
Equity Requirement	\$7,327,373	\$72,548
Debt Requirement	\$14,000,000	\$138,614
Exit Cap Rate Assumption	4.50%	
Net Residual Value	\$25,685,636	\$254,313

Projected Timing			
	Duration		Start
Marketing			Dec 2022
Close Venture	Month 00	0 mth	Dec 2022
Construction start	Month 01	1 mth	Dec 2022
First units delivered	Month 17	16 mth	Apr 2024
Last unit delivered	Month 17	0 mth	Apr 2024
Stabilization	Month 26	9 mth	Jan 2025
Disposition/Refinance	Month 30	4 mth	May 2025

Debt Metrics		
	Total	Per Unit
Untrended NOI	\$1,052,708	\$10,423
Stabilized NOI	\$1,170,430	\$11,588
<b>Loan Amount</b>	<b>\$14,000,000</b>	<b>\$138,614</b>
Loan to Cost	65.6%	
Interest Rate	5.50%	
Loan Constant	6.81%	
Annual Debt Service (IO)	\$770,000	
Annual Debt Service (P&I)	\$953,886	
Untrended Metrics		
DSCR (IO)	1.37x	
DSCR (P&I)	1.10x	
Debt Yield	7.52%	
Loan to Cost	65.6%	
Loan to Exit Value	54.5%	
Stabilized Metrics		
DSCR (IO)	1.52x	
DSCR (P&I)	1.23x	
Debt Yield	8.36%	
Loan to Cost	65.6%	
Loan to Exit Value	54.5%	

# PROFORMA

		Un-Trended Pro Forma			
INCOME	Assumption	\$ Amount	\$/Unit	\$/SF	% EGI
Residential Income					
Gross Scheduled Rent	\$1,393/u/mo	1,687,932	16,712	30.52	99.3%
General Vacancy & Credit Loss	5.00%	(84,397)	(836)	(1.53)	-5.0%
Non-Revenue Units	1 unit	(16,712)	(165)	(0.30)	-1.0%
Effective Rental Income		1,586,823	15,711	28.69	93.4%
Garage Revenue	\$50/u/mo	45,000	446	0.81	2.6%
Miscellaneous	\$56/u/mo	67,500	668	1.22	4.0%
Total Other Income		112,500	1,114	2.03	6.6%
Effective Residential Income		1,699,323	16,825	30.72	100.0%
Total Income		1,699,323	16,825	30.72	100.0%

OPERATING EXPENSES	Assumption				
		\$ Amount	\$/Unit	\$/SF	% EGI
Payroll & Benefits	\$1,150/u	116,150	1,150	2.10	6.8%
Advertising & Marketing	\$250/u	25,250	250	0.46	1.5%
General & Administrative	\$225/u	22,725	225	0.41	1.3%
Repairs & Maintenance	\$300/u	30,300	300	0.55	1.8%
Turnover	\$150/u	15,150	150	0.27	0.9%
Contract Services	\$425/u	42,925	425	0.78	2.5%
Utilities (net)	\$375/u	37,875	375	0.68	2.2%
<b>Controllable Expenses</b>		<b>290,375</b>	<b>2,875</b>	<b>5.25</b>	<b>17.1%</b>
Property Management Fee	4.00%	67,973	673	1.23	4.0%
Property Tax	2.316979%	216,993	2,148	3.92	12.8%
Insurance Expenses	\$500/u	50,500	500	0.91	3.0%
Capital Reserves	\$150/u	15,150	150	0.27	0.9%
Franchise Tax	0.331%	5,625	56	0.10	0.3%
<b>Fixed Expenses</b>		<b>356,241</b>	<b>3,527</b>	<b>6.44</b>	<b>21.0%</b>
<b>Total Operating Expenses</b>		<b>646,616</b>	<b>6,402</b>	<b>11.69</b>	<b>38.1%</b>
<b>Net Operating Income</b>		<b>1,052,708</b>	<b>10,423</b>	<b>19.03</b>	<b>61.9%</b>





# Sponsorship

## Heartwood Real Estate Group

Heartwood is committed to helping Austin face the challenges of the city's housing crisis through creative development. Our team is small, and we feel this gives us an edge. We have developed close relationships with our consultants and partners – and we have intimate, local knowledge of Austin's housing market and the intricacies of the city's development process. We build a variety of housing types, from affordable apartment buildings to luxury townhome communities and high-end custom designed single family homes. Fifty percent of our developments include substantial affordable housing components.

## Meet the Team

**Chris Affinito** is the president and founder of Heartwood Real Estate Group. With over 10 years of experience in a variety of real estate and development sectors, including acquisitions, land planning, structured finance, valuation and sales, Chris brings in-depth expertise to his leadership role.

**Drew Fineberg** is the Director of Development of Heartwood Real Estate Group and leads all multifamily and commercial projects. With more than eight years in commercial construction, Drew brings experience in development, project management, pre-construction management, and budget development.

## PORTFOLIO



5800 SPRINGDALE  
(PRE-DEVELOPMENT)



2610/2612 S 1<sup>ST</sup> ST.  
(PRE-DEVELOPMENT)



1200 SPRINGDALE  
(IN DEVELOPMENT)



THE REYNA  
(UNDER CONSTRUCTION/FOR SALE)



## Delphi Affordable Housing Group

Delphi was founded in January 1997 as a real estate development and consulting firm specializing in financial structuring, due diligence, development and syndication of affordable housing. As a developer, Delphi has acquired and rehabilitated multifamily properties that are tax credit eligible by utilizing bond and tax credit financing. The company has acquired and renovated over twenty multifamily properties consisting of more than 3,000 units. In addition, Delphi has consulting on projects consisting of 4,000 units. Delphi's consulting clientele includes housing authorities, non-profits, and for-profit developers.

## Daniel O'Dea

As the founding Principle of Delphi Affordable Housing Group, Mr. O'Dea is responsible for the strategic direction and overall management of the company. He has more than forty years of experience in corporate and partnership taxation, law, real estate, accounting, and financial analysis. Prior to the founding of Delphi in 1997, Mr. O'Dea held the position of President at Intrust of Texas, where he was involved in providing technical assistance, financial structuring, and underwriting of over twenty Low Income Housing Tax Credit Projects. Mr. O'Dea's knowledge and experience also includes employment at Coopers and Lybrand as a Tax Specialist, Hershey Foods as a Tax Attorney, and at Rite Aid Corporation as a Corporate Tax Director.

## PROPERTIES



**SILVER SPRINGS**  
AUSTIN, TX



**GULFWAY MANOR**  
CORPUS CRISTI, TX



**GREENVILLE ARMS**  
GREENVILLE, SC



**BRIARWOOD**  
FORT SMITH, AR

# 1418 Frontier Valley

Confidential Financing Memorandum

## Contact Information

### DEBT PLACEMENT

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**TERM SHEET FOR THE DEVELOPMENT OF  
FRONTIER VALLEY APARTMENTS  
IN TRAVIS COUNTY, TEXAS**

**[DATE]**

This Term Sheet addresses the terms for the development and financing of the Project (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. This Term Sheet replaces all previous understandings and agreements, written or oral, with respect to the Project.

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The Project will be owned by Travis County Facilities Corporation (the "**PFC**"). Approximately 1.68 acres of land located at 1418 Frontier Valley Drive (the "**Land**") is owned by an affiliate of Heartwood Management, LLC ("**Sponsor**") and will be conveyed to the PFC, and the PFC will pay the current owner a negotiated price for the Land. The PFC will at Closing simultaneously enter into a lease for the Land with the Tenant, and the Tenant will make an up-front lease payment to the PFC in the amount of the negotiated price for the Land. Tenant will be responsible for the development and construction of the Improvements and the costs associated therewith. The Land and Improvements, when completed, will be vested in the PFC and will be leased to Tenant on a long-term lease.

**Ad Valorem**

**Tax Exemption:**

The PFC shall be responsible for obtaining a 100% property tax exemption for the Project and Lease. The PFC shall apply for, and use good faith efforts to obtain prior to the Closing Date, a predetermination letter from the appraisal district indicating that the Project will be exempt. Within 30 days of the Closing Date, the PFC will apply for the formal tax exemption. Pursuant to the Lease, if the ad valorem tax exemption with respect to the Project either fails to receive formal approval or is approved but lost ("**Loss of Tax Status Event**") (i) for any reason other than Tenant's failure to meet the affordability requirements of Texas Local Government Code Chapter 303 governing the availability of a property tax exemption for the Project at any time within the first fifty (50) years of the term of the Lease or (ii) at any time during the term of the Lease due to the fraud, gross negligence, willful misconduct of the PFC, its affiliates or any of their respective personnel, then the PFC, as Landlord, will convey the Project to Tenant (fee ownership of the Project, free and clear) and the Lease and any accompanying regulatory agreement will terminate and no further amounts shall be payable to the PFC (other than pursuant to an indemnification obligation) and no additional rent shall be paid to



the PFC. 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 to the Tenant the Project in fee and the Lease and accompanying regulatory agreement will terminate, upon payment by Tenant to Landlord in 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 property taxes. Landlord's reversionary interest shall be calculated by an MAI appraiser as agreed to in the Lease. In the event of a Loss of Tax Status Event, prior to the transfers discussed in the prior sentence, the PFC and the Tenant shall use reasonable efforts to modify the structure to allow the ad valorem tax exemption to continue. On the Closing Date, the PFC shall cause an opinion of counsel to be delivered with respect to the ad valorem tax exemption, to the extent required by Tenant or any lender.

**Calculator:**

Means the Novogradac Rent and Income Limit Calculator for the applicable year, under the **"Other Federal, State, or Local Program"** category for Austin-Travis County, TX HUD Metro FMR Area with rent calculations based on either: (i) **"80%"**, (ii) **"60%"**, or (iii) **50% and Imputed Persons Per Bedroom for Rent Limited Calculations set to "1.5 Person/1 Bedroom"** and the applicable family size selected for the respective Low Income Household leasing a particular Affordable Unit. In the event such tool is not available, applicable rent and income limits shall be calculated using a reasonable substitute tool as agreed to by the parties hereto.

**Capital Event Rent:**

For any Refinancing Event that occurs before the initial Sale Event, the PFC shall receive 15% of the refinancing proceeds, if any, after payment of all debt, closing costs, establishment of reserves, return of all equity capital and the 9% Return to the Equity Investor and Sponsor Investor, and payment of any and all fees owed to Sponsor or its affiliates, including but not limited to the deferred Developer Fee, repayment of all affiliate loans, and reimbursement for any amounts paid as a result of guaranteed obligations. On the initial Sale Event, the PFC shall receive 15% of the sale proceeds, after payment of all debt, closing costs, establishment of required reserves, return of all equity capital, and the 9% Return to the Equity Investor and Sponsor Investor, and payment of any and all fees owed to Sponsor or its affiliates, including but not limited to the deferred Developer Fee, repayment of all affiliate loans, and reimbursement for any amounts paid as a result of guaranteed obligations. At subsequent Sale Events, the PFC shall receive a payment equal to 2% of the gross sales price.

**Closing Date:**

The date of closing for all financing for the Project.

**Construction:**

Tenant will contract with the PFC, as General Contractor (herein so-called), to construct the Improvements; and the PFC will enter into a Master Sub-Contract with Broaddus Construction (**"Master**

**Subcontractor**”) to construct the Improvements. Master Subcontractor will receive a Contractor Fee of 6%, and the Master Sub Contract will also include a contingency of 1.5% solely for the use of the Master Subcontractor. Master Subcontractor will provide construction completion guarantees necessary to satisfy Tenant and any lenders for the Project on terms acceptable to Master Subcontractor in its sole discretion. The PFC shall receive a construction administration fee equal to \$1,500 per unit payable on a percentage of completion basis. The PFC, as General Contractor, shall be indemnified to the fullest extent permitted by applicable law by each of the Tenant and Master Subcontractor, excluding anything caused directly and exclusively by the gross negligence or willful misconduct of the PFC and the indemnification shall be reflected in the construction contract documentation.

<b>County:</b>	Travis County, Texas
<b>Developer:</b>	An affiliate of Sponsor.
<b>Developer Fee:</b>	Developer is to receive a Developer Fee in connection with the development of the Project in an amount equal to five percent (5%) of the total development costs of the Project, excluding the cost of the Land. It is anticipated thirty percent (30%) of the Developer Fee will be earned at the construction loan closing. Sixty percent (60%) of the Developer Fee will be earned monthly and the final ten percent (10%) will be earned upon issuance of the final certificate of occupancy for the Project. The timing and amount of the payment may be subject to the lender’s consent. Developer will pay PFC 15% of all Developer Fees it receives when received.
<b>Development Agreement:</b>	Developer, the PFC and Tenant will enter into a development agreement (“ <b>Development Agreement</b> ”) in a form acceptable to the parties of the contract, in accordance with the terms set forth herein.
<b>Equity Investor:</b>	One or more entities affiliated with Reliant Income Fund, LLC that will be members of Tenant and will contribute cash in accordance with the Project Budget.
<b>Governing Law:</b>	State of Texas.
<b>Guarantees:</b>	Certain financial obligations under Tenant’s construction loan will be guaranteed by Tenant’s affiliates on terms to be negotiated with the lender. The PFC will not be required to provide any financial guarantees with respect to financing or construction of the Project.
<b>Improvements:</b>	Approximately 101 units of multifamily residential housing in the Project, together with all onsite and offsite infrastructure improvements for the Project, pursuant to Plans and Specifications developed by Sponsor, and will include a swimming pool, fitness center, lobby and

leasing office, parcel room, business center, outdoor grills and other Class-A multifamily amenities appropriate for the Project as determined by Tenant.

**Land:** Approximately 1.68 +/- acres for the Project to be built and operated as proposed by this Term Sheet, located in Austin, Travis County, Texas, as more fully described on Exhibit A hereto.

**Lease:** Lease between the PFC, as landlord, and Tenant, pursuant to which the PFC leases the Project to the Tenant for a term of 75 years (the “**Lease**”). So long as Tenant is not in default under the Lease, Tenant (and any subsequent 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 or permit an encumbrance or lien on its interests under the Lease in any manner which jeopardizes the availability of exemption of the Project from ad valorem taxation or otherwise could have a material adverse effect on the Project or Tenant.

The Lease will provide that Tenant will reserve, set aside or rent 50% of the units to tenants whose income is less than 80% of the AMI (the “**Affordable Units**”), such AMI shall have a floor no lower than the AMI on the Closing Date. The income and rent limits will be adjusted for family size and bedroom size and rent shall be calculated by using the Calculator (the “**Affordability Requirement**”).

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 will provide customary indemnities to PFC, as lessor, with exclusions for the direct and excessive gross negligence or willful misconduct of the PFC. Provisions will be negotiated to help the PFC assure that the Project remains a Class A residential project throughout the Term of the Lease, including conducting periodic needs assessments by an engineer hired by Tenant experienced in such assessments at predetermined intervals, prior to a capital event, 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:** The property management company that will be designated the property manager for the Project and will manage the leasing and



operations of the Project is still to be determined. The property management company will receive a base Management Fee as follows: between 3 and 4% of effective gross income or as determined by competitive interview process for standard rates in the market for similar service.

**Marketing:** Sponsor agrees to include in all public marketing materials and websites for the Project a reference to the affordability provisions and Section 8 and other rental assistance voucher acceptance.

**Miscellaneous Expenses:** Tenant will be responsible for and will include in the Project Budget all legal fees and financial advisor fees of the PFC 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:** Travis County Facilities Corporation.

**PFC Structuring Fee:** The PFC, or one of its affiliates, will receive a structuring fee equal to \$250,000 on the Closing Date of the Project in return for providing the transactional structure described in this Term Sheet.

**Plans and Specifications:** The PFC, Tenant, and lenders will have the right to review and approve the Plans and Specifications for Project once they are materially completed, the approval of which will not be unreasonably withheld, conditioned or delayed. Once they have approved the conceptual and/or schematic design for the Project, the PFC may not object to such design Plans and Specifications, unless a subsequent modification materially and adversely affects the design character or value of the Project.

**Project:** The Project will be the Land and Improvements, to be developed by Developer.

**Project Budget:** The Project Budget will be finalized and approved by all parties to the transaction prior to the Closing Date, and will include the proposed sources of funds that will be needed to develop, construct, lease up 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 hard and soft costs incurred in connection with the Project.

**Project Financing:** The PFC will provide the leasehold estate for the Project to the Tenant pursuant to a Lease Agreement. The Lease Agreement will be prepared once the lenders are identified and will include commercially reasonable provisions required by the lenders, which may include a

requirement the PFC subordinate its interests in the Project (except for its rights to reimbursement and indemnification), including the leasehold and fee interests in the Project.

### Loans

For the Project, Sponsor 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 if required, a lien on the PFC's fee interest in the Project. Sponsor may also obtain subordinated 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 Leasehold interest, a lien on the PFC's fee interest in the Project or membership interests in the Tenant or Equity Partner.

All financings and guarantees must be acceptable to Sponsor and the Tenant in their sole and absolute discretion.

### Equity

Equity Investor and Sponsor Investor will invest approximately the amount shown in the Project Budget in cash. The Equity Investor and Sponsor Investor will be paid from Cash Flow and will at all times be subordinate to the Loans. The Equity Investor and Sponsor Investor will receive a return hurdle which is expected to be approximately 9% on their initial contributions and will be repaid their investment from a Capital Event before any "**Promote**". Accordingly, Cash Flow splits may adjust after the payment of the hurdle returns.

### **Project Term:**

The "**Project Term**" is initially from the execution of the Lease for a period of 75 years. Tenant may extend the term of the Lease to 99 years in the event the Tenant rehabilitates the Project after the 15<sup>th</sup> year and spends greater than 15% of the fair market value of the Project (excluding land value) on such renovations. Tenant may terminate the Lease at its option 40 years after the Project stabilizes upon a payment of a fee equal to 7% of the then fair market value of the Project. 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 PFC choose to sell the Project at the end of the Project Term, the Tenant shall assist the PFC in the sale of the Project.

Notwithstanding the foregoing, the Project Term shall terminate early with the first to occur of the following: (i) a foreclosure causing the Project to be transferred to the foreclosing lender, (ii) a loss of Tax Status Event that permits the Project to be transferred to the Tenant, or (iii) any time 40 years after the Project stabilizes at Tenant's option,

upon payment of a fee equal to 7% of the then fair market value of the Project, appraised without consideration of the tax exemption.

- Project:** Approximately 101 units of multifamily housing to be built on the Land and operated as proposed by this Term Sheet, located in Travis County, Texas, and shown on the parcel map attached as Exhibit A hereto.
- Refinancing Event:** Any refinancing of any loan, or receipt of any insurance or condemnation proceeds (other than business interruption or similar type of insurance or condemnation proceeds which cover a temporary taking of all or any portion of the Project and after such proceeds are applied to the rebuilding, repair or replacement of the Project) which occurs before the initial Sales Event.
- Rent:** Tenant will pay PFC rent of \$74,393 ( $\$21,500,000 \times .8 \times .20 \times 2.1626 \div 100$ ), commencing six months after the Project stabilizes, which is defined as reaching 90% occupancy, which shall be the start of Year 1. Thereafter payments shall increase by 3.0% per year. Rent will be paid annually, in full, on the first of the month following six months after stabilization and every 12 months thereafter. The annual Rent will be subordinated to debt service but shall be paid before any distribution to Equity Investor or Sponsor Investor. Upon the initial Sale Event, rent shall be adjusted to equal the Sale Price  $\times 80\% \times 20\%$  multiplied by the then applicable ad valorem tax rate for the Project.
- Sale Event:** A sale of the Project (including any proposed assignment of the entire Lease) to a third party for consideration or a sale or assignment of greater than 50% of the interests in the Tenant or an entity that controls or has a greater than 50% ownership interest in the Tenant (excluding assignments to affiliates or transfers pursuant to or for estate planning purposes) to a third party for consideration. A Sale Event shall be in the sole discretion of Tenant.
- Sale Price:** The sales price received by the Tenant for a Sale Event.
- Sales Tax:** The PFC will as General Contractor (which it will subcontract to Master Subcontractor) be responsible to for the purchase of materials for the construction of the Project so that the purchases will be exempt from all sales and use taxes pursuant to Applicable Law.
- Sponsor Investor:** An affiliate of Sponsor that is a member of Tenant.
- Tenant:** A single purpose Texas or Delaware limited liability company, which will be controlled by Sponsor Investor and Equity Investor.

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*

DEVELOPER:

HEARTWOOD MANAGEMENT, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

PFC:

TRAVIS COUNTY FACILITIES CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

Property





**FRONTIER VALLEY 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 January 5, 2023 (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 FRONTIER VALLEY APARTMENTS IN  
PARTNERSHIP WITH HEARTWOOD MANAGEMENT, LLC, TO BE  
LOCATED AT APPROXIMATELY 1418 FRONTIER VALLEY DRIVE;  
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 January 5, 2023.

\_\_\_\_\_  
Secretary



**RESOLUTION INDUCING THE FRONTIER VALLEY APARTMENTS IN PARTNERSHIP WITH HEARTWOOD MANAGEMENT, LLC, TO BE LOCATED AT APPROXIMATELY 1418 FRONTIER VALLEY DRIVE; 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, Heartwood Management, LLC or its affiliate (the “User”), has requested that (i) the Corporation finance the acquisition, construction, and equipping of a proposed 101-unit multifamily housing facility to be located at approximately 1418 Frontier Valley Drive and to be known as the Frontier Valley 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; and

(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 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).

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.

\* \* \*