

Austin Affordable PFC, Inc. Meeting

Thursday, September 21, 2017

12:00 noon

at

HACA's Central Office

1124 S. IH-35

Austin, TX 78704

**REVISED PUBLIC NOTICE OF A MEETING
TAKE NOTICE OF A BOARD OF DIRECTORS
REGULAR BOARD MEETING
OF THE AUSTIN AFFORDABLE PFC, INC.**

**TO BE HELD AT
HACA's Central Office
1124 S. IH 35, Austin, Texas
(512.477.4488)**

COMMENCING AT 12:00 NOON ON THURSDAY, SEPTEMBER 21, 2017, TO CONDUCT BUSINESS AS FOLLOWS:

**CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM**

Tyra Duncan-Hall, Chairperson

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Director and considered at another appropriate time on this agenda. Placement on the Consent Agenda does not limit the possibility of any presentation, discussion, or action at this meeting. Under no circumstances does the Consent Agenda alter any requirements under Chapter 551 of the Texas Government Code, Texas Open Meetings Act.

CONSENT AGENDA

APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

ITEM 1: Presentation, Discussion, and Possible Action regarding the Approval of a Board Minutes Summary for the Board Meeting held on August 17, 2017

Michael Gerber
President & CEO

ACTION ITEMS

APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

ITEM 2: Presentation, Discussion, and Ratification of Resolution No. 24: Resolution Declaring Intent to Issue Bonds to provide financing for a Multifamily Residential Rental Development for Persons of Low and Moderate Income (Bridges At Cameron); prescribing certain Terms and Conditions of such Bonds; authorizing the filing of an application for Allocation of Private Activity Bonds with the Texas Bond Review Board; and containing other provisions relating to the Subject

Ron Kowal
VP Housing Development/Asst
Mgmt

ITEM 3: Presentation, Discussion, and Possible Action of Resolution No. 37: Resolution Authorizing the Issuance, Sale and Delivery of a Multifamily Housing Governmental Note (Harris Ridge Apartments) Series 2017; approving the form and substance of and authorizing the execution and delivery of documents and instruments necessary to carry out the financing of such Multifamily Rental Residential Development; and containing other provisions relating to the Subject

Ron Kowal
VP Housing Development/Asst
Mgmt

REPORTS

Update on AAPFC Activities

EXECUTIVE SESSION

The Board may go into Executive Session (close its meeting to the public) Pursuant to:

- a. § 551.071, Texas Gov't Code, consultations with Attorney regarding legal advice, pending or contemplated litigation; or a settlement offer;
- b. §551.072, Texas Gov't Code, discussion about the purchase, exchange, lease or value of real property;
- c. §551.074, Texas Gov't Code, discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.
- d. §551.077, Texas Gov't Code, discuss certain economic development negotiations.

OPEN SESSION

If there is an Executive Session, the Board will return to Open Session for discussion, consideration and possible action of matters discussed in Executive Session.

ADJOURNMENT

*The Austin Affordable Public Facility Corporation (AAPFC) Board of Commissioners reserves the right to discuss and consider items out of order on the agenda on an as needed basis.

The Austin Affordable Public Facility Corporation is committed to compliance with the Americans with Disability Act. Reasonable modifications and equal access to the communications will be provided upon request. Meeting locations are planned with wheelchair access. If requiring Sign Language Interpreters or alternative formats, please give notice at least 2 days (48 hours) before the meeting date. Please call Judy Paciocco or Nidia Hiroms at HACA at 512.477.4488, for additional information; TTY users route through Relay Texas at 711. For more information on AAPFC, please contact Nidia Hiroms at 512.477.4488 x 2104.

"Pursuant to § 30.06, Penal Code, (trespass by holder of license with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun."

"Pursuant to § 30.07, Penal Code (trespass by holder of license with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly."

"En virtud del § 30.06, Código Penal, (traspaso titular de licencia con una pistola), una persona bajo el subcapítulo H, capítulo 411, código de gobierno (Ley de licencia de arma o pistola), no se permiten en este reunión con una arma o pistola."

"En virtud del § 30.07, Código Penal (prevaricación por titular de la licencia con un arma o pistola abiertamente llevado), una persona bajo el subcapítulo H, capítulo 411, código de gobierno (Ley de licencia de arma o pistola), no se permiten en esta reunión con un arma o pistola que lleva abiertamente."

**AUSTIN AFFORDABLE PFC, INC.
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

CONSENT

AGENDA ITEM NO. 1

**Presentation, Discussion, and Possible Action regarding
the Approval of Board Minutes Summary for Board
Meeting held on August 17, 2017**

September 21, 2017

**AUSTIN AFFORDABLE PFC., INC
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

AUGUST 17, 2017

SUMMARY OF MINUTES

THE AUSTIN AFFORDABLE PFC., INC. (AAPFC) BOARD OF DIRECTORS PUBLIC MEETING NOTICE WAS POSTED FOR 12:00 NOON ON THURSDAY, AUGUST 17, 2017 AND WAS HELD AT HACA'S CENTRAL OFFICE, 1124 S. IH 35, AUSTIN, TEXAS

CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM

The Board of Directors Regular Board Meeting of the Austin Affordable PFC., Inc. of August 17, 2017, was called to order by Dr. Tyra Duncan-Hall, HACA 2nd Vice Chairperson, at 12:10 p.m. The meeting was held at HACA's Central Office, 1124 S. IH 35, Austin, Texas

Roll call certified a quorum was present.

MEMBERS PRESENT:

Dr. Tyra Duncan-Hall, Chairperson
Isaac Robinson, Vice Chairperson
Edwina Carrington, 2nd Vice-Chairperson

MEMBER(S) ABSENT:

Carl S. Richie, Jr., Director
Charles Bailey, Director

STAFF PRESENT:

Ann Gass, Andrea Galloway, Barbara Jackson, Catherine Crago, Gloria Morgan, Kelly Crawford, Judy Paciocco, Martha Ross, Michael Cummings, Michael Gerber, Michael Roth, Nidia Hiroms, Ron Kowal and Sylvia Blanco.

CONSENT AGENDA

APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

ITEM 1A: Presentation, Discussion, and Possible Action regarding the Approval of a Board Minutes Summary for the Board Meeting held on May 18, 2017

Director Carrington moved to approve the Board Minutes Summary for the Board Meeting held on May 18, 2017 as presented. **Director Robinson** seconded the motion. The motion passed. (3-Ayes and 0-Nays).

ITEM 1B WAS PULLED OFF OF THE CONSENT AGENDA.

ITEM 1B: Presentation, Discussion, and Possible Action of Resolution No. 35: Declaring Intent to Issue Bonds to Provide Financing for a Multi-family Residential Rental Development for Persons of Low and Moderate Income (Pathways at Chalmers - South); prescribing certain Terms and Conditions of such Bonds; Authorizing the Filing of an Application for Allocation of Private Activity Bonds with the Texas Bond Review Board; and Containing Other Provisions Relating to the Subject

Director Robinson moved to approve Resolution No. 35: Declaring Intent to Issue Bonds to Provide Financing for a Multi-family Residential Rental Development for Persons of Low and Moderate Income (Pathways at Chalmers - South); prescribing certain Terms and Conditions of such Bonds; Authorizing the Filing of an Application for Allocation of Private Activity Bonds with the Texas Bond Review Board; and Containing Other Provisions Relating to the Subject. **Director Carrington** seconded the motion. The motion passed. (3-Ayes and 0-Nays).

ADJOURNMENT

Director Carrington moved to adjourn the meeting. **Director Robinson** seconded the motion. The Motion passed unanimously.

The meeting adjourned at 12:42 p.m.

Tyra Duncan-Hall, Chairperson

Michael G. Gerber, Secretary

**AUSTIN AFFORDABLE PFC, INC.
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

AGENDA ITEM NO. 2

Presentation, Discussion, and Ratification of Resolution No. 24: Resolution Declaring Intent to Issue Bonds to provide financing for a Multifamily Residential Rental Development for Persons of Low and Moderate Income (Bridges At Cameron); prescribing certain Terms and Conditions of such Bonds; authorizing the filing of an application for Allocation of Private Activity Bonds with the Texas Bond Review Board; and containing other provisions relating to the Subject

AUSTIN AFFORDABLE PFC, INC.

BOARD ACTION REQUEST

RESOLUTION NO. 24

Austin Affordable PFC, Inc.

MEETING DATE: September 21, 2017

STAFF CONTACT: Ron Kowal, Vice President, Austin Affordable Housing Corporation

ITEM TITLE: Presentation, Discussion, and Ratification of Resolution No. 24: Resolution Declaring Intent to Issue Bonds to provide financing for a Multifamily Residential Rental Development for Persons of Low and Moderate Income (Bridges At Cameron); prescribing certain Terms and Conditions of such Bonds; authorizing the filing of an application for Allocation of Private Activity Bonds with the Texas Bond Review Board; and containing other provisions relating to the Subject

BUDGETED ITEM: N/A

TOTAL COST: \$25,000,000 Bond Amount

ACTION

Motion to approve the ratification of Resolution No. 24 increasing the bond issuance for the Bridges at Cameron to \$25,000,000.

SUMMARY

In March of 2016, the board of the Austin Affordable PFC approved Resolution No. 24 to issue bonds in the amount of \$20,000,000 on the Bridges at Cameron. AAHC will be partnering with LDG Multifamily LLC to develop this 263 unit family project located at 9206 Cameron Road. This project will consist of 20 one bedroom and one bath units and 159 two bedroom and two bath units serving tenants at or below 60% of median family income and 84 three bedroom 2 bath units.

Due to the volatile equity market since the election, the debt financing had to be restructured to offset equity pricing and increased interest rates. Given the concern about the timing of the inducement and given the flexibility provided in the resolution approved by the Board in March of 2016, counsel believes that the staff had the ability to increase the bond amount for purposes of submission to the Texas Bond Review Board. However, for the transaction to move forward and close, a ratification of this action, increasing the bond amount to \$25,000,000 is required by the Board of Austin Affordable PFC, Inc., and reflects the action that is being requested of the Board today.

COATS | ROSE

A PROFESSIONAL CORPORATION

August 17, 2017

Mr. Michael Gerber
Austin Affordable PFC, Inc.
1124 S. IH 35
Austin, Texas 78704

Re: Bridges at Cameron
Texas Bond Review Board Application

Dear Mr. Gerber:

We represent Austin Affordable PFC, Inc. (the “**Issuer**”) as bond counsel in connection with the pending Bridges at Cameron transaction (the “**Development**”). The development team contemplates that the construction financing for the development will be comprised of tax-exempt bonds (the “**Bonds**”) and related 4% housing tax credits. The Issuer has determined to issue and sell the Bonds for the purpose of lending the proceeds thereof to LDG Bridges at Cameron, LP (the “**Borrower**”). To this end, the Issuer adopted an inducement resolution for the Development on March 24, 2016 (“**Inducement Resolution**”). The Inducement Resolution authorized the Issuer to apply for a bond reservation for the Development in an amount of up to \$20,000,000. The Issuer applied and received a bond reservation in the amount of \$20,000,000.

Subsequent to the adoption of the Inducement Resolution, and following the presidential election, the tax credit equity markets suffered severe turmoil, which turmoil continued until early 2017. Given the uncertain equity market, the financing team was unable to move the Development to a closing within the timeframe required by the initial bond reservation. More importantly, in refining the financial projections for the transaction based upon current financial conditions, the developer’s pro forma reflects that approximately \$25,000,000 in bond proceeds are required for the Development to meet the “50% test” and receive housing tax credits for the entirety of the Development units. Per the Internal Revenue Code, at least 50% of the Development’s aggregate basis must be financed by volume cap tax-exempt bonds for the entire eligible basis of the project to be exempt from the state housing agency’s competitive 9% tax credit allocation process (and, thereby be fully eligible to claim the 4% credits). In short, absent issuing bonds in an amount sufficient to meet the 50% test, the Development is financially infeasible. As such, the prior bond reservation was returned to the Texas Bond Review Board (“**BRB**”), so that a new application can be made in an amount to make the transaction viable.

BRB staff has made us aware that time is now of the essence in making a new application for a \$25,000,000 reservation from the BRB. While in recent years tax-exempt bond cap has been readily available, this year following the August 15 category collapse, the BRB received applications for over \$1,252,677,266 in new reservations. BRB staff advises that it is likely that

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4810-8342-7149.v1

the remainder of 2017 volume cap will be oversubscribed. In the event that the cap is exhausted before the Issuer receives a new reservation, the Development will be rendered inviable by loss of construction financing sources and loss of site control.

In order to proceed with an updated BRB application, the Issuer requires an updated inducement resolution providing for an application of \$25,000,000 in bond proceeds. Section 9 of the Inducement Resolution provides as follows:

“Section 9. Notwithstanding any other provision of this Resolution, the officers of the Issuer are each hereby authorized to make or approve such revisions to this Resolution and in the form of the documents hereby approved, in the opinion of Bond Counsel, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution; and approval of such changes by the Issuer shall be indicated by such officers’ execution of the documents.”

Insofar as the availability of BRB resources appears to be rapidly dwindling, and the feasibility of the Development depends on receipt of a bond reservation in the amount of \$25,000,000, we recommend that for the sole purpose of timely making a new application to the BRB, the Inducement Resolution be revised to reflect a \$25,000,000 (as pursuant to Section 9 of the Inducement Resolution) and a new application submitted as soon as possible. Please let us know if this course of action is acceptable to you as an officer of the Issuer. If so we will proceed, and will further require that the amended inducement resolution be ratified at the next available board meeting of the Issuer.

Please contact me if you have any questions or concerns about the foregoing.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'W. D. Walter, Jr.', with a long horizontal flourish extending to the left.

William D. Walter, Jr.

Cc: Mr. Ron Kowal
Mr. Jim Ewbanks
Mr. Barry Palmer

RESOLUTION NO. 24 OF AUSTIN AFFORDABLE PFC, INC.

RESOLUTION DECLARING INTENT TO ISSUE BONDS TO PROVIDE FINANCING FOR A MULTIFAMILY RESIDENTIAL RENTAL DEVELOPMENT FOR PERSONS OF LOW AND MODERATE INCOME (BRIDGES AT CAMERON); PRESCRIBING CERTAIN TERMS AND CONDITIONS OF SUCH BONDS; AUTHORIZING THE FILING OF AN APPLICATION FOR ALLOCATION OF PRIVATE ACTIVITY BONDS WITH THE TEXAS BOND REVIEW BOARD; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Board of Commissioners of the Housing Authority of the City of Austin (the "**Unit**") has, pursuant to the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "**Act**"), approved and created the Austin Affordable PFC, Inc., a nonprofit corporation (the "**Issuer**");

WHEREAS, on November 5, 2012, the Issuer's Certificate of Formation was filed with the Secretary of State of the State of Texas;

WHEREAS, the Issuer, on behalf of the Unit is empowered to issue bonds to finance, refinance, or provide one or more public facilities, as such term is defined in the Act, which projects will be within the Unit's boundaries, including Austin, Texas;

WHEREAS, LDG Bridges at Cameron, LP, a to-be-formed Texas limited partnership, or such other limited partnership as the sole member of the general partner of the User designates (the "**User**"), has requested that the Issuer finance a low income multifamily housing project consisting of approximately 252 units to be located at approximately 9201 Cameron Road, Austin, Texas (the "**Project**") within the boundaries of the Unit in Austin, Texas, and further that the Issuer adopt this Resolution with respect to the acquisition, construction, and installation of the Project;

WHEREAS, the User has advised the Issuer that a contributing factor which would further induce the User to proceed with providing for the acquisition and construction of the Project would be a commitment and agreement by the Issuer to issue revenue bonds pursuant to the Act (the "**Bonds**") to finance and pay for the Project;

WHEREAS, in view of a shortage of decent, safe and sanitary housing for persons and families of low income at prices or rentals that they can afford, it is considered essential that construction of the Project be completed at the earliest practicable date, but at the same time, the User wishes to begin construction of the Project after satisfactory assurances from the Issuer, subject to the conditions set forth herein, that the proceeds of the sale of the Bonds, or other obligations, of the Issuer in an amount necessary to pay the costs of the Project will be made available to finance the Project; and

WHEREAS, the Issuer finds, intends, and declares that this Resolution shall constitute its official action, subject to the conditions set forth herein, to issue Bonds, or other obligations, pursuant to the Act in an amount prescribed by the User not to exceed the maximum aggregate principal amount of \$25,000,000 for tax-exempt obligations and to expend the proceeds thereof to acquire, construct, and install the Project and to pay all expenses and costs of the Issuer in connection with the issuance of the Bonds; and

WHEREAS, in order to finance and pay for the Project through the issuance of revenue bonds, the interest on which is excludable from the gross income of the holders thereof under the Internal Revenue Code of 1986, as amended (the "**Code**"), the Issuer must submit an Application for Allocation of Private Activity Bonds or an Application for Carryforward for Private Activity Bonds (the "**Application**") to the Texas Bond Review Board (the "**TBRB**") for a reservation of state ceiling available to "**private activity bonds**" (as defined in the Code) for a calendar year;

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUSTIN AFFORDABLE PFC, INC. THAT:

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

(a) Issue the Bonds, and if the User and the Issuer agree, other evidences of indebtedness providing temporary financing of the Project, which will be issued after the date hereof and be refunded by the Bonds pursuant to the Act, or any other Texas legislation heretofore or hereafter enacted which may provide a suitable method of financing in addition to or in substitution for the Act.

(b) Cooperate with the User with respect to the issuance of the Bonds, and, if arrangements therefor satisfactory to the User and the Issuer can be made, the Issuer will take such action and authorize the execution of such documents and will take such further action as may be necessary or advisable for the authorization, execution, and delivery of any contracts or agreements deemed necessary or desirable by the User or the Issuer in connection with the issuance of the Bonds (collectively, the "**Contracts**"), providing among other things for payment of the principal of, interest on, redemption premiums, paying agents' charges, and Trustee's fees, if any, on the Bonds; payment of fees and charges of the Issuer or the Unit; acquisition, construction, and improvement of the Project or reimbursement of Project costs; and use, operation, and maintenance of the Project (and the execution of any appropriate and necessary guaranty agreements), all as shall be authorized, required, or permitted by law and as shall be mutually satisfactory to the Issuer, the Unit, and the User.

(c) If the proceeds from the sale of the Bonds are insufficient, take such actions and execute such documents as may be necessary to permit the issuance from time to time in the future of additional bonds on terms which shall be set forth therein, whether on a parity with other series of bonds or otherwise, for the purpose of paying the costs of completing the acquisition, construction, and installation of the Project, as requested by the User and within then applicable limitations.

(d) 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.

The Bonds shall specifically provide that neither the State of Texas, the Unit, nor any political issuer, subdivision, or agency of the State of Texas shall be obligated to pay the same or the interest thereon and that neither the faith and credit nor the taxing power of the State of Texas, the Unit, or any political issuer, subdivision, or agency thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

The obligation of the Issuer to issue the Bonds is specifically subject to satisfaction of each of the following conditions:

(i) the receipt of a ruling from the Internal Revenue Service or an opinion from nationally recognized bond counsel, substantially to the effect that the interest on the Bonds is excludable from gross income tax purposes under existing law;

(ii) approval of the Bonds by all other governmental agencies required to approve the Bonds including, but not limited to, approval of the Bonds by the Mayor of the City of Austin, Texas, the Attorney General of the State of Texas and any other applicable governmental authority; and

(iii) any other conditions reasonably imposed by the Issuer.

Section 2. The Issuer hereby authorizes the submission of an Application to the TBRB for a reservation of the state ceiling for "private activity bonds" for program year 2016 (or other available bond funds administered by the TBRB) and each subsequent calendar year at the User's request to finance the Project. Any officer of the Issuer is hereby authorized to execute and submit an Application to the TBRB in such form as may be approved by the TBRB for such purpose.

Section 3. It is understood by the Issuer and the Unit, and the User has represented to the Issuer, that in consideration of this Resolution and by filing the Application, and subject to the terms and conditions hereof, the User has agreed that:

(a) Prior to the sale of the Bonds in one or more series or issues from time to time as the Issuer and the User shall hereafter agree to in writing, the User will enter into the Contracts with the Issuer under the terms of which the User will obligate itself to pay to the Issuer (or to a Trustee, as the case may be) sums sufficient in the aggregate to pay the principal of, interest on, redemption premiums, paying agents' fees, and Trustee's fees, if any, on the Bonds, as and when the same become due and payable, with such contract to contain the provisions described in Section 1 hereof and such other provisions as may be required or permitted by law and to be mutually acceptable to the Issuer and the User.

(b) The User will (1) pay all Project costs which are not or cannot be paid or reimbursed from the proceeds of the Bonds and (2) at all times, indemnify and hold harmless the Issuer against all losses, costs, damages, expenses, and liabilities of whatsoever nature (including but not limited to 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 issuance, offering, sale, or delivery of the Bonds, or the design, construction, installation, operation, use, occupancy, maintenance, or ownership of the Project.

(c) The User will provide to the Issuer all information required to be submitted to the TBRB and any other governmental agencies for approval of the Project or the Bonds and will execute all necessary documents in connection therewith.

Section 4. The Issuer finds, determines, recites and declares that the issuance of the Bonds to provide financing for the Project will promote the public purposes set forth in Section 303 of the Act, including, without limitation, assisting persons of low and moderate income to obtain decent, safe and sanitary housing at rentals they can afford.

Section 5. Neither the User nor any other party is entitled to rely on this Resolution as a commitment to loan funds, and the Issuer reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Issuer 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 of the Bonds shall have any claim against the Issuer whatsoever as a result of any decision by the Issuer not to issue the Bonds.

Section 6. It is recognized and agreed by the Issuer that the User may exercise its rights and perform its obligations with respect to the financing of the Project either through (i) itself in its own name; (ii) any of its wholly-owned subsidiaries; (iii) any "related person" as defined in Section 144(a)(3) of the Code; or (iv) any legal successor thereto, respectively, subject to approval of the Issuer's bond counsel and, provided that suitable guaranties necessary or convenient for the

marketability of the Bonds shall be furnished, if required by the Issuer, and all references to the User shall be deemed to include the User acting directly through itself or any such approved entities.

Section 7. This Resolution is affirmative of official action taken by the Issuer towards the issuance of the Bonds within the meaning of Sections 1.1038(a)(5)(i) and (ii) and 1.150-2, Title 26, Code of Federal Regulations, as amended, and applicable rulings of the Internal Revenue Service thereunder, to the end that Bonds issued to reimburse Project costs may qualify for the exemption provisions of Section 142(a)(7) of the Code and that the interest on the Bonds will therefore be excludable from the gross incomes of the holders thereof under the provisions of Section 103(a)(1) of the Code.

Section 8. The Issuer hereby authorizes the filing and any resubmission of an Application with the TBRB, and that Coats, Rose, Yale, Ryman & Lee, P.C. be designated as the authorized representative of the Issuer for purposes of an Application (“**Bond Counsel**”). Any officer of the Issuer is hereby authorized and directed to execute an Application on behalf of the Issuer and to take any and all other actions related to such Application or necessary or desirable to carry out the provisions of this Resolution, including any further revisions to this Resolution.

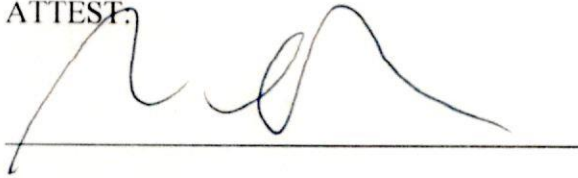
Section 9. Notwithstanding any other provision of this Resolution, the officers of the Issuer are each hereby authorized to make or approve such revisions to this Resolution and in the form of the documents hereby approved, in the opinion of Bond Counsel, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution; and approval of such changes by the Issuer shall be indicated by such officers’ execution of the documents.

[Remainder of page left blank for signature]

PASSED this 24th day of March, 2016.

Isaac Robinson
CHAIR

ATTEST:

A handwritten signature in black ink, consisting of a series of loops and curves, is written over a horizontal line.

**AUSTIN AFFORDABLE PFC, INC.
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

AGENDA ITEM NO. 3

Presentation, Discussion, and Possible Action of Resolution No. 37: Resolution Authorizing The Issuance, Sale And Delivery Of A Multifamily Housing Governmental Note (Harris Ridge Apartments) Series 2017; Approving The Form And Substance Of And Authorizing The Execution And Delivery Of Documents And Instruments Necessary To Carry Out The Financing Of Such Multifamily Rental Residential Development; And Containing Other Provisions Relating To The Subject

AUSTIN AFFORDABLE PFC, INC.

BOARD ACTION REQUEST

RESOLUTION NO. 37

MEETING DATE: September 21, 2017

STAFF CONTACT: Ron Kowal

ITEM TITLE: Presentation, Discussion, and Possible Action regarding Resolution No. 37 authorizing the issuance, sale and delivery of multifamily housing revenue bonds (Harris Ridge Apartments), Series 2017; Authorizing the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily residential rental development; and containing other provisions relating to the subject.

BUDGETED ITEM: NA

TOTAL COST: Not Applicable

ACTION

Motion to Approve Resolution 37: Presentation, Discussion, and Possible Action regarding Resolution No. 37, authorizing the issuance, sale and delivery of multifamily housing revenue bonds (Harris Ridge Apartments), Series 2017; Authorizing the execution and delivery of documents and instruments necessary to carry out the financing of such multifamily residential rental development; and containing other provisions relating to the subject.

SUMMARY

The Board of Commissioners of the Austin Affordable PFC, Inc., on December 15, 2016 passed resolution number 30 declaring its intent to issue bonds to provide financing for a multifamily residential rental development for the Harris Ridge Apartments. Austin Affordable Housing Corporation, will partner with the NRP group, LLC to develop a 24+/- acre tract of land located at the intersection of Howard Lane and Dessau Road. The project (Harris Ridge Apartments) will consist of 324 family units serving tenants at or below 60% of median family income. The development will use a mixture of 4% tax credits and bonds to finance the development with a total project cost of approximately \$51,000,000. The planned development will consist of 12 one bedroom and one bath units, 132 two bedroom and two bath units, 144 three bedroom and two bath units, 36 four bedroom and two bath units. All units will be marketed to HACA's Housing Choice Voucher residents. HACA, through its Public Facility Corporation is requesting the approval of an issuance of tax-exempt bonds in an amount not to exceed \$38,000,000. This approval will begin the initial process to submit applications for tax credits and bond approval, and staff will be presenting back to the Board in future months on the progress and specifically any and all agreements and approvals. Staff will bring this matter fully back to the Board for final approval to proceed, likely mid-year 2017.

Resolution No. 37 authorizes the Austin Affordable PFC, Inc. to issue Multifamily Housing Revenue Bonds for Harris Ridge Apartments Series 2017, and authorizes the execution and delivery of those documents necessary to carry out the financing of the multifamily repairs and renovations.

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

We, the undersigned officers of the Board of Commissioners (the "Board") of AUSTIN AFFORDABLE PFC, INC. (the "**Governmental Lender**"), hereby certify as follows:

1. The Board convened in session (the "**Meeting**") on the 21st day of September, 2017, at a meeting place within the boundaries of the Authority, and the roll was called of the duly constituted officers and members of the Board, to-wit:

Carl S. Richie, Chairperson
Charles C. Bailey, Vice- Chairperson
Edwina Carrington, Commissioner
Dr. Tyra Duncan-Hall, Commissioner
Isaac Robinson, Commissioner
Michael Gerber, Secretary

and all of said persons were present at said meeting . Among other business considered at the Meeting, the attached resolution (the "**Resolution**") entitled:

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A MULTIFAMILY HOUSING GOVERNMENTAL NOTE (HARRIS RIDGE APARTMENTS) SERIES 2017; APPROVING THE FORM AND SUBSTANCE OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS NECESSARY TO CARRY OUT THE FINANCING OF SUCH MULTIFAMILY RENTAL RESIDENTIAL DEVELOPMENT; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

was introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be passed; after due discussion, the motion, carrying with it the passage of the Resolution, prevailed and carried by the following vote:

AYES:

NAYS:

ABSTENTIONS:

2. A true, full, and correct copy of the Resolution as passed is attached to and follows this certificate; the Resolution has been duly recorded in the Board minutes of the Meeting; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated; 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 that the Resolution would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; the Meeting was open to the public as required by law; and public notice of the time, place, and subject of the Meeting was given as required by Chapter 551, Government Code, as amended.

SIGNED: September 21, 2017.

Vice President

Secretary

RESOLUTION NO. 37

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF A MULTIFAMILY HOUSING GOVERNMENTAL NOTE (HARRIS RIDGE APARTMENTS) SERIES 2017; APPROVING THE FORM AND SUBSTANCE OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS NECESSARY TO CARRY OUT THE FINANCING OF SUCH MULTIFAMILY RENTAL RESIDENTIAL DEVELOPMENT; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, Austin Affordable PFC, Inc. (the "**Governmental Lender**") has been duly created and organized pursuant to and in accordance with the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "**Act**"), for the purpose of assisting the Housing Authority of the City of Austin (the "**Sponsor**") in financing, refinancing or providing public facilities; and

WHEREAS, the Act authorizes the Governmental Lender: (a) to make loans to any person to provide financing for rental residential developments located within the corporate limits of the City of Austin, Texas (the "**City**"), and intended to be occupied substantially (at least 90 percent) by persons of low and moderate income, as determined by the Governmental Lender; (b) to borrow funds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with any such borrowing by the Governmental Lender; and (c) to pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the repayment of any such borrowing by the Governmental Lender; and

WHEREAS, the Board of Directors of the Governmental Lender (the "**Board**") has determined to authorize the issuance, sale and delivery of its Multifamily Housing Governmental Note (Harris Ridge Apartments) Series 2017 (the "**Governmental Note**") pursuant to and in accordance with the terms of a Funding Loan Agreement dated as of October 1, 2017 (the "**Funding Loan Agreement**"), between the Governmental Lender, BOKF, N.A., as fiscal agent (the "**Fiscal Agent**") and Harris Ridge Instrument Purchaser LLC, as initial funding lender (the "**Funding Lender**"), for the purpose of lending the proceeds thereof to Harris Ridge Apartments, Ltd., a Texas limited partnership (the "**Borrower**"), to provide financing for the acquisition, construction and equipping of a multifamily residential rental development to be known as Harris Ridge Apartments to be located within the City at the southwest corner of Howard Lane and Dessau Road, 78753, described more fully on Exhibit A attached hereto (the "**Project**"), all in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board, by resolution adopted on December 15, 2016, declared its intent to provide financing for the Project; and

WHEREAS, in order to assist in carrying out such acquisition, construction and equipping of the Project, the Board has determined that the Governmental Lender shall enter into a Project Loan Agreement dated as of October 1, 2017 (the "**Project Loan Agreement**"), between the Governmental Lender, Fiscal Agent and the Borrower, pursuant to which (i) the Governmental Lender will agree to make a mortgage loan funded with the proceeds of the Governmental Note (the "**Mortgage Loan**") to the Borrower to enable the Borrower to finance the cost of acquisition, construction and equipping of the Project and related costs, and (ii) the Borrower will execute and deliver to the Governmental Lender a promissory note (the "**Multifamily Note**") in an original principal amount equal to the original aggregate principal amount of the Governmental Note, and providing for payment of interest on such

principal amount equal to the interest on the Governmental Note and to pay other costs described in the Agreement; and

WHEREAS, in order to assure compliance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the "**Code**"), the Governmental Lender will require the Borrower to enter into a Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2017 (the "**Regulatory Agreement**") with respect to the Project; and

WHEREAS, it is anticipated that the Multifamily Note will be secured by a Leasehold Deed of Trust (with Security Agreement, Assignment of Rents and Fixture Filing) (the "**Mortgage**") from the Borrower for the benefit of the Governmental Lender; and

WHEREAS, the Governmental Lender's rights (except for certain reserved rights) under the Mortgage Loan, including the Multifamily Note and the Mortgage, will be assigned to the Fiscal Agent, as its interests may appear, pursuant to an Assignment of Deed of Trust and Loan Documents (the "**Assignment**") between the Governmental Lender and the Fiscal Agent and acknowledged, accepted and agreed to by the Borrower; and

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

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

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

WHEREAS, with respect to notes issued by the Governmental Lender, the AER is the Mayor of the City; and

WHEREAS, notice of a public hearing with respect to the Governmental Note and the Project held by the Governmental Lender on July 11, 2017, was published no less than 14 days before such date in a newspaper of general circulation available to residents within the City; and

WHEREAS, the Board held such public hearing on the date and at the time and place set out in such published notice, and conducted such hearing in a manner that provided a reasonable opportunity for persons with differing views on the issuance of the Governmental Note and the Project to be heard; and

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

NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF AUSTIN AFFORDABLE PFC, INC. THAT:

Section 1.—Public Hearing. The Board hereby finds, determines, recites and declares that a public hearing with respect to the Governmental Note and the Project was held on July 11, 2017; that notice of such public hearing was published no less than 14 days before such date in a newspaper of general circulation available to residents within the City; that such notice included the date, time and place of the public hearing, the location, general nature and the initial owner of the Project and the maximum aggregate principal amount of the Governmental Note; and that all comments from interested persons were taken at such public hearing and were provided to the AER .

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

Section 3.—Interest Rate, Principal Amount, Maturity and Price. The officers of the Governmental Lender are hereby authorized to fix and determine the interest rate, principal amount, maturity and price of the Governmental Note, all of which determinations shall be conclusively evidenced by the execution and delivery by such officers of the Funding Loan Agreement; provided, however, that: (a) the interest rate on the Governmental Note shall not exceed 7% per annum, subject to adjustment as provided in the Funding Loan Agreement; provided that, in no event shall the interest rate on the Governmental Note (including any default interest rate) exceed the maximum interest rate permitted by applicable law; (b) the aggregate principal amount of the Governmental Note shall not exceed \$38,000,000; and (iii) the final maturity of the Governmental Note shall occur not later than December 31, 2040.

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

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

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

Section 7.–Determination of Moderate Income. The Board has heretofore determined and hereby confirms, in accordance with the Act, for purposes of the Project, until revised by the Board, that the maximum amount constituting moderate income shall be 80% of area median income, as established by the Government al Lender.

Section 8.–Acceptance of the Mortgage and the Multifamily Note. That the Mortgage and the Multifamily Note are hereby accepted by the Governmental Lender; and that the President and any Vice President of the Governmental Lender are each hereby authorized to endorse the Multifamily Note to the order of the Fiscal Agent, without recourse.

Section 9.–Execution and Delivery of Other Documents. The officers of the Governmental Lender are each hereby authorized to execute and deliver such other agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 10 .–Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the officers of the Governmental Lender are each hereby authorized to make or approve such revisions to this Resolution and in the form of the documents hereby approved, in the opinion of Bond Counsel, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution; and approval of such changes by the Governmental Lender shall be indicated by such officers' execution of the documents.

Section 11 .–Incorporation of Preamble. The recitals in the preamble of this Resolution are true, correct and complete in all material respects and each and all of such recitals and the findings therein are hereby incorporated by reference to the same extent as if set forth herein in full.

Section 12. – Submission to the Attorney General of Texas. The Board hereby authorizes the submission by Bond Counsel to the Attorney General of Texas, for approval as required under Chapter 1202, Texas Government Code, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Governmental Note.

Section 13. – Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the Governmental Note to assist in the financing of the Project will promote the public purposes set forth in Chapter 392 and Section 394.002 of the Act and will accomplish a valid public purpose of the Governmental Lender by assisting persons of low and moderate income in the City to obtain decent, safe and sanitary housing at affordable prices, thereby helping to relieve unemployment, to preserve and increase the tax base of the City, and to reduce public expenditures for crime prevention and control, public health, welfare and safety and for other valid public purposes.

Section 14 .-- Limited Obligations. The Governmental Note and the interest thereon shall be limited obligations of the Governmental Lender payable solely from the revenues, funds and assets pledged under the Agreement to secure payment of the Governmental Note and under no circumstances shall the Governmental Note be payable from any other revenues, funds, assets or income of the Governmental Lender.

Section 15. -- Ratification of Certain Prior Actions. All other prior actions taken for or on behalf of the Governmental Lender in connection with the Governmental Note are hereby ratified, confirmed and approved.

Section 16. -- Approval Conditions. The actions and obligations authorized in this Resolution shall be subject to and conditioned up on receipt by the Governmental Lender on the date of delivery of the Governmental Note of the appropriate opinions of Bond Counsel with respect to the Governmental Note.

Section 17.-- Information Return for Tax Exempt Private Activity Bonds. The Board further directs that an officer of the Governmental Lender submit or cause to be submitted to the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Governmental Note is issued, a statement containing the information required by Section 149(e) of the Code.

Section 18. --Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

PASSED AND APPROVED this September 21, 2017.

[*End of Resolution.*]

Exhibit A

PROJECT AND BORROWER

Borrower: Harris Ridge Apartments, Ltd., a Texas limited partnership

Project: 324-unit multifamily residential rental development to be known as Harris Ridge Apartments

The Project will be located at the southwest corner of Howard Lane and Dessau Road, Austin, Texas 78753. It will consist of 12 residential apartment buildings with approximately 346,800 net rentable square feet. The unit mix will consist of:

12	one-bedroom/one-bath units
132	two-bedroom/two-bath units
144	three-bedroom/two-bath units
<u>36</u>	four-bedroom/two-bath units
324	Total Units

**AUSTIN AFFORDABLE PFC, INC.
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

Recess into Executive Session Pursuant to

- a) § 551.071, Texas Gov't Code, consultations with Attorney regarding legal advice, pending or contemplated litigation; or a settlement offer;**
- b) §551.072, Texas Gov't Code, discussion about the purchase, exchange, lease or value of real property;**
- c) §551.074, Texas Gov't Code, discuss the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee;**
- d) §551.087, Texas Gov't Code, discuss certain economic development negotiations.**

Return to Open Session for discussion, consideration and possible action of matters discussed in Executive Session

**AUSTIN AFFORDABLE PFC, INC.
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

Adjournment

September 21, 2017