

# **AUSTIN AFFORDABLE HOUSING CORPORATION**



## **BOARD OF DIRECTORS Regular Meeting**

**Thursday, November 15, 2018  
12:00 PM**

**HACA Central Offices  
1124 S. IH 35  
Austin, TX**

**PUBLIC NOTICE OF A MEETING  
TAKE NOTICE OF A BOARD OF DIRECTORS  
REGULAR BOARD MEETING  
OF THE AUSTIN AFFORDABLE HOUSING CORPORATION**

**TO BE HELD AT  
HACA Central Offices  
1124 S. IH 35  
Austin, TX  
(512.477.4488)**

**Thursday, November 15, 2018**

**12:00 PM**

**CALL TO ORDER, ROLL CALL**

**CERTIFICATION OF QUORUM**

**CONSENT ITEMS**

1. Presentation, Discussion, and Possible Action regarding the Approval of a Board Minutes Summary for the Board Meeting held on October 17, 2018

**ACTION ITEMS**

2. Presentation, Discussion, and Possible Action regarding Amended and Restated Resolution No. 111 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:
  - i. Facilitate the acquisition of the Terracina Apartments (the “Development”), which consists of multifamily housing units and associated amenities in Austin, Texas to be ground-leased from the Housing Authority of the City of Austin;
  - ii. Cause AAHC’s subsidiary limited liability company (the “Owner”) to own the Development;
  - iii. Cause the Owner to enter into acquisition and development financing for the Development; and
  - iv. Cause AAHC and/or the Owner to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein

**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. 551.087, 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.

## **REPORTS**

The Board accepts the following reports:

- President's Report
- Other Staff Reports
- Commissioners' Reports/Questions to the Department Staff

## **ADJOURNMENT**

"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 de 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.

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\*The Housing Authority of the City of Austin (HACA) Board of Commissioners reserves the right to discuss and consider items out of order on the agenda on an as needed basis.

The Housing Authority of the City of Austin 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 HACA, please contact Nidia Hiroms at 512.477.4488 x2104.

**AUSTIN AFFORDABLE HOUSING CORPORATION**

**BOARD ACTION REQUEST**

**ITEM NO. 1.**

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**MEETING DATE:** November 15, 2018

**STAFF CONTACT:** Ron Kowal, Vice President of Housing Development/Asset Mgmt

**ITEM TITLE:** Presentation, Discussion, and Possible Action regarding the Approval of a Board Minutes Summary for the Board Meeting held on October 17, 2018

**BUDGETED ITEM:** N/A

**TOTAL COST:** N/A

**ACTION**

The Board is being asked to review and approve the Board Minutes Summary for the Board Meeting held on October 17, 2018.

**ATTACHMENTS:**

- ▣ **20181017 AAHC Minutes Summary**

**AUSTIN AFFORDABLE HOUSING CORPORATION  
BOARD OF DIRECTORS  
REGULAR BOARD MEETING**

**OCTOBER 17, 2018  
SUMMARY OF MINUTES**

THE AUSTIN AFFORDABLE HOUSING CORPORATION (AAHC) BOARD OF DIRECTORS PUBLIC MEETING NOTICE WAS POSTED FOR 12:00 NOON ON WEDNESDAY, OCTOBER 17, 2018, AND WAS HELD AT THE HACA CENTRAL OFFICE, 1124 S. IH 35, AUSTIN, TX

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

The Board of Directors Regular Board Meeting of the Austin Affordable Housing Corporation, of **October 17, 2018**, was called to order by Carl S. Richie, Jr., HACA Chairperson, at 12:09 pm. The meeting was held at the HACA Central Office, 1124 S. IH 35, Austin, TX

Roll call certified a quorum was present.

**MEMBERS PRESENT:**

Tyra Duncan-Hall, President  
Mary Apostolou, Vice-President  
Edwina Carrington, 2<sup>nd</sup> Vice-President  
Carl S. Richie, Jr., Director

**MEMBER(S) ABSENT**

Charles Bailey, Director

**STAFF PRESENT:**

Ann Gass, Andrea Galloway, Judy Paciocco, Lisa Garcia, Michael Cummings, Michael Gerber, Nidia Hiroms, Pilar Sanchez, Ron Kowal, and Sylvia Blanco

**ALSO IN ATTENDANCE:**

Jim Ewbank, Cokinos, Bosien & Young  
Arthur Troilo, Troilo Law Firm  
Bill Walter, Coats Rose

**CITIZENS COMMUNICATION - NONE.**

**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 September 20, 2018**

2<sup>nd</sup> Vice-President Carrington moved to Approve the Board Minutes Summary for the Board Meeting held on September 20, 2018. Vice-President Apostolou seconded the motion. The motion Passed (4-Ayes and 0-Nays).

**ACTION ITEMS**

**APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS**

**ITEM 2: Presentation, Discussion, and Possible Action regarding Resolution No. 113: by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:**

- a. Facilitate the development of the Elysium Apartments, which will consist of affordable housing units and associated amenities built upon land to be ground-leased from the Housing Authority of the City of Austin;
- b. Cause AAHC’s wholly owned, subsidiary limited liability company, Elysium Grand GP, LLC (the “General Partner”), to execute an amended and restated agreement of limited partnership of Elysium Grand, LP (the “Partnership”) and other related documents;
- c. Cause the Partnership to enter into development financing for the Project; and
- d. Cause AAHC and/or the General Partner and/or the Partnership to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.

Austin Affordable Housing Corporation was presented an opportunity to partner with HLD Texas, LLC (an entity of LDG Multifamily, LLC), Saigebrook Development, LLC, and O-SDA Industries, LLC to develop a 7.1 acre tract of land located at 3300 Oak Creek Drive and Mopac Expressway in Austin. The development will be in an extremely high opportunity area where the average median income is \$85,417. This 90 unit family project will consist of 69 units targeting 30%-60% of median family income and 21 units for market rate housing. The development will be home to 25 project based HUD-VASH Vouchers

from HACA. The VASH vouchers will include a 15-year HAP contract from the Department of Housing and Urban Development (HUD) with a 15 year option to extend. An onsite case manager will be provided by the Veteran's Administration and will be available to these residents.

Unit Distribution will consist of 19 – One Bedrooms; 53 – Two Bedrooms; and 18 – Three Bedrooms.

The financing for this development will be a combination of 4% Housing Tax Credits, Tax Exempt Bonds, City of Austin General Obligation Bonds (GOB) and a conventional first mortgage. The City of Austin has approved a GOB amount of \$3,320,000.

**Vice-President Apostolou** moved to Approve Resolution No. 113: by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate the development of the Elysium Apartments. **President Duncan-Hall** seconded the motion. The motion Passed (4-Ayes and 0-Nays).

**ITEM 3: Presentation, Discussion, and Possible Action regarding Resolution No. 114: by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:**

- a. **Facilitate the development of Pathways at Salina Apartments (the "Development"), which consists of multifamily housing units and associated amenities in Austin, Texas to be ground-leased from the Housing Authority of the City of Austin;**
- b. **Cause AAHC's subsidiary limited liability company, Pathways at Salina Apartments, LLC (the "Owner"), to own the Development;**
- c. **Cause the Owner to enter into development financing for the Development; and**
- d. **Cause AAHC and/or the Owner to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.**

The conversion process to RAD will allow HACA to address the needed repairs and renovations determined by a third party physical needs assessment. Salina Apartments will receive updates to the common areas including the community building, laundry room and courtyard, as well as work in the maintenance shop.

**2<sup>nd</sup> Vice-President Carrington** moved to Approve Resolution No. 114: by the Board of Directors of Austin Affordable Housing Corporation ("AAHC") authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate the development of Pathways at Salina Apartments. **Vice-President Apostolou** seconded the motion. The motion Passed (4-Ayes and 0-Nays).

**ITEM 4: Presentation, Discussion, and Possible Action to ratify the prior action of the Boar taken on September 20, 2018, regarding the approval of the Santa Rita RAD transaction (Amended Resolution #108) and amended amount of the gap financing loan ("Gap Loan") from AAHC in a principal amount not to exceed \$1,300,000**

The Board was asked to undertake a ratification vote in relation to Amended Resolution #108, due to the lack of public notice that the loan amount was amended from \$1,000,000 to \$1,300,000.

At the September 2018 Board Meeting, Commissioners were provided with updated financial information regarding a Gap Loan necessary for Santa Rita to be converted utilizing HUD's Rental Assistance Demonstration program. In the materials provided to the Board prior to the September 2018 meeting, staff expected that the loan amount necessary to close this transaction would be up to \$1,000,000. Given interest rate increases and other financial market concerns, staff determined that a slightly larger loan may be necessary, and recommended that the Board amend its resolution at the September Board Meeting and increase the authorized loan amount to \$1,300,000. On the advice of counsel, and to ensure that the public receives proper and full notification, the Board is being asked to ratify its action from the September 2018 Meeting, approving an amended Gap Loan in the amount of \$1,300,000.

**2<sup>nd</sup> Vice-President Carrington** moved to Approve a ratification in relation to Amended Resolution #108, due to the lack of public notice that the loan amount was amended from \$1,000,000 to \$1,300,000.

**President Duncan-Hall** seconded the motion. The motion Passed (4-Ayes and 0-Nays).

#### **EXECUTIVE SESSION**

The Board did not recess into Executive Session.

#### **REPORTS**

None presented.

#### **ADJOURNMENT**

**Vice-President Apostolou** moved to adjourn the meeting. **2<sup>nd</sup> Vice-President Carrington** seconded the motion. The motion Passed (4-Ayes and 0-Nays).

The meeting adjourned at 1:46 pm.

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Michael G. Gerber, Secretary

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Tyra Duncan-Hall, President

# AUSTIN AFFORDABLE HOUSING CORPORATION

## BOARD ACTION REQUEST

### RESOLUTION NO. 111

#### ITEM NO. 2.

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**MEETING DATE:** November 15, 2018

**STAFF CONTACT:** Ron Kowal, Vice President of Housing Development/Asset Mgmt

**ITEM TITLE:** Presentation, Discussion, and Possible Action regarding Amended and Restated Resolution No. 111 by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to:

- Facilitate the acquisition of the Terracina Apartments (the “Development”), which
  - i. consists of multifamily housing units and associated amenities in Austin, Texas to be ground-leased from the Housing Authority of the City of Austin;
  - ii. Cause AAHC’s subsidiary limited liability company (the “Owner”) to own the Development;
  - iii. Cause the Owner to enter into acquisition and development financing for the Development; and
  - iv. Cause AAHC and/or the Owner to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein

**BUDGETED ITEM:** No

**TOTAL COST:** N/A

#### ACTION

On September 20th, 2018, the Board of the Austin Affordable Housing Corporation (AAHC) approved Resolution 111, authorizing AAHC to partner with Enterprise Community Partners and Austin Housing Conservancy (ACT), to purchase the Terracina Apartments. As part of this approval, the resolution authorized a loan amount to purchase not to exceed \$14,500,000. During final loan approval process, the Terracina Apartments appraised for a higher value allowing the partnership to borrow additional proceeds and offset the amount of capital needed to close. This resolution is asking the board to amend and restate Resolution No. 111 to allow loan proceeds not to exceed \$16,000,000.00.

#### SUMMARY

***Background:***

Terracina Apartments is a 170-unit apartment complex built in 1971. Located at 8100 North Mopac Drive, the property is situated in one of the highest opportunity areas of Austin, Texas. Community amenities include two swimming pools with gazebo’s and outdoor kitchen, a large two story clubhouse with full kitchen and business



center. A 24-hour fitness center, three 24-hour laundry facilities and covered parking. The property is home to many major employers in and around the area and feeds into the desirable NW Austin schools of Doss elementary, Murchison Middle School and Anderson High School. This property will accept Housing Choice Vouchers upon acquisition.

### **Unit mix**

74 one bedroom one bath units ranging from 702 square feet to 759 square feet

96 two bedrooms and two baths units ranging from 944 square feet to 1343 square feet

### ***Process:***

N/A

### ***Staff Recommendation:***

Staff recommends the Board of Directors of the Austin Affordable Housing Corporation approve Resolution No. 111, amending and restating the loan amount not to exceed \$16,000,000. thereby allowing the partnership to borrow additional proceeds and offset the amount of capital needed to close.

## RESOLUTION NO. 111

An Amended and Restated Resolution by the Board of Directors of Austin Affordable Housing Corporation (“AAHC”) authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to facilitate the acquisition and development of the Terracina apartment development.

**WHEREAS**, AAHC is contemplating the acquisition of the Terracina apartment development (the “**Development**”);

**WHEREAS**, AAHC previously adopted a resolution for the Development, which AAHC desires to amend and restate pursuant to the terms hereof;

**WHEREAS**, as part of the proposed ownership structure for the Development, AAHC desires to form a Texas limited liability company to act as the owner (the “**Owner**”);

**WHEREAS**, AAHC will capitalize its ownership interest in the Owner in an amount not to exceed \$1,000,000;

**WHEREAS**, in connection with the acquisition and operation of the Development, the Owner desires to obtain site control of the land comprising the site of the Development (the “**Land**”) from the Housing Authority of the City of Austin (“**HACA**”), by entering into a ground lease (“**Ground Lease**”) with HACA for the Development;

**WHEREAS**, the Owner desires to enter into a bridge loan and/or permanent loan with Bellwether Enterprise Real Estate Capital, LLC (or an affiliate thereof), whereby the Owner will borrow a sum not to exceed \$16,000,000 (“**Loan**”), in order to finance the acquisition of the Development;

**WHEREAS**, the Loan will each be made pursuant to a promissory note to be secured, *inter alia*, by a deed of trust, UCC financing statements, certificates, affidavits, directions, amendments, indemnifications, notices, requests, demands, waivers, and any other assurances, instruments, or other communications executed in the name of and on behalf of the Owner as may be deemed to be necessary or advisable in order to carry into effect or to comply with the requirements of the instruments approved or authorized by these resolutions in connection with the Loan (“**Loan Documents**”);

**NOW, BE IT RESOLVED**, that all of the documents, instruments, or other writing executed by AAHC (both individually and in a representative capacity as identified in these resolutions), in consummation of the transactions herein described (both individually and in a representative capacity as identified in these resolutions), including, but not limited to, (i) the Ground Lease and Loan Documents and (ii) any and all such additional documents executed

to consummate the transactions contemplated herein (collectively, the "**Transaction Documents**") shall be in form and substance approved by the Executing Officer (as such term is hereinafter defined), both individually and in a representative capacity as identified in these resolutions, his/her approval of each such instrument to be conclusively evidenced by his execution thereof; and it is further,

**RESOLVED**, that AAHC (both individually and in a representative capacity as identified in these resolutions), review, execute and approve all other documents necessary to effectuate the foregoing transactions, all on such terms and containing such provisions as the Executing Officer shall deem appropriate, and the approval of the terms of each such instrument herein described by the Executing Officer shall be conclusively evidenced by his/her execution and delivery thereof; and it is further

**RESOLVED**, that the authorization of AAHC and/or Owner to enter into the Transaction Documents and that execution and delivery in the name and on behalf of AAHC and/or the Owner, by any of the officers of AAHC of the Transaction Documents, in the form as so executed and delivered is hereby approved, ratified and confirmed; and it is further

**RESOLVED**, that any officer of AAHC (each an "**Executing Officer**"), acting alone without the joinder of any other officer, is hereby authorized and directed for and on behalf, and as the act and deed of AAHC and/or Owner, to execute and deliver all other documents and other writings of every nature whatsoever in connection with the development of the Development, including but not limited to, the Transaction Documents, as the Executing Officer deems necessary in order to carry into effect the intent and purposes of these resolutions, and any other instruments approved by the Executing Officer (acting in a representative capacity as identified in these resolutions, acting individually and on behalf of the Holding Company), executing same, his/her approval of each such instrument to be conclusively evidenced by his/her execution thereof, and to take such other action in the consummation of the transactions herein contemplated as the Executing Officer acting shall deem to be necessary or advisable, without the necessity of attestation by the secretary or other officer or director, and any and all acts heretofore taken by the Executing Officer to such end are hereby expressly ratified and confirmed as the acts and deeds of AAHC and/or Owner, effective as of the date such action was taken; and it is further

**RESOLVED**, that action by any of the officers of AAHC, and any person or persons designated and authorized so to act by any such officer, to do and perform, or cause to be done and performed, in the name and on behalf of AAHC and/or the Owner, or the execution and delivery, or causing to be executed and delivered, such other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications, in the name and on behalf of AAHC or otherwise, as they, or any of them, may deem to be necessary or advisable in order to carry into effect the intent of the foregoing resolutions or to comply with the requirements of the instruments approved or authorized by the foregoing resolutions is hereby approved,

ratified and confirmed; and it is further

**RESOLVED**, that the Board of Directors finds the actions authorized by these resolutions may reasonably be expected to directly or indirectly benefit AAHC; and it is further

**RESOLVED**, that the Owner be promptly notified in writing by the Secretary or any other officer of AAHC or any change in these resolutions, and until it has actually received such notice in writing, the Owner is authorized to act in pursuance of these resolutions.

**PASSED, APPROVED AND ADOPTED** this 15th day of November, 2018.

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Carl S. Richie, Jr., Chairperson

ATTEST:

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Michael G. Gerber, Secretary