

AUSTIN AFFORDABLE HOUSING CORPORATION



BOARD OF DIRECTORS Regular Meeting

**Thursday, April 18, 2024
12:00 PM**

HACA Central Office, 1124 S. Interstate Highway 35

To attend the meeting via ZOOM dial: 1 346 248 7799 Meeting ID: 833 2673

9421 Passcode: 067156 <https://bit.ly/3PWLn0q>

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 Office, 1124 S. Interstate Highway 35
To attend the meeting via ZOOM dial: 1 346 248 7799 Meeting ID: 833 2673 9421 Passcode:
067156 <https://bit.ly/3PWLn0q>
Austin, TX
(512.477.4488)**

Thursday, April 18, 2024

12:00 PM

CALL TO ORDER, ROLL CALL

CERTIFICATION OF QUORUM

Public Communication (Note: There will be a three-minute time limitation)

CONSENT AGENDA

Items on the Consent Agenda may be removed at the request of any Commissioner 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 ITEMS

1. Presentation, Discussion, and Possible Action regarding the Approval of the Board Minutes Summary for the Board Meeting held on March 21, 2024

ACTION ITEMS

2. Presentation, Discussion and Possible Action on Resolution No. 00246 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) amend and restate the ground lease for the site of the Urban East Apartments Phase II (the “Development”), which will consist of multifamily housing units and associated amenities to be built upon land in Austin, Texas; (ii) cause AAHC’s subsidiary limited liability company (the “Managing Member”) to cause the limited liability company that owns the Development, Urban East Multifamily QOZB—Phase 2, LLC (the “Owner”), to enter into development financing for the Development; and (iii) cause AAHC and/or the Managing Member 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 will receive program updates from the President/CEO and other senior 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.

*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 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.

MEETING DATE: April 18, 2024

STAFF CONTACT: Michael Gerber, President & CEO

ITEM TITLE: Presentation, Discussion, and Possible Action regarding the Approval of the Board Minutes Summary for the Board Meeting held on March 21, 2024

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 March 21, 2024.

ATTACHMENTS:

- ▣ **20240215 AAHC Minutes Summary**

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

MARCH 21, 2024

SUMMARY OF MINUTES

THE AUSTIN AFFORDABLE HOUSING CORPORATION (AAHC) BOARD OF DIRECTORS ANNUAL MEETING NOTICE WAS POSTED FOR 12:00 PM ON THURSDAY, MARCH 21, 2024, AND WAS HELD AT THE PATHWAYS AT CHALMERS COURTS EAST, 1700 E. 3RD STREET, AUSTIN, TX AND VIRTUALLY

CALL TO ORDER, ROLL CALL, CERTIFICATION OF QUORUM

The Board of Directors Annual Board Meeting of the Austin Affordable Housing Corporation, of March 21, 2024, was called to order by Dr. Tyra Duncan-Hall, Director at 12:19 pm. The meeting was held at the Pathways at Chalmers Courts East, 1700 E. 3rd Street, Austin, TX 78702

Roll call certified a quorum was present.

MEMBERS PRESENT:

Edwina Carrington, Chairperson (via Zoom)
Charles Bailey, Vice-Chairperson (via Zoom)
Mary Apostolou, 2nd Vice-Chairperson
Carl S. Richie, Jr., Director (via Zoom)
Dr. Tyra Duncan-Hall, Director

MEMBER(S) ABSENT:

ALSO IN ATTENDANCE:

Lauren Aldredge, Cokinis Law Firm

STAFF PRESENT:

Ann Gass, Barbara Chen, Jimi Teasdale, Jorge Sanchez, Keith Swenson, Kelly Crawford, Leilani Lim-Villegas, Lisa Garcia, Michael Cummings, Michael Gerber, Nidia Hiroms, Nora Velasco, and Ron Kowal

PUBLIC COMMUNICATION – (3 minute time limit)

NONE

Public communication was opened up during each item on the agenda. No one provided any communication during any of the items.

CONSENT ITEMS

APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

ITEM 1: Presentation, Discussion, and Possible Action regarding the Approval of the Board Minutes Summary for the Board Meeting held on February 15, 2024

2nd Vice-Chairperson Apostolou moved to Approve the Board Minutes Summary for the Board Meeting held on February 15, 2024. Vice-Chairperson Bailey seconded the motion. The motion Passed (5-Ayes and 0-Nays).

ITEM 2: Presentation, Discussion, and Possible Action regarding Resolution No. 00244: Approval to ratify all actions taken by the Board of Directors during FYE 2024, in order to resolve any irregularities which may have occurred regarding a quorum or vote by the Directors as reflected within the approved minutes and resolution

Upon past advisement of legal counsel, Resolution No. 00244 was drafted to ensure all actions taken by the Board during FYE 2024 be ratified, thus ensuring resolution of any irregularities during the voting process taken by the Directors. This is an action that is presented for board action on an annual basis.

This Resolution resolves any irregularities in the voting process found in the Board meeting minutes and/or resolutions, and all actions taken during the 2023-2024 Fiscal Year by the Board of Directors are fully enforceable.

2nd Vice-Chairperson Apostolou moved to Approve Resolution No. 00244: Approval to ratify all actions taken by the Board of Directors during FYE 2024, in order to resolve any irregularities which may have occurred regarding a quorum or vote by the Directors as reflected within the approved minutes and resolution. Vice-Chairperson Bailey seconded the motion. The motion Passed (5-Ayes and 0-Nays).

ACTION ITEMS

ITEM 3: Presentation, Discussion, and Possible Action regarding Resolution No. 00245: Election of new Officers for the Austin Affordable Housing Corporation

With the current officer terms expiring at the end of April 2024, and new terms beginning May 1, 2024, it is necessary for the Board to elect new officers for the Austin Affordable Housing Corporation Board of Directors. Resolution No. 00245 approves the following board officers: Chairperson-Edwina Carrington; Vice-Chairperson-Charles Bailey; 2nd Vice-Chairperson-Mary Apostolou.

Vice-Chairperson Bailey moved to Approve Resolution No. 00245: Election of new Officers for the Austin Affordable Housing Corporation. The new officers for AAHC are Chairperson-Edwina Carrington; Vice-Chairperson-Charles Bailey; 2nd Vice-Chairperson-Mary Apostolou. **2nd Vice-Chairperson Apostolou** seconded the motion. The motion Passed (5-Ayes and 0-Nays).

EXECUTIVE SESSION

The Board did not recess into Executive Session.

2nd Vice-Chairperson Apostolou moved to adjourn the meeting. **Vice-Chairperson Bailey** seconded the motion. The motion Passed (5-Ayes and 0-Nays).

The meeting adjourned at 12:50 pm.

Michael G. Gerber, Secretary

Chairperson

AUSTIN AFFORDABLE HOUSING CORPORATION

BOARD ACTION REQUEST

RESOLUTION NO. 00246

ITEM NO. 2.

MEETING DATE: April 18, 2024

STAFF CONTACT: Suzanne Schwertner, Director of Development

ITEM TITLE: Presentation, Discussion and Possible Action on Resolution No. 00246 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) amend and restate the ground lease for the site of the Urban East Apartments Phase II (the “Development”), which will consist of multifamily housing units and associated amenities to be built upon land in Austin, Texas; (ii) cause AAHC’s subsidiary limited liability company (the “Managing Member”) to cause the limited liability company that owns the Development, Urban East Multifamily QOZB—Phase 2, LLC (the “Owner”), to enter into development financing for the Development; and (iii) cause AAHC and/or the Managing Member 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: N/A

TOTAL COST: N/A

ACTION

The Board is being asked to approve Resolution No. 00246 authorizing AAHC to execute any and all documents, or take any other action, that is necessary or desirable to: (i) amend and restate the ground lease for the site of the Urban East Apartments Phase II (the “Development”), which will consist of multifamily housing units and associated amenities to be built upon land in Austin, Texas; (ii) cause AAHC’s subsidiary limited liability company (the “Managing Member”) to cause the limited liability company that owns the Development, Urban East Multifamily QOZB—Phase 2, LLC (the “Owner”), to enter into development financing for the Development; and (iii) cause AAHC and/or the Managing Member and/or the Owner to execute any such further documentation as necessary or desirable to allow the consummation of the transactions described herein.

SUMMARY

Background:

Austin Affordable Housing Corporation is being presented with an opportunity to partner with River City Capital Partners (RCCP) and LDG Multifamily on the second phase of a certain 7.34 acre tract of land located at 6400 E. Riverside Drive, Austin, TX 78741. This project (Urban East – Phase II) will consist of 137 family apartment units. Forty percent of the units will be affordable to tenants earning less than 80%

median family income (MFI), 10% at 60% MFI and the remaining 50% will be affordable to tenants earning at or greater than 80% MFI.

The Board approved the first phase of Urban East in November of 2020. It is now complete with lease up in process. Leasing traffic has been steady and occupancy has surpassed 15%.

This will be our fourth time collaborating with RCCP. RCCP is an Austin-based developer of innovative residential and commercial urban in-fill projects. Peter Kehle, co-founder is responsible for all aspects of the company's development, financing, construction and acquisition activities. He brings 30 years of experience in these areas. Prior to RCCP, Peter founded Alliance Credit Corporation, a nationwide provider of commercial equipment leasing and accounts receivable factory; Cherokee Construction, a civil construction firm performing private and public works construction in Central Texas; and Kehle Management, Inc., a provider of real estate development services including site selection, market analysis, project design, securing entitlements and financial modeling. Cory Older, co-founder leads investment relations, property acquisition, sales, financial modeling, and accounting. Cory began his career as an Audit Consultant with the big-four accounting firm, Deloitte. After 4 years at Deloitte, he became Controller of Keller Williams Realty International. Cory received the distinct honor of being selected by the Keller Williams Realty executive team to attend the Acton School of Entrepreneurship's MBA program. Upon graduating from this program, Cory returned to Keller Williams Realty International to head up their Commercial Real Estate Division. He later led the Global Property Specialist division and the Young Professionals Division.

Process:

RCCP originally purchased the site because of its Opportunity Zone status. Real estate investments within Opportunity Zones stand to provide investors with meaningful federal and state tax incentives, as a result of the Tax Cuts and Jobs Act of 2017. This parcel was attractive due to the appetite by equity firms to invest in Opportunity Zones.

The land was sold at the closing of Phase I to the Housing Authority of the City of Austin (HACA). Due to the fact that there was a potential to develop two phases of apartment complexes, the parcel was condominiumized into two units, HACA leased one unit to the Phase I partnership and the other unit to the Phase II partnership. That occurred to separate the two phases in every aspect including debt and equity. It also prevented HACA and AAHC from being obligated to participate in the second phase.

Now that Phase I is complete and it is successful in its lease-up/operations, we have agreed to participate in Phase II of the development. Both phases combined will have a total of 518 units. Phase II will have its own clubroom and courtyard with a grilling station and open seating. All other amenities in Phase I will be shared with the Phase II tenants. This would include amenities such as 2 resort-style swimming pools, sun decks, fully equipped gym, outdoor grills, dog park, yoga-fitness studio, mini bowling alley, wi-fi coffee bar and a media conference room.

The development will use debt financing originated by Cadence Bank, a Mississippi banking corporation and equity from a combination of RCCP and Battery Global Advisors (BGA) out of Boston, MA. BGA uses a wide variety of private funds to invest in projects in Opportunity Zones. A large number of their investors are family investors. The total development cost is estimated at \$44,000,000. The equity provided will be an estimated \$22,000,000 which is about 50% of the total cost. The planned development will consist of 114 one bedroom and one bath units and 23 two bedroom and two bath units.

The proposed Development is located in Austin's Riverside submarket, only 5 minutes from Oracle's cloud Campus and about 10 minutes from downtown Austin. Upon completion of the light rail, there will be a stop at the intersection of Riverside Drive and Montopolis Drive. With the transformation of Riverside, this site is well situated for tenants that hold jobs at the many retail stores, office spaces or restaurants along Riverside Drive while still maintaining an affordable rent in a Class A apartment with a large menu of amenities. All units

will be marketed to HACA's Housing Choice Voucher residents. This approval will allow AAHC to complete the closing transaction and start construction.

Unit Breakdown:			
	114	1-bedroom/1-bath	583-676 sq. ft.
	23	2-bedroom/2-bath	983-1,068 sq. ft.

Staff Recommendation:

Staff recommends approval of Resolution No. 00246.

RESOLUTION NO. 00246

A 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: (I) AMEND AND RESTATE THE GROUND LEASE FOR THE SITE OF THE URBAN EAST APARTMENTS PHASE II (THE “DEVELOPMENT”), WHICH WILL CONSIST OF MULTIFAMILY HOUSING UNITS AND ASSOCIATED AMENITIES TO BE BUILT UPON LAND IN AUSTIN, TEXAS; (II) CAUSE AAHC’S SUBSIDIARY LIMITED LIABILITY COMPANY (THE “MANAGING MEMBER”) TO CAUSE THE LIMITED LIABILITY COMPANY THAT OWNS THE DEVELOPMENT, URBAN EAST MULTIFAMILY QOZB—PHASE 2, LLC (THE “OWNER”), TO ENTER INTO DEVELOPMENT FINANCING FOR THE DEVELOPMENT; AND (III) CAUSE AAHC AND/OR THE MANAGING MEMBER AND/OR THE OWNER TO EXECUTE ANY SUCH FURTHER DOCUMENTATION AS NECESSARY OR DESIRABLE TO ALLOW THE CONSUMMATION OF THE TRANSACTIONS DESCRIBED HEREIN

WHEREAS, AAHC is contemplating the development of the Development;

WHEREAS, as part of the ownership structure for the Development, AAHC has formed AAHC Urban East, LLC, a Texas limited liability company (the “**Managing Member**”), to serve as the managing member of Urban East Multifamily QOZB LLC, a Texas limited liability company which entity is the sole member of the Owner (the “**Sole Member**”), and AAHC serves as the sole member of the Managing Member;

WHEREAS, in connection with the acquisition of the Development, the Owner entered into a ground lease (the “**Ground Lease**”) covering the land comprising the site for the Development (the “**Land**”) with the Housing Authority of the City of Austin (“**HACA**”);

WHEREAS, in connection with the construction and development of the Development, the Owner and HACA desire to amend and restate the Ground Lease to add terms related to the Owner’s proposed financing and construction of improvements pursuant to an amended and restated ground lease (the “**Amended Ground Lease**”);

WHEREAS, the Owner may desire to subject the Land to a license agreement with the owner of the adjacent site to allow for reciprocal access to amenities located on the Land and the neighboring property (the “**License Agreement**”);

WHEREAS, the Land is subject to a condominium declaration (the “**Declaration**”), and the Owner, together with HACA and such other owners within the condominium regime, may

desire to amend the Declaration and/or the condominium association's bylaws pursuant to one or more amendments (collectively, the "**Condominium Amendments**");

WHEREAS, the Owner desires to enter into a construction loan with Cadence Bank, a Mississippi banking corporation (the "**Lender**"), whereby the Owner will borrow a sum not to exceed \$23,500,000 ("**Loan**"), in order to finance the construction of the Development;

WHEREAS, the Loan will be made pursuant to a loan agreement, evidenced by a promissory note to be secured, *inter alia*, by a deed of trust encumbering Owner's leasehold interest in the Land and fee interests in the Development, as well as such other documents and instruments (including, without limitation, assignments, consents, estoppels, subordinations, guarantees, security agreements, UCC financing statements, certificates, affidavits, directions, amendments, indemnifications, notices, requests, demands and waivers), and any other assurances, instruments, agreements, 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 (collectively, the "**Loan Documents**");

NOW, BE IT RESOLVED, that all of the documents, instruments, or other writings 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 Amended Ground Lease, the License Agreement, the Condominium Amendments, and the 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/her 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 Managing Member and/or Sole Member and/or Owner to enter into the Transaction Documents and that execution and delivery in the name and on behalf of AAHC and/or Managing Member and/or Sole Member and/or Owner, as applicable, 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 Managing Member and/or Sole Member 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, as applicable, 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 Managing Member, the Sole Member, and the Owner, as applicable), 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 Managing Member and/or Sole Member 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 Managing Member and/or Sole Member and/or Owner, as applicable, 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, agreements 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 and Lender be promptly notified in writing by the Secretary or any other officer of AAHC of any change in these resolutions, and until they have actually received such notice in writing, the Owner and Lender are authorized to act in reliance on and pursuance of these resolutions.

[End of Resolution]

PASSED, APPROVED AND ADOPTED this 18th day of April, 2024.

EDWINA CARRINGTON, CHAIRPERSON

ATTEST:

SECRETARY