

BOARD ACTION REQUEST
MULTIFAMILY FINANCE DIVISION
JUNE 28, 2018

Presentation, discussion, and possible action regarding the Issuance of Multifamily Housing Revenue Bonds (Oaks on Lamar) Series 2018 Resolution No. 18-027 and a Determination Notice of Housing Tax Credits

RECOMMENDED ACTION

WHEREAS, the Board adopted the inducement resolution at the Board meeting of February 22, 2018;

WHEREAS, a Certificate of Reservation was issued on April 6, 2018, with a bond delivery deadline of September 3, 2018;

WHEREAS, the 4% Housing Tax Credit application, sponsored by The Oaks on Lamar GP, LLC and THF Housing Development Corporation was submitted on March 9, 2018;

WHEREAS, in accordance with 10 TAC §1.301(d)(1), the compliance history is designated as a Category 3, and conditions as noted herein were agreed upon by the applicant, and were approved after review and discussion by the Executive Award and Review Advisory Committee (“EARAC”); and

WHEREAS, EARAC recommends the issuance of Multifamily Housing Revenue Bonds (Oaks on Lamar) Series 2018 and the issuance of a Determination Notice;

NOW, therefore, it is hereby

RESOLVED, the issuance of up to \$20,000,000 in tax-exempt Multifamily Housing Revenue Bonds (Oaks on Lamar) Series 2018, Resolution No. 18-027 is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, the issuance of a Determination Notice of \$979,784 in 4% Housing Tax Credits for Oaks on Lamar, subject to conditions noted below and underwriting conditions that may be applicable as found in the Real Estate Analysis report posted to the Department’s website, is hereby approved in the form presented to this meeting;

FURTHER RESOLVED, that the Board accepts the conditions of this issuance, including the conditions noted below and affirms that failure to fulfill these conditions may subject the applicant to penalties, including debarment; and

FURTHER RESOLVED, that staff is authorized, empowered, and directed, for and on behalf of the Department to execute such documents, instruments and writings and perform such acts and deeds as may be necessary to effectuate the foregoing.

1. THF Housing Development and The Related Companies agrees to have a qualified third party ADA and Fair Housing accessibility specialist review all architectural plans to confirm compliance with TDHCA accessibility standards including but not limited to: 2010 ADA Standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" 79 FR 29671, and as modified by 10 TAC Chapter 1, Subchapter B, HUD's Fair Housing Act Design Manual for housing designed and constructed for first occupancy after March 31, 1991, and Development Accessibility Requirements as identified in 10 TAC §10.101(8), by November 1, 2018, or by the time the 60-day post closing documents are submitted to the Department, whichever is earlier, and along with all applications submitted for consideration through December 31, 2018.
2. An independent third-party ADA and Fair Housing specialist(s) will conduct an inspection confirming full compliance of developments in the portfolio currently under construction (including 15241, 17151, 17157, 17158, 17159, 17161, 17604, 17605, and 17606) and for any multifamily 2018 award through the Department. Evidence of the inspections must be submitted when requesting a Final Construction Inspection from the Department. The TDHCA Housing Accessibility Checklist for Common Facilities and Dwelling Units can be utilized to fulfill this requirement and available at: <https://www.tdhca.state.tx.us/pmcomp/inspections/construction.htm>
3. During construction and continuing throughout the compliance period THF Housing Development Corporation and Related Affordable, LLC will conduct monthly partner level calls and/or meetings to ensure timely responses to all compliance related issues including those identified during the construction process.
4. Upon request, from the Department, THF Housing Development Corporation will provide documentation that reflects the implementation of these measures.

BACKGROUND

General Information: The Bonds will be issued in accordance with Texas Government Code, §1372 and under Texas Government Code, §2306, the Department's Enabling Statute (the "Statute"), which authorizes the Department to issue revenue bonds for its public purposes, as defined therein. The Statute provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt or liability of the State of Texas or a pledge or loan of faith, credit or taxing power of the State of Texas.

Oaks on Lamar is located at 8071 North Lamar Boulevard in Austin, Travis County, and proposes the acquisition and rehabilitation of 176 units serving the general population. The property was originally constructed in 1966 and conforms to current zoning. The Certificate of Reservation from the Bond Review Board was issued under the Priority 3 designation, which does not have a prescribed restriction on the percentage of Area Median Family Income ("AMFI") that must be served; however, all of the units will be rent and income restricted at 60% AMFI, with the exception of one employee-occupied unit. Currently, 74 units (or 42%) at Oaks on Lamar are covered by a project based Section 8 HAP contract with another 22 vouchers expected to be received from the Marble Falls Housing Authority. With the additional vouchers, the development would be substantially financed (at 55%) with federally subsidized funding and; therefore, lends itself to the waiver provision under Section 42 to qualify for the acquisition credits considering that the development has not been held by the same owner for at least 10 years. This is discussed in greater

detail in the Real Estate Analysis report. The census tract (0018.04) has a median household income of \$41,213, is in the fourth quartile, and has a poverty rate of 31.3%.

Organizational Structure and Previous Participation: The Borrower is THF Oaks on Lamar, LP and includes the entities and principals as illustrated in Exhibit A. The applicant's portfolio is considered a Category 3 and the previous participation review was deemed acceptable by EARAC, subject to the aforementioned conditions, after review and discussion. EARAC also reviewed the proposed financing and the underwriting report, and recommends issuance of a Determination Notice and an issuance of Multifamily Housing Revenue Bonds.

Public Hearing/Public Comment: A public hearing for the proposed development was conducted by staff on May 1, 2018, and there was no one in attendance. The Department has not received any letters of support or opposition for this development.

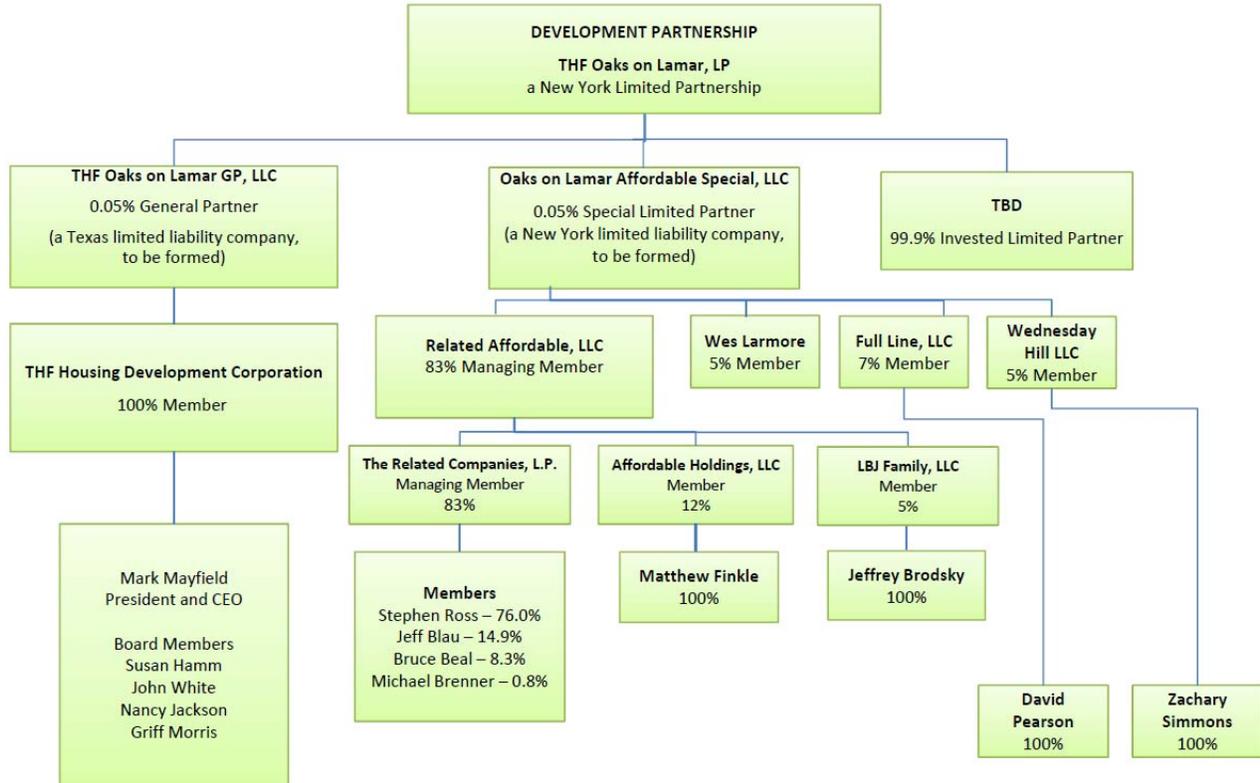
Summary of Financial Structure

This transaction involves a Fannie Mae Multifamily Pass-Through Mortgage-Backed Security ("MBS"). The mortgage loan will be originated by the Department to the Borrower on the closing date and funded with the bond proceeds. Simultaneously with the closing, the loan will be assigned to the Fannie Mae lender (Wells Fargo Multifamily Capital) and the funds used by the lender by which to acquire the loan will be deposited into the collateral account to secure the bonds. In this respect, the transaction mirrors prior FHA 221(d)(4) multifamily transactions where the project will be 100% cash collateralized at all times, thus offering protection for the bondholders. Approximately 10-15 days from the closing date Wells Fargo Multifamily Capital will assign the loan to Fannie Mae and in exchange Fannie will deliver the MBS to the trustee. The trustee will use the funds (loan proceeds from Wells Fargo) in the collateral account to purchase the MBS which will be used to secure the bonds from this point forward. Payments on the bonds will be guaranteed by Fannie Mae.

Under the proposed structure, the Department will issue tax-exempt fixed rate bonds in an amount not to exceed \$20,000,000, but currently sized at \$16,000,000. The bonds will have an interest rate that mirrors the pass-through rate on the MBS, currently estimated to be 3.6%, which does not include servicing or guarantee fees. The loan will have a term of 16 years and a 35-year amortization. The bonds will have a maturity date of December 31, 2036, and are anticipated to have a Aaa rating by Moody's.

A copy of the Exhibits recommend to be approved by the Board as referenced in Resolution No. 18-027 can be found online at TDHCA's Board Meeting Information Center website at <http://www.tdhca.state.tx.us/board/meetings.htm>.

EXHIBIT A



RESOLUTION NO. 18-027

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (FANNIE MAE MBS COLLATERALIZED PASS-THROUGH – OAKS ON LAMAR), SERIES 2018; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the “Department”) has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (the “Act”), for the purpose, among others, of providing a means of financing the costs of residential ownership, development, construction and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the “Board”) from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of its Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Fannie Mae MBS Collateralized Pass-Through – Oaks on Lamar), Series 2018 (the “Bonds”) pursuant to and in accordance with the terms of an Indenture of Trust (the “Indenture”) between the Department and Wilmington Trust, National Association, as trustee (the “Trustee”), for the purpose of obtaining funds to finance the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to THF Oaks on Lamar, LP, a Texas limited partnership (the “Borrower”) in order to finance the cost of acquisition, equipping and rehabilitation of a qualified residential rental development described in Exhibit A attached hereto (the “Development”) located within the State and required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on February 22, 2018, declared its intent to issue its revenue bonds to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas;

WHEREAS, it is anticipated that the Department and the Borrower will execute and deliver a Financing Agreement (the “Financing Agreement”) pursuant to which (i) the Department will agree to make a mortgage loan (the “Loan”) to the Borrower to enable the Borrower to finance the cost of acquisition, equipping and rehabilitation of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the “Note”) in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount sufficient to pay the interest on the Bonds in accordance with the terms of a Multifamily Loan and Security Agreement (Non-Recourse) (the “Loan Agreement”) by and between the Borrower and the Department and to pay other costs described in the Financing Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Multifamily Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the “Mortgage”) from the Borrower for the benefit of the Department; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Financing Agreement (other than for the repayment of principal and interest) will be secured by a Subordinate Multifamily Deed of Trust, Security Agreement and Fixture Filing (the “Subordinate Mortgage”) from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Borrower will obtain a loan from Wells Fargo Bank, National Association, as lender, (the “Lender”), and the Lender will deposit a portion of the proceeds of such loan with the Trustee, to be held by the Trustee as security for the Bonds in accordance with the Indenture; and

WHEREAS, in order to assure compliance with Section 103 and 142 through 150 of the Code, the Board has determined that the Department, the Trustee and the Borrower will execute a Tax Exemption Agreement (the “Tax Exemption Agreement”), in connection with the Bonds, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Bonds as tax exempt from gross income for federal income tax purposes; and

WHEREAS, the Board has determined that the Department, the Trustee, Texas Housing Foundation or a related entity, as fee owner (the “Fee Owner”), and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the “Regulatory Agreement”) with respect to the Development, which will be filed of record in the real property records of Travis County, Texas; and

WHEREAS, the Lender has agreed to permit the Loan and to allow the lien of the Subordinate Mortgage in accordance with the terms of a Subordination Agreement (the “Subordination Agreement”) among the Lender, the Department, the Trustee and the Borrower; and

WHEREAS, the Board has been presented with a draft of, has considered and desires to ratify, approve, confirm and authorize the use and distribution in the public offering of the Bonds of an Official Statement (the “Official Statement”) and to authorize the authorized representatives of the Department to deem the Official Statement “final” for purposes of Rule 15c2-12 of the Securities and Exchange Commission and to approve the making of such changes in the Official Statement as may be required to provide a final Official Statement for use in the public offering and sale of the Bonds; and

WHEREAS, the Board has further determined that the Department will enter into a Bond Purchase Agreement (the “Bond Purchase Agreement”) with Wells Fargo Bank, National Association, as underwriter (the “Underwriter”), the Borrower, and THF Oaks on Lamar, LP, setting forth certain terms and conditions upon which the Underwriter will purchase all of the Bonds from the Department and the Department will sell the Bonds to the Underwriter; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Financing Agreement, the Regulatory Agreement, the Loan Agreement, the Subordination Agreement, the Tax Exemption Agreement, the Official Statement and the Bond Purchase Agreement (collectively, the “Issuer Documents”), all of which are attached to and comprise a part of this Resolution and (b) the Mortgage, the Subordinate Mortgage and the Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article I, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Mortgage, the Subordinate Mortgage and the Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, and Chapter 1371, Texas Government Code, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department’s seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the “Attorney General”) for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the initial purchaser thereof pursuant to the Bond Purchase Agreement.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That the Chair or Vice Chair of the Board or the Executive Director of the Department are hereby authorized and empowered, in accordance with Chapter 1371, Texas Government Code, to fix and determine the interest rate, principal amount and maturity of, the redemption and tender provisions related to, and the price at which the Department will sell to the Underwriter or another party to the Bond Purchase Agreement, the Bonds, all of which determinations shall be conclusively evidenced by the execution and delivery by the Chair or Vice Chair of the Board or the Executive Director of the Department of the Indenture and the Bond Purchase Agreement; provided that the interest rate on the Bonds shall not exceed 6.00%; (ii) the aggregate principal amount of the Bonds shall not exceed \$20,000,000; (iii) the final maturity of the Bonds shall occur not later than December 31, 2036; and (iv) the price at which the Bonds are sold to the initial purchaser thereof under the Bond Purchase Agreement shall not exceed 100% of the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Financing Agreement and the Loan Agreement. That the form and substance of the Financing Agreement and the Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Financing Agreement and the Loan Agreement, and to deliver the Financing Agreement and the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement relating to the Bonds are hereby approved and the

Authorized Representatives are each hereby authorized to execute the Tax Exemption Agreement and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.6 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Regulatory Agreement, and to deliver the Regulatory Agreement to the Fee Owner, the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Travis County, Texas.

Section 1.7 Approval, Execution and Delivery of the Bond Purchase Agreement. That the sale of the Bonds to the Underwriter and/or any other parties pursuant to the Bond Purchase Agreement is hereby approved, that the form and substance of the Bond Purchase Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Bond Purchase Agreement and to deliver the Bond Purchase Agreement to the Borrower, the Underwriter, and/or any other parties to the Bond Purchase Agreement, as appropriate.

Section 1.8 Acceptance of the Note, the Mortgage and the Subordinate Mortgage. That the form and substance of the Note, the Mortgage and the Subordinate Mortgage are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Note without recourse.

Section 1.9 Approval, Execution and Delivery of the Subordination Agreement. That the form and substance of the Subordination Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute, attest and affix the Department's seal to the Subordination Agreement, and to deliver the Subordination Agreement and to cause the Subordination Agreement to be filed of record in the real property records of Travis County, Texas.

Section 1.10 Approval, Execution, Use and Distribution of the Official Statement. That the form and substance of the Official Statement and its use and distribution by the Underwriter in accordance with the terms, conditions and limitations contained therein are hereby approved, ratified, confirmed and authorized; that the Chair and Vice Chair of the Board and the Executive Director of the Department are hereby severally authorized to deem the Official Statement "final" for purposes of Rule 15c2-12 under the Securities and Exchange Act of 1934; that the Authorized Representatives named in this Resolution each are authorized hereby to make or approve such changes in the Official Statement as may be required to provide a final Official Statement for the Bonds; that the Authorized Representatives named in this Resolution each are authorized hereby to accept the Official Statement, as required; and that the use and distribution of the Official Statement by the Underwriter hereby is authorized and approved, subject to the terms, conditions and limitations contained therein, and further subject to such amendments or additions thereto as may be required by the Bond Purchase Agreement and as may be approved by the Executive Director of the Department and the Department's counsel.

Section 1.11 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.12 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized

Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.13 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Financing Agreement
- Exhibit D - Loan Agreement
- Exhibit E - Tax Exemption Agreement
- Exhibit F - Regulatory Agreement
- Exhibit G - Bond Purchase Agreement
- Exhibit H - Note
- Exhibit I - Mortgage
- Exhibit J - Subordinate Mortgage
- Exhibit K - Subordination Agreement
- Exhibit L - Official Statement

Section 1.14 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Deputy Executive Directors of the Department, the Director of Administration of the Department, the Director of Bond Finance and Chief Investment Officer of the Department, the Director of Texas Homeownership Program of the Department, the Director of Multifamily Finance of the Department and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5 Underwriter. That the underwriter with respect to the issuance of the Bonds will be Wells Fargo Bank, National Association, or any other party identified in the Bond Purchase Agreement.

Section 2.6 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the Bond Purchase Agreement and the requirements of Bond Counsel to the Department, provided such engagement is done in accordance with applicable law of the State.

Section 2.7 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Financing Agreement, the Tax Exemption Agreement and the Regulatory Agreement, which require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing the costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan will produce the amounts required, when combined with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds, and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open

Meetings Act, Chapter 551 of the Texas Government Code, and with §2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

[Execution page follows]

PASSED AND APPROVED this 28th day of June, 2018.

[SEAL]

J.B. Goodwin, Chair

ATTEST:

James B. Eccles, Secretary

EXHIBIT A

Description of Development

Borrower: THF Oaks on Lamar, LP, a Texas limited partnership

Development: The Development is a 176-unit affordable multifamily housing development known as Oaks on Lamar, located at 8071 North Lamar Blvd., Austin, Travis County, Texas 78753. It consists of 32 residential apartment buildings with approximately 131,660 net rentable square feet. The unit mix will consist of:

28	one-bedroom/one-bath units
102	two-bedroom/one-bath units
46	three-bedroom/one and one-half bath units
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176	Total Units

Unit sizes will range from approximately 630 square feet to approximately 860 square feet.

18602 Oaks on Lamar - Application Summary

PROPERTY IDENTIFICATION		RECOMMENDATION					
Application #	18602	TDHCA Program		Request		Recommended	
Development	Oaks on Lamar	LIHTC (4% Credit)		\$993,282	\$979,784	\$5,567/Unit	\$0.96
City / County	Austin / Travis						
Region/Area	7 / Urban						
Population	General						
Set-Aside	General						
Activity	Acquisition/Rehab (Built in 1966)	Private Activity Bonds	\$16,000,000	4.75%	35	16	1

KEY PRINCIPAL / SPONSOR		
<ul style="list-style-type: none"> Mark Mayfield / THF Housing Development Corp. Wes Larmore / The Related Companies, LP 		
Related Parties	Contractor - Yes	Seller - No

TYPICAL BUILDING ELEVATION/PHOTO



UNIT DISTRIBUTION			INCOME DISTRIBUTION		
# Beds	# Units	% Total	Income	# Units	% Total
Eff	-	0%	30%	-	0%
1	28	16%	40%	-	0%
2	102	58%	50%	-	0%
3	46	26%	60%	175	100%
4	-	0%	MR	-	0%
TOTAL	176	100%	TOTAL	175	99%

PRO FORMA FEASIBILITY INDICATORS			
Pro Forma Underwritten		Applicant's Pro Forma	
Debt Coverage	1.23	Expense Ratio	47.9%
Breakeven Occ.	85.7%	Breakeven Rent	\$1,008
Average Rent	\$1,118	B/E Rent Margin	\$110
Property Taxes	Exempt	Exemption/PILOT	0%
Total Expense	\$6,146/unit	Controllable	\$4,762/unit

SITE PLAN



MARKET FEASIBILITY INDICATORS			
Gross Capture Rate (10% Maximum)	3.4%		
Highest Unit Capture Rate	11%	2 BR/60%	57
Dominant Unit Cap. Rate	11%	2 BR/60%	57
Premiums (↑60% Rents)	N/A	N/A	
Rent Assisted Units	96	55% Total Units	

DEVELOPMENT COST SUMMARY			
Costs Underwritten	TDHCA's Costs - Based on PCA		
Avg. Unit Size	748 SF	Density	12.2/acre
Acquisition		\$74K/unit	\$13,000K
Building Cost	\$41.50/SF	\$31K/unit	\$5,464K
Hard Cost		\$38K/unit	\$6,737K
Total Cost		\$158K/unit	\$27,830K
Developer Fee	\$3,283K	(72% Deferred)	Paid Year: 9
Contractor Fee	\$943K	30% Boost	Yes

REHABILITATION COSTS / UNIT			
Site Work	\$2K	6%	Finishes/Fixtures \$17K 45%
Building Shell	\$7K	20%	Amenities \$1K 4%
HVAC	\$4K	11%	Total Exterior \$11K 32%
Appliances	\$2K	5%	Total Interior \$24K 68%

DEBT (Must Pay)					CASH FLOW DEBT / GRANT FUNDS					EQUITY / DEFERRED FEES	
Source	Term	Rate	Amount	DCR	Source	Term	Rate	Amount	DCR	Source	Amount
Wells Fargo Multifamily Capital	16/35	4.75%	\$16,000,000	1.23						Wells Fargo Multifamily Capital	\$9,453,976
										Oaks on Lamar Developer, LLC	\$2,375,827
TOTAL DEBT (Must Pay)			\$16,000,000		CASH FLOW DEBT / GRANTS			\$0		TOTAL EQUITY SOURCES	\$11,829,802
										TOTAL DEBT SOURCES	\$16,000,000
										TOTAL CAPITALIZATION	\$27,829,802

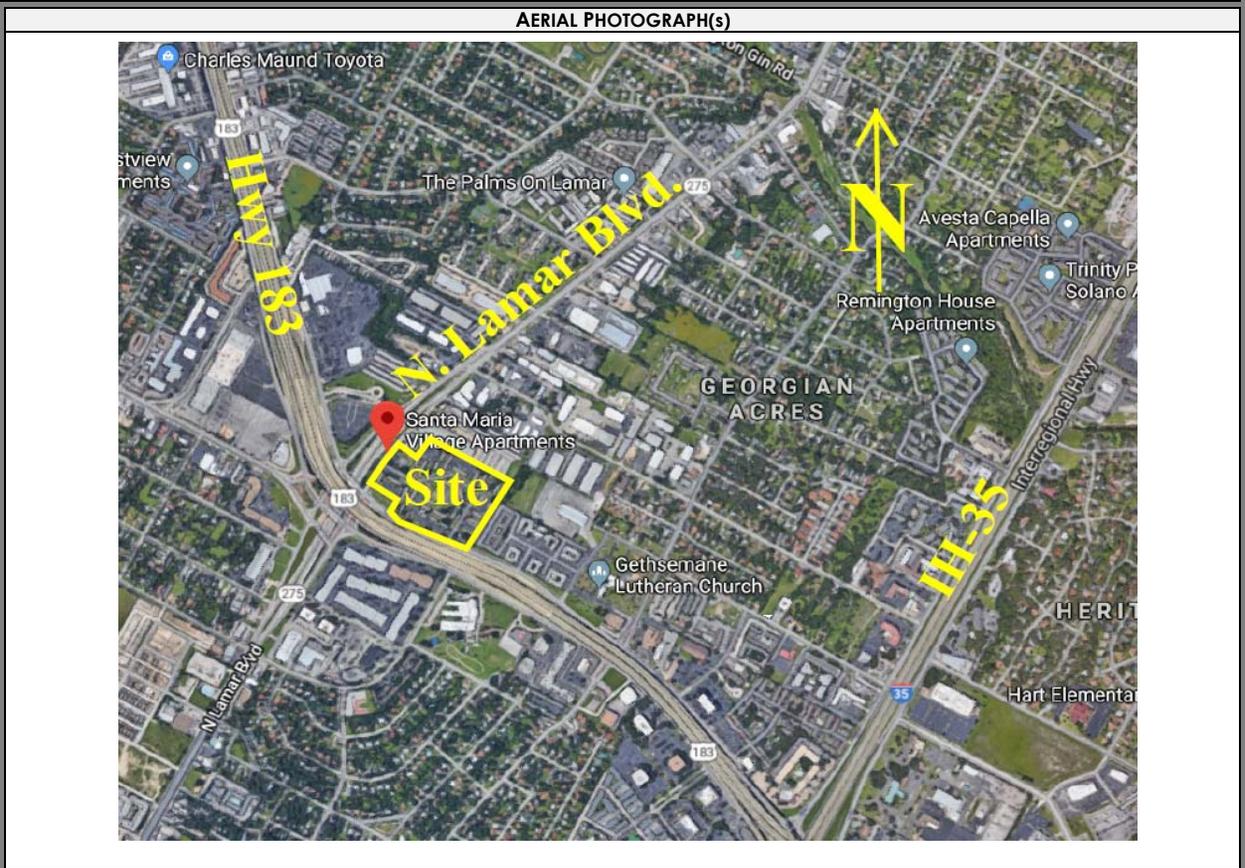
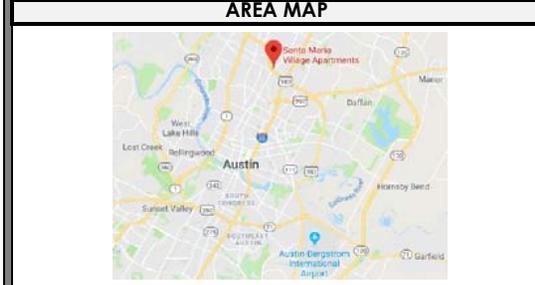
CONDITIONS

- 1 Receipt and acceptance before Determination Notice:
 - a: Copy of renewed HAP Contract covering 74 units with approved rents and operating budget consistent with underwriting.
 - b: Evidence of approved project-based vouchers on an additional 22 units to be issued by the Marble Falls Housing Authority consistent with projected rents for those designated units.
 - c: A revised term sheet from permanent lender that acknowledges Supportive Services pursuant to §10.302(d)(2)(K)(ii).
- 2 Receipt and acceptance by Cost Certification:
 - Confirmation that site plan conforms to the city's parking requirements.
- 3 Documentation at Cost Certification clearing environmental issues identified in the ESA report, specifically:
 - a: Certification of comprehensive testing for asbestos and lead-based paint; that any appropriate abatement procedures were implemented by a qualified abatement company; and that any remaining asbestos-containing materials or lead-based paint are being managed in accordance with an acceptable Operations and Maintenance (O&M) program.
 - b: Certification of comprehensive testing for mold, and that any appropriate abatement procedures were implemented by a qualified abatement company.

Should any terms of the proposed capital structure change or if there are material changes to the overall development plan or costs, the analysis must be re-evaluated and adjustment to the credit allocation and/or terms of other TDHCA funds may be warranted.

BOND RESERVATION / ISSUER	
Issuer	TDHCA
Expiration Date	9/3/2018
Bond Amount	\$20,000,000
BRB Priority	Priority 3
Close Date	8/2/2018
Bond Structure	Fannie Mae MBS
% Financed with Tax-Exempt Bonds	68.2%

RISK PROFILE	
STRENGTHS/MITIGATING FACTORS	
▫	55% of units covered under project-based vouchers
▫	3.4% gross capture rate
▫	Low unit capture rates from 5% to 15%
▫	Proximity to schools, medical services and potential employers
▫	Developer experience
WEAKNESSES/RISKS	
▫	Project relies on full property tax exemption for feasibility
▫	52 year old development may have less appeal
▫	Possibility of unforeseen deferred maintenance



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

TEFRA HEARING

OAKS ON LAMAR

Cepeda Branch Public Library
Meeting Room A
651 N. Pleasant Valley Rd.
Austin, Texas

Tuesday,
May 1, 2018
6:09 p.m.

BEFORE:

SHANNON ROTH, Hearing Officer

ON THE RECORD REPORTING
(512) 450-0342

P R O C E E D I N G S

1
2 MS. ROTH: Good afternoon. My name is Shannon
3 Roth. I would like to proceed with the public hearing.
4 Let the record show that it is 6:09 p.m., Tuesday, May 1,
5 2018. We are at the Cepeda Branch Public Library, located
6 at 651 North Pleasant Valley Road, Austin, Texas 78702.

7 I'm here to conduct the public hearing on
8 behalf of the Texas Department of Housing and Community
9 Affairs with respect to an issue of tax-exempt multifamily
10 revenue bonds for a residential rental community. This
11 hearing is required by the Internal Revenue Code. The
12 sole purpose of the hearing is to provide a reasonable
13 opportunity for interested individuals to express their
14 views regarding the development and the proposed bond
15 issue.

16 No decisions regarding the development will be
17 made at this hearing. The Department's board is scheduled
18 to meet to consider the transaction on May 24, 2018. In
19 addition to providing comments at this hearing, the public
20 is also invited to provide comment directly to the board
21 at any of their meetings.

22 The bonds for the Oaks on Lamar will be issued
23 as tax-exempt multifamily revenue bonds in the aggregate
24 principal amount not to exceed \$20 million and taxable
25 bonds, if necessary, in an amount to be determined and

1 issued in one or more series by the Texas Department of
2 Housing and Community Affairs, the issuer.

3 The proceeds of the bonds will be loaned to THE
4 Oaks on Lamar, LP, or a related person or affiliate entity
5 thereof, to finance the acquisition and rehabilitation of
6 a multifamily housing development described as follows: a
7 176-unit multifamily residential rental development, to be
8 known as Oaks on Lamar, currently known as Santa Maria
9 Village, on approximately 14.4 acres of land, located at
10 8071 North Lamar Blvd, Austin, Travis County, Texas 78753.

11 The proposed multifamily rental housing community will be
12 initially owned and operated by the borrower or a related
13 person or affiliate thereof.

14 Now I'm going to open the floor for public
15 comment.

16 (No response.)

17 MS. ROTH: Let the record show we only have two
18 attendees, both members of the development team, and
19 therefore, the meeting is now adjourned at 6:10 p.m.

20
21 (Whereupon, at 6:10 p.m., the public hearing
22 was adjourned.)

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C E R T I F I C A T E

IN RE: Oaks on Lamar
LOCATION: Austin, Texas
DATE: May 1, 2018

I do hereby certify that the foregoing pages,
numbers 1 through 4, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Nancy H. King before the
Texas Department of Housing and Community Affairs.

DATE: May 4, 2018



(Transcriber)

On the Record Reporting &
Transcription, Inc.
7703 N. Lamar Blvd., Ste 515
Austin, Texas 78752