



Dr. Christopher Harvey, President
Emily Hill, Mayor Pro Tem, Vice President
Anne Weir, Place 2, Board Member
Maria Amezcua, Place 3, Board Member
Sonia Wallace, Place 4, Board Member
Aaron Moreno, Place 5, Board Member
Deja Hill, Place 6, Board Member

Manor Housing Public Facility Corporation

Wednesday, September 18, 2024 at 6:00 PM

Manor City Hall, Council Chambers, 105 E. Eggleston St.

AGENDA

CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

PUBLIC COMMENTS

Non-Agenda Item Public Comments (white card): Comments will be taken from the audience on non-agenda related topics for a length of time, not to exceed three (3) minutes per person.

*Agenda Item Public Comments (yellow card): Comments will be taken from the audience on non-agenda and agenda items combined for a length of time, not to exceed five (5) minutes total per person on all items, except for Public Hearings. Comments on Public Hearing items must be made when the item comes before the Board and, not to exceed two (2) minutes per person. **No Action or Discussion May be Taken by the Board during Public Comments on Non-Agenda Items.***

To address the Board, please complete the white or yellow card and present it to the City Secretary, or designee prior to the meeting.

REGULAR AGENDA

- 1. Consideration, discussion, and possible action to approve the Manor Housing Public Facility Corporation Minutes of the August 7, 2024, meeting.**
- 2. Consideration, discussion, and possible action to authorize the negotiation and execution of a Memorandum of Understanding with the developer of the Tower Roads Apartments project.**
- 3. Consideration, discussion, and possible action to authorize the General Manager to execute various documents as needed to complete lender due diligence in connection with the Tower Road Apartments Project.**

ADJOURNMENT

In addition to any executive session already listed above, the City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Section §551.071 (Consultation with Attorney), §551.072 (Deliberations regarding Real Property), §551.073 (Deliberations regarding Gifts and Donations), §551.074 (Personnel Matters), §551.076 (Deliberations regarding Security Devices) and §551.087 (Deliberations regarding Economic Development Negotiations).

CONFLICT OF INTEREST

In accordance with Section 12.04 (Conflict of Interest) of the City Charter, “No elected or appointed officer or employee of the city shall participate in the deliberation or decision on any issue, subject or matter before the council or any board or commission, if the officer or employee has a personal financial or property interest, direct or indirect, in the issue, subject or matter that is different from that of the public at large. An interest arising from job duties, compensation or benefits payable by the city shall not constitute a personal financial interest.”

Further, in accordance with Chapter 171, Texas Local Government Code (Chapter 171), no City Council member and no City officer may vote or participate in discussion of a matter involving a business entity or real property in which the City Council member or City officer has a substantial interest (as defined by Chapter 171) and action on the matter will have a special economic effect on the business entity or real property that is distinguishable from the effect on the general public. An affidavit disclosing the conflict of interest must be filled out and filed with the City Secretary before the matter is discussed.

POSTING CERTIFICATION

I, the undersigned authority do hereby certify that this Notice of Meeting was posted on the bulletin board, at the City Hall of the City of Manor, Texas, a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time: Friday, September 13, 2024, by 5:00 PM and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

/s/ Lluvia T. Almaraz, TRMC
City Secretary for the City of Manor, Texas

NOTICE OF ASSISTANCE AT PUBLIC MEETINGS:

The City of Manor is committed to compliance with the Americans with Disabilities Act. Manor City Hall and the Council Chambers are wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 10 days prior to this meeting. Please contact the City Secretary at 512.215.8285 or e-mail lalmaraz@manortx.gov



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: September 18, 2024
PREPARED BY: Lluvia T. Almaraz, Board Secretary
DEPARTMENT: Administration

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action to approve the Manor Housing Public Facility Corporation Minutes of the August 7, 2024, meeting.

BACKGROUND/SUMMARY:

LEGAL REVIEW: Not Applicable
FISCAL IMPACT: No
PRESENTATION: No
ATTACHMENTS: Yes

- August 7, 2024, MPFC Meeting Minutes

STAFF RECOMMENDATION:

Staff recommends that the PFC Board approve the Manor Housing Public Facility Corporation Minutes of the August 7, 2024, meeting.



**MANOR HOUSING PUBLIC FACILITY CORPORATION
REGULAR SESSION MINUTES
AUGUST 7, 2024**

PRESENT:

Dr. Christopher Harvey, President

COUNCIL MEMBERS:

Emily Hill, Mayor Pro Tem, Vice-President
Anne Weir, Board Member
Maria Amezcua, Board Member (Absent)
Sonia Wallace, Board Member
Aaron Moreno, Board Member
Deja Hill, Board Member

CITY STAFF:

Scott Moore, City Manager
Lluvia T. Almaraz, City Secretary
Scott Jones, Economic Development Director
Gregory Miller, Bond Counsel

REGULAR SESSION – 6:00 P.M.

With a quorum of the Board Members present, the regular session of the Manor Housing Public Facility Corporation was called to order by Board President Harvey at 6:09 p.m. on Wednesday, August 7, 2024, in the Council Chambers of the Manor City Hall, 105 E. Eggleston St., Manor, Texas.

PUBLIC COMMENTS

No one appeared at this time.

REGULAR AGENDA

1. Consideration, discussion, and possible action to approve the Manor Housing Public Facility Corporation Minutes of the June 18, 2024, meeting.

MOTION: Upon a motion made by Board Member Wallace and seconded by Board Member Weir to approve the Manor Housing Public Facility Corporation Minutes of the June 18, 2024, meeting.

There was no further discussion.

Motion to approve carried 6-0

2. Consideration, discussion, and possible action to authorize one or more TEFRA hearings regarding the Tower Road Apartments project and to appoint Gregory Miller of Bickerstaff Heath Delgado Acosta LLP to conduct such hearing or hearings for the Manor Housing Public Facility Corporation.

Gregory Miller, Bond Counsel discussed the proposed agreement.

MOTION: Upon a motion made by Board Member Moreno and seconded by Board Member Wallace to appoint Gregory Miller of Bickerstaff Heath Delgado Acosta to serve as hearing officer for the TEFRA hearing for the Tower Road Apartments development.

There was no further discussion.

Motion to approve carried 6-0

3. Consideration, discussion, and possible action on an engagement letter with Chapman and Cutler LP to serve as Disclosure Counsel for the Tower Road Apartments project.

Gregory Miller, Bond Counsel discussed the proposed agreement.

MOTION: Upon a motion made by Board Member Wallace and seconded by Board Member Moreno to authorize the General Manager to negotiate and execute an agreement in substantially the same form as what has been provided to the Board for this matter with Chapman and Cutler LP to serve as disclosure counsel to the MHPFC for the Tower Roads Apartments project.

There was no further discussion.

Motion to approve carried 6-0

4. Consideration, discussion, and possible action to approve an Operating Agreement of MHPFC TRGC1 LLC.

Gregory Miller, Bond Counsel discussed the proposed agreement.

MOTION: Upon a motion made by Board Member Moreno and seconded by Board Member Wallace to authorize the General Manager to execute an operating agreement in substantially the same form as the agreement provided to the Board for this matter between the MHPFC and its special purpose entity, MHPFC TRGP1, LLC in furtherance of the financing and development of the Tower Road Apartments project.

There was no further discussion.

Motion to approve carried 6-0

ADJOURNMENT

The Regular Session of the Manor Housing Public Facility Corporation was Adjourned at 6:28 p.m. on Wednesday, August 7, 2024.

The Manor Housing Public Facility Corporation approved these minutes on the 18th day of September 2024.

APPROVED:

Dr. Christopher Harvey
PFC Board President

ATTEST:

Lluvia T. Almaraz,
PFC Board Secretary

AGENDA ITEM NO.



PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: September 18, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTIONS:

Consideration, discussion, and possible action to authorize the negotiation and execution of a Memorandum of Understanding with the developer of the Tower Roads Apartments project.

BACKGROUND/SUMMARY:

The development of the Tower Roads Apartments project will require the negotiation and execution of various documents relating to the finance and construction of the apartments. This memo of understanding establishes the framework for the negotiation of such contracts and agreements. It is expected that these documents will be submitted to the board at its October 2nd meeting. This item authorizes the general manager to negotiate and execute in a substantially similar form, the attached memorandum of understanding.

LEGAL REVIEW: Yes, Gregory Miller Bond Counsel
FISCAL IMPACT: N/A
PRESENTATION: Yes, Gregory Miller, Bond Counsel, and Partnership Counsel to the MHPFC
ATTACHMENTS: Yes

- Form of Memorandum of Understanding

Staff Recommendation:

Move that the Board approve and authorize the General Manager to negotiate and execute a memorandum of understanding in substantially the same form as the memorandum of understanding provided to the Board that is by and between the MHPFC, or one of its affiliates, and the developer of the Tower Road Apartments, or one of its affiliates, and which pertains to the financing and development of the Tower Road Apartments project.

**MEMORANDUM OF UNDERSTANDING BETWEEN
MANOR HOUSING PUBLIC FACILITY CORPORATION
AND
MANOR LEASED HOUSING DEVELOPMENT I, LLC**

This Memorandum of Understanding (“MOU”) is executed by and between the Manor Housing Public Facility Corporation (the “**MHPFC**”), a Texas public facility corporation, and Manor Leased Housing Development I, LLC (the “**Developer**”), a Minnesota limited liability company, effective as of _____, 2024. MHPFC and the Developer are sometimes referred to individually herein as a “**party**” or collectively as the “**parties**”.

PURPOSE

The Developer is a developer of affordable housing in the State of Texas. MHPFC is a Texas Public Facility Corporation whose purpose is assisting the City of Manor, Texas in financing, refinancing, or providing for the costs of public facilities in accordance with Chapter 303 of the Texas Local Government Code. The Developer and MHPFC hereby agree to work cooperatively to develop affordable housing at the following location, in accordance with the terms of this MOU:

Tower Road Apartments, being a 324-unit development to be located in Travis County, Texas, financed with private activity bonds issued by the MHPFC Public Facility Corporation and 4% Low Income Housing Tax Credits allocated by the Texas Department of Housing and Community Affairs (the “**Project**”).

To accomplish this purpose, the parties agree as follows:

AGREEMENTS

1. Ownership Structure

a. The Developer has formed Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “**Partnership**”) for the purpose of owning the fee interest in the Project and a leasehold interest in the land on which the Project is located. MHPFC has formed MHPFC TRGP1 LLC, a single-member Texas limited liability company to serve as the General Partner (herein so called) of the Partnership after Closing (as defined herein). Under no circumstances will the MHPFC execute documents on behalf of the Partnership that are effective prior to MHPFC’s admission to the General Partner. An affiliate of the Developer will own a special limited partner (herein so called) interest (“**Special Limited Partner**”) in the Partnership, and the Special Limited Partner (as hereinafter defined) shall be the special limited partner of the Partnership. In recognition of the guaranties to be provided by the Developer and its affiliates, the Special Limited Partner will be delegated authority to enter into and execute documents on behalf of the Partnership after meaningful consultation with General Partner and be delegated primary decision-making authority for matters that could impact the financial obligations of the Developer or its affiliates under any guarantees. For avoidance of doubt, the Special Limited Partner shall be delegated the following, which may be included in a separate agreement, including,

without limitation: (i) the annual budgets for operating and capital expenses; (ii) rent increases and concessions; (iii) withdrawals from reserves; and (iv) resolution of any issues arising with TDHCA specific to the Project. Such rights shall be set forth in the Partnership Agreement (as hereinafter defined) or a separate agreement. In addition, the General Partner shall have consent rights over major decisions regarding the Partnership and the Project. A low-income housing tax credit investor will have an investor limited partner (“**Investor Limited Partner**”) interest and an administrative limited partner interest in the Partnership and will have certain consent and approval rights as are customary for such low-income housing tax credit investors. The full duties of the General Partner and the Special Limited Partner shall be set forth in the Partnership Agreement, including without limitation those terms included on Attachment 1 of this MOU.

b. The Partnership, General Partner, the Special Limited Partner and Investor Limited Partner have been formed or will be formed before Closing (as hereinafter defined).

2. Long-Term Ownership and Project Disposition

a. Following the end of the compliance period (as described in Section 42 of the Internal Revenue Code of 1986, as amended (the “**Code**”), in the event the Special Limited Partner has determined to cause the Partnership to sell the Project to a third party buyer, the General Partner, MHPFC, or MHPFC’s designated affiliate shall have a right of first refusal to acquire the Project on the same terms as the third-party offer (the “**Right of First Refusal**”), which shall be at least the minimum purchase price under Section 42(i)(7)(B) of the Code. In the event that the General Partner, MHPFC, or MHPFC’s designated affiliate wishes to exercise the Right of First Refusal, it shall do so within ninety (90) days after receiving notice of the bona fide third party offer acceptable to the Special Limited Partner, and will proceed to close on the purchase of the Project within an additional ninety (90) days after the election to exercise the Right of First Refusal

b. In addition, as of the Closing date, the General Partner, the Ground Lessor, or other MHPFC affiliate shall have an option to acquire the Project (the “**Purchase Option**”). The purchase price for the Project under the Purchase Option shall be the greater of: (a) its fair market value, and (b) the amount of any outstanding indebtedness of the Project plus other amounts owing pursuant to the Partnership Agreement, including without limitation, exiting partner loans, exit taxes, and liabilities of the Investor LP and the Special Limited Partner arising from the sale. In addition, if the Purchase Option is exercised during the Compliance Period, the purchase price for the Project will be equal to the greater of fair market value and outstanding debt plus exit taxes, with standard industry adjustments to compensate for diminution of economic value to the Investor LP and Special LP if such option. UpClosing on the sale of the Project shall take place no later than one hundred twenty (120) days after the MHPFC’s exercise of the Purchase Option.

c. Notwithstanding the foregoing, after the Compliance Period, the Special Limited Partner shall have a perpetual right to market the Project for sale (which shall include termination of the Ground Lease and transfer of the fee interest in the land at no or nominal cost); provided, that the purchase price pursuant to any bona fide third party offer shall be at least the minimum purchase price under Section 42(i)(7)(B) of the Code. In the event that the Special Limited Partner receives such a bona fide third-party offer to purchase the Project and the bona fide third-party offer is acceptable to the Special Limited Partner, the Project and the land shall be sold to such purchaser

unless MHPFC (a) exercises the Right of First Refusal in accordance with Section 2.a. above or (b) within sixty (60) days purchases the economic interest of each partner for an amount equal to what each partner would otherwise receive under the Partnership Agreement had the purchase offer been accepted.

d. The Purchase Option and Right of First Refusal (once in effect after the Compliance Period) will remain in effect so long as the Ground Lease is in effect, General Partner remains in the Partnership, and General Partner is not in default of its duties in such capacity. The parties acknowledge that the MHPFC's long-term ownership of the Project is partially in consideration for the ad valorem tax exemption and agree to work together to implement the necessary ownership elements for MHPFC in order to facilitate qualification for the exemption. In the event that Developer or an affiliate thereof purchases the interest of the Investor LP in the partnership, neither the General Partner nor the MHPFC shall have the right to participate in such purchase, and such purchase shall not trigger the Right of First Refusal.

e. Notwithstanding any of the foregoing, if the tax exemption terminates or is not obtainable and/or General Partner is removed as the general partner of the Partnership, the Right of First Refusal and the Purchase Option and any other rights of the MHPFC and General Partner with respect to long-term ownership of the Project, including, but not limited to, receipt of any fees described under Paragraph 7 hereof, will terminate. In addition, if the MHPFC has not acquired the Project through the exercise of either the Purchase Option or the Right of First Refusal, the Purchase Option and the Right of First Refusal will both terminate upon the sale of the Project to a third party. The MHPFC agrees to cooperate with Special Limited Partner and the Partnership as necessary in order to facilitate the sale to such third party, including but not limited to, executing a release or termination of the Purchase Option, the Right of First Refusal, and the Ground Lease, and conveyance documents related to the transfer of the land to the third party, at no or nominal cost (subject to the provisions of Paragraph A.4 with respect to certain Lease Termination Events occurring after the Compliance Period).

f. Developer shall procure title insurance for the Project, including a fee owner policy on behalf of MHPFC from a reputable title company authorized to operate and located in Travis County, Texas.

3. Financing

a. On behalf of the Partnership, the Developer has applied for and received reservation of up to \$64,819,515 in private activity bond volume cap in connection with multifamily housing bonds to be issued by the MHPFC (the "Bonds"). The Developer shall be responsible for selecting the manner in which the Bonds will be sold to facilitate debt financing for the Project and negotiating the financing terms of the Bonds on behalf of the Partnership; provided, that the MHPFC shall have the right to review and approve the financing arrangements and the terms and conditions of any Bond or loan documents.

b. In order to finance the Project, prior to Closing, Developer intends to obtain a letter of intent

for equity financing and term sheets for debt financing. Developer shall notify MHPFC of any such financing within five business days of obtaining any commitment for such financing and at least five business days prior to closing on such financing. MHPFC shall review and provide comments to such letters of intent and term sheets within five (5) business days of receipt of such letters of intent and term sheets. For avoidance of doubt, Section 10(1) of this MOU shall not apply to this Section.

c. The development of the Project will be financed using 4% low-income housing tax credits (“**Tax Credits**”), and/or other sources of affordable housing financing as mutually agreed upon by MHPFC and the Developer.

d. The Tax Credits will be utilized to obtain equity investment for the construction of the Project. The Investor Limited Partner will be admitted to the Partnership with an up to 99.99% limited partner interest in the Partnership. MHPFC will have the right to meaningfully review and approve the financing arrangements and the terms and conditions of any equity financing documents

e. On behalf of the Partnership, Developer will apply for construction and permanent debt financing for the Project, as well as other financing as may be necessary, which may include, without limitation, leveraged funds from private, non-governmental sources (collectively, the “**Loans**”). MHPFC will have the right to meaningfully review and approve the financing arrangements and the terms and conditions of any debt financing documents

f. Subject to the terms and conditions hereof, the parties anticipate that the Partnership will enter into documents for the Loan(s) and the equity financing (including the Partnership Agreement). The execution and delivery of such documents and the funding of the Loans and the equity financing is collectively referred to herein as the “**Closing**”.

g. Developer and/or its affiliates shall provide any guarantees of construction completion, operating expenses, tax credit delivery, and the like that may be required in conjunction with the Bond Financing or the Equity financing. Neither MPFC, the General Partner nor any of their affiliates will provide any guarantees of indemnities in connection with the financing of the Project.

h. Developer and MHPFC (at Developer’s sole cost and expense) will cooperate as reasonably necessary and appropriate with respect to responding to due diligence and underwriting requirements for the Loans and equity financing.

4. Ground Lease; Ad Valorem Tax Exemption

a. An affiliate of Developer will purchase the Land, which shall be conveyed to MHPFC or its affiliate at Closing. At Closing, fee simple title to the buildings and other improvements constituting the Project (the “**Improvements**”) that are to be constructed on the Land will be owned by Partnership and fee simple title to the Land will be owned by MHPFC, or an affiliate of MHPFC, and concurrently with the acquisition of the Land such party will, as ground lessor, enter into a 99-year ground lease (the “**Ground Lease**”) with Partnership, as ground lessee of the Land. Funding for the acquisition of the Land will come from the Loan(s), and the Equity financing, and will be paid to MHPFC or its affiliate in the form of an up-front Ground Lease payment, the amount of

which will be equal to the purchase price of the Land. In addition to the up-front rental payment, which MHPFC or its affiliate will use to pay the costs to purchase the Land, the Ground Lease will provide for Ground Lease payments in the amount stated in Section 7 of this MOU below. Upon expiration of the term of the Ground Lease, ownership of the Improvements will revert to MHPFC or its affiliate. In the event that the Project is sold, the Ground Lease shall provide for a transfer of title to the land to a purchaser upon payment of one hundred dollars (\$100). The terms and provisions of the Ground Lease will be subject to the approval of Developer.

b. Notwithstanding the foregoing, if (i) the MHPFC defaults under the Partnership Agreement and such default is not cured within 30 days, (ii) the tax exemption is lost for any reason and not restored within 90 days, or (iii) if the General Partner is no longer the general partner of the Partnership ((i) through (iii) collectively, the “Lease Termination Events”), then the MHPFC shall transfer fee simple title to the land to the Partnership upon notice by the Investor LP or the Special Limited Partner and shall relinquish any rights it may have pursuant to the Right of First Refusal and Purchase Option; provided, however, with respect to a Lease Termination Event caused by a loss of the tax exemption that is not caused by the actions of the MHPFC and occurs after the expiration of the Compliance Period (as defined herein) the MHPFC, or its affiliate, after notice of termination is delivered by the Investor LP or the Special Limited Partner, shall be entitled to payment of an amount equal to the amortized portion of the upfront Ground Lease payment from the effective date of the Ground Lease through the termination thereof in consideration for transfer of fee simple. Notwithstanding the foregoing, the MHPFC shall not receive payments for the period of time that the tax exemption was lost, prorated for any partial portion of a year.

c. The contemplated ownership structure is expected to generate an ad valorem tax exemption provided under Chapter 303 of the Texas Local Government Code for the Project (the “**Exemption**”). Prior to entering into the Ground Lease, MHPFC, on behalf of the Partnership, will use commercially reasonable efforts to work with the Travis County Appraisal District to obtain a pre-determination letter confirming the availability of the Exemption; provided, however, that failure to obtain such letter shall not constitute a breach or default of MHPFC hereunder. The Ground Lease, combined with MHPFC’s service as the general partner of the Partnership and the Right of First Refusal and the Purchase Option described above are intended to establish MHPFC’s equitable ownership of the Project in order for the Project to qualify for the Exemption. MHPFC shall not have any right to terminate the Ground Lease during the 15-year Tax Credit compliance period without the approval of the Investor Limited Partner, the Special Limited Partner, and any third-party Lender(s); provided, however, that MHPFC shall have the right to enforce certain remedies against Tenant, including rights to indemnification, reimbursement and enforcement of any use restrictions via specific performance.

5. Design and Construction.

a. Developer and the Partnership will enter into a development agreement for the Project that will cover all aspects of the development of the Project but will follow this MOU as an essential guide. [NTD do you have an example?]

b. Developer shall provide MHPFC a detailed development budget for the Project before entering into any contract for design or construction services on behalf of the Partnership.

c. MHPFC shall have the right to review and reasonably approve in writing any construction

contract relating to the Project prior to the execution thereof. MHPFC shall have the right to review, comment upon and consent to the form of general contract which shall be provided with a reasonable amount of time to allow for meaningful review by MHPFC or its advisor.

d. Developer shall be responsible for the development of the Project, including obtaining all governmental approvals and permits needed in order to construct and operate the Project, including without limitation any entitlements and permits required in connection with the Project. MHPFC shall reasonably cooperate with Developer at Developer's sole cost and expense (unless otherwise reimbursed or paid by Partnership) in obtaining all such approvals as needed and shall respond to any requests for assistance from Developer by no later than five business days of receiving such request.

e. The Developer shall guarantee to the Partnership, the Investor LP and any lender, delivery of the Project on time and within the approved budget (as it may be amended or revised from time to time with appropriate approvals). The MHPFC or its affiliate shall have the right to review and approve any material change orders or any material changes in the scope of work or plans and specifications (costing over \$200,000 for a single change or \$600,000 in the aggregate) during construction and shall be provided a minimum of five (5) business days to review and provide such approval.

f. The Project shall be constructed so as to comply with applicable ADA and section 504 requirements, as well as any other federal, state or local requirements applicable to the Property.

6. Management and Operation

a. Dominion Texas Management Services, LLC ("DTMS") shall be designated as the initial property manager for the Project and shall remain in such capacity so long as any affiliate of Developer has guarantees related to the Project. Accordingly, DTMS may only be removed for cause. Following Closing, any change of property manager will require the approval of MHPFC, General Partner, the Special Limited Partner (unless the property manager is removed for cause), Project Lender(s) and Investor Limited Partner.

b. Subject to termination for reasonable cause, Developer shall provide accounting services (including but not limited to: (i) bookkeeping, monitoring reporting requirements and processing construction loan draws and change orders, and (ii) preparation of and/or coordinating preparation of cost certification, 50% test, tax returns and the Partnership's audit and audited financial statements for filing or certification by the Partnership's outside accountants,) to the Project and (iii) preparing and filing General Partner and Partnership federal income tax returns and franchise tax filings. Partnership shall be responsible for paying any costs incurred by MHPFC in connection with compliance or filings (including, without limitation, tax returns) related to the Project. MHPFC's nonprofit affiliate entity shall timely make a 168(h) election.

c. Upon a reasonable request, General Partner shall have access to all records and financial reports and budgets within a reasonable time after such documents have been prepared. Specifically with respect to financial reports of the Project, such reports shall be provided as reasonably requested by the General Partner and in a manner that MHPFC reasonably prescribes.

d. Developer will be responsible for initiating and arranging for social services to be provided (as required by the TDHCA) for the residents of the Project. General Partner shall have the right to monitor the provision of such social services during the Tax Credit compliance period.

7. Fees, Lease Payments, and Expenses

a. For its development of the Project, Developer shall be entitled to receive a Development Fee of 15% of the Project's eligible costs as calculated pursuant to TDHCA guidelines. The Developer Fee shall be split 20% to MHPFC and 80% to Developer. A Majority of the Development Fee is expected to be deferred and shall accrue interest at a rate of 6%, subject to the Investor Limited Partner's approval based on final projections. The deferred Development Fee will be paid out of the Partnership's net cash flow. Further, in the event that Developer entities are required to make a capital contribution to fund or otherwise pay any amount toward deferred Developer Fee pursuant to the Partnership Agreement or otherwise, Developer shall assign its interest in the Development Agreement to the GP at the time such amount is due and any unpaid GP share owed to MHPFC shall become a loan due and payable to GP by the Partnership and any unpaid amount owed to Developer shall become a loan due and payable to SLP by the Partnership.

b. In order to secure an exemption from state sales tax for the acquisition of building materials, an affiliate or subsidiary of the MHPFC shall serve as the general contractor (the "**Contractor**") and enter into a master subcontractor agreement with the master subcontractor (anticipated to be an affiliate of the Developer). For its services in connection with the construction contract, the Contractor shall be entitled to a Contractor Fee equal to 1% of the hard construction costs (less amounts for general conditions, overhead and profit), which is estimated to be \$639,474, some of which may be deferred. Such fee shall be a contractual obligation of the Partnership payable to the Contractor, half of which nondeferred fee shall be payable at Closing and the remainder of which nondeferred fee shall be payable upon issuance of the final certificate of occupancy for the Project.

c. Pursuant to the Partnership Agreement or a separate agreement, the Ground Lessor shall be entitled to receive an annual lease payment in the amount of \$90,000 and shall commence and begin accruing upon stabilization date and shall increase by 3% annually. The annual lease payment shall be paid to the Ground Lessor after payment of the Development Fee and shall accrue without interest in the event net cash flow is insufficient to pay such fee in any year. Once net cash flow is available, the annual lease payment will be paid from 25% of net cash flow.

d. The General Partner shall be entitled to receive an annual Partnership Management Fee for its services in connection with management of the Partnership. The Partnership Management Fee shall be in the amount of \$10,000 and shall begin accruing upon the first anniversary of the Closing Date and paid annually commencing upon the stabilization date and shall increase by 3% annually. The Partnership Management Fee shall be paid to the General Partner before payment of the Development Fee and shall accrue without interest in the event net cash flow is insufficient to pay such fee in any year. The Partnership Management Fee will be paid out of the Partnership's net cash flow.

e. The General Partner shall be entitled to receive a Sale or Refinancing Fee equal to 1.5% of the gross sales price or loan amount pursuant to a sale or refinance of the Project.

f. Neither party shall enter into any contractual relationship or agreement relating to the Property that would cause either financial or legal liability to the other, without the other party's prior written consent. The parties acknowledge and agree that Developer has no authority to execute documentation on behalf of MHPFC.

g. All expenses incurred by the MHPFC in connection with this MOU, including but not limited to costs for staff time to review the proposed Project, third-party reports, the MHPFC's legal counsel, counsel to the General Partner, special real estate counsel, financial advisor and other expenses incurred by the MHPFC in connection with the proposed Project (the "*Costs*"), shall be included in the Project's development budget and reimbursed by the Partnership to the MHPFC concurrently with Closing.

h. The Developer acknowledges and agrees that it is the intent of the parties hereto that the MHPFC shall bear no out-of-pocket costs or expenses in connection with the Project.

8. Community Support

MHPFC and Developer will be responsible for interfacing with the local governmental officials in connection with garnering support for the Project. Developer will consult with MHPFC and coordinate the response to any media inquiries and/or public opposition to the Project that may arise.

9. Termination

a. This MOU shall continue until terminated upon the occurrence of one of the following conditions:

(i) MHPFC and Developer sign a mutual consent to terminate this MOU, effective as of the date set forth in such consent;

(ii) Any consent or approval required hereunder is specifically denied, which would result in the Developer not being able to obtain financing for the Project, including but not limited to the consent of TDHCA to the documents of the transactions described herein;

(iii) Either party breaches its obligations under this MOU, the non-breaching party provides the breaching party notice of such fact and a 90-day opportunity to cure, and the breaching party fails to do so;

(iv) Either party files for bankruptcy protection, makes an assignment for the benefit of creditors, has a receiver appointed as to its assets, or generally becomes insolvent;

(v) Developer determines that the transactions contemplated by this MOU are not economically feasible;

(vi) Developer determines that that the Project is unlikely to qualify for the Exemption;

(vii) A party is ineligible to participate in the Tax Credit program pursuant to TDHCA's

rules, then the other party may terminate this MOU by providing written notice thereof to the party being found ineligible; or

(viii) Any legal, administrative or governmental action (including without limitation, a failure of the MHPFC Board of Directors to approve the transaction) prohibits a party from consummating the transactions contemplated herein.

b. Upon termination of this MOU for any of the reasons above, neither party shall have any ongoing obligations to the other with respect to this MOU and the Project, except as set forth in Section 6.b.

c. If not earlier terminated, this MOU shall terminate upon the Closing when MHPFC and Developer and their affiliates, as applicable, enter into definitive agreements with respect to the governance of the Partnership and the development, construction, financing, and operation of the Project as contemplated herein. The terms in such agreements, once finalized, shall control over any inconsistent or conflicting provisions in the MOU.

d. In the event this MOU is terminated prior to Closing or the transaction fails to close as contemplated herein, the Developer shall retain the sole right to control of the Land and any future development thereof.

10. Miscellaneous

a. Developer represents and warrants it is a limited liability company duly organized, validly existing and in good standing under the laws of the state of Texas and has all requisite limited liability company power and authority to carry on its business. The execution, delivery and performance of this MOU by Developer and the consummation by Developer of the transactions contemplated hereby, have been or will be duly authorized by all requisite action and no further action or approval will be required in order to permit Developer to consummate the transactions contemplated hereby, except the consents contemplated herein. This MOU constitutes the legal, valid and binding obligation of Developer, enforceable in accordance with its terms. The making and performance of this MOU, and the consummation of the transactions contemplated hereby are in accordance with the terms hereof and will not (i) conflict with the organizational and governance documents of Developer, or (ii) result in the violation of any provisions of law applicable to the Developer, the violation of which could have an adverse effect upon the business of Developer, the Partnership, or the Project. Developer has not received any notice to indicate that it is or may be ineligible to apply for any of the proposed financing for the Project.

b. MHPFC represents and warrants that it is duly organized and validly existing under the laws of the state of Texas, with all requisite power and authority to carry on its business. Subject to approval by the Board of Directors of MHPFC, the execution, delivery and performance of this MOU by MHPFC will be duly authorized by all requisite action and no further action or approval will be required in order to permit MHPFC to consummate the transactions contemplated hereby, except the consents contemplated herein. This MOU constitutes the legal, valid and binding obligation of MHPFC, enforceable in accordance with its terms. The making and performance of this MOU, and the consummation of the transactions contemplated hereby are in accordance with the terms hereof and will not (i) conflict with its organizational and governance documents, or (ii)

result in the violation of any provisions of law applicable to it, the violation of which could have an adverse effect upon the ability of MHPFC to perform its obligations hereunder. MHPFC has not received any notice to indicate that it is or may be ineligible to apply for any of the proposed financing for the Project.

c. THIS MOU SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF CONFLICT OF LAWS PRINCIPLES. THE PARTIES HERETO EXPRESSLY CONSENT AND AGREE THAT ANY DISPUTE, CONTROVERSY, LEGAL ACTION OR OTHER PROCEEDING THAT ARISES UNDER, RESULTS FROM, CONCERNS OR RELATES TO THIS MOU MAY BE BROUGHT IN THE FEDERAL AND STATE COURTS IN AND OF THE COUNTY OF TRAVIS, STATE OF TEXAS. THE PARTIES HERETO HEREBY ACKNOWLEDGE THAT SAID COURTS HAVE JURISDICTION OVER ANY SUCH DISPUTE OR CONTROVERSY, AND THAT THEY HEREBY WAIVE ANY OBJECTION TO PERSONAL JURISDICTION OR VENUE IN THESE COURTS OR THAT SUCH COURTS ARE AN INCONVENIENT FORUM. ALL REMEDIES AT LAW, IN EQUITY, BY STATUTE OR OTHERWISE SHALL BE CUMULATIVE AND MAY BE ENFORCED CONCURRENTLY OR FROM TIME TO TIME AND, SUBJECT TO THE EXPRESS TERMS OF THIS AGREEMENT, THE ELECTION OF ANY REMEDY OR REMEDIES SHALL NOT CONSTITUTE A WAIVER OF THE RIGHT TO PURSUE ANY OTHER AVAILABLE REMEDIES.

d. This MOU does not constitute nor shall it be construed to constitute a waiver of sovereign immunity by the City of Manor, the MHPFC, or the affiliates of either.

e. This MOU reflects the entire understanding between the parties and may only be amended in writing, signed by both parties. This MOU shall be binding upon and inure to the benefit of each party hereto and is not merely an "agreement to agree."

f. The parties hereto are each prohibited from selling, transferring or assigning any of its interests, benefits or responsibilities hereunder to any third party or related third party, without the prior written consent of the other party. The terms and conditions of this MOU shall inure to the benefit of and be binding upon any permitted successors and assigns. Nothing in this MOU, express or implied, is intended to confer upon any party, other than the parties hereto and their permitted successor and assigns any rights, remedies, obligations or liabilities.

g. In case any one or more of the provisions contained in this MOU for any reason are held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision hereof, and this MOU will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

h. Any subject headings contained in this MOU are for reference purposes only and do not affect in any way the meaning or interpretation hereof.

i. Any terms or conditions of this MOU may be waived in writing at any time by the party which is entitled to the benefits thereof, and this MOU may be modified or amended by a written

instrument executed by the parties hereto. No supplement, modification or amendment of this MOU shall be binding unless executed in writing by all of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

j. All notices of communication required or permitted hereunder shall be in writing and shall be effective (a) three (3) business days after deposit when sent by United States mail, addressed to the party to be notified, postage prepaid and registered or certified with return receipt requested, or (b) the following business day when sent by a nationally recognized overnight delivery service to the addresses set forth below:

MHPFC: Manor Housing Public Facility Corporation
c/o City of Manor
105 E. Eggleston Street
Manor, Texas 78653
Attention: City Manager

With a copy to: Bickerstaff Heath Delgado Acosta LLP
1601 Barton Skyway, Suite C 400
Austin, Texas 78746
Attn: Gregory D. Miller

Developer: Manor Leased Housing Development I, LLC
2905 Northwest Blvd., #150
Plymouth, MN 55441
Attn: Mark S. Moorhouse & Neal M. Route

With copies to: Winthrop & Weinstine, P.A.
225 S 6th St., #3500
Minneapolis, MN 55402
Attn: Jeffrey S. Drennan and Paul K. Manda

or at such other address or counsel as any party hereto shall specify in writing from time to time and provide notice of such address change as set forth above for other notices. In the event a notice or communication delivered in accordance with this provision is not accepted by the recipient or is not received because the recipient failed to properly notify of a change of address, the notice shall be deemed delivered hereunder, nonetheless.

k. This MOU may be executed in counterparts and all such counterparts shall constitute one single MOU. An electronic copy of a signature attached to this MOU shall be deemed to be an original signature.

l. In each instance in which MHPFC or its affiliate has the right to approve or consent to the item set forth in each respective paragraph, such approval or consent shall not be unreasonably withheld, delayed or conditioned, and MHPFC or its affiliate will have fifteen (15) business days following receipt of notice of the item requiring approval or consent in which to review the matter and to make comments. If MHPFC or its affiliate fails within such fifteen (15) business days to

approve or consent or make comments with respect to the subject matter in which approval or consent is required, then approval or consent shall be deemed given with respect to such matter. **Any matter requiring MHPFC Board approval shall not be subject to the 15-business day approval requirement.** MHPFC will work in good faith to schedule approval related meetings to assist a timely closing. For avoidance of doubt, this consent right does not apply to financing term sheets, letters of intent, or closing documents.

m. The parties agree that to the maximum extent allowed by the law including the rules and regulations governing the funding applications contemplated in this MOU, to keep this MOU and all terms and conditions of the development strictly confidential; provided, however, the Parties shall be permitted to share the terms of this MOU in order to obtain financing or the Exemption. Parties acknowledge that the development, design, financing structure and details of this Project have significant value and are to be treated as a confidential and valuable resource of both MHPFC and Developer. MHPFC acknowledges that the financing parties may not be bound by such rules and regulations; provided, however, MHPFC shall work with the Developer in good faith. This MOU may be expressly shared with the Investor Limited Partner and/or prospective construction and permanent lender(s) and professionals providing legal, accounting, or similar services to either MHPFC or Developer provided that the engagement of such professionals is subject to confidentiality requirements. Notwithstanding the foregoing, Developer acknowledges that MHPFC is subject to the Texas Public Information Act, Texas Government Code Section 552 and MHPFC may be compelled to disclose all or part of this MOU pursuant thereto.

n. Any challenges to such disclosure shall be the sole responsibility, and at the sole cost and expense, of the Developer.

o. Neither Developer nor MHPFC shall enter into any contractual relationship or agreement relating to the Project that would cause either financial or legal liability to the other without the other party's prior written consent.

[Remainder of page intentionally left blank for signature]

EXECUTED to be effective as of the date above shown.

MANOR HOUSING PUBLIC FACILITY MHPFC,
a Texas Public Facility Corporation

By: _____
Scott Moore, General Manager

MANOR LEASED HOUSING DEVELOPMENT I, LLC.,
a Minnesota Limited Liability Company

By: _____
Neal Route, Vice President

SCHEDULE 1

LIMITED PARTNERSHIP AGREEMENT TERMS

The following is a preliminary summary of provisions that Manor housing Public Facility MHPFC (“MHPFC”) will require in any Limited Partnership Agreement (“Limited Partnership Agreement”) creating the Partnership (the “Partnership”) which is to involve a MHPFC-affiliated entity. The following list is not intended to be exhaustive and is intended to supplement and not limit the terms of the Memorandum of Understanding (“MOU”) to which this Schedule 1 is attached.

Representations

- The General Partner will make representations only as to its own existence and due authorization and execution of Partnership documents or such other items personal to and actually known by the General Partner. To the extent the organizational documents require the General Partner to give any representations not actually known by it, Special Limited Partner shall make such representations to the General Partner in the assignment of memberships interests of the General Partner to the MHPFC and shall indemnify the General Partner and MHPFC for any breaches, costs, expenses or losses based upon such representations.
- The Special Limited Partner will represent and warrant that it is sufficiently capitalized to fulfill its obligations, including specifically its obligations to indemnify the General Partner and the MHPFC.
- The General Partner is not performing due diligence on the Project. Therefore, any representations regarding the Project must be provided by the Special Limited Partner.
- Any representations of the General Partner are only as to its own knowledge. The knowledge of the General Partner may not be qualified by phrases such as “after due inquiry.” The General Partner will make no inquiry.
- MHPFC’s review and consent to any budgets, contracts, or instruments relating to the Project, including but not limited to a development budget, books and records, contracts, change orders, contracts, or statements of scope of work (together the “**Project Contracts**”) does not constitute a determination by the MHPFC of the acceptability, accuracy, fairness, legality, or suitability of such Project Contracts unless the consent expressly states otherwise in writing by a duly authorized representative of the MHPFC. The Special Limited Partner shall not need MHPFC consent to approve the annual operations budget. Further, the Special Limited Partner shall not need to provide MHPFC reporting that is in addition to what is provided in the closing process and what is required by the Partnership Agreement. The Developer agrees to keep MHPFC apprised and share information in good faith.

Covenants

- The General Partner may covenant not to take affirmative actions, but the General Partner

cannot covenant not to permit or allow others to take actions. The General Partner cannot covenant to maintain the property tax exemption, but the General Partner may agree to cooperate with the Special Limited Partner in making any required filings and MHPFC agrees to maintain their status as a Public Facility Corporation organized under Chapter 303 of the Texas Local Government Code.

- Any covenants relating to the operation of the Partnership, or the construction or operation of the Residential Development should be made by the Special Limited Partner (including, but not limited to, qualification for tax credits).
- The General Partner will not covenant to maintain adequate capital.

Indemnities and Guaranties

- The General Partner and MHPFC shall be indemnified by the Partnership, the Developer and by the Special Limited Partner for all losses, costs, damages, expenses and liability of any nature (including but not limited to attorneys' fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Residential Development, other than those caused by its gross negligence or willful misconduct.
- Certain rights, obligations, and indemnifications of MHPFC, the Developer, the Partnership, the General Partner, and the Special Limited Partner shall be outlined in a master agreement, which shall be executed as of the closing of the Project financing.
- The General Partner's indemnification shall not be conditioned on a court determination.
- The General Partner will not indemnify for actions or inactions of the Special Limited Partner. Any indemnification by the General Partner will be limited to losses caused directly and exclusively by the General Partner's own gross negligence or willful misconduct, and will be further limited as follows which shall be set forth in the Limited Partnership Agreement:

“Limitation of Liability of the General Partner and the Owner of the General Partner. The Partners acknowledge and agree that the General Partner has been adequately capitalized to fulfill its obligations under the documents governing the Partnership. The obligations and liabilities of the General Partner under this Agreement are solely the obligations and liabilities of the General Partner and not of the owner of the General Partner, which shall have no liability under this Agreement. The clawback of payments made to the General Partner prior to the time a liability of General Partner accrues shall be prohibited. The liability of General Partner under this Agreement shall be limited to the positive balance of its Capital Account, provided, however, that in all events, the

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full amount of the insurance policy maintained by Partnership on General Partner's behalf shall apply and be accessible and subrogated as necessary to cover the liability of General Partner, to the extent such liability is covered by the applicable policy.”

- Neither the General Partner nor MHPFC will provide completion guaranties, environmental guaranties, credit guaranties, or covenant to make up for cash flow short falls.
- The General Partner will not be required to make loans to the Partnership.
- If the Partnership is required to provide a guaranty, the guaranty should either be limited to the assets of the Partnership or should explicitly state that the guaranty is not intended to be recourse to the General Partner.

Insurance

- The Special Limited Partner will be responsible for obtaining any insurance required by the Limited Partnership Agreement or other Partnership documents and will name MHPFC, General Partner and any contractor as additional insured parties where applicable.
- The Partnership or the Special Limited Partner shall obtain and maintain a liability insurance policy covering the Development with umbrella coverage covering MHPFC and the General Partner with a policy limit of \$5,000,000 and the Partnership shall pay the premium for the same each year.

Duties and Obligations for Administration of Partnership

- MHPFC or its affiliate will only become the sole member of the General Partner at the closing of the transaction, therefore pre-closing items must be addressed by the Special Limited Partner or another affiliate of the Developer. Under no circumstances will the General Partner execute documents on behalf of the Partnership that are effective prior to MHPFC's admission to the General Partner. Developer and Special Limited Partner shall indemnify the General Partner and MHPFC for any actions taken prior to the admission of the General Partner or MHPFC into the ownership structure, and such indemnification obligations shall be set forth in the assignment of ownership interest and any major agreement or similar agreement between Developer and MHPFC.
- The General Partner will approve changes to the Project budget and plans and specifications for the Project except for Minor Field Changes and change orders under \$200,000 per incident and \$600,000 cumulatively; otherwise, the General Partner will make a broad delegation to the Special Limited Partner with respect to the administration of the Partnership and the operation of the Residential Development which shall include, but not be limited to, the right of the Special Limited Partner to execute any documents related to construction draws, trust requisitions, and capital contributions.
- The Special Limited Partner will be responsible for ensuring any requirements for maintaining the ad valorem tax exemption are met, including any ongoing correspondence

with the applicable appraisal district, other than those requirements related to the qualification of MHPFC as a public facility MHPFC under Texas law, which shall be the sole responsibility of MHPFC. The Special Limited Partner shall cause its counsel, at the expense of the Partnership, to deliver an opinion regarding the ad valorem exemption, which opinion must be addressed to and in form and substance acceptable to the financing parties, MHPFC and the Ground Lessor. The General Partner will agree to provide reasonable cooperation at the direction of the Special Limited Partner with respect to the ad valorem tax exemption.

- All reports that are required shall be made by the Special Limited Partner, and any penalties imposed for late reports shall be imposed only on the Special Limited Partner.

Limitations on Transfers of Partnership Interests

- The Investor will be prohibited from selling its interest to a Prohibited Actor. “Prohibited Actor” means any party, or their affiliates, who (a) is listed as a prohibited/debarred party by any state finance agency as a result of its interactions with respect to year 15 issues; or (b) the General Partner can provide evidence acceptable to the Investor that the party has attempted to impede, failed to permit, or unreasonably delayed the exercise, pursuant to the terms of the documents as drafted, of the Section 42(i)(7) ROFR in an agreement with a non-profit sponsor/grantee.

Taxes and Allocations

- Losses in excess of capital accounts are allocated to the Special Limited Partner rather than the General Partner.
- The Special Limited Partner will be responsible for the preparation, organization, and filing of the tax return and tax filings including the General Partner’s, if any. The General Partner will cooperate with the Special Limited Partner to the extent its signature is required. Any fees relating to the preparation or filing of the tax return or other tax filings will be the sole responsibility of the Partnership.
- The General Partner will not have a deficit restoration obligation either annually or on liquidation.
- The Special Limited Partner will be the “Partnership Representative” for the purposes of tax audits.
- If the Partnership has an adjustment on audit, the General Partner will pay its allocated share out of future distributions but will not put additional funds into the Partnership.

Removal

- Unless a removal is caused by its own gross negligence or willful misconduct, the General Partner will not be liable for the costs related to removal or replacement.
- Notwithstanding the removal or replacement of the General Partner,(i) any indebtedness resulting from a loan by the General Partner or MHPFC to the Partnership shall remain

outstanding and subject to the terms of the documents evidencing such loans and (ii) the Partnership will remain obligated to repay any loan(s) made to the Partnership by the General Partner or MHPFC.

- The General Partner will not be liable for events after removal.
- Any indebtedness resulting from a loan by the General Partner or MHPFC to the Partnership or Project shall remain outstanding and subject to the terms of the documents evidencing such loans, notwithstanding the removal of the General Partner for any reason.

Miscellaneous

- MHPFC may require the entering of a master agreement between the general partner and the special limited partner relating to the further division of duties and responsibilities.
- Special Limited Partner is responsible for communicating the terms of the Memorandum of Understanding and this Schedule to any proposed lenders or equity investors for the Project.

The governing law, jurisdiction, and venue will be Travis County, Texas.

SCHEDULE 2

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AGENDA ITEM NO.



PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: September 18, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTIONS:

Consideration, discussion, and possible action to authorize the General Manager to execute various documents as needed to complete lender due diligence in connection with the Tower Road Apartments Project.

BACKGROUND/SUMMARY:

The Tower Road Apartments project will be financed with funds from a range of sources. As underwriters and lenders. As with other City bond financings, underwriters and other lenders conduct due diligence to establish the relative credit of the issuer, here, the MHPFC and its wholly-owned subsidiary MHPFC TRGP1 LLC. The questions primarily pertain to the MHPFC’s compliance with applicable laws and the assets and obligations of the MHPFC TRGP1. It is expected that these questions will be asked by several different lenders and underwriters. Because the MHPFC and MHPFC TRGP1 have not had any legal actions, findings, or sanctions against them, and because the MHPFC TRGP1 does not have any assets, the due diligence will be straightforward. But it is nonetheless required for the lenders’ due diligence records.

The due diligence documentation that will be executed by the General Manager do not and will not authorize the lenders to review or ask for the personal history, financial matters, or any other personal data regarding any individuals- Board Members, Council Members, City Administration and Staff, consultants, or any other individual. The due diligence strictly pertains to the MHPFC and the MHPFC TRGP1 as corporated entities.

LEGAL REVIEW: Yes, Gregory Miller, Bond Counsel
FISCAL IMPACT: N/A
PRESENTATION: Yes, Gregory Miller, Bond Counsel and Partnership Counsel to the MHPFC
ATTACHMENTS: No

Staff Recommendation:

Move that the Board approve and authorize the General Manager to execute various documents as needed to complete lender due diligence in connection with the Tower Road Apartments Project.