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**CITY SECRETARY
DALLAS, TEXAS**



City of Dallas

Public Notice

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POSTED CITY SECRETARY
DALLAS, TX

**DALLAS HOUSING FINANCE CORPORATION
REGULAR MEETING**

**Tuesday, March 14, 2023 at 12:00 PM
Dallas City Hall – Council Briefing Room 6ES
Video Conference:**

<https://dallascityhall.webex.com/dallascityhall/j.php?MTID=m6e5639be9e4d358775d87f5df91f0f5e>

Telephone: (408) 418-9388, Access Code: 2489 719 4298

The City of Dallas will make “Reasonable Accommodations” to programs and/or other related activities to ensure any and all residents have access to services and resources to ensure an equitable and inclusive meeting. Anyone requiring auxiliary aid, service, and/or translation to fully participate in the meeting should notify the Department by calling (214) 670-4557 or TTY (800) 735-2989, forty-eight (48) hours prior to the scheduled meeting. A video stream of the meeting will be available two business days after adjournment by visiting <https://dallascityhall.com/government/Pages/Live.aspx>.

Individuals and interested parties wishing to speak must register with the Department by email to aaron.eaquinto@dallas.gov or call (214) 670-4941, twenty-four (24) hours prior to the meeting date and time.

AGENDA

- I. **Call to Order** - Marcy Helfand, President
- II. **Roll Call** – Aaron Eaquinto, Assistant General Manager
- III. **Public Comments on items 4-7**
- IV. **Approval of the Minutes for the February 14, 2023 City of Dallas Housing Finance Corporation (“the Corporation”) Meeting** – Marcy Helfand, President
- V. **Consider and Adopt a Resolution Approving a Memorandum of Understanding (“MOU”) with Waterford Property Company, LLC (“Waterford”) for the Acquisition of Domain at Midtown Park, a Multifamily Residential Development Located at 8169 Midtown Boulevard and the Creation with the Texas Secretary of State of a Limited Liability Company to Own the Development with the Corporation as the Sole Member to be Named DHFC Domain at Midtown Park, LLC and Approving the Form of a Limited Liability Company Agreement** – Aaron Eaquinto, Assistant General Manager, George Rodriguez, Bond Counsel, Bracewell LLP, Ryan Bowen, Corporation Counsel, Chapman and Cutler LLP and Tim Nelson, Managing Director, Hilltop Securities Inc
- VI. **Resolutions for Rosemont at Meadow Lane, a Multifamily Residential Development Located at 4722 Meadow Street:**

- a. Consider and Adopt Resolution Approving an MOU with Devco Preservation, LLC for the Acquisition and Rehabilitation of Rosemont at Meadow Lane, a Multifamily Residential Development – **Aaron Eaquinto, Assistant General Manager**
- b. Consider and Adopt a Resolution Authorizing the Formation, with the Corporation as the Sole Member, of Rosemont Meadow Lane Managing Member, LLC to Act as the Managing Member of Meadow Lane Preservation, LLC, the Partnership Rehabilitating, Owning, and Managing the Project, and Approving the Form of a Limited Liability Company Agreement – **Aaron Eaquinto, Assistant General Manager**
- c. Consider and Adopt a Resolution Approving the Creation of a Limited Liability Company with the Corporation as the Sole Member with the Texas Secretary of State to be named DHFC Rosemont Meadow Lane Developer, LLC and Approving the Form of a Limited Liability Company Agreement– **Aaron Eaquinto, Assistant General Manager**
- d. Consider and Adopt a Resolution Approving the Creation of a Limited Liability Company with the Corporation as the Sole Member with the Texas Secretary of State to be named DHFC Rosemont Meadow Lane Landowner, LLC and Approving the Form of a Limited Liability Company Agreement– **Aaron Eaquinto, Assistant General Manager**

VII. Resolutions for the Positano, a Multifamily Residential Development Located at 2519 John West Road:

- a. Consider and Adopt Resolution Approving an MOU with Devco Preservation, LLC for the Acquisition and Rehabilitation of The Positano, a Multifamily Residential Development
- b. Consider and Adopt a Resolution Authorizing the Formation, with the Corporation as the Sole Member, of DHFC Positano Managing Member, LLC to Act as the Managing Member of Positano Apartments, LLC, the Partnership Rehabilitating, Owning, and Managing the Project, and Approving the Form of a Limited Liability Company Agreement – **Aaron Eaquinto, Assistant General Manager**
- c. Consider and Adopt a Resolution Approving the Creation of a Limited Liability Company with the Corporation as the Sole Member with the Texas Secretary of State to be named DHFC Positano Developer, LLC and Approving the Form of a Limited Liability Company Agreement – **Aaron Eaquinto, Assistant General Manager**
- d. Consider and Adopt a Resolution Approving the Creation of a Limited Liability Company with the Corporation as the Sole Member with the Texas Secretary of State to be named DHFC Positano Landowner, LLC, and Approving the Form of a Limited Liability Company Agreement– **Aaron Eaquinto, Assistant General Manager**

VIII. Adjourn – Marcy Helfand, President

Handgun Prohibition Notice for Meetings of Governmental Entities

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

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistol oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

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

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

"Pursuant to Section 46.03, Penal Code (places weapons prohibited), a person may not carry a firearm or other weapon into any open meeting on this property."

"De conformidad con la Sección 46.03, Código Penal (coloca armas prohibidas), una persona no puede llevar un arma de fuego u otra arma a ninguna reunión abierta en esta propiedad."

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt . Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



City of Dallas

DALLAS HOUSING FINANCE CORPORATION REGULAR MEETING

Meeting Record

Tuesday, February 14, 2023 at 12:00 PM
Dallas City Hall – L1FN Auditorium

Video Conference :

<https://dallascityhall.webex.com/dallascityhall/j.php?MTID=m6e5639be9e4d358775d87f5df91f0f5e>

Telephone: (408) 418-9388, **Access Code:** 2489 719 4298

The Dallas Housing Finance Corporation Board of Directors meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Boards Coordinator at 214-670-1686.

Meeting Date: February 14, 2023

Meeting Start time: 12:02 PM

Board Members Present:	Staff Present:
President Marcy C. Helfand Secretary Anthony Page Treasurer Beatrice Alba Martinez Director Sean Allen Director Patty Collins Director Tatiana Farrow Director Prisma Garcia Director Christopher Lewis Director Joshua Vernon <u>Board Members Absent:</u> Vice President Ryan Garcia Director Jessica M De Paz Director David Ellis	Aaron Eaquinto, DHFC Assistant General Manager Jaclyn Schroeder, Housing Project Coordinator David Noguera, Director - Housing Kelsey Ciluffo <u>Guests Present:</u> Ryan Bowen George Rodriguez Camisha Simmons Sean Rawson Cole Tait

AGENDA:

1. Dallas Housing Finance Corporation Board of Directors Meeting called to Order by - **Marcy Helfand, President**
2. Roll Call – **Aaron Eaquinto, Assistant General Manager**
3. Public Testimony - **Public Comments on items 4-7**
No comments.
4. Approval of the Minutes for the January 10, 2023 City of Dallas Housing Finance Corporation ("the Corporation") Meeting – **Marcy Helfand, President**

Action Taken/Committee Recommendation(s):

Motion made by Director Allen	Motion seconded by Director Page
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

The item passed unanimously with the comment that the January minutes need editing for a typo.

- Consider and Adopt a Resolution Approving a Memorandum of Understanding ("MOU") with Opportunity Housing Group ("OHG") for the Acquisition of Fitzhugh Urban Flats, a Multifamily Residential Development Located at 2707 N Fitzhugh Ave and the Creation with the Texas Secretary of State of a Limited Liability Company to Own the Development with the Corporation as the Sole Member to be Named DHFC Fitzhugh Urban Flats, LLC and Approving the Form of a Limited Liability Company Agreement – **Aaron Eaquinto, Assistant General Manager, George Rodriguez, Bond Counsel, Bracewell LLP, Ryan Bowen, Corporation Counsel, Chapman and Cutler LLP and Tim Nelson, Managing Director, Hilltop Securities Inc.**

Action Taken/Committee Recommendation(s):

Motion made by Treasurer Martinez	Motion seconded by Director Collins
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

President Helfand asked about vacancy rates in regard to the the DFW market rates versus the in place rents and how residents will be affected. Secretary Page asked questions regarding the debt service coverage and bond rates. Questions regarding surrounding amenities and schools followed. Director Allen asked how Opportunity Housing Group identifies properties. Improvements to the property were also discussed.

- Consider and Adopt a Resolution Approving a Memorandum of Understanding ("MOU") with Waterford Property Company ("Waterford") for the Acquisition of Everra Midtown, a Multifamily Residential Development Located at 8250 Meadow Road and the Creation with the Texas Secretary of State of a Limited Liability Company to Own the Development with the Corporation as the Sole Member to be Named DHFC Everra Midtown, LLC and Approving the Form of a Limited Liability Company Agreement – **Aaron Eaquinto, Assistant General Manager, George Rodriguez, Bond Counsel, Bracewell LLP, Ryan Bowen, Corporation Counsel, Chapman and Cutler LLP and Tim Nelson, Managing Director, Hilltop Securities Inc.**

Action Taken/Committee Recommendation(s):

Motion made by Secretary Page	Motion seconded by Treasurer Martinez
Abstained: Farrow	
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

President Helfand asked about rent increase calculator and asked questions regarding ground lease. Discussion surrounding ground lease and tax exemption followed with input from Ryan Bowen (Chapman & Cutler). Secretary Page asked questions surrounding bond fees. Further discussion of ground lease followed. Treasurer Martinez suggested a review of crime data for area. Question of how DHFC could proceed regarding ground lease followed with suggestion to

table the item and revisit. It was determined that item should be postponed. Motion was made and passed to move the item to the March 14, 2023 meeting agenda.

7. Consider and Adopt Post-Issuance Compliance Procedures for Governmental and Private Activity Bonds – **Aaron Eaquinto, Assistant General Manager, George Rodriguez and Brian Teaff, Bond Counsel, Bracewell LLP**

Action Taken/Committee Recommendation(s):

Motion made by Secretary Page	Motion seconded by Treasurer Martinez
Item passed unanimously: <u>X</u>	Item passed on a divided vote: <u> </u>
Item failed unanimously: <u> </u>	Item failed on a divided vote: <u> </u>

There was discussion of regarding document retention guidelines for compliance.

8. Adjourn – **Marcy Helfand, President 1:02 PM**

These minutes were approved by the City of Dallas Housing Finance Corporation Board of Directors on the ____ day of March 2023.

APPROVE:

ATTEST:

Marcy C. Helfand
President

Anthony Page
Secretary

**City of Dallas Housing
Finance Corporation**

Memo

To: Board of Directors of the City of Dallas Housing Finance Corporation

From: Aaron Eaquinto, Assistant General Manager

cc: Ryan Bowen, General Counsel
George Rodriguez, Bond Counsel, Bracewell LLP
Tim Nelson, Financial Advisor, Hilltop Securities
Robert Estrada, Financial Advisor, Estrada Hinojosa & Company, Inc.

Date: March 14, 2023

Re: Consider and Adopt a Resolution Approving a Memorandum of Understanding (“MOU”) with Waterford Property Company, LLC (“Waterford”) for the Acquisition of Domain at Midtown Park, a Multifamily Residential Development Located at 8169 Midtown Boulevard and the Creation with the Texas Secretary of State of a Limited Liability Company to Own the Development with the Corporation as the Sole Member to be Named DHFC Domain at Midtown Park, LLC and Approving the Form of a Limited Liability Company Agreement

The purpose of this agenda item is to consider and adopt a resolution approving an MOU with Waterford Property Company (Waterford) to finance and acquire Domain at Midtown Park, a Multifamily Residential Development Located at 8169 Midtown Boulevard.

Waterford submitted an application to acquire Domain at Midtown Park, an existing 395-unit market rate, multifamily development located in District 13 at 8169 Midtown Blvd, using essential function bonds. The property was completed in 2016. Upon closing, the DHFC would own the land and the improvements and subsequently 50% of the units would become income restricted for residents earning at or below 80% the area median income. 40% of the units would be reserved for 140% AMI, and 10% would be non-income restricted – the same income mix as our other recently-approved essential bond acquisitions. The residents earning at or below 80% AMI that are currently paying over the 80% AMI rents would instantly receive rent reductions. Those earning over 80% AMI would continue to pay market rents. No residents will be displaced. This property is located in a high opportunity area just off Walnut Hill and Hwy 75. This provides residents convenient access to job centers both to the North in Plano and Frisco, and to the South in central Dallas.

With an essential bond transaction involving an existing property, the DHFC will purchase the asset using the bonds to finance the transaction. This ownership through the DHFC will immediately grant a tax

exemption to the property, allowing the property administrator to charge lower rents and restrict the affordability on site. Without ownership through the DHFC, these restricted rents would not be able to be supported. Waterford will essentially run the property on our behalf, but the DHFC will be the sole owner.

Waterford currently has the property under contract and requires Board action to approve an MOU for the acquisition and a preliminary inducement for the bonds. A preliminary MOU and Term Sheet will be distributed with the board materials.

If you have any questions regarding this agenda item, Staff, Ryan Bowen, Corporation Counsel, Tim Nelson, DHFC Financial Advisor, and Waterford will be available prior to and at the meeting to discuss.



DOMAIN AT MIDTOWN PARK
“MIDDLE INCOME”
WORKFORCE HOUSING PROGRAM



City of Dallas

100 BAYVIEW CIRCLE, SUITE 4500
NEWPORT BEACH, CA 92660
949.529.3530
WWW.WATERFORDCO.COM

DOMAIN AT MIDTOWN PARK

ESSENTIAL HOUSING OPPORTUNITY

THE PROPERTY

Located at 8169 Midtown Blvd, Domain at Midtown Park is a 395-unit multifamily community in Dallas.

domain
at Midtown Park

Project Overview:

- **City District:** 13
- **Year Built:** 2016
- **Total Units:** 395 units
- **Property Type:** “Class A” Multifamily Community, Mid-Rise
- **Unit Mix:** Studio – 57; 1B – 185 units; 2B – 145 units; 3B – 8 units
- **Location Proximity:** Located on the northwestern boundary of Vickery Meadow, conveniently located near ample highways, parks, hospitals, and grocery options

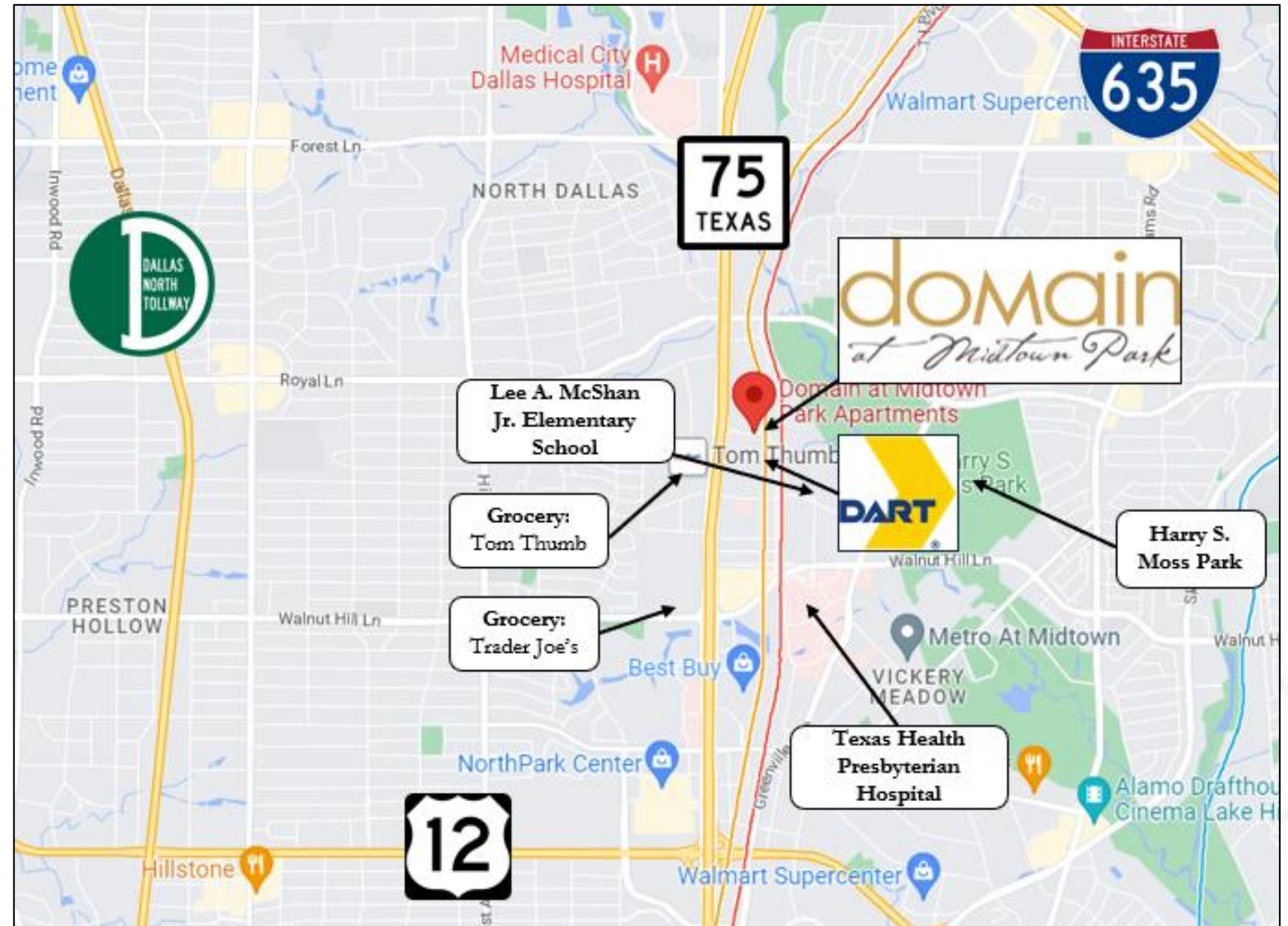


DOMAIN AT MIDTOWN PARK

VICKERY MEADOW

NEIGHBORHOOD AMENITIES

- **Dallas Area Rapid Transit (DART) Station**
 - 0.6 miles from Domain at Midtown Park
- **Tom Thumb Grocery Store**
 - 0.3 miles from Domain at Midtown Park
- **Trader Joe's Grocery Store**
 - 0.9 miles from Domain at Midtown Park
- **Lee A. McShan Jr. Elementary School**
 - 0.4 miles from Domain at Midtown Park
- **Texas Health Presbyterian Hospital**
 - 0.9 miles from Domain at Midtown Park
- **Harry S. Moss Park**
 - 0.6 miles from Domain at Midtown Park



DOMAIN AT MIDTOWN PARK

RESTRICTED UNIT MIX

THE MIDDLE INCOME PROGRAM

- The acquisition of Domain at Midtown Park will be financed through the issuance of tax-exempt bonds
- Upon the acquisition of the property, DHFC will restrict rents for 90% of units (357 units) at the asset to the following:
 - Households earning less than 80% of the Area Median Income (AMI) (199 units) — 50% of units
 - Households earning less than 140% of the Area Median Income (AMI) (158 units) — 40% of units
 - The remaining units will be unrestricted (38 units) — 10% of units
- Maximum allowable rents for each income category will not exceed 30% of the respective income limit for Dallas County, adjusted for household size, as published annually by HUD

Max Allowable Rent	
	80% AMI
0 BR	\$1,364
1 BR	\$1,461
2 BR	\$1,754
3 BR	\$2,026



Unit Type	Type	Total Units	SF	Market Rent	80% AMI Pro Forma Rent		
					Units	80% AMI Rents	% Discount to Market
0 BR	Market	57	599	\$1,525	29	\$1,349	11.5%
1 BR	Market	185	774	\$1,624	93	\$1,461	10.0%
2 BR	Market	145	1,121	\$2,021	73	\$1,754	13.2%
3 BR	Market	8	1,786	\$3,116	4	\$2,026	35.0%
Total/Wtd. Avg.		395	897	\$1,786	199	\$1,564	12.4%
Monthly Rent Savings Per Resident						\$222	

Rent-restricted residents will save an average of **\$222** in monthly rent costs through the program.

Rent savings will amount to a **12.4%** discount from current market rents.

DOMAIN AT MIDTOWN PARK

RESIDENT RENT SAVINGS VS. CITY TAX LOSS

RENT SAVINGS AT DOMAIN AT MIDTOWN PARK OUTWEIGH CITY PROPERTY TAX LOSS

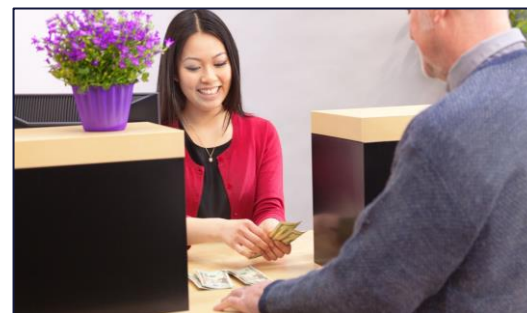
- Residents and families living in 80% AMI-restricted units at Domain at Midtown Park will **save an average of \$223 per month on rent, or \$2,666 per year.**
- Aggregate rent savings will amount to **\$83,184,141 (\$418,011 per unit)** over the 40-year term.
- Over the same period, the City of Dallas **will forego only \$33,098,870 (\$166,326 per unit) in property taxes but will gain \$277,281,603** on the Year 40 sale of the asset.



	Avg. Rent	Units	Year 0		Growth Rate	Growth		Aggregate	
				Per Unit		2022	2061	(40 Years)	Per Unit
GPR - Converted Middle Income	\$1,564	199	\$3,733,699	\$18,762	3.0%	\$3,845,710	\$12,179,468	\$289,971,402	\$1,457,143
GPR - As-Is (Market Rate)	\$1,786	199	\$4,264,170	\$21,428	3.5%	\$4,413,416	\$16,882,956	\$373,155,543	\$1,875,153
Resident Rent Savings			\$530,471	\$2,666		\$567,706	\$4,703,488	\$83,184,141	\$418,011
City Tax Loss								\$33,098,870	\$166,326
City Net Surplus Proceeds - Year 40 Sale								\$277,281,603	\$1,393,375

THE “MISSING-MIDDLE”

- Dallas has a growing shortage of available essential housing for the “Missing Middle”. These are individuals and families who earn too much to qualify for traditional affordable housing, but not enough to afford the market-rate rents within the communities they work and serve.
- Essential housing (also known as moderate-income housing) is housing for individuals and families earning up to 140% of the Area Median Income (AMI).
- Typically, the “Missing Middle” is the most difficult segment of the population to provide housing for because rents are not low enough to make projects eligible for government subsidies, but rents are still too low to justify the construction costs.
- This demographic includes schoolteachers, government workers, public safety employees, non-profit employees, medical workers and service employees.



WATERFORD PROPERTY COMPANY

- Waterford Property Company “Waterford” is an experienced owner and developer of institutional “Class A” multifamily rental projects and affordable housing projects. Since its founding in 2014, Waterford has acquired and developed over 7,500 multifamily units
- Waterford is an expert in the development of affordable housing. Sean Rawson, Co-Owner of Waterford, has developed and has been a principal and owner of over 3,000 affordable residential units during his career.
- Since 2021, Waterford has closed and acquired over \$2 billion of bond financed affordable housing projects totaling 4,014 units through the middle-income housing program.

GOLDMAN SACHS

- Goldman Sachs is an expert in municipal bond offerings for public infrastructure and housing projects.
- In 2021 alone, Goldman Sachs led or passively managed the underwriting of \$76.5 billion of municipal bond offerings.
- Goldman Sachs will be the lead investment banker and underwriter for the project.

GREYSTAR

- Greystar operates in more than 210 markets globally with approximately a 748,000-unit portfolio.
- Greystar will serve as Property Manager following the acquisition of the project.

OVERVIEW OF WATERFORD ESSENTIAL HOUSING PORTFOLIO



- Total Waterford Essential Housing Communities: 15
- Total Waterford Essential Housing Units: 4,014

OWNERSHIP

- Assets are owned by the DHFC and Waterford is the Project Administrator
- Waterford will oversee all operations of the assets and maintain the business plan in conjunction with its property manager

REGULATORY AGREEMENT

- Restrict 50% of units to rents affordable for households making 80% of the area median income or lower
- Restrict 40% of units to rents affordable for households making 140% of the area median income or lower
- Prevent displacement of existing residents that do not meet income eligibility requirements

FINANCIAL REPORTING

- DHFC shall provide annual reports to Dallas regarding the status of its acquisition, financing and operation of property
- Dallas is allowed to review and audit all financials for the property

PUBLIC BENEFIT AGREEMENT

- Dallas, at its sole discretion, may force a sale of the assets of the property between Year 15 and Year 40
- The project is financed through the issuance of limited obligation bonds; bonds issued will be indebtedness solely for the DHFC, and payable from revenues of the project
- No financial expenditures, liabilities, or obligations are created by financing through the DHFC or executing the public benefit agreement

HOW HAS THE ESSENTIAL HOUSING PROGRAM AFFECTED OUR TENANTS?



Michelle
Respiratory Care Practitioner

“It’s important for programs like this to exist, just because people like me, they’re in the middle-class range, if things end up being too expensive, then I think it makes it a lot more difficult for us to picture ourselves living in nicer communities. We have to either work extra just to afford the living or have to move really far in order to afford something convenient, something nice, especially because the cost of California is very expensive and everything keeps going up. I feel very fortunate that I found this program, because it’s benefited me in so many ways.”



Nicole
Behavioral Therapist

“I can feel myself smiling...[The program] has genuinely made being here so much better. [I’m feeling] my excitement for life again, especially after the pandemic. It got to the point where everywhere I was looking, I was barely going to make rent. It just happened that they started a new program, which saves me a good couple hundred [per month], which is so relieving.”



Tony & Maggie
Community Bank &
Administrative Professionals

“We’re newlyweds and we held off on expanding our family because we knew that we wanted to be at a place that we really loved. The rental savings that this program has offered is allowing us to have a savings account, and hopefully we can buy a home soon. This transition helped us think about the future for not only our family, but also financially.”

“We definitely had many conversations about moving out of California...we just couldn’t find where to live where we could afford and still be happy...one of the things we love about this program is that we have a sense of financial security...we know there won’t be a sudden jump in our rent.”



Victoria
Middle-School Teacher

“We’ve lost a good amount of teachers at our middle school that moved out of the city...I think what’s most important about a program like this is it does give housing security. And that’s what Long Beach needs – housing security.”



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NEWPORT BEACH, CA 92660

949.529.3530

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V. DOMAIN AT MIDTOWN – RESOLUTION APPROVING
MEMORANDUM OF UNDERSTANDING AND LLC
AGREEMENT

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the “*Corporation*”) hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the “*Board*”), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 meeting (the “*Resolution*”) are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

RESOLUTION AUTHORIZING THE FORMATION OF DHFC DOMAIN AT MIDTOWN PARK, LLC (THE “*COMPANY*”) IN CONNECTION WITH THE CITY OF DALLAS HOUSING FINANCE CORPORATION (THE “*CORPORATION*”) ISSUANCE OF BONDS; AUTHORIZING THE DESIGNATION OF THE CORPORATION AS THE SOLE MEMBER OF THE COMPANY; APPROVING A MEMORANDUM OF UNDERSTANDING; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE COMPANY; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Dallas Housing Finance Corporation (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford; and

WHEREAS, pursuant to the Act, the Corporation intends to issue, sell and deliver one or more series of bonds (the “*Bonds*”) to provide for the financing by DHFC Domain at Midtown Park, LLC, a to-be-formed Texas limited liability company (the “*Company*”), of the acquisition of a multifamily residential rental development known as Domain at Midtown Park, located in the City of Dallas, Dallas County, Texas (the “*Project*”), and the funding of certain reserves and payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board of Directors of the Corporation has determined that it is in the best interest of the Corporation to authorize the formation, and to act as the sole member of the Company; and

WHEREAS, as the sole member of the Company, the Corporation desires to appoint officers of the Company and authorize the officers to enter into agreements on behalf of and for the benefit of the Company; to approve of the Company’s formation; and to ratify all actions previously taken on behalf of the Company in connection with operation of the Project; and

WHEREAS, the Corporation desires to approve a memorandum of understanding with Waterford Property Company, LLC (the “*Memorandum of Understanding*”) regarding the acquisition and development of the Project in substantially the form attached hereto as *Exhibit A*;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION THAT:

Section 1. Formation of Company. The formation of DHFC Domain at Midtown Park, LLC is hereby approved.

Section 2. Designation of Sole Member. The designation of the Corporation as the sole member of the Company is hereby approved and ratified.

Section 3. Appointment of Officers of the Company. Marcy C. Helfand is appointed President, Ryan Garcia is appointed Vice President, and Anthony Page is appointed Secretary of the Company.

Section 4. Approval of Memorandum of Understanding. The Corporation hereby approves the Memorandum of Understanding regarding the acquisition and development of the Project.

Section 5. Execution and Delivery of Documents. The officers of the Company or the Corporation, as sole member of the Company, are each hereby authorized to negotiate the terms of, execute and attest to a limited liability company agreement for the Company and any other such agreements, including but not limited to a property management agreement and a project administration agreement, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 6. Ratification of Previous Actions. The Corporation hereby ratifies, confirms and adopts all actions previously taken on behalf of the Company to carry into effect the transactions contemplated by this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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EXHIBIT A

MEMORANDUM OF UNDERSTANDING

[Attached]

MEMORANDUM OF UNDERSTANDING

BETWEEN

CITY OF DALLAS HOUSING FINANCE CORPORATION

AND

WATERFORD PROPERTY COMPANY, LLC

“DOMAIN AT MIDTOWN PARK”

THIS MEMORANDUM OF UNDERSTANDING (this “*MOU*”) is between the City of Dallas Housing Finance Corporation (the “*Dallas HFC*”), a public, nonprofit housing finance corporation organized under Chapter 394 of the Texas Local Government Code, as amended, and Waterford Property Company, LLC (the “*Developer*”), a California limited liability company, and is dated and effective as of [March 14], 2023.

The Developer is a developer and asset manager of affordable housing in the State of Texas. The Dallas HFC is a public, nonprofit housing finance corporation whose mission is to provide safe, decent and sanitary housing for persons of low and moderate income. The Developer and the Dallas HFC hereby agree to work cooperatively to acquire, own, operate and manage affordable housing at the following location, in accordance with the terms of this MOU:

Domain at Midtown Park, being an existing 395-unit development located at 8169 Midtown Boulevard in the City of Dallas, Dallas County, Texas (the “*Project*”), financed with tax-exempt governmental purpose bonds to be issued by the Dallas HFC (the “*Bonds*”).

In order to accomplish this purpose, the parties agree as follows:

AGREEMENTS

A. OWNERSHIP STRUCTURE

1. The Dallas HFC will form a Texas limited liability company named DHFC Domain at Midtown Park, LLC (the “*Company*”) for the purpose of borrowing the proceeds of the Bonds from the Dallas HFC and owning the Project.

2. The Developer or an affiliate thereof will serve as asset manager (the “*Asset Manager*”) of the Project and will enter into an asset management agreement (the “*Asset Management Agreement*”) with the Company. Pursuant to the Asset Management Agreement, the Asset Manager will, among other things:

(i) monitor and report to the Company with respect to the compliance and performance of the Property Manager (as hereinafter defined) with the Property Manager's duties under the Management Agreement (as hereinafter defined);

(ii) monitor and take all commercially reasonable steps necessary to cause the Property Manager to comply with the Dallas HFC's and the Company's tenant selection policies as set forth in the Regulatory Agreement (as hereinafter defined) and to otherwise verify the Project's continued compliance in all material respects with the Regulatory Agreement, including income verification and reporting requirements thereunder and all reporting requirements set forth in *Exhibit A* hereto;

(iii) prepare and file (or cause the Property Manager to prepare and file) all necessary forms relating to the maintenance and operation of the Project required by all applicable laws;

(iv) in consultation with its counsel, coordinate and manage the process of entering into any required deposit account control agreements with the cooperation of the Company and its counsel;

(v) cooperate with the Company and any accountants engaged on the Company's behalf regarding applicable income or other tax returns and filings;

(vi) cooperate with the Company and the Dallas HFC and its counsel in connection with any communications with appraisers or taxing districts necessary to obtain and maintain an ad valorem tax exemption with respect to the Project;

(vii) cooperate with Company to obtain and maintain insurance for the Project and acquaint itself with all terms and conditions of all insurance policies applicable to the ownership, operation, management and maintenance of the Project;

(viii) in consultation with the Property Manager, promptly investigate and provide a written report to the Company as to all alleged accidents and/or alleged claims for damages related to the ownership, operation, management and maintenance of the Project (including any personal injury or property damage) and the estimated cost of repair and forward such information to the applicable insurance carrier, when appropriate;

(ix) to the extent within the control of the Asset Manager, monitor and verify that the Project is being operated in compliance with all requirements of the Bond documents, including without limitation, compliance with all notice requirements thereunder;

(x) direct the Property Manager to obtain and keep in full force and effect all real estate and business licenses and governmental authorizations (including qualifications to do business) as may be necessary for the proper performance of the Property Manager's duties and obligations under the Management Agreement;

- (xi) oversee the Property Manager's efforts to advertise, promote and market the Project;
- (xii) cooperate with the Company with respect to the Company's provision of social services at the Project;
- (xiii) notify the Company in a timely manner of any occurrence, event, condition or circumstance known to the Asset Manager that could reasonably be expected to have a material adverse effect on the business or operations of the Project;
- (xiv) coordinate with the Property Manager for submission to the Company of annual operating and capital budgets; and
- (xv) monitor compliance with any debt service coverage requirements required in connection with the Bonds.

The Company may terminate the Asset Management Agreement at such times and upon such notice as will be set forth in the Asset Management Agreement; *provided*, that in the event of such termination, the Asset Manager or its affiliates will be entitled to retain ownership of the subordinate bond.

B. DUE DILIGENCE

As a condition to the Dallas HFC's participation in the Project, the Developer will provide the Dallas HFC with all reasonably requested due diligence information on the Project and its proposed financing and operations.

C. FINANCING

The acquisition of the Project will be financed through the issuance of the Bonds. It is expected that the Bonds will be sold by Goldman Sachs or an affiliate thereof, pursuant to a limited offering. The Dallas HFC will issue the bonds in minimum authorized denominations of \$100,000 (in maturity value for Capital Appreciation Bonds) and will initially be sold only to investors who deliver an investor letter acceptable to the Dallas HFC. The Dallas HFC may issue to the Asset Manager or an affiliate thereof a subordinate bond in minimum authorized denominations of \$500,000, which will be issued in physical form and be transferable only upon delivery to the Dallas HFC of an investor letter acceptable to the Dallas HFC.

The proceeds of the Bonds will be loaned to the Company to enable the acquisition of the Project. Certain terms relating to the Bonds and the financing of the Project are set forth in the term sheet attached as *Exhibit A* hereto and made a part hereof.

D. MANAGEMENT AND OPERATION

1. GREP Texas, LLC shall serve as the property manager (the “*Property Manager*”) for the Project, which will be memorialized in a management agreement with the Company (the “*Management Agreement*”), which is subject to the approval of the Dallas HFC.

2. The Management Agreement will be terminable at the discretion of the Company upon 30 days’ written notice.

E. COMMUNITY SUPPORT

The Developer shall be primarily responsible for interfacing with the local governmental officials in connection with support for the Project and the Dallas HFC shall provide reasonable cooperation in connection with such matters. The parties will consult with each other and coordinate the response to any media inquiries and/or public opposition to the Project that may arise.

F. AD VALOREM TAX EXEMPTION

The ownership structure and the rental restrictions contemplated herein are expected to generate an ad valorem tax exemption (the “*Exemption*”) for the Project. The Dallas HFC, on behalf of the Company, shall work with the Developer and the Dallas Central Appraisal District to obtain confirmation of the availability of such Exemption in the form of a pre-determination letter, to the extent such letter can be obtained.

G. SUMMARY OF TERMS

Certain financial terms and other information with respect to the Bonds and the Project are set forth in the summary of terms attached hereto as *Exhibit A* and made a part hereof.

H. REGULATORY RESTRICTIONS

In addition to restrictions that may be required in connection with the Bonds, the Developer and the Dallas HFC agree that (i) 50% of the units in the Project will be restricted for occupancy by individuals and families earning less than 80% of the area median income, and (ii) 90% of the units (including the units described in (i)) in the Project will be restricted for occupancy by individuals and families earning no more than 140% of the area median income. The income and rent limits will be adjusted for family size and calculated by using the Calculator (as hereinafter defined) without application of a utility allowance. The Dallas HFC is expected to record a Regulatory Agreement and Declaration of Restrictive Covenants at closing in the Dallas County land records that will set forth the income restrictions and describe the methodology for income verification and reporting.

As used herein, “*Calculator*” means the Novogradac Rent and Income Limit Calculator for the applicable year, under the “Other Federal, State, or Local Program” category for Dallas-Fort Worth-Arlington, TX HUD Metro FMR Area with rent calculations based on either: “80%” or “140%” and Imputed Persons Per Bedroom for Rent Limited Calculations set to “1.5 Person/1 Bedroom” and the applicable family size selected for the respective housing leasing a particular unit. In the event such tool is not available, applicable rent and income limits shall be calculated using a reasonable substitute tool as agreed to by the parties hereto.

I. MISCELLANEOUS

1. This MOU is a letter of intent only. This MOU will have no binding effect and may be terminated at any time by either party for any reason. Upon termination of this MOU, neither party shall have any ongoing obligation to the other with respect to this MOU or the Project.

2. The parties acknowledge that the Company, the Dallas HFC and its affiliates will be represented in this transaction by Chapman and Cutler LLP (“*Company Counsel*”) and Bracewell LLP (“*Bond Counsel*”) in a legal capacity and Hilltop Securities Inc. and Estrada Hinojosa & Company, Incorporated in a financial advisory capacity (collectively, the “*Co-Financial Advisors*”). The Developer and its affiliates will be represented by separate legal counsel and will not be entitled to rely on Company Counsel or Bond Counsel for legal representation in this matter and acknowledges that no financial advisory relationship will exist among the Developer and its affiliates and the Co-Financial Advisors.

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EXECUTED to be effective as of the date above shown.

CITY OF DALLAS HOUSING FINANCE
CORPORATION

By _____
Kyle J. Hines
General Manager

WATERFORD PROPERTY COMPANY, LLC

By _____
Sean Rawson
Managing Member

EXHIBIT A

TERM SHEET

**DHFC – WATERFORD PROPERTY COMPANY, LLC
WORKFORCE HOUSING PROGRAM**

TERM SHEET

March 9, 2023

PROJECT SPECIFICATIONS

Project: Domain at Midtown Park (the “*Project*”), a 395-unit multifamily property completed in 2016 and located at 8169 Midtown Boulevard, Dallas, TX 75231

FINANCING PARTICIPANTS

<i>Issuer:</i>	Dallas Housing Finance Corporation (“ <i>DHFC</i> ”) or other affiliate (collectively referred to as “ <i>DHFC</i> ”)
<i>Borrower and Project Owner:</i>	DHFC Domain at Midtown Park, LLC, a Texas limited liability company whose sole member is DHFC, or other affiliate of DHFC (“ <i>Owner</i> ”)
<i>Sponsor/Project Administrator:</i>	Waterford Property Company, LLC
<i>Property Manager:</i>	GREP Texas, LLC
<i>Bond Counsel and Real Estate Counsel:</i>	Bracewell LLP
<i>DHFC Co-Financial Advisors:</i>	Hilltop Securities, Inc. and Estrada Hinojosa & Company, Inc.
<i>DHFC General Counsel:</i>	Chapman and Cutler LLP
<i>Bond Underwriter:</i>	Goldman Sachs
<i>Bond Underwriter’s Counsel:</i>	Ballard Spahr
<i>Sponsor’s Counsel:</i>	Real Estate Law Group

FINANCING SUMMARY

Waterford is proposing to assist DHFC in the acquisition of the Project. DHFC will issue governmental purpose tax-exempt bonds to finance the acquisition. Waterford will act as the Project Administrator to negotiate the Purchase and Sale Agreement (“*PSA*”), with input from DHFC, provide the required deposits, assemble third-party reports and perform other front-end due diligence and “sponsorship” functions. At the closing, Waterford will assign the *PSA* to the Owner, which will borrow the proceeds of the Bonds from DHFC to enable the acquisition of the Project. Following the closing, the Waterford will stay on in an asset management role to work

with the Property Manager in the administration of the Project, oversight of affordability compliance, operational management and providing information on Project performance to Bond Purchasers on behalf of DHFC. At closing, income restrictions on the Project will be implemented to further DHFC's mission of providing quality affordable housing to qualified tenants and qualify the Project for real estate tax exemption. Owner will be sole owner of the Project, including the land and improvements. Following the retirement of the Bonds, Owner will own the Project free and clear of any bond-related encumbrances.

DEAL SUMMARY/TIMELINE

1. *Purchase Agreement:* Waterford (or its affiliate) has an agreement with the current owner to enter into the PSA for the Project:

- (a) PSA purchase price \$98,750,000 (the "*PSA Purchase Price*").
- (b) *Estimated Closing Date:* June 2023.
- (c) At closing, Waterford will assign the PSA to the Owner:
 - (i) The Owner borrows the proceeds of the Bonds and pays the PSA Purchase Price to seller under the PSA at closing (funded by Investor Bonds, which may include one or more series of senior lien and subordinate lien bonds).
 - (ii) In exchange for assignment of the PSA, DHFC will deliver the \$5 million Sponsor Bonds, which are to be directly issued to Waterford or its affiliate in physical form, and not publicly offered to potential bond purchasers.

2. *Bonds:* DHFC will issue governmental purpose tax-exempt bonds to finance the acquisition of the Project:

- (a) Investor Bond Terms (estimate only, to be finalized at issuance of bonds):
 - (i) Total tax-exempt amount approximately \$118 million.
 - (ii) Interest and Principal to be paid solely by the Project's cash flow.
 - (iii) The proposed structure is a combination of senior current interest self-amortizing bonds with a 40 year final maturity, and a 10 year par call, and mezzanine capital appreciation self-amortizing bonds with a 40 year final maturity and a 10 or 15 year par call.
 - (v) Authorized denominations of \$100,000 (in maturity value for Capital Appreciation Bonds) and integral multiples of \$5,000 in excess thereof (*provided* Bonds may be redeemed in integral multiples of \$5,000).

(b) Sponsor Bond Terms (estimate only, to be finalized at issuance of bonds):

- (i) Total tax-exempt amount \$5,000,000.
- (ii) Estimated coupon and yield not to exceed 10.00%.
- (iii) Issued to Project Administrator or its affiliate in exchange for assignment its right, title and interest in the PSA to Owner.
- (iv) Subordinate to all Investor Bonds and paid with available cash flow after debt service on Investor Bonds are paid, subordinated fees are paid and reserves are funded.
- (v) Authorized denominations of \$500,000 and integral multiples of \$5,000 in excess thereof.

3. *Rent and Income Restrictions:*

- (a) Middle Income Regulatory Agreement will be recorded at Sale:
 - (i) 50% of the units will be restricted to households earning less than 80% of Area Median Income (“AMI”) (adjusted for family size).
 - (ii) 90% of the units will be restricted to tenants earning not more than 140% of AMI (inclusive of the units rented to individuals and families earning less than 80% of the area median income).
 - (iii) The remaining 10% of units will be unrestricted.

4. *Reserves* (all funded by Investor Bonds):

- (a) *Capital Reserves:* Initial deposit and ongoing reserve deposits with annual increase, in amounts that are subject to approval by Owner and its financial advisors.
 - (i) Funds up-front property improvements as needed and provides a reserve for future needs. Property Condition Report to determine final budget for up-front needs and long-term projection.
- (b) *Debt Service Reserves:* Approximately \$5,026,804 or 3 years of Maximum Annual Debt Service (est.):
 - (i) Represents approximately 36 months of debt service payments for Investor Bonds.

(ii) Capitalized Interest Reserve and Coverage Reserve are held until the project achieves 1.2x DSCR. Debt Service Reserve is retained until the Investor Bond principal is fully repaid.

(c) *Operating and Other Reserves:* Approximately \$532,910 Operating Reserve and \$500,000 Extraordinary Expense Fund, with such amounts and any other reserve funds subject to approval by Owner and its financial advisors.

5. *Fees:*

(a) *DHFC Fee* (paid as an Administrative Expense from project income):

(i) Ongoing DHFC Asset Management Fee of 0.5% per year of effective gross income of the Project.

(b) *Upfront Project Administrator Acquisition Fee* (paid from bond proceeds):

(i) Aggregate \$2 million payable to Waterford for services rendered through closing, including the assumption of risk in fronting all pursuit costs, and performing all due diligence on the Project and the underlying transaction. The Upfront Project Administrator Fee is funded by the Investor Bonds.

(c) *Ongoing Project Administration Fee* (paid from cash flow, subordinate to Investor Bond interest):

(i) \$197,500/year, commencing in year 1 and increasing by 2.0% per year for the annual administration of the Project, payable to the Project Administrator. This covers Waterford's expense in administering the project.

(ii) Project Administration responsibilities include: Asset management and oversight of Property Manager; Annual and Quarterly Financial reporting to DHFC and Bond Trustee; Oversight of third-party accountant(s) and Annual Audited Financial Statements and Tax Returns for DHFC and Bond Trustee; Coordination with Property Manager for annual development and submittal of Operating Plan and Budget, Capital Budget, Marketing Plan, and Rent/Fee Schedule; Coordination of Quarterly Budget Updates (if required); Annual preparation on behalf of the DHFC from Property Manager for Certificate of Program Compliance and filing of the Annual Report; Quarterly Report of Continuing Disclosure; Onsite Physical inspections; Inventory management of FF&E; Bond Documents Compliance; Supervision of all Books and Records, Business Licenses, Capital Expenses, Insurance and claims, etc.

(iii) *Term of Project Administration Agreement:* This agreement will be for successive one-year terms.

(d) *Property Management Fee* to third-party property management company:

(i) 2.25% of effective gross income of the Project, plus a monthly to be negotiated Fixed Fee in consideration of the Manager providing certain technology, administrative, and strategic marketing products, affordable compliance services, and other services that are essential to the operation of the property in a professional, efficient and competitive manner.

(ii) Property Management fee paid by the Property's cash flow and considered an operating expense.

(iii) *Term of Project Management Agreement*: This agreement will be for successive one-year terms.

6. *Distributions*:

(a) Net Cash shall be distributed monthly as follows:

(i) *First*, the interest due with respect to the Investor Bonds for the current interest accrual period.

(ii) *Second*, accrued and unpaid interest on the Investor Bonds from prior interest accrual periods.

(iii) *Third*, to payment of subordinated fees including the Sponsor Project Administration Fee.

(iv) *Fourth*, accrued and unpaid interest on the Sponsor Bonds.

(v) Of the remaining funds, 100% will go towards a soft sinking fund (turbo structure) to pay off the Investor Bonds, followed by the Sponsor Bonds.

(vi) *Following repayment of all bonds, Owner owns the Project free and-clear of any bond-related encumbrances.*

(vii) *"Net Cash"*: The Project's gross income (consisting primarily of rental income) minus its operating expenses including the property management fee and capital expenditures.

(b) Capital Proceeds upon a sale or refinance shall be distributed as follows:

(i) *First*, to the accrued and unpaid Investor Bond Interest.

(ii) *Second*, to the accrued and unpaid Sponsor Bond Interest.

(iii) *Third*, to the unpaid Investor Bond Principal.

- (iv) *Fourth*, to the unpaid Sponsor Bond Principal.
- (v) *Fifth*, to the Owner, all remaining proceeds.

**COMPANY AGREEMENT
OF
DHFC DOMAIN AT MIDTOWN PARK, LLC**

This Company Agreement (this “*Agreement*”) of DHFC Domain at Midtown Park, LLC (the “*Company*”) is entered into effective _____, 2023 (the “*Effective Date*”) by and between the City of Dallas Housing Finance Corporation, as the sole member of the Company (the “*Member*”) and the Company.

Subject to the provisions of this Agreement, the Member has organized the Company pursuant to and in accordance with the provisions of the Texas Business Organizations Code, as amended from time to time (the “*Act*”) by filing a Certificate of Formation with the Texas Secretary of State on the Effective Date. The parties hereby agree as follows:

- 1. Name** The name of the limited liability company is DHFC Domain at Midtown Park, LLC.
- 2. Purpose** The sole purposes of the Company are to assist the Member in providing decent, safe and sanitary housing for low- and moderate-income individuals within the City of Dallas, and to finance, acquire, develop, own, operate and manage Domain at Midtown Park, an affordable housing development located at 8169 Midtown Boulevard in the City of Dallas, Dallas County, Texas (the “*Project*”).
- 3. Registered Office** The address of the principal office of the Company in the State of Texas is c/o City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201. The Company may have other offices and places of business at such locations as the Member may from time to time determine.
- 4. Registered Agent** The name and address of the registered agent of the Company for service of process on the Company in the State of Texas is City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201.
- 5. Member** The name and the business, residence or mailing address of the Member is as follows:

City of Dallas Housing Finance Corporation
1500 Marilla St, Room 6CN
Dallas, Texas 75201
- 6. Powers** The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes

described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Texas. The Member shall have the authority to bind the Company.

7. Company Budget

On behalf of the Company, the Member shall approve an annual operating plan and budget and an annual capital budget, or other related documents as may be required in furtherance of the purposes described herein (the “*Company Budget*”). The President of the Member and Treasurer of the Member are each individually authorized to approve the Company Budget, and the General Manager of the Member and the Assistant General Manager of the Member are each individually authorized to approve the Company Budget previously approved by the President or Treasurer of the Member.

8. Authority of the Company

In order to carry out its purpose, the Company is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Company, including but not limited to the following:

- (a) acquire the Project;
- (b) construct, rehabilitate, develop, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Project;
- (c) provide housing, subject to and consistent with the requirements of any applicable regulatory agreement so long as such regulatory agreement, as applicable, remains in force;
- (d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;
- (e) borrow money and issue evidences of indebtedness in furtherance of the Company business and secure any such indebtedness by mortgage, pledge, or other lien; *provided, however*, that the Project loans and any evidences of indebtedness thereof and any documents amending, modifying or replacing any Project loans shall have the legal effect that the Company and the Member and their affiliates shall have no personal liability for the repayment of the principal of or payment of interest on any Project loan or other such indebtedness and that the sole recourse of any lender with respect to the principal thereof and interest thereon

shall be to the assets of the Company, including the property securing any Project loan or other such indebtedness;

(f) maintain and operate the Project, including hiring a management agent, property manager and asset manager and entering into a management agreement, property management agreement, and asset management agreement;

(g) negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Company, or for the refinancing of any mortgage loan on the property of the Company;

(h) enter into the Project documents providing for regulations with respect to rents, profits, dividends and the disposition of property;

(i) rent dwelling units in the Project from time to time, in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Project, and distributing the net proceeds to the Member, subject to any requirements which may be imposed by any applicable regulatory agreement, and/or the other Project documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the business of the Company.

9. Term

The term of the Company commenced on the filing of the Certificate of Formation with the Texas Secretary of State and shall be perpetual unless dissolved as provided in this Agreement or the Code.

10. Dissolution and Liquidation

The Company shall be dissolved upon (a) an election to dissolve the Company by the Member; or (b) any other event that would cause its dissolution under the Code. Upon the dissolution of the Company, a liquidator shall be selected by the Member. The liquidator shall liquidate the assets of the Company and apply and distribute the proceeds of such liquidation in the following order of priority: (i) to the payment of the expenses of the terminating transactions including, without limitation, brokerage commission, legal fees, accounting fees and closing costs; (ii) to the payment of creditors of the Company, including the Member, in the order of priority provided by law; and (iii) to the Member. The distribution to the Member shall be in cash or in-kind assets of the Company or both, as determined by the Member. Upon completion of the distribution of the Company property provided

herein, the Company shall be terminated and the liquidator shall cause the cancellation of the Certificate and any other filings made by the Company and shall take such other actions as may be necessary to terminate the Company.

- | | |
|---|--|
| 11. Capital Contributions | The Member has contributed or will contribute \$50,000, in cash, and no other property, to the Company. |
| 12. Additional Contributions | No Member is required to make any additional capital contribution to the Company. |
| 13. Allocation of Profits and Losses | The Company's profits and losses shall be allocated in proportion to the capital contributions of the Member. |
| 14. Taxes | The Member may make any tax elections for the Company allowed under the Internal Revenue Code of 1986, as amended from time to time, or the tax laws of any state or other jurisdiction having taxing authority over the Company that the Member may deem appropriate and in the best interests of the Company and the Member. |
| 15. Distributions | Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Such distributions shall be allocated among the Member and any additional members (if admitted as provided herein) in the same proportion as their capital account balances. |
| 16. Assignments | A Member may assign its limited liability company interest in whole or in part only with the consent of the other Member. |
| 17. Resignation | Without the consent of any remaining members, a Member may not resign from the Company. |
| 18. Admission of Additional Members | One (1) or more additional members of the Company may be admitted to the Company with the consent of the Member and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder to this Agreement; <i>provided, however</i> , that no such admission shall be permitted if it would adversely affect the tax-exempt status of the bonds issued to acquire the Project. |
| 19. Liability of Member | The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Code. The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member and any officer or employee of the Company, and may so indemnify any agent of the Company, who was or is a party or is threatened |

to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administration or investigative (including, without limitation, an action by or in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation, attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action, suit or proceeding, if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not opposed to the best interests of the Company, and (ii) with respect to any criminal action or proceeding, that the Person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

For purposes of the preceding paragraph, the word "Person" shall include each Member and any officer, employee or agent of the Company.

20. Officers

The officers of the Company shall be a President, a Vice President and a Secretary. Such offices shall be assumed by the persons serving in the respective office on the Board of Directors of the Member. The President shall be the chief executive officer of the Company and shall be in general charge of the properties and affairs of the Company; shall preside at all meetings; and in furtherance of the purposes of the Company, may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Company. The Vice President shall carry out the powers and responsibilities of the President when the President is absent or unable to act. The Secretary shall attend to the giving and serving of all notices; in furtherance of the purposes of the Company, may sign with the President or Vice President in the name of the

Company, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Company; and shall have charge of the corporate books, records, documents and instruments, and such other books and papers as may be necessary, all of which shall at all reasonable times be open to inspection upon application at the office of the Company during business hours.

21. Special Purpose Entity

The Company shall engage in no other business or activity other than that of pursuing the purposes stated in this Agreement. The Company was formed exclusively for the purpose of pursuing such purposes and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the Company has no liabilities or indebtedness other than its liability for the debts related to the Project, and the Company shall not incur any indebtedness other than its liability for the debts related to the Project. If the Company determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its members. The Company has observed and shall continue to observe all necessary or appropriate legal formalities in the conduct of its business. The Company shall keep its books and records separate and distinct from those of its Member and affiliates of such Member. The Company shall prepare and file any required tax returns in its own name. The Company shall clearly identify itself as a legal entity separate and distinct from its Member and affiliates of such Member in all dealings with other persons. The Company has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business.

22. Governing Law

This Agreement shall be governed by, and construed under, the laws of the State of Texas, all rights and remedies being governed by said laws.

23. Binding Effect

This Agreement binds and inures to the benefit of the parties hereto, and their successors and assigns. This Section 23 does not address, directly or indirectly, whether a party may assign rights or delegate performance under this Agreement.

24. Amendment

This Agreement may be amended in writing by the Member.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the Effective Date written above.

CITY OF DALLAS HOUSING FINANCE
CORPORATION, as sole member

By _____
Kyle J. Hines
General Manager

DHFC DOMAIN AT MIDTOWN PARK, LLC

By: City of Dallas Housing Finance
Corporation, its sole member

By _____
Kyle J. Hines
General Manager

Memo

To: Board of Directors of the City of Dallas Housing Finance Corporation

From: Aaron Eaquinto, Assistant General Manager

cc: Ryan Bowen, General Counsel
George Rodriguez, Bond Counsel, Bracewell LLP
Tim Nelson, Financial Advisor, Hilltop Securities
Robert Estrada, Financial Advisor, Estrada Hinojosa & Company, Inc.

Date: March 14, 2023

Re: Resolutions for Rosemont at Meadow Lane, a Multifamily Residential Development Located at 4722 Meadow Street

The purpose of this agenda item is to consider and adopt resolutions for Rosemont at Meadow Lane approving the following:

1. Drafting and negotiation of an MOU with Devco;
2. Ownership interest as the general partner in the entity that would acquire, own and manage the proposed Project;
3. Authorization to serve as co-developer; and
4. Acquisition of the land.

DHFC previously approved an inducement of \$45,000,000.00 in tax exempt bonds in the October 2022 board meeting.

Devco, the developer, has proposed the resyndication of an existing affordable multifamily apartment complex of 264 units. Upon closing of the resyndication, the Applicant proposes to reserve 129 units for households earning 0%-60% of Area Median Income (AMI), 129 units for households earning 0%-50% of AMI and 6 units for households earning 0%-30% of AMI. The total acquisition and development costs are anticipated to be approximately \$52,285,405. Devco has 28 years of experience in developing multifamily communities throughout California, Texas, and Washington. They have successfully acquired or developed over 10,000 affordable units throughout the United States.

The property includes 264 units comprised of 3521-bedroom and 212 2-bedroom units. The units include energy efficient appliances, washer/dryer hookups, covered entries/patios, and other TDHCA-required

features. The Property also includes controlled gate access, a multipurpose community room, swimming pool, fitness center, children's playscapes, and landscaped walking paths. All units and community amenities will be renovated and modernized to extend the useful life of the property.

The site is located within 0.25 miles of the Hatcher @ Meadow DART station and less than 1 mile from two grocery stores off of Meadow Street in the southeast portion of the city. DevCo is finalizing the proposed scope of rehab, but the current plan is to complete \$13,200,000 (\$50,000/unit) in hard construction costs. General items include the following: wood and plastic repairs (includes new cabinets, etc.), insulation and roofing repair/replacement, doors/hardware/glass/glaze, flooring, ceiling and paint, plumbing and HVAC, and electrical repairs in addition to significant interior and cosmetic upgrades.

If approved, this tax credit resyndication and bond issuance will allow Devco to implement much needed capital improvements and modernize the property thereby extending its useful life. Without this investment of new capital, the property will either fall into disrepair or be subject to a conversion to market rate units, further eroding the access to affordable housing in the city. The preservation of existing affordable housing is a priority of the City to ensure our residents are provided with safe, decent affordable housing and are not displaced due to expiring income restrictions.

The cash flow and future net sales proceeds will be split 62.5%/37.5% between Devco and the DHFC. The DHFC will have first right of refusal on the sale of the Project. Devco will receive 70% and the DHFC will receive 30% of the developer fee with the DHFC.

Approval of these items does not bind the DHFC into any formal agreement or partnership. Board review and approval of the final bond documents will occur at a future DHFC Board of Directors meeting.

Additional information regarding the proposed development is included in this Board Packet. If you have any questions regarding this agenda item, Staff, Ryan Bowen, Corporation Counsel, George Rodriguez, DHFC Bond Counsel, Tim Nelson and Robert Estrada, DHFC Financial Advisors, and the Devco team will be available prior to and at the meeting to discuss.

**Meadow Lane Apartments
Executive Summary**

Request for Resolution

The proposed owner is currently under contract to acquire the property with the Purchase and Sale Agreement expiring in January of 2020. The proposed owner is seeking a reimbursement resolution that will allow costs (including the acquisition) to be included as eligible reimbursable costs for tax credit basis per the code by acquiring the property into an entity that will be the same ownership entity upon the final allocation of the bonds and tax credits. The resolution provides the ability for the proposed owner to seek tax credit and bond financing in the near future while still meeting the deadlines of the Purchase and Sale Agreement.

Property Description

Rosemont at Meadow Lane Apartments is located at 4722 Meadow Street Dallas, TX. The property consists of 96 two-bedroom units and 168 three-bedroom units (264 units total) across 39 residential buildings and a community building. The community building has many recreational facilities including a community kitchen, activity/media room, computer room and laundry facilities. Additionally, on site there are outdoor picnic areas, a pool and playground. Unit amenities include blinds, central heating and air conditioning, ceiling fans, walk-in closets, and washer/dryer connections. Kitchen appliances include a garbage disposal, oven/stove, refrigerator and dishwasher. Covered parking is available on site on a first come first serve basis.

Management

The property is currently managed by Avenue5 Residential LLC. Avenue5 began managing a 6,500-unit portfolio in 2014 and expanded its third-party management services for a broad range of multifamily owners in November of 2015. Currently Avenue5 manages more than 72,000 units in 13 states and Washington, D.C. In the Dallas / Fort Worth area Avenue5 manages 5,143 units. Please see the attached General Capabilities statement and draft Property Management Agreement.

Services

The property currently sees the benefit of a Resident Services Agreement with Portfolio Resident Services. It is anticipated that the Resident Services Agreement will continue through the acquisition and rehabilitation of the property. The RSA includes a resident services coordinator on site who coordinates activities such as after school programs, adult education programs, health screening and mobile immunizations, family counseling/family crisis intervention, coordination with local social services agencies, computer lab/computer training, emergency assistance and relief, community outreach programs, vocational guidance, social/recreational activities, state workforce development and Welfare program assistance and an Individual Development Account program.

Planned Renovations

Current estimates for the renovation are approximately 50,000 per unit in hard costs before contractor fees. Improvements will include installation of erosion control drainage systems at downspout locations, termite treatment, parking lot restripe and curb painting, installation of new drive gates and operators, landscaping and irrigation upgrades, stone façade repairs, retaining wall repairs, repairs to site fencing, new countertops in the laundry room, wood replacement at gable ends, fascia and batten board trim, stucco repair work, installation of new underlayment, architectural shingles and flashings, hardie siding repairs at breezeways and patios, repair and replacement of gutters and downspouts, new unit entry doors and hardware, new window screens, installation of new low e vinyl windows, general drywall repairs, new LVP flooring throughout units with MDF baseboard, painting of unit interiors, refinishing of existing tubs and surrounds, new unit ID signage, new community and common area signage, new wall-mounted mailboxes and parcel boxes, install new bathroom accessories (TP holders, towel bars, medicine cabinets, shower rods), new appliances, new vinyl window coverings, laundry room finish upgrades, repair of carports, and swimming pool repairs.

DevCo Resume

Evan “Jack” Hunden founded DevCo, Inc. in 1994. DevCo’s goal is to build a portfolio of successful multi-family properties as a long-term investment. As president of DevCo Mr. Hunden has overseen the development, construction and management of over 7,000 multi-family units in Washington State. DevCo continues to own substantially all of the properties it has developed and intends to retain them indefinitely.

David Ratliff joined DevCo in 2013 and serves as a Vice President of DevCo and managing member of DevCo Preservation, LLC. As Vice President of DevCo Mr. Ratliff oversees site sourcing, contract negotiation, entitlements, financing and capital management. During his tenure at DevCo Mr. Ratliff has managed the development and financing of over 3,000 multi-family units.

Michael Volz joined DevCo in 2019 where he serves as the Finance Manager of DevCo and managing member of DevCo Preservation, LLC. As Finance Manager Mr. Volz oversees the underwriting, sourcing of debt and sourcing of tax credit equity for DevCo’s new construction properties in Washington State. Additionally, as a managing member of DevCo Preservation, LLC Mr. Volz is responsible for sourcing, underwriting, and financing the acquisition and rehabilitation of existing multi-family properties. Prior to joining DevCo Mr. Volz spent five years working for a national affordable housing developer where he oversaw the acquisition and/or rehabilitation of over 1,500 existing Section 42 and Section 8 units.

VI. ROSEMONT AT MEADOW LANE

(A) RESOLUTION APPROVING MEMORANDUM OF
UNDERSTANDING

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the “*Corporation*”) hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the “*Board*”), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 meeting (the “*Resolution*”) are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

The Board of Directors of the CITY OF DALLAS HOUSING FINANCE CORPORATION, a Texas public, nonprofit housing finance corporation organized and existing under the laws of the State of Texas (the “*Corporation*”), does hereby adopt the following resolutions:

WHEREAS, the Corporation’s purposes are to provide decent, safe and sanitary housing at affordable prices for low and moderate income residents of the City of Dallas and to carry out the purposes of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended;

NOW, THEREFORE, BE IT RESOLVED, that the Corporation intends to participate in the financing, rehabilitation and operation of Rosemont Meadow Lane, a multifamily housing complex located in the the City of Dallas, Dallas County, Texas (the “*Project*”), including but not limited to entering into a Memorandum of Understanding with DevCo Preservation, LLC for the acquisition and rehabilitation of the Project and acting as the sole member of Rosemont Meadow Lane Managing Member, LLC, the managing member of Meadow Lane Preservation, LLC the limited liability company that will rehabilitate and operate the Project; and

BE IT FURTHER RESOLVED, that any officer of the Corporation may act on behalf of the Corporation in connection with the Corporation’s participation in the Project.

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MEMORANDUM OF UNDERSTANDING

BETWEEN

CITY OF DALLAS HOUSING FINANCE CORPORATION

AND

DEVCo PRESERVATION, LLC

“ROSEMONT AT MEADOW LANE”

THIS MEMORANDUM OF UNDERSTANDING (this “*MOU*”) is between the City of Dallas Housing Finance Corporation (the “*Dallas HFC*”), a public, nonprofit housing finance corporation organized under Chapter 394 of the Texas Local Government Code, and DevCo Preservation, LLC (the “*Developer*”), a Washington limited liability company, and is dated and effective as of March [14], 2023.

Developer is a developer of affordable housing in the State of Texas. The Dallas HFC is a public, nonprofit housing finance corporation whose mission is to provide safe, decent and sanitary housing for persons of low and moderate income. Developer and the Dallas HFC hereby agree to work cooperatively to rehabilitate affordable housing at the following location, in accordance with the terms of this MOU:

Rosemont at Meadow Lane, being an approximately 264-unit development located in the City of Dallas, Dallas County, Texas (the “*Project*”), financed with private activity bonds issued by the Dallas HFC and 4% Low Income Housing Tax Credits allocated by the Texas Department of Housing and Community Affairs (the “*TDHCA*”).

In order to accomplish this purpose, the parties agree as follows:

AGREEMENTS

A. OWNERSHIP STRUCTURE

1. Developer has formed a limited liability company named Meadow Lane Preservation, LLC (the “*Company*”) for the purpose of owning the Project. A single-purpose limited liability company named Rosemont Meadow Lane Managing Member, LLC, which is wholly-owned by the Dallas HFC, will be admitted into the Company as the sole Managing Member (the “*Managing Member*”).

2. Developer may designate an affiliate to serve as a special member of the Company (the “*Special Member*”), with certain oversight and approval rights. Any such rights must be agreed to by the Dallas HFC and may not, in the opinion of the Dallas HFC’s counsel, result in the

Special Member being deemed a Managing Member for exercising its rights under the Operating Agreement (as hereinafter defined).

3. The duties of the Managing Member and the Special Member shall be set forth in an operating agreement (the "*Operating Agreement*") to be entered into among the Managing Member, the Special Member and an equity investor as the limited member (the "*Investor Member*").

The Managing Member's execution of the Operating Agreement shall be subject to the following terms:

(i) The Managing Member's representations shall be limited to those within the Managing Member's actual knowledge and in no case shall due inquiry be required, it being understood and agreed that the Managing Member will not be looked upon by the Special Member or the Investor Member to conduct Project-related diligence, and any such diligence conducted by the Dallas HFC is solely for its own benefit;

(ii) The Managing Member shall be indemnified by the Special Member, the Developer and the Company for any liabilities incurred under the Operating Agreement and the Management Agreement (as defined herein), except for liabilities incurred as a result of the Managing Member's gross negligence or willful misconduct and in no event shall such indemnification be contingent upon a ruling of a court of law;

(iii) The Dallas HFC shall be indemnified by the Company, Special Member and the Developer for any liabilities incurred in connection with the Project (including, but not limited to, any liabilities under the Management Agreement (as hereinafter defined)), except for liabilities incurred as a result of the gross negligence or willful misconduct of the Dallas HFC and in no event shall such indemnification be contingent upon a ruling of a court of law.

(iv) The Managing Member shall not be required to covenant to undertake actions or obligations that the Special Member will be required to take under the Operating Agreement; and

(v) The Operating Agreement shall contain a provision wherein the Special Member and Investor Member acknowledge that the obligations of the Managing Member under the Operating Agreement are obligations solely of the Managing Member and not the owner of the Managing Member or the Dallas HFC.

Additionally, pursuant to the terms of the Operating Agreement, the Special Member and Investor Member shall not make any of the following major decisions of the Company without the consent of the Managing Member, which consent shall not be unreasonably withheld, conditioned, or delayed:

(i) except as specifically authorized under the Operating Agreement, to borrow money, incur indebtedness for money borrowed on the general credit of the Company, issue evidences of indebtedness or secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Project or any other assets of the Company, or

(ii) following completion of rehabilitation of the Project, to construct any new capital improvements (including but not limited to the installation of solar panels), or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Project property, or

(iii) to acquire any real property in addition to the Project (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Company to make any loan or advance to any Person, or

(v) to lease any tax credit units to other than qualified tenants or otherwise operate the Project in such a manner or take any action which could cause any tax credit unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Company of any low income housing credit under Section 42 of the Code, or

(vi) except for the Loan (as defined herein) or any other loan entered into as of the Closing (as defined herein), enter into any agreement with any lender or governmental agency, or

(vii) to amend any Project document, or to waive or permit any party thereunder to waive, any provision of any Project document, or

(viii) to prepay in whole or in part, increase, refinance, renew, recast, modify or extend any loan or mortgage, or

(ix) to sell, transfer, convey, assign, or make other disposition of all or substantially all of the real property or other assets of the Company, or

(x) to cause the Company to commence a proceeding seeking any decree, relief, order or appointment in respect to the Company under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Company or for any substantial part of the Company's business or property, or to cause the Company to consent to any such decree, relief, order or appointment initiated by any person other than the Company, or

(xi) to cause the Company to accept or receive any grant (unless otherwise expressly contemplated under the terms of the Operating Agreement), or

(xii) except as provided under the Loan documents, to pledge or assign any of the capital contributions of a Member or the proceeds thereof, or

(xiii) to permit the merger, termination or dissolution of the Company, or

(xiv) to dismiss the Company accountants or to engage a new firm as Company accountants,
or

(xv) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of \$25,000, or

(xvi) to take any action which would cause the Project or Company property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code,
or

(xvii) to file a lawsuit on behalf of the Company (other than lease enforcement, collection or other routine legal actions in the ordinary course of business of the Company), or

(xviii) to take any action that would subject the Managing Member to increased risk of liability, or

(xix) to engage any sale or leasing agent or broker other than the Manager (as defined herein), or

(xx) to decide not to repair or rebuild in case of material damage to the Project, or any portion thereof, arising out of a casualty or condemnation, or

(xxi) to hire any employees for any purposes, or

(xxii) to take any action outside of the ordinary course of business of the Company, or

(xxiii) to execute agreements with any governmental agency.

The Developer agrees that it will provide an executed copy of this MOU to the Investor Member prior to executing an equity letter of intent or similar document (an “LOI”) and, as set forth in Paragraph C.2 below, agrees to provide the LOI to the Dallas HFC and its counsel for review and comment prior to execution. Certain Company and Project management and indemnification provisions will be documented in a separate Master Agreement.

4. The Company will undertake the following activities:

(i) ensure the Project is completed in a timely manner, and

(ii) maintain the Project's tax-exempt status, and if for any unforeseen reason the Dallas HFC should lose its tax-exempt status, then the property taxes owed annually on the Project site shall be paid by the Company, and

(iii) comply with the terms of the Ground Lease (defined herein), and

(iv) ensure compliance with all City, state, and federal laws and regulations that apply to the Project, and

(v) in conjunction with the Manager (defined herein), manage the Project and all related operations according to the approved annual budget, including but not limited to operating and replacement reserves, and related contracts, and

(vi) oversee the Manager's performance.

5. Title to the land for the Project shall be taken in the name of a wholly-owned subsidiary of the Dallas HFC (the "*Ground Lessor*"), and the Ground Lessor shall then enter into a long-term ground lease (the "*Ground Lease*") with the Company, as tenant, holding an interest in the improvements that constitute the Project. The Ground Lessor will require delivery by the title company of a title policy showing the Ground Lessor as a named insured. Funding for the acquisition of the land will come from the financing of the Project, and will be paid to the Ground Lessor in the form of an up-front Ground Lease payment, which shall be no greater than the amount determined by an appraisal obtained by the Company and shall be applied against the acquisition price. Upon termination of the Ground Lease, other than in connection with the purchase of the Project, the ownership of the improvements constituting the Project shall revert to the Ground Lessor.

Upon the sale of the Project by the Company to a third party, the Ground Lessor shall transfer title of the land to such third party upon payment to the Ground Lessor of the amount of the up-front Ground Lease payment *less* a credit for any amortized portion of such payment during the term of the Ground Lease.

B. DUE DILIGENCE

As a condition to the Dallas HFC's participation in the Project, the Dallas HFC requires the Developer to provide due diligence information on the Project and its proposed financing and operations pursuant to the due diligence checklist (the "*Checklist*") attached hereto as *Exhibit A*. The Developer shall deliver the due diligence items on the Checklist at the times stated on the Checklist.

C. FINANCING

1. On behalf of the Company, the Developer has applied for a reservation of up to \$45,000,000 private activity bond volume cap in connection with multifamily housing bonds (the “*Bonds*”) to be issued by the Dallas HFC. If the Company receives a reservation of private activity volume cap in connection with the issuance of 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 Company; *provided*, that the Dallas HFC shall have the right to review and approve the financing arrangements and the terms and conditions of any Bond or loan documents.

2. On behalf of the Company, the Developer will apply for a commitment of low-income housing Tax Credits (the “*Tax Credits*”) from the TDHCA. If the Company receives a commitment of Tax Credits, the Developer shall be responsible for selecting the manner in which the Tax Credits will be sold to facilitate equity financing (the “*Equity*”) for the Project, and negotiating the equity financing terms on behalf of the Company; *provided*, that the Dallas HFC shall have the right to review and approve the identity of the Investor Member, the financing arrangements and the terms and conditions of any Equity financing documents. The Equity financing documents are expected to include the Operating Agreement.

3. If the Project receives a commitment of Tax Credits, the Developer will apply for construction and permanent financing (the “*Loan*”) on behalf of the Company. The Developer shall be responsible for selecting the lender and negotiating the Loan terms on behalf of the Company; *provided*, that the Dallas HFC shall have the right to review and approve the financing arrangements and the terms and conditions of any Loan documents.

4. The Developer shall pay all costs and fees associated with applying for the Bonds, the Loan and the Tax Credits, which costs, along with all other pre-development costs incurred by the Developer (to the extent included within the approved budget), shall be reimbursed at the initial closing and funding of financing to the Company (the “*Closing*”) from the proceeds of the Bonds and Equity. In the event this MOU is terminated or the transaction fails to close as contemplated herein, the Developer shall be solely responsible for all costs described above and the Dallas HFC and its affiliates shall have no responsibility for payment or reimbursement of such costs.

5. The Developer or its affiliate, 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 the Dallas HFC nor any of its affiliates will provide any guarantees or indemnities and shall not be listed as a Section 50 guarantor should the Project be financed with a HUD-insured loan.

D. DESIGN AND CONSTRUCTION

1. The Developer shall provide comprehensive development services to the Company pursuant to a Development Agreement to be entered into by the Company and the Developer.

2. The Developer shall prepare and promptly provide the Dallas HFC a detailed development budget for the Project, which is subject to approval by the Dallas HFC.

3. The Developer shall be responsible for obtaining the services of design professionals for the design of the site plan and design of the project. The Dallas HFC will be provided copies of the final plans and specifications for the Project, including all construction contracts. The Dallas HFC will have the right to review, comment and approve such plans, specifications and contracts prior to the execution of the contracts.

4. Reserved.

5. The Developer shall be responsible for obtaining all governmental approvals and permits needed in order to rehabilitate, construct and operate the Project.

6. The Developer shall guarantee to the Company, the Investor Member 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 Dallas HFC 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 \$50,000 for a single change or \$250,000 in the aggregate) during rehabilitation.

7. The Project shall be rehabilitated so as to comply with ADA and Section 504 requirements, as applicable under federal and state law.

E. MANAGEMENT AND OPERATION

1. HNN Associates, LLC or such other Developer designated affiliate shall serve as the property manager (the "*Manager*") for the Project, which will be memorialized in a management agreement (the "*Management Agreement*"). The Dallas HFC shall have the right to review and approve the Management Agreement, which shall include approval of a management fee to be determined by the parties; *provided, however*, that such fee shall not exceed 4.0% of gross revenues.

2. Notwithstanding anything to the contrary, the Management Agreement will automatically renew upon its scheduled termination other than upon a termination for cause unless either party gives ninety (90) days' notice to renegotiate the terms or terminate the Management Agreement.

3. The Manager shall not have the authority to take any action with regard to a major decision identified in paragraph A.3. without the consent of the Managing Member.

F. SOCIAL SERVICES

The 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 with the Special Member retaining ultimate responsibility. Such services may include: after-school tutoring and computer training for children, arts & crafts programs, family literacy, addiction recovery resources, nutrition on a budget, legal assistance resources, organized team sports, health screening services, and property-wide wireless internet. The Company shall provide a minimum of \$40,000 per year for social services for residents of the Project. Up to 50% of the required investment may come from in-kind services subject to the approval of the City of Dallas' Department of Housing and Neighborhood Revitalization. The Special Member shall have the right to monitor the provision of such social services during the Tax Credit compliance. For its role in monitoring compliance with social services (as required by the TDHCA) for residents of the Project, the Dallas HFC shall be entitled to receive an annual compliance monitoring fee as set forth in *Exhibit B*.

G. COMMUNITY SUPPORT

The Developer shall be primarily responsible for interfacing with the local governmental officials in connection with support for the Project and the Dallas HFC shall provide reasonable cooperation in connection with such matters. The parties will consult with each other and coordinate the response to any media inquiries and/or public opposition to the Project that may arise.

H. TAX EXEMPTION

The ownership structure contemplated herein is expected to generate ad valorem tax exemption (the "*Exemption*") for the Project. The Dallas HFC, on behalf of the Company, shall work with the Developer and the Dallas Central Appraisal District to obtain confirmation of the availability of the Exemption in the form of a pre-determination letter. The Developer shall be responsible for retaining local counsel for purposes of rendering an opinion regarding the Exemption.

I. FEES AND EXPENSES

1. The Developer shall be entitled to receive a development fee (the "*Development Fee*") for its services in developing the Project. The amount of the Development Fee shall be equal to 15% of the Project's total development costs, as calculated pursuant to applicable TDHCA guidelines. All payments of Development Fee shall be made pro-rata with 70% going to Developer and 30% going to the Dallas HFC or its subsidiary.

2. The Managing Member shall be entitled to receive a fee equal to 37.5% of net cash flow for its services in such capacity (in the event the financing structure does not allow the Managing Member to receive the full 37.5% of cash flow, then other fees payable to the Managing Member or its affiliates shall be adjusted to provide an equivalent amount). The Special Member shall be entitled to receive the remaining 62.5% of net cash flow. Such fees shall be payable from the Company's net cash flow only after payment of the Development Fee in full. Sale and refinancing proceeds shall not be considered part of net cash flow for the above purposes. The Managing Member shall be entitled to receive a share equal to 37.5% of net cash flow generated from a sale or refinancing. All proceeds of capital transactions through refinancing or sale, net of any amount payable to the Investor Member, will be split 37.5% to the Managing Member and 62.5% to the Special Member.

3. The Managing Member and Special Member shall each be entitled to receive a Company Management Fee in the amount of \$10,000 per year for their services in connection with Management of the Company, which fee shall increase by 3% annually. The Company Management Fee shall be paid prior to any deferred development fee. In the event that net cash flow is insufficient in any year to pay the full amount of the Company Management Fee, the amount unpaid shall accrue without interest and be payable in subsequent years.

4. Further fees and expenses contemplated by the parties are set forth in *Exhibit B*. Such fees are in addition to any fees set forth in this MOU.

5. Neither party 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.

6. All reasonable expenses incurred by the Dallas HFC in connection with this MOU, and including but not limited to any costs set forth in *Exhibit B* and costs for third-party reports, the Dallas HFC's legal counsel, counsel to the Managing Member and the Company, special real estate counsel, financial advisor and other expenses incurred by the Dallas HFC in connection with the proposed Project (collectively, the "Costs"), shall be included in the Project's development budget and reimbursed by the Company to the Dallas HFC or to such third parties concurrently with the Closing.

7. If this MOU or the Project is terminated before the Closing and the Dallas HFC has unreimbursed out-of-pocket Costs, the Dallas HFC shall invoice the Developer for such Costs and the Developer shall reimburse the Dallas HFC or the applicable third party for such Costs within thirty (30) days of termination. Notwithstanding any language in this paragraph, the Dallas HFC shall not be entitled to retain any of its Costs, if the Dallas HFC terminates pursuant to paragraph L.10(f) of this MOU.

8. The Developer acknowledges and agrees that it is the intent of the parties hereto that the Dallas HFC shall bear no out-of-pocket costs or expenses in connection with the Development, and all documents will reflect this agreement.

J. REGULATORY RESTRICTIONS

In addition to those restrictions required in connection with the Bonds and the low-income housing tax credits, the Developer and the Dallas HFC agree that (i) 100% of the units in the Project will be restricted for rent to individuals and families earning no more than 50% of the area median income (as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended), (ii) 5% of the Project's units will be accessible to persons with disabilities, and (iii) an additional 2% of the units will be accessible for persons with hearing or visual disabilities. Income shall be verified by the Developer pursuant to a review of the tenants' federal income tax returns or other commercially reasonable method acceptable to the Dallas HFC. The Developer and the Dallas HFC will enter into a Regulatory Agreement at Closing to be recorded in the Dallas County land records that will set forth the income restrictions and describe the methodology for income verification and reporting.

K. LONG TERM OWNERSHIP

1. At the end of the 15-year Tax Credit compliance period (the "*Compliance Period*"), in the event that the Special Member has determined to cause the Company to sell the Project to a third party buyer, the Managing Member, the Dallas HFC, or the Dallas HFC's designated affiliate shall have a right of first refusal to acquire the Project on the same terms offered by such third party buyer. In addition, upon execution of the Operating Agreement, the Managing Member, or other Dallas HFC affiliate shall have an option to acquire the Project at the greater of fair market value of the Project or the amount of Company debt plus the Company's applicable taxes upon the sale (the "*Option*"). The terms of the Option will be set forth in the Ground Lease. The Option and right of first refusal will remain in effect so long as the Ground Lease is in effect, the Managing Member remains in the Company, and the Managing Member is not in default of its duties in such capacity. The parties hereto recognize that the Dallas HFC desires to have long-term ownership of the Project and shall cooperate in establishing opportunities for such ownership by the Dallas HFC.

2. Notwithstanding the foregoing, after the Compliance Period, the Special Member 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 the price set forth in Paragraph A.5 hereof); provided, that the purchase price pursuant to any third party offer shall be at least the minimum purchase price under Section 42(i)(7)(B) of the Code. In the event the Special Member receives such an offer to purchase the Project and the offer is acceptable to the Special Member, the Project and the land shall be sold to such purchaser unless the Dallas HFC (a) exercises the right of first refusal within ninety (90) days after receiving notice of the third party offer and then

proceeds to close on the purchase of the Project within an additional one hundred twenty (120) days, or (b) within one hundred twenty (120) days following exercise of the Option, purchases the economic interest of each member, other than the Managing Member, for an amount equal to what each member would otherwise receive under the Operating Agreement had the purchase offer been accepted.

3. Additionally, if the Exemption terminates or is not obtainable (other than due to a change in law and subject to the provisions of Paragraph K.4 below) and/or the Managing Member is removed as the Managing Member of the Company, the right of first refusal, the Option and any other rights of the Dallas HFC and Managing Member with respect to long-term ownership of the Project will terminate. In addition, if the Dallas HFC has not acquired the Project through the exercise of either the Option or the right of first refusal, the Option and the right of first refusal will both terminate upon the sale of the Project to a third party. The Dallas HFC agrees to cooperate with the Special Member and the Company, as necessary, in order to facilitate the sale to such third party, including but not limited to, executing a release or termination of the Option, the right of first refusal, and the Ground Lease and conveyance documents related to the transfer of the land.

4. In the event the Exemption is lost for any reason and not restored within 180 days, then the fee estate in the land shall be conveyed to the Company at (i) a nominal cost to the Company if the loss of such Exemption occurs during the Compliance Period, and (ii) the amount set forth in Paragraph A.5 if the loss of such Exemption occurs after the Compliance Period; and the Ground Lease shall be terminated to allow the Company to establish an exempt structure in the future.

L. MISCELLANEOUS

1. This MOU reflects the entire understanding between the parties and may only be amended in writing, signed by both parties. This MOU is a contract and not merely an "agreement to agree."

2. Each party hereto is prohibited from 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, such consent not to be unreasonably withheld, conditioned, or delayed.

3. The parties agree to execute such documents and do other such reasonable things as may be necessary or appropriate to facilitate the rehabilitation of the Project and the consummation of the agreements set forth herein.

4. This MOU may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one contract binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart

5. THIS MOU AND ALL DOCUMENTS REFERENCED HEREIN SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF CONFLICT OF LAWS PRINCIPLES.

6. In case any one or more of the provisions contained in this MOU for any reason is 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.

7. The parties hereto submit exclusively to the jurisdiction of the state and federal courts of Dallas County, Texas, and venue for any cause of action arising hereunder shall lie exclusively in the state and federal courts of Dallas County, Texas.

8. Should any party employ an attorney or attorneys to enforce any of the provisions hereof, to protect its interest in any manner arising under this MOU, or to recover damages for the breach of this MOU, the non-prevailing party in any action pursued in courts of competent jurisdiction (the finality of which is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages and expenses, including specifically, but without implied limitation, attorneys' fees, expended or incurred by the prevailing party in connection therewith.

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

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

(a) The Dallas HFC and the Developer sign a mutual consent to terminate this MOU;

(b) The Project has not received a commitment for Tax Credits by December 31, 2023;

(c) The Project has not received a commitment for Bond financing by December 31, 2023;

(d) Loan and Equity financing for the Project are not closed by June 30, 2024;

(e) If the terms of the Loan and Equity financing for the Project are unacceptable to the Dallas HFC, in its sole discretion, and the Dallas HFC provides the Developer notice of such fact and a 30-day opportunity to provide financing terms that are acceptable to the Dallas HFC and the Developer, but the Developer does not do so;

(f) The Dallas HFC's Board of Directors takes action to disapprove of the participation of the Dallas HFC in the financing of the Project as described in this MOU at any time prior to the Closing;

(g) Either party breaches its obligations under this MOU, the non-breaching party provides the breaching party notice of such fact and a 15-day opportunity to cure, and the breaching party fails to do so; or

(h) 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.

Upon termination of this MOU for any of the reasons cited above, neither party shall have any ongoing obligation to the other with respect to this MOU nor the Project. In addition, the provisions of this MOU with respect to the Project will be terminated when the Managing Member is admitted to the Company and the Dallas HFC and the Developer and their affiliates, as applicable, enter into definitive agreements with respect to the governance of the Company and the rehabilitation, construction, financing, and operation of the Project as contemplated herein.

11. The parties acknowledge that the Managing Member, the Dallas HFC and its affiliates will be represented in this transaction by Chapman and Cutler LLP ("*GP Counsel*") in a legal capacity and Hilltop Securities Inc. in a financial advisory capacity ("*Hilltop Securities*"). The Company, the Developer, the Special Member and their affiliates will be represented by separate counsel and will not be entitled to rely on GP Counsel for representation in this matter and acknowledges that no financial advisory relationship will exist among the Company, the Developer, the Special Member and their affiliates and Hilltop Securities.

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EXECUTED to be effective as of the date above shown.

CITY OF DALLAS HOUSING FINANCE
CORPORATION

By _____
Kyle J. Hines
General Manager

DEVCO PRESERVATION, LLC

By _____
Name: _____
Title: _____

EXHIBIT A

CITY OF DALLAS HOUSING FINANCE CORPORATION
CHECKLIST OF DUE DILIGENCE
FOR TAX CREDIT TRANSACTIONS

PROPERTY ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Project Description, including number of units, unit sizes, and amenities		
	Site Location information, with map		
	Proposed Rent Schedule, with tenant income restrictions		
	Site Plan		
	Market Study		
	Appraisal		
	Phase I Environmental		
	Soils Report		
	Evidence of site control		
	Evidence of zoning		
	Title commitment with all exceptions		
	Survey		
	Physical needs analysis (for rehabilitation projects)		
DEVELOPMENT ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Detailed Development Budget		
	Sources and Uses		
	Statement of Developer's experience, including evidence of net worth		
	Resume of General Contractor, with evidence of experience		
	Plans and Specifications		
	Resume of Architect, with evidence of experience		

FINANCING ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	15-year Pro Forma		
	Debt financing commitment		
	Equity financing commitment		
	Description of all other sources of financing		
	Application for debt financing		
	Application for Tax Credits		
OPERATIONAL ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Resume of property management company, with evidence of experience		
	Description of social services to be provided and information regarding social services provider		
	Proposed Rent Schedule, with tenant income restrictions		
	Current rent roll (if applicable)		
ORGANIZATIONAL ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Organizational documents for limited liability company		

EXHIBIT B

ADDITIONAL FEES

THE PARTIES ESTIMATE THE FOLLOWING ADDITIONAL FEES:

DHFC and GP Counsel: \$135,000.00

DHFC Board Counsel: \$145 per hour payable at closing

DHFC Bond Counsel: minimum of \$100,000 (fee may be adjusted due to the financing structure of the bonds); advances may be requested as time incurred exceeds deposits on account (including \$15,000 described under “Processing” below); balance payable at closing

DHFC Municipal Advisor: \$2/Bond plus \$20,000

DHFC GP Advisor: \$50,000

DHFC Compliance Monitoring Fee: \$1,500 per year

Processing Fee: \$25,000 non-refundable (\$15,000 to Bond Counsel once incurred and \$10,000 to DHFC payable 3 days after bond reservation date)

Issuer Fee: Closing fee of \$5,000 or .50% of the bonds, whichever is greater, and an annual administrative fee of .10% of the original par amount of the Bonds payable on January 1 of each year. On any transaction where the Bonds are expected to be outstanding for less than 10-years, 10-years of capitalized administrative fees will be due at the Bond Closing – on all other transactions, two-years will be due at the Bond Closing.

Transfer/Assumption Fee: .25% of bonds outstanding or \$15,000, whichever is greater

(B) **MANAGING MEMBER FORMATION RESOLUTION AND LLC
AGREEMENT**

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the “*Corporation*”) hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the “*Board*”), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 (the “*Resolution*”) meeting are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

RESOLUTION AUTHORIZING THE FORMATION OF ROSEMONT MEADOW LANE MANAGING MEMBER, LLC AS MANAGING MEMBER (THE “*MANAGING MEMBER*”) TO MEADOW LANE PRESERVATION, LLC IN CONNECTION WITH THE CITY OF DALLAS HOUSING FINANCE CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (ROSEMONT AT MEADOW LANE), SERIES 2023; AUTHORIZING THE DESIGNATION OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION (THE “*CORPORATION*”) AS THE SOLE MEMBER OF THE MANAGING MEMBER; APPROVING THE FORM AND SUBSTANCE OF A LIMITED LIABILITY COMPANY AGREEMENT AND THE EXECUTION THEREOF; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE MANAGING MEMBER; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Dallas Housing Finance Corporation (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford; and

WHEREAS, the Corporation intends to issue, sell and deliver its Multifamily Housing Revenue Bonds (Rosemont at Meadow Lane Apartments), Series 2023, in an aggregate principal amount not to exceed \$45,000,000 (the “*Bonds*”) to provide for the financing by Meadow Lane Preservation, LLC, a Texas limited liability company (the “*Borrower*”), of the acquisition, rehabilitation and equipping of a multifamily residential rental development known as Rosemont at Meadow Lane located in the City of Dallas, Dallas County, Texas (the “*Development*”), the payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board of Directors of the Corporation has determined that it is in the best interest of the Corporation to be admitted to and act as the sole member of the Managing Member, which will be the managing member of the Borrower; and

WHEREAS, as the sole member of the Managing Member, the Corporation desires to appoint officers of the Managing Member and authorize the officers to enter into agreements on behalf of and for the benefit of the Borrower; to approve of (i) the Managing Member’s formation, and (ii) the form and substance of its Limited Liability Company Agreement (the “*Company Agreement*”); and to ratify all actions previously taken on behalf of the Managing Member in connection with the issuance of the Bonds and operation of the Development;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION:

Section 1. Formation of Managing Member. The formation of Rosemont Meadow Lane Managing Member, LLC is hereby approved and ratified.

Section 2. Designation of Sole Member. The designation of the Corporation as the sole member of the Managing Member is hereby approved and ratified.

Section 3. Approval and Execution of the Company Agreement. The form and substance of the Company Agreement are hereby approved, and the officers of the Corporation, as sole member of the Managing Member, are each hereby authorized to execute the Company Agreement.

Section 4. Appointment of Officers of the Managing Member. Marcy C. Helfand is appointed President, Ryan Garcia is appointed Vice President and Anthony Page is appointed Secretary of the Managing Member.

Section 5. Execution and Delivery of Financing Documents. The officers of the Managing Member or the Corporation are each hereby authorized to negotiate the terms of, execute and attest to any such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 6. Ratification of Previous Actions. The Corporation hereby ratifies, confirms and adopts all actions previously taken on behalf of the Managing Member or the Borrower to carry into effect the transactions contemplated by this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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**LIMITED LIABILITY COMPANY AGREEMENT
OF
DHFC POSITANO MANAGING MEMBER, LLC**

This Limited Liability Company Agreement (this “*Agreement*”) of DHFC Positano Managing Member, LLC (the “*Company*”) is entered into effective March 7, 2023 (the “*Effective Date*”) by and between the City of Dallas Housing Finance Corporation, as the sole member of the Company (the “*Member*”) and the Company.

Subject to the provisions of this Agreement, the Member has organized the Company pursuant to the Texas Business Organizations Code, as amended from time to time (the “*Code*”) by filing a Certificate of Formation with the Texas Secretary of State on the Effective Date. The parties hereby agree as follows:

- 1. Name** The name of the limited liability company is DHFC Positano Managing Member, LLC.
- 2. Purpose** The purpose of the Company is limited to serving as managing member of Positano Apartments, LLC, a limited liability company (the “*Borrower*”), which will construct, rehabilitate own, equip and operate a multifamily housing facility located in the City of Dallas, Dallas County, Texas (the “*Property*”), and in connection therewith, to own, hold, sell, dispose of or otherwise deal with its company interest.
- 3. Registered Office** The address of the principal office of the Company in the State of Texas is c/o City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201. The Company may have other offices and places of business at such locations as the Member may from time to time determine.
- 4. Registered Agent** The name and address of the registered agent of the Company for service of process on the Company in the State of Texas is City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201.

- 5. Member** The name and the business, residence or mailing address of the Member is as follows:
- City of Dallas Housing Finance Corporation
1500 Marilla St, Room 6CN
Dallas, Texas 75201.
- 6. Powers** The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Texas. The Member shall have the authority to bind the Company.
- 7. Term** The term of the Company commenced on the filing of the Certificate of Formation with the Texas Secretary of State and shall be perpetual unless dissolved as provided in this Agreement or the Code.
- 8. Dissolution and Liquidation** The Company shall be dissolved upon (a) an election to dissolve the Company by the Member; or (b) any other event that would cause its dissolution under the Code. Upon the dissolution of the Company, a liquidator shall be selected by the Member. The liquidator shall liquidate the assets of the Company and apply and distribute the proceeds of such liquidation in the following order of priority: (i) to the payment of the expenses of the terminating transactions including, without limitation, brokerage commission, legal fees, accounting fees and closing costs; (ii) to the payment of creditors of the Company, including the Member, in the order of priority provided by law; and (iii) to the Member. The distribution to the Member shall be in cash or in-kind assets of the Company or both, as determined by the Member. Upon completion of the distribution of the Company property provided herein, the Company shall be terminated and the liquidator shall cause the cancellation of the Certificate and any other filings made by the Company and shall take such other actions as may be necessary to terminate the Company.
- 9. Capital Contributions** The Member has contributed \$10,000, in cash, and no other property, to the Company.
- 10. Additional** No Member is required to make any additional capital

Contributions	contribution to the Company.
11. Allocation of Profits and Losses	The Company's profits and losses shall be allocated in proportion to the capital contributions of the Member.
12. Taxes	The Member may make any tax elections for the Company allowed under the Internal Revenue Code of 1986, as amended from time to time, or the tax laws of any state or other jurisdiction having taxing authority over the Company that the Member may deem appropriate and in the best interests of the Company and the Member.
13. Distributions	Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Such distributions shall be allocated among the Member and any additional members (if admitted as provided herein) in the same proportion as their capital account balances.
14. Assignments	A Member may assign its limited liability company interest in whole or in part only with the consent of the other Member.
15. Resignation	Without the consent of any remaining members, a Member may not resign from the Company.
16. Admission of Additional Members	One (1) or more additional members of the Company may be admitted to the Company with the consent of the Member and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder to this Agreement; <i>provided, however</i> , that no such admission shall be permitted if it would adversely affect the tax-exempt status of the bonds issued to acquire the Project.
17. Liability of Members	The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Code. The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member and any officer or employee of the Company, and may so indemnify any agent of the Company, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administration or investigative (including, without limitation, an action by or in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation,

attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action, suit or proceeding, if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not opposed to the best interests of the Company, and (ii) with respect to any criminal action or proceeding, that the Person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

For purposes of the preceding paragraph, the word "Person" shall include each Member and any officer, employee or agent of the Company.

18. Officers

The officers of the Company shall be a President, a Vice President and a Secretary. Such offices shall be assumed by the persons serving in the respective office on the Board of Directors of the Member. The President shall be the chief executive officer of the Company and shall be in general charge of the properties and affairs of the Company; shall preside at all meetings; in furtherance of the purposes of the Company, may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Company. The Vice President shall carry out the powers and responsibilities of the President when the President is absent or unable to act. The Secretary shall attend to the giving and serving of all notices; in furtherance of the purposes of the Company, may sign with the President or Vice President in the name of the Company, and/or attest the signature thereto, all contracts,

conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Company; shall have charge of the corporate books, records, documents and instruments, and such other books and papers as may be necessary, all of which shall at all reasonable times be open to inspection upon application at the office of the Company during business hours.

19. Governing Law

This Agreement shall be governed by, and construed under, the laws of the State of Texas, all rights and remedies being governed by said laws.

20. Amendment

This Agreement may be amended in writing by the Member.

21. Binding Effect

This Agreement binds and inures to the benefit of the parties hereto, and their successors and assigns. This Section 21 does not address, directly or indirectly, whether a party may assign rights or delegate performance under this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Agreement as of the Effective Date written above.

CITY OF DALLAS HOUSING FINANCE
CORPORATION, as sole member

By _____
Kyle J. Hines
General Manager

DHFC POSITANO MANAGING MEMBER, LLC

By: City of Dallas Housing Finance
Corporation, its sole member

By _____
Kyle J. Hines
General Manager

(C) CO-DEVELOPER FORMATION RESOLUTION AND LLC
AGREEMENT

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the “*Corporation*”) hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the “*Board*”), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 meeting (the “*Resolution*”) are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

RESOLUTION AUTHORIZING THE FORMATION OF DHFC ROSEMONT MEADOW LANE DEVELOPER, LLC (THE “*CO-DEVELOPER*”) IN CONNECTION WITH THE CITY OF DALLAS HOUSING FINANCE CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (ROSEMONT AT MEADOW LANE APARTMENTS), SERIES 2023; AUTHORIZING THE DESIGNATION OF THE CORPORATION AS THE SOLE MEMBER OF THE CO-DEVELOPER; APPROVING THE FORM AND SUBSTANCE OF A LIMITED LIABILITY COMPANY AGREEMENT AND THE EXECUTION THEREOF; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE CO-DEVELOPER; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Dallas Housing Finance Corporation (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford; and

WHEREAS, the Corporation intends to issue, sell and deliver its Multifamily Housing Revenue Bonds (Rosemont at Meadow Lane Apartments), Series 2023, in an aggregate principal amount not to exceed \$45,000,000 (the “*Bonds*”) to provide for the financing by Meadow Lane Preservation, LLC, a Texas limited liability company (the “*Borrower*”), of the acquisition, rehabilitation and equipping of a multifamily residential rental development known as Rosemont at Meadow Lane located in the City of Dallas, Dallas County, Texas (the “*Development*”), the payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Co-Developer, a Texas limited liability company whose sole member is the Corporation, will serve as co-developer to the Borrower in connection with the acquisition, rehabilitation, owning, leasing and managing of the Development pursuant to a Development Agreement (the “*Development Agreement*”) between the Co-Developer and the Borrower, or an affiliate or designee thereof; and

WHEREAS, as the sole member of the Co-Developer, the Corporation desires to authorize all action necessary and appropriate to enter into and carry out all actions for the benefit of the Borrower in connection with the Development, to appoint officers of the Co-Developer; to approve of the Co-Developer’s formation and the form and substance of its Limited Liability Company Agreement (the “*Company Agreement*”); and to ratify all actions previously taken on behalf of the Co-Developer;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION THAT:

Section 1. Formation of Co-Developer. The formation of DHFC Rosemont Meadow Lane Developer, LLC is hereby approved and ratified.

Section 2. Designation of Sole Member. The designation of the Corporation as the sole member of the Co-Developer is hereby approved and ratified.

Section 3. Approval and Execution of the Company Agreement. The form and substance of the Company Agreement are hereby approved, and the officers of the Corporation, as sole member of the Co-Developer, are each hereby authorized to execute the Company Agreement.

Section 4. Appointment of Officers of the Co-Developer. Marcy C. Helfand is appointed President, Ryan Garcia is appointed Vice President and Anthony Page is appointed Secretary of the Co-Developer.

Section 5. Execution and Delivery of Financing Documents. The officers of the Co-Developer or the Corporation as sole member of the Co-Developer are each hereby authorized to negotiate the terms of, execute and attest to the Development Agreement and any other such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 6. Ratification of Previous Actions. The Corporation hereby ratifies, confirms and adopts all actions previously taken on behalf of the Co-Developer to carry into effect the transactions contemplated by this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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- 6. Powers**

The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Texas. The Member shall have the authority to bind the Company.
- 7. Term**

The term of the Company commenced on the filing of the Certificate of Formation with the Texas Secretary of State and shall be perpetual unless dissolved as provided in this Agreement or the Code.
- 8. Dissolution and Liquidation**

The Company shall be dissolved upon (a) an election to dissolve the Company by the Member; or (b) any other event that would cause its dissolution under the Code. Upon the dissolution of the Company, a liquidator shall be selected by the Member. The liquidator shall liquidate the assets of the Company and apply and distribute the proceeds of such liquidation in the following order of priority: (i) to the payment of the expenses of the terminating transactions including, without limitation, brokerage commission, legal fees, accounting fees and closing costs; (ii) to the payment of creditors of the Company, including the Member, in the order of priority provided by law; and (iii) to the Member. The distribution to the Member shall be in cash or in-kind assets of the Company or both, as determined by the Member. Upon completion of the distribution of the Company property provided herein, the Company shall be terminated and the liquidator shall cause the cancellation of the Certificate and any other filings made by the Company and shall take such other actions as may be necessary to terminate the Company.
- 9. Capital Contributions**

The Member has contributed \$10,000, in cash, and no other property, to the Company.
- 10. Additional Contributions**

No Member is required to make any additional capital contribution to the Company.
- 11. Allocation of Profits and Losses**

The Company's profits and losses shall be allocated in proportion to the capital contributions of the Member.

12. Taxes

The Member may make any tax elections for the Company allowed under the Internal Revenue Code of 1986, as amended from time to time, or the tax laws of any state or other jurisdiction having taxing authority over the Company that the Member may deem appropriate and in the best interests of the Company and the Member.

13. Distributions

Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Such distributions shall be allocated among the Member and any additional members (if admitted as provided herein) in the same proportion as their capital account balances.

14. Assignments

A Member may assign its limited liability company interest in whole or in part only with the consent of the other Members.

15. Resignation

Without the consent of any remaining members, a Member may not resign from the Company.

**16. Admission of
Additional
Members**

One (1) or more additional members of the Company may be admitted to the Company with the consent of the Members and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder to this Agreement; *provided, however*, that no such admission shall be permitted if it would adversely affect the tax-exempt status of the bonds issued to acquire the Project.

**17. Liability of
Members**

The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Code. The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member and any officer or employee of the Company, and may so indemnify any agent of the Company, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administration or investigative (including, without limitation, an action by or in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation, attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action, suit or proceeding,

if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not opposed to the best interests of the Company, and (ii) with respect to any criminal action or proceeding, that the Person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

For purposes of the preceding paragraph, the word "Person" shall include each Member and any officer, employee or agent of the Company.

18. Officers

The officers of the Company shall be a President, a Vice President and a Secretary. Such offices shall be assumed by the persons serving in the respective office on the Board of Directors of the Member. The President shall be the chief executive officer of the Company and shall be in general charge of the properties and affairs of the Company; shall preside at all meetings; and in furtherance of the purposes of the Company, may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Company. The Vice President shall carry out the powers and responsibilities of the President when the President is absent or unable to act. The Secretary shall attend to the giving and serving of all notices; in furtherance of the purposes of the Company, may sign with the President or Vice President in the name of the Company, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Company; and shall have charge of the corporate books, records, documents and instruments, and such other books and papers as may be necessary, all of which shall at all

reasonable times be open to inspection upon application at the office of the Company during business hours.

19. Governing Law

This Agreement shall be governed by, and construed under, the laws of the State of Texas, all rights and remedies being governed by said laws.

20. Binding Effect

This Agreement binds and inures to the benefit of the parties hereto, and their successors and assigns. This Section 20 does not address, directly or indirectly, whether a party may assign rights or delegate performance under this Agreement.

21. Amendment

This Agreement may be amended in writing by the Member.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the Effective Date written above.

CITY OF DALLAS HOUSING FINANCE
CORPORATION, as sole member

By _____
Kyle J. Hines
General Manager

DHFC ROSEMONT MEADOW LANE DEVELOPER,
LLC

By: City of Dallas Housing Finance
Corporation, its sole member

By _____
Kyle J. Hines
General Manager

(D) GROUND LESSOR FORMATION RESOLUTION AND LLC
AGREEMENT

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the “*Corporation*”) hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the “*Board*”), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 meeting (the “*Resolution*”) are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

RESOLUTION AUTHORIZING THE FORMATION OF DHFC ROSEMONT MEADOW LANE LANDOWNER, LLC (THE “*GROUND LESSOR*”) IN CONNECTION WITH THE CITY OF DALLAS HOUSING FINANCE CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (ROSEMONT AT MEADOW LANE APARTMENTS), SERIES 2023; AUTHORIZING THE DESIGNATION OF THE CORPORATION AS THE SOLE MEMBER OF THE GROUND LESSOR; APPROVING THE FORM AND SUBSTANCE OF A LIMITED LIABILITY COMPANY AGREEMENT AND THE EXECUTION THEREOF; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE GROUND LESSOR; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Dallas Housing Finance Corporation (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford; and

WHEREAS, the Corporation intends to issue, sell and deliver its Multifamily Housing Revenue Bonds (Rosemont at Meadow Lane Apartments), Series 2023, in an aggregate principal amount not to exceed \$45,000,000 (the “*Bonds*”) to provide for the financing by Meadow Lane Preservation, LLC, a Texas limited liability company (the “*Borrower*”), of the acquisition, rehabilitation and equipping of a multifamily residential rental development to be known as Rosemont at Meadow Lane located in the City of Dallas, Dallas County, Texas, the payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Ground Lessor, a Texas limited liability company whose sole member is the Corporation will enter into a ground lease (the “*Ground Lease*”) with the Borrower; and

WHEREAS, as the sole member of the Ground Lessor, the Corporation desires to authorize all action necessary and appropriate to enter into and carry out all actions under the Ground Lease, to appoint officers of the Ground Lessor; to approve of the Ground Lessor’s formation and the form and substance of its Limited Liability Company Agreement (the “*Company Agreement*”); and to ratify all actions previously taken on behalf of the Ground Lessor;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION THAT:

Section 1. Formation of Ground Lessor. The formation of DHFC Rosemont Meadow Lane Landowner, LLC is hereby approved and ratified.

Section 2. Designation of Sole Member. The designation of the Corporation as the sole member of the Ground Lessor is hereby approved and ratified.

Section 3. Approval and Execution of the Company Agreement. The form and substance of the Company Agreement are hereby approved, and the officers of the Corporation, as sole member of the Ground Lessor, are each hereby authorized to execute the Company Agreement.

Section 4. Appointment of Officers of the Ground Lessor. Marcy C. Helfand is appointed President, Ryan Garcia is appointed Vice President and Anthony Page is appointed Secretary of the Ground Lessor.

Section 5. Execution and Delivery of Financing Documents. The officers of the Ground Lessor or the Corporation, as sole member of the Ground Lessor, are each hereby authorized to negotiate the terms of, execute and attest to the Ground Lease and any other such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 6. Ratification of Previous Actions. The Corporation hereby ratifies, confirms and adopts all actions previously taken on behalf of the Ground Lessor to carry into effect the transactions contemplated by this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**LIMITED LIABILITY COMPANY AGREEMENT
OF
DHFC ROSEMONT MEADOW LANE LANDOWNER, LLC**

This Limited Liability Company Agreement (this “*Agreement*”) of DHFC Rosemont Meadow Lane Landowner, LLC (the “*Company*”) is entered into effective [____], 2023 by and between the City of Dallas Housing Finance Corporation, as the sole member of the Company (the “*Member*”) and the Company.

Subject to the provisions of this Agreement, the Member has organized the Company pursuant to the Texas Business Organizations Code, as amended from time to time (the “*Code*”) by filing a Certificate of Formation with the Texas Secretary of State on the Effective Date. The parties hereby agree as follows:

- 1. Name** The name of the limited liability company formed hereby is DHFC Rosemont Meadow Lane Landowner, LLC.
- 2. Purpose** The sole purposes of the Company are to assist the Member in providing decent, safe and sanitary housing for low- and moderate-income individuals within the City of Dallas, and to acquire, own and lease a tract of real property in City of Dallas, Dallas County, Texas, on which a multifamily residence is located and will be rehabilitated.
- 3. Registered Office** The address of the principal office of the Company in the State of Texas is c/o City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201. The Company may have other offices and places of business at such locations as the Member may from time to time determine.
- 4. Registered Agent** The name and address of the registered agent of the Company for service of process on the Company in the State of Texas is City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201.
- 5. Members** The name and the business, residence or mailing address of the Member is as follows:

City of Dallas Housing Finance Corporation
1500 Marilla St, Room 6CN
Dallas, Texas 75201.

- 6. Powers**

The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Texas. The Member shall have the authority to bind the Company.
- 7. Term**

The term of the Company commenced on the filing of the Certificate of Formation with the Texas Secretary of State and shall be perpetual unless dissolved as provided in this Agreement or the Code.
- 8. Dissolution and Liquidation**

The Company shall be dissolved upon (a) an election to dissolve the Company by the Member; or (b) any other event that would cause its dissolution under the Code. Upon the dissolution of the Company, a liquidator shall be selected by the Member. The liquidator shall liquidate the assets of the Company and apply and distribute the proceeds of such liquidation in the following order of priority: (i) to the payment of the expenses of the terminating transactions including, without limitation, brokerage commission, legal fees, accounting fees and closing costs; (ii) to the payment of creditors of the Company, including the Member, in the order of priority provided by law; and (iii) to the Member. The distribution to the Member shall be in cash or in-kind assets of the Company or both, as determined by the Member. Upon completion of the distribution of the Company property provided herein, the Company shall be terminated and the liquidator shall cause the cancellation of the Certificate and any other filings made by the Company and shall take such other actions as may be necessary to terminate the Company.
- 9. Capital Contributions**

The Member has contributed \$10,000, in cash, and no other property, to the Company.
- 10. Additional Contributions**

No Member is required to make any additional capital contribution to the Company.
- 11. Allocation of Profits and Losses**

The Company's profits and losses shall be allocated in proportion to the capital contributions of the Member.
- 12. Taxes**

The Member may make any tax elections for the Company allowed under the Internal Revenue Code of 1986, as amended from time to time, or the tax laws of any state or

other jurisdiction having taxing authority over the Company that the Member may deem appropriate and in the best interests of the Company and the Member.

13. Distributions

Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Such distributions shall be allocated among the Member and any additional members (if admitted as provided herein) in the same proportion as their capital account balances.

14. Assignments

A Member may assign its limited liability company interest in whole or in part only with the consent of the other Members.

15. Resignation

Without the consent of any remaining members, a Member may not resign from the Company.

**16. Admission of
Additional
Members**

One (1) or more additional members of the Company may be admitted to the Company with the consent of the Members and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder to this Agreement; *provided, however*, that no such admission shall be permitted if it would adversely affect the tax-exempt status of the bonds issued to acquire the Project.

**17. Liability of
Members**

The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Code. The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member and any officer or employee of the Company, and may so indemnify any agent of the Company, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administration or investigative (including, without limitation, an action by or in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation, attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action, suit or proceeding, if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal

action or proceeding, had no reasonable cause to believe its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not opposed to the best interests of the Company, and (ii) with respect to any criminal action or proceeding, that the Person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

For purposes of the preceding paragraph, the word "Person" shall include each Member and any officer, employee or agent of the Company.

18. Officers

The officers of the Company shall be a President, a Vice President and a Secretary. Such offices shall be assumed by the persons serving in the respective office on the Board of Directors of the Member. The President shall be the chief executive officer of the Company and shall be in general charge of the properties and affairs of the Company; shall preside at all meetings; and in furtherance of the purposes of the Company, may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Company. The Vice President shall carry out the powers and responsibilities of the President when the President is absent or unable to act. The Secretary shall attend to the giving and serving of all notices; in furtherance of the purposes of the Company, may sign with the President or Vice President in the name of the Company, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Company; and shall have charge of the corporate books, records, documents and instruments, and such other books and papers as may be necessary, all of which shall at all reasonable times be open to inspection upon application at the office of the Company during business hours.

19. Governing Law

This Agreement shall be governed by, and construed under, the laws of the State of Texas, all rights and remedies being governed by said laws.

20. Binding Effect

This Agreement binds and inures to the benefit of the parties hereto, and their successors and assigns. This Section 20 does not address, directly or indirectly, whether a party may assign rights or delegate performance under this Agreement.

21. Amendment

This Agreement may be amended in writing by the Member.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the Effective Date written above.

CITY OF DALLAS HOUSING FINANCE
CORPORATION, as sole member

By _____
Kyle J. Hines
General Manager

DHFC ROSEMONT MEADOW LANE
LANDOWNER, LLC

By: City of Dallas Housing Finance
Corporation, its sole member

By _____
Kyle J. Hines
General Manager

**City of Dallas Housing
Finance Corporation**

Memo

To: Board of Directors of the City of Dallas Housing Finance Corporation

From: Aaron Eaquinto, Assistant General Manager

cc: Ryan Bowen, General Counsel
George Rodriguez, Bond Counsel, Bracewell LLP
Tim Nelson, Financial Advisor, Hilltop Securities
Robert Estrada, Financial Advisor, Estrada Hinojosa & Company, Inc.

Date: March 14, 2023

Re: Resolutions for the Positano, a Multifamily Residential Development Located at 2519 John West Road

The purpose of this agenda item is to consider and adopt resolutions for the Positano approving the following:

1. Drafting and negotiation of an MOU with Devco;
2. Ownership interest as the general partner in the entity that would acquire, own and manage the proposed Project;
3. Authorization to serve as co-developer; and
4. Acquisition of the land.

DHFC previously approved an inducement of \$35,000,000.00 in tax exempt bonds in the October 2022 board meeting.

DevCo, the developer, has proposed the redevelopment of a seniors affordable multifamily apartment complex of 232 units. Upon completion of the redevelopment, the Applicant proposes to reserve all 232 units available to households earning 0%-60% of Area Median Income (AMI). The total redevelopment costs are anticipated to be approximately \$56,016,293.

The Partnership will develop 232 units comprised of 84 1-bedroom, and 148 2-bedroom. General rehab will include wood and plastic repairs (includes new cabinets, etc.), insulation and roofing repair/replacement, doors/hardware/glass/glaze, flooring, ceiling, and paint, plumbing and HVAC, and electrical repairs. Major items include: replacement of concrete for ADA path of travel, installation of

countertops, roof shingle replacements, installation of LVP flooring, painting unit interiors, painting building exteriors, bath tub refinishing and repairs, energy star refrigerator installation, vinyl window coverings, mechanical system upgrades, stainless steel kitchen sink and supply lines, bathroom sinks and faucets, installation of angle stops, low-flow energy efficient toilets, low flow shower heads, replacement of water heaters, and ceiling mounted air handlers. The Property will also include a business center, clubhouse, fitness center, theater room, swimming pool, on-site laundry facility, and a barbeque/picnic area.

The developer of the project will be Devco who has 28 years of experience in developing multifamily communities throughout California, Texas, and Washington. They have successfully acquired or developed over 10,000 affordable units throughout the United States.

The Positano is a 2006 built, 232-unit, 55+ affordable housing Property located in Dallas, TX (8.6 miles east of Dallas CBD). The Property sits on 19.80 acres and has a density of 11.72 units/acre. The Property is located on an eastern corridor of Dallas. Residents of the property have public transportation access to downtown, utilizing the John West at Homeway DART bus station, which provides direct access to CBD Dallas and the broader metroplex. The bus also provides access to Dallas County Community College – El Centro, in downtown Dallas.

If approved, this tax credit resyndication and bond issuance will allow Devco to implement much needed capital improvements and modernize the property thereby extending its useful life. Without this investment of new capital, the property will either fall into disrepair or be subject to a conversion to market rate units, further eroding the access to affordable housing in the city. The preservation of existing affordable housing is a priority of the City to ensure our residents are provided with safe, decent affordable housing and are not displaced due to expiring income restrictions.

The cash flow and future net sales proceeds will be split 62.5%/37.5% between Devco and the DHFC. The DHFC will have first right of refusal on the sale of the Project. Devco will receive 70% and the DHFC will receive 30% of the developer fee with the DHFC.

Approval of these items does not bind the DHFC into any formal agreement or partnership. Board review and approval of the final bond documents will occur at a future DHFC Board of Directors meeting.

Additional information regarding the proposed development is included in this Board Packet. If you have any questions regarding this agenda item, Staff, Ryan Bowen, Corporation Counsel, George Rodriguez, DHFC Bond Counsel, Tim Nelson and Robert Estrada, DHFC Financial Advisors, and the LDG Development team will be available prior to and at the meeting to discuss.

DEVCo, LLC
Executive Summary



The Positano
2519 John West Road
Dallas, TX 75228
[Click here for Google Maps](#)

Request for Resolution

DevCo purchased The Positano (the “Property”) in December 2021, with a plan to resyndicate and renovate the Property with new 4% LIHTC. DevCo is submitting this bond application for an inducement resolution. DevCo is seeking a reimbursement resolution that will allow costs (including the acquisition) to be included as eligible reimbursable costs for tax credit basis per the code by acquiring the property into an entity that will be the same ownership entity upon the final allocation of the bonds and tax credits.

Property Description

2519 John West Road
Dallas, TX 75228

The Positano is a 2006 built, 232-unit, 55+ affordable housing Property located in Dallas, TX (8.6 miles east of Dallas CBD). The Property sits on 19.80 acres and has a density of 11.72 units/acre. The Property has 500 uncovered parking spots, which provides for a parking ratio 2.15 spaces/unit. The Property is comprised of 84 one-bedroom units, and 148 two-bedroom units. The units range in size from 750 SF to 987 SF, with an average of 901 SF. Community amenities include a business center, clubhouse, fitness center, salon, swimming pool, elevator service, gated access, on-site laundry facility, courtyard, barbecue and picnic area, leasing office, and theater room. Unit amenities include: a balcony or patio, walk-in closet(s), additional storage space, microwave, dishwasher, garbage disposal, air conditioning, and in-unit washer and dryer connections. The Property is located in an eastern corridor of Dallas. Residents of Property have public transportation access to downtown, utilizing the John West at Homeway DART bus station, which provides direct access to CBD Dallas and the broader metroplex). The bus also provides access to Dallas County Community College – El Centro, which is located in downtown Dallas.

Utility Allowance & Utility Expense

DevCo is working with Plummer to analyze and reduce the utility allowance figures currently at the Property (given that Plummer has noted that the Property has unrealized efficiencies). Additionally, the proforma underwrites utility expense for the common-areas only, as water/sewer and electricity will likely be change to reflect tenant’s ability to directly purchase and pay for their own utilities.

Planned Renovations

DevCo is finalizing the proposed scope of rehab with MFRG-Construction, the general contractor that will be completing the planned renovations at the Property. The current plan is to complete \$11,600,000 (\$50,000/unit) in hard costs (exclusive of general contractor requirements, contractor’s profit and overhead). General items include the following: wood and plastic repairs (includes new cabinets, etc.), insulation and roofing repair/replacement, doors/hardware/glass/glaze, flooring, ceiling and paint, plumbing and HVAC, and electrical repairs. Major items include: replacement of concrete for ADA path of travel, installation of countertops, roof shingle replacements, installation of LVP flooring, painting unit interiors, painting building exteriors, bath tub refinishing and repairs, energy star refrigerator installation, vinyl window coverings, mechanical system upgrades, stainless steel kitchen sink and supply lines, bathroom sinks and faucets, installation of angle stops, low-flow energy efficient toilets, low flow shower heads, replacement of water heaters, and ceiling mounted air handlers. There will likely be tenant-relocation during the renovation period at the Property. DevCo has budgeted \$1,160,000 (\$5,000/unit) for relocations.

The budget is being updated on an ongoing basis and will reflect items required by an updated property condition report (along with useful life information associated with each repair).

Management

DevCo has retained the services of Avenue5 Property Management to manage the property upon closing of the resyndication (they also currently manage the Property). Avenue5 currently manages sixty-eight affordable properties, forty of which are LIHTC. Nationally, Avenue5 manages more than four hundred properties with over 75,000 units.

DevCo, in connection with Avenue5 Property Manager, intends to employ 6 full-time staff members to oversee the Property: a property manager, assistant property manager, leasing manager, maintenance supervisor, assistant supervisor, and groundskeeper. Avenue5 has been successful in managing comparable properties with this structure and the proposed structure is appropriate for staffing properties of this size while providing high quality service to the tenants, maintaining occupancy and continued performance.

Resident Services

The property currently sees the benefit of a Resident Services Agreement with Portfolio Resident Services. It is anticipated that the Resident Services Agreement will continue through the acquisition and rehabilitation of the property. The RSA includes a resident

services coordinator on site who coordinates activities such as after school programs, adult education programs, health screening and mobile immunizations, family counseling/family crisis intervention, coordination with local social services agencies, computer lab/computer training, emergency assistance and relief, community outreach programs, vocational guidance, social/recreational activities, state workforce development and Welfare program assistance and an Individual Development Account program.

DevCo Resume

Evan “Jack” Hunden founded DevCo, Inc. in 1994. DevCo’s goal is to build a portfolio of successful multi-family properties as a long-term investment. As president of DevCo Mr. Hunden has overseen the development, construction and management of over 7,000 multi-family units in Washington State. DevCo continues to own substantially all of the properties it has developed and intends to retain them indefinitely.

David Ratliff joined DevCo in 2013 and serves as a Vice President of DevCo and managing member of DevCo Preservation, LLC. As Vice President of DevCo Mr. Ratliff oversees site sourcing, contract negotiation, entitlements, financing and capital management. During his tenure at DevCo Mr. Ratliff has managed the development and financing of over 3,000 multi-family units.

Michael Volz joined DevCo in 2019 where he serves as the Finance Manager of DevCo and managing member of DevCo Preservation, LLC. As Finance Manager Mr. Volz oversees the underwriting, sourcing of debt and sourcing of tax credit equity for DevCo’s new construction properties in Washington State. Additionally, as a managing member of DevCo Preservation, LLC Mr. Volz is responsible for sourcing, underwriting, and financing the acquisition and rehabilitation of existing multi-family properties. Prior to joining DevCo Mr. Volz spent five years working for a national affordable housing developer where he oversaw the acquisition and/or rehabilitation of over 1,500 existing Section 42 and Section 8 units.

VII. POSITANO

(A) RESOLUTION APPROVING MEMORANDUM OF
UNDERSTANDING

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the “*Corporation*”) hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the “*Board*”), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 meeting (the “*Resolution*”) are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

The Board of Directors of the CITY OF DALLAS HOUSING FINANCE CORPORATION, a Texas public, nonprofit housing finance corporation organized and existing under the laws of the State of Texas (the "*Corporation*"), does hereby adopt the following resolutions:

WHEREAS, the Corporation's purposes are to provide decent, safe and sanitary housing at affordable prices for low and moderate income residents of the City of Dallas and to carry out the purposes of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended;

NOW, THEREFORE, BE IT RESOLVED, that the Corporation intends to participate in the financing, rehabilitation and operation of The Positano, a multifamily housing complex located in the the City of Dallas, Dallas County, Texas (the "*Project*"), including but not limited to entering into a Memorandum of Understanding with DevCo Preservation, LLC for the acquisition and rehabilitation of the Project and acting as the sole member of DHFC Positano Managing Member, LLC, the managing member of Positano Apartments, LLC, the limited liability company that will rehabilitate and operate the Project; and

BE IT FURTHER RESOLVED, that any officer of the Corporation may act on behalf of the Corporation in connection with the Corporation's participation in the Project.

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MEMORANDUM OF UNDERSTANDING

BETWEEN

CITY OF DALLAS HOUSING FINANCE CORPORATION

AND

DEVCO PRESERVATION, LLC

“THE POSITANO”

THIS MEMORANDUM OF UNDERSTANDING (this “*MOU*”) is between the City of Dallas Housing Finance Corporation (the “*Dallas HFC*”), a public, nonprofit housing finance corporation organized under Chapter 394 of the Texas Local Government Code, and DevCo Preservation, LLC (the “*Developer*”), a Washington limited liability company, and is dated and effective as of March [14], 2023.

Developer is a developer of affordable housing in the State of Texas. The Dallas HFC is a public, nonprofit housing finance corporation whose mission is to provide safe, decent and sanitary housing for persons of low and moderate income. Developer and the Dallas HFC hereby agree to work cooperatively to rehabilitate affordable housing at the following location, in accordance with the terms of this MOU:

The Positano, being an approximately 232-unit development located in the City of Dallas, Dallas County, Texas (the “*Project*”), financed with private activity bonds issued by the Dallas HFC and 4% Low Income Housing Tax Credits allocated by the Texas Department of Housing and Community Affairs (the “*TDHCA*”).

In order to accomplish this purpose, the parties agree as follows:

AGREEMENTS

A. OWNERSHIP STRUCTURE

1. Developer has formed a limited liability company named Positano Apartments, LLC (the “*Company*”) for the purpose of owning the Project. A single-purpose limited liability company named DHFC Positano Managing Member, LLC, which is wholly-owned by the Dallas HFC, will be admitted into the Company as the sole Managing Member (the “*Managing Member*”).

2. Developer may designate an affiliate to serve as a special member of the Company (the “*Special Member*”), with certain oversight and approval rights. Any such rights must be agreed to by the Dallas HFC and may not, in the opinion of the Dallas HFC’s counsel, result in the

Special Member being deemed a Managing Member for exercising its rights under the Operating Agreement (as hereinafter defined).

3. The duties of the Managing Member and the Special Member shall be set forth in an operating agreement (the “*Operating Agreement*”) to be entered into among the Managing Member, the Special Member and an equity investor as the limited member (the “*Investor Member*”).

The Managing Member’s execution of the Operating Agreement shall be subject to the following terms:

(i) The Managing Member’s representations shall be limited to those within the Managing Member’s actual knowledge and in no case shall due inquiry be required, it being understood and agreed that the Managing Member will not be looked upon by the Special Member or the Investor Member to conduct Project-related diligence, and any such diligence conducted by the Dallas HFC is solely for its own benefit;

(ii) The Managing Member shall be indemnified by the Special Member, the Developer and the Company for any liabilities incurred under the Operating Agreement and the Management Agreement (as defined herein), except for liabilities incurred as a result of the Managing Member’s gross negligence or willful misconduct and in no event shall such indemnification be contingent upon a ruling of a court of law;

(iii) The Dallas HFC shall be indemnified by the Company, Special Member and the Developer for any liabilities incurred in connection with the Project (including, but not limited to, any liabilities under the Management Agreement (as hereinafter defined)), except for liabilities incurred as a result of the gross negligence or willful misconduct of the Dallas HFC and in no event shall such indemnification be contingent upon a ruling of a court of law.

(iv) The Managing Member shall not be required to covenant to undertake actions or obligations that the Special Member will be required to take under the Operating Agreement; and

(v) The Operating Agreement shall contain a provision wherein the Special Member and Investor Member acknowledge that the obligations of the Managing Member under the Operating Agreement are obligations solely of the Managing Member and not the owner of the Managing Member or the Dallas HFC.

Additionally, pursuant to the terms of the Operating Agreement, the Special Member and Investor Member shall not make any of the following major decisions of the Company without the consent of the Managing Member, which consent shall not be unreasonably withheld, conditioned, or delayed:

(i) except as specifically authorized under the Operating Agreement, to borrow money, incur indebtedness for money borrowed on the general credit of the Company, issue evidences of indebtedness or secure the same by mortgage, deed of trust, security interest, pledge or other lien on the Project or any other assets of the Company, or

(ii) following completion of rehabilitation of the Project, to construct any new capital improvements (including but not limited to the installation of solar panels), or to replace any existing capital improvements if construction or replacement would substantially alter the use of the Project property, or

(iii) to acquire any real property in addition to the Project (other than easements or similar rights necessary or convenient for the operation of the Project), or

(iv) to cause the Company to make any loan or advance to any Person, or

(v) to lease any tax credit units to other than qualified tenants or otherwise operate the Project in such a manner or take any action which could cause any tax credit unit to fail to be treated as a qualified low-income housing unit under Section 42(i)(3) of the Code or which would cause the recapture by the Company of any low income housing credit under Section 42 of the Code, or

(vi) except for the Loan (as defined herein) or any other loan entered into as of the Closing (as defined herein), enter into any agreement with any lender or governmental agency, or

(vii) to amend any Project document, or to waive or permit any party thereunder to waive, any provision of any Project document, or

(viii) to prepay in whole or in part, increase, refinance, renew, recast, modify or extend any loan or mortgage, or

(ix) to sell, transfer, convey, assign, or make other disposition of all or substantially all of the real property or other assets of the Company, or

(x) to cause the Company to commence a proceeding seeking any decree, relief, order or appointment in respect to the Company under the federal bankruptcy laws, as now or hereafter constituted, or under any other federal or state bankruptcy, insolvency or similar law, or the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) for the Company or for any substantial part of the Company's business or property, or to cause the Company to consent to any such decree, relief, order or appointment initiated by any person other than the Company, or

(xi) to cause the Company to accept or receive any grant (unless otherwise expressly contemplated under the terms of the Operating Agreement), or

(xii) except as provided under the Loan documents, to pledge or assign any of the capital contributions of a Member or the proceeds thereof, or

(xiii) to permit the merger, termination or dissolution of the Company, or

(xiv) to dismiss the Company accountants or to engage a new firm as Company accountants,
or

(xv) to approve any changes to the plans and specifications for the Project which would result, either individually or in the aggregate, in an overall development cost increase or decrease in excess of \$25,000, or

(xvi) to take any action which would cause the Project or Company property or any part thereof to be treated as tax exempt use property within the meaning of Section 168(h) of the Code,
or

(xvii) to file a lawsuit on behalf of the Company (other than lease enforcement, collection or other routine legal actions in the ordinary course of business of the Company), or

(xviii) to take any action that would subject the Managing Member to increased risk of liability, or

(xix) to engage any sale or leasing agent or broker other than the Manager (as defined herein), or

(xx) to decide not to repair or rebuild in case of material damage to the Project, or any portion thereof, arising out of a casualty or condemnation, or

(xxi) to hire any employees for any purposes, or

(xxii) to take any action outside of the ordinary course of business of the Company, or

(xxiii) to execute agreements with any governmental agency.

The Developer agrees that it will provide an executed copy of this MOU to the Investor Member prior to executing an equity letter of intent or similar document (an “LOI”) and, as set forth in Paragraph C.2 below, agrees to provide the LOI to the Dallas HFC and its counsel for review and comment prior to execution. Certain Company and Project management and indemnification provisions will be documented in a separate Master Agreement.

4. The Company will undertake the following activities:

(i) ensure the Project is completed in a timely manner, and

(ii) maintain the Project's tax-exempt status, and if for any unforeseen reason the Dallas HFC should lose its tax-exempt status, then the property taxes owed annually on the Project site shall be paid by the Company, and

(iii) comply with the terms of the Ground Lease (defined herein), and

(iv) ensure compliance with all City, state, and federal laws and regulations that apply to the Project, and

(v) in conjunction with the Manager (defined herein), manage the Project and all related operations according to the approved annual budget, including but not limited to operating and replacement reserves, and related contracts, and

(vi) oversee the Manager's performance.

5. Title to the land for the Project shall be taken in the name of a wholly-owned subsidiary of the Dallas HFC (the "*Ground Lessor*"), and the Ground Lessor shall then enter into a long-term ground lease (the "*Ground Lease*") with the Company, as tenant, holding an interest in the improvements that constitute the Project. The Ground Lessor will require delivery by the title company of a title policy showing the Ground Lessor as a named insured. Funding for the acquisition of the land will come from the financing of the Project, and will be paid to the Ground Lessor in the form of an up-front Ground Lease payment, which shall be no greater than the amount determined by an appraisal obtained by the Company and shall be applied against the acquisition price. Upon termination of the Ground Lease, other than in connection with the purchase of the Project, the ownership of the improvements constituting the Project shall revert to the Ground Lessor.

Upon the sale of the Project by the Company to a third party, the Ground Lessor shall transfer title of the land to such third party upon payment to the Ground Lessor of the amount of the up-front Ground Lease payment *less* a credit for any amortized portion of such payment during the term of the Ground Lease.

B. DUE DILIGENCE

As a condition to the Dallas HFC's participation in the Project, the Dallas HFC requires the Developer to provide due diligence information on the Project and its proposed financing and operations pursuant to the due diligence checklist (the "*Checklist*") attached hereto as *Exhibit A*. The Developer shall deliver the due diligence items on the Checklist at the times stated on the Checklist.

C. FINANCING

1. On behalf of the Company, the Developer has applied for a reservation of up to \$35,000,000 private activity bond volume cap in connection with multifamily housing bonds (the “*Bonds*”) to be issued by the Dallas HFC. If the Company receives a reservation of private activity volume cap in connection with the issuance of 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 Company; *provided*, that the Dallas HFC shall have the right to review and approve the financing arrangements and the terms and conditions of any Bond or loan documents.

2. On behalf of the Company, the Developer will apply for a commitment of low-income housing Tax Credits (the “*Tax Credits*”) from the TDHCA. If the Company receives a commitment of Tax Credits, the Developer shall be responsible for selecting the manner in which the Tax Credits will be sold to facilitate equity financing (the “*Equity*”) for the Project, and negotiating the equity financing terms on behalf of the Company; *provided*, that the Dallas HFC shall have the right to review and approve the identity of the Investor Member, the financing arrangements and the terms and conditions of any Equity financing documents. The Equity financing documents are expected to include the Operating Agreement.

3. If the Project receives a commitment of Tax Credits, the Developer will apply for construction and permanent financing (the “*Loan*”) on behalf of the Company. The Developer shall be responsible for selecting the lender and negotiating the Loan terms on behalf of the Company; *provided*, that the Dallas HFC shall have the right to review and approve the financing arrangements and the terms and conditions of any Loan documents.

4. The Developer shall pay all costs and fees associated with applying for the Bonds, the Loan and the Tax Credits, which costs, along with all other pre-development costs incurred by the Developer (to the extent included within the approved budget), shall be reimbursed at the initial closing and funding of financing to the Company (the “*Closing*”) from the proceeds of the Bonds and Equity. In the event this MOU is terminated or the transaction fails to close as contemplated herein, the Developer shall be solely responsible for all costs described above and the Dallas HFC and its affiliates shall have no responsibility for payment or reimbursement of such costs.

5. The Developer or its affiliate, 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 the Dallas HFC nor any of its affiliates will provide any guarantees or indemnities and shall not be listed as a Section 50 guarantor should the Project be financed with a HUD-insured loan.

D. DESIGN AND CONSTRUCTION

1. The Developer shall provide comprehensive development services to the Company pursuant to a Development Agreement to be entered into by the Company and the Developer.

2. The Developer shall prepare and promptly provide the Dallas HFC a detailed development budget for the Project, which is subject to approval by the Dallas HFC.

3. The Developer shall be responsible for obtaining the services of design professionals for the design of the site plan and design of the project. The Dallas HFC will be provided copies of the final plans and specifications for the Project, including all construction contracts. The Dallas HFC will have the right to review, comment and approve such plans, specifications and contracts prior to the execution of the contracts.

4. Reserved.

5. The Developer shall be responsible for obtaining all governmental approvals and permits needed in order to rehabilitate, construct and operate the Project.

6. The Developer shall guarantee to the Company, the Investor Member 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 Dallas HFC 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 \$50,000 for a single change or \$250,000 in the aggregate) during rehabilitation.

7. The Project shall be rehabilitated so as to comply with ADA and Section 504 requirements, as applicable under federal and state law.

E. MANAGEMENT AND OPERATION

1. HNN Associates, LLC or such other Developer designated affiliate shall serve as the property manager (the "*Manager*") for the Project, which will be memorialized in a management agreement (the "*Management Agreement*"). The Dallas HFC shall have the right to review and approve the Management Agreement, which shall include approval of a management fee to be determined by the parties; *provided, however*, that such fee shall not exceed 4.0% of gross revenues.

2. Notwithstanding anything to the contrary, the Management Agreement will automatically renew upon its scheduled termination other than upon a termination for cause unless either party gives ninety (90) days' notice to renegotiate the terms or terminate the Management Agreement.

3. The Manager shall not have the authority to take any action with regard to a major decision identified in paragraph A.3. without the consent of the Managing Member.

F. SOCIAL SERVICES

The 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 with the Special Member retaining ultimate responsibility. Such services may include: after-school tutoring and computer training for children, arts & crafts programs, family literacy, addiction recovery resources, nutrition on a budget, legal assistance resources, organized team sports, health screening services, and property-wide wireless internet. The Company shall provide a minimum of \$40,000 per year for social services for residents of the Project. Up to 50% of the required investment may come from in-kind services subject to the approval of the City of Dallas' Department of Housing and Neighborhood Revitalization. The Special Member shall have the right to monitor the provision of such social services during the Tax Credit compliance. For its role in monitoring compliance with social services (as required by the TDHCA) for residents of the Project, the Dallas HFC shall be entitled to receive an annual compliance monitoring fee as set forth in *Exhibit B*.

G. COMMUNITY SUPPORT

The Developer shall be primarily responsible for interfacing with the local governmental officials in connection with support for the Project and the Dallas HFC shall provide reasonable cooperation in connection with such matters. The parties will consult with each other and coordinate the response to any media inquiries and/or public opposition to the Project that may arise.

H. TAX EXEMPTION

The ownership structure contemplated herein is expected to generate ad valorem tax exemption (the "*Exemption*") for the Project. The Dallas HFC, on behalf of the Company, shall work with the Developer and the Dallas Central Appraisal District to obtain confirmation of the availability of the Exemption in the form of a pre-determination letter. The Developer shall be responsible for retaining local counsel for purposes of rendering an opinion regarding the Exemption.

I. FEES AND EXPENSES

1. The Developer shall be entitled to receive a development fee (the "*Development Fee*") for its services in developing the Project. The amount of the Development Fee shall be equal to 15% of the Project's total development costs, as calculated pursuant to applicable TDHCA guidelines. All payments of Development Fee shall be made pro-rata with 70% going to Developer and 30% going to the Dallas HFC or its subsidiary.

2. The Managing Member shall be entitled to receive a fee equal to 37.5% of net cash flow for its services in such capacity (in the event the financing structure does not allow the Managing Member to receive the full 37.5% of cash flow, then other fees payable to the Managing Member or its affiliates shall be adjusted to provide an equivalent amount). The Special Member shall be entitled to receive the remaining 62.5% of net cash flow. Such fees shall be payable from the Company's net cash flow only after payment of the Development Fee in full. Sale and refinancing proceeds shall not be considered part of net cash flow for the above purposes. The Managing Member shall be entitled to receive a share equal to 37.5% of net cash flow generated from a sale or refinancing. All proceeds of capital transactions through refinancing or sale, net of any amount payable to the Investor Member, will be split 37.5% to the Managing Member and 62.5% to the Special Member.

3. The Managing Member and Special Member shall each be entitled to receive a Company Management Fee in the amount of \$10,000 per year for their services in connection with Management of the Company, which fee shall increase by 3% annually. The Company Management Fee shall be paid prior to any deferred development fee. In the event that net cash flow is insufficient in any year to pay the full amount of the Company Management Fee, the amount unpaid shall accrue without interest and be payable in subsequent years.

4. Further fees and expenses contemplated by the parties are set forth in *Exhibit B*. Such fees are in addition to any fees set forth in this MOU.

5. Neither party 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.

6. All reasonable expenses incurred by the Dallas HFC in connection with this MOU, and including but not limited to any costs set forth in *Exhibit B* and costs for third-party reports, the Dallas HFC's legal counsel, counsel to the Managing Member and the Company, special real estate counsel, financial advisor and other expenses incurred by the Dallas HFC in connection with the proposed Project (collectively, the "Costs"), shall be included in the Project's development budget and reimbursed by the Company to the Dallas HFC or to such third parties concurrently with the Closing.

7. If this MOU or the Project is terminated before the Closing and the Dallas HFC has unreimbursed out-of-pocket Costs, the Dallas HFC shall invoice the Developer for such Costs and the Developer shall reimburse the Dallas HFC or the applicable third party for such Costs within thirty (30) days of termination. Notwithstanding any language in this paragraph, the Dallas HFC shall not be entitled to retain any of its Costs, if the Dallas HFC terminates pursuant to paragraph L.10(f) of this MOU.

8. The Developer acknowledges and agrees that it is the intent of the parties hereto that the Dallas HFC shall bear no out-of-pocket costs or expenses in connection with the Development, and all documents will reflect this agreement.

J. REGULATORY RESTRICTIONS

In addition to those restrictions required in connection with the Bonds and the low-income housing tax credits, the Developer and the Dallas HFC agree that (i) 100% of the units in the Project will be restricted for rent to individuals and families earning no more than 50% of the area median income (as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended), (ii) 5% of the Project's units will be accessible to persons with disabilities, and (iii) an additional 2% of the units will be accessible for persons with hearing or visual disabilities. Income shall be verified by the Developer pursuant to a review of the tenants' federal income tax returns or other commercially reasonable method acceptable to the Dallas HFC. The Developer and the Dallas HFC will enter into a Regulatory Agreement at Closing to be recorded in the Dallas County land records that will set forth the income restrictions and describe the methodology for income verification and reporting.

K. LONG TERM OWNERSHIP

1. At the end of the 15-year Tax Credit compliance period (the "*Compliance Period*"), in the event that the Special Member has determined to cause the Company to sell the Project to a third party buyer, the Managing Member, the Dallas HFC, or the Dallas HFC's designated affiliate shall have a right of first refusal to acquire the Project on the same terms offered by such third party buyer. In addition, upon execution of the Operating Agreement, the Managing Member, or other Dallas HFC affiliate shall have an option to acquire the Project at the greater of fair market value of the Project or the amount of Company debt plus the Company's applicable taxes upon the sale (the "*Option*"). The terms of the Option will be set forth in the Ground Lease. The Option and right of first refusal will remain in effect so long as the Ground Lease is in effect, the Managing Member remains in the Company, and the Managing Member is not in default of its duties in such capacity. The parties hereto recognize that the Dallas HFC desires to have long-term ownership of the Project and shall cooperate in establishing opportunities for such ownership by the Dallas HFC.

2. Notwithstanding the foregoing, after the Compliance Period, the Special Member 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 the price set forth in Paragraph A.5 hereof); provided, that the purchase price pursuant to any third party offer shall be at least the minimum purchase price under Section 42(i)(7)(B) of the Code. In the event the Special Member receives such an offer to purchase the Project and the offer is acceptable to the Special Member, the Project and the land shall be sold to such purchaser unless the Dallas HFC (a) exercises the right of first refusal within ninety (90) days after receiving notice of the third party offer and then

proceeds to close on the purchase of the Project within an additional one hundred twenty (120) days, or (b) within one hundred twenty (120) days following exercise of the Option, purchases the economic interest of each member, other than the Managing Member, for an amount equal to what each member would otherwise receive under the Operating Agreement had the purchase offer been accepted.

3. Additionally, if the Exemption terminates or is not obtainable (other than due to a change in law and subject to the provisions of Paragraph K.4 below) and/or the Managing Member is removed as the Managing Member of the Company, the right of first refusal, the Option and any other rights of the Dallas HFC and Managing Member with respect to long-term ownership of the Project will terminate. In addition, if the Dallas HFC has not acquired the Project through the exercise of either the Option or the right of first refusal, the Option and the right of first refusal will both terminate upon the sale of the Project to a third party. The Dallas HFC agrees to cooperate with the Special Member and the Company, as necessary, in order to facilitate the sale to such third party, including but not limited to, executing a release or termination of the Option, the right of first refusal, and the Ground Lease and conveyance documents related to the transfer of the land.

4. In the event the Exemption is lost for any reason and not restored within 180 days, then the fee estate in the land shall be conveyed to the Company at (i) a nominal cost to the Company if the loss of such Exemption occurs during the Compliance Period, and (ii) the amount set forth in Paragraph A.5 if the loss of such Exemption occurs after the Compliance Period; and the Ground Lease shall be terminated to allow the Company to establish an exempt structure in the future.

L. MISCELLANEOUS

1. This MOU reflects the entire understanding between the parties and may only be amended in writing, signed by both parties. This MOU is a contract and not merely an "agreement to agree."

2. Each party hereto is prohibited from 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, such consent not to be unreasonably withheld, conditioned, or delayed.

3. The parties agree to execute such documents and do other such reasonable things as may be necessary or appropriate to facilitate the rehabilitation of the Project and the consummation of the agreements set forth herein.

4. This MOU may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one contract binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart

5. THIS MOU AND ALL DOCUMENTS REFERENCED HEREIN SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF CONFLICT OF LAWS PRINCIPLES.

6. In case any one or more of the provisions contained in this MOU for any reason is 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.

7. The parties hereto submit exclusively to the jurisdiction of the state and federal courts of Dallas County, Texas, and venue for any cause of action arising hereunder shall lie exclusively in the state and federal courts of Dallas County, Texas.

8. Should any party employ an attorney or attorneys to enforce any of the provisions hereof, to protect its interest in any manner arising under this MOU, or to recover damages for the breach of this MOU, the non-prevailing party in any action pursued in courts of competent jurisdiction (the finality of which is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages and expenses, including specifically, but without implied limitation, attorneys' fees, expended or incurred by the prevailing party in connection therewith.

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

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

(a) The Dallas HFC and the Developer sign a mutual consent to terminate this MOU;

(b) The Project has not received a commitment for Tax Credits by December 31, 2023;

(c) The Project has not received a commitment for Bond financing by December 31, 2023;

(d) Loan and Equity financing for the Project are not closed by June 30, 2024;

(e) If the terms of the Loan and Equity financing for the Project are unacceptable to the Dallas HFC, in its sole discretion, and the Dallas HFC provides the Developer notice of such fact and a 30-day opportunity to provide financing terms that are acceptable to the Dallas HFC and the Developer, but the Developer does not do so;

(f) The Dallas HFC's Board of Directors takes action to disapprove of the participation of the Dallas HFC in the financing of the Project as described in this MOU at any time prior to the Closing;

(g) Either party breaches its obligations under this MOU, the non-breaching party provides the breaching party notice of such fact and a 15-day opportunity to cure, and the breaching party fails to do so; or

(h) 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.

Upon termination of this MOU for any of the reasons cited above, neither party shall have any ongoing obligation to the other with respect to this MOU nor the Project. In addition, the provisions of this MOU with respect to the Project will be terminated when the Managing Member is admitted to the Company and the Dallas HFC and the Developer and their affiliates, as applicable, enter into definitive agreements with respect to the governance of the Company and the rehabilitation, construction, financing, and operation of the Project as contemplated herein.

11. The parties acknowledge that the Managing Member, the Dallas HFC and its affiliates will be represented in this transaction by Chapman and Cutler LLP ("*GP Counsel*") in a legal capacity and Hilltop Securities Inc. in a financial advisory capacity ("*Hilltop Securities*"). The Company, the Developer, the Special Member and their affiliates will be represented by separate counsel and will not be entitled to rely on GP Counsel for representation in this matter and acknowledges that no financial advisory relationship will exist among the Company, the Developer, the Special Member and their affiliates and Hilltop Securities.

[Remainder of Page Intentionally Left Blank]

EXECUTED to be effective as of the date above shown.

CITY OF DALLAS HOUSING FINANCE
CORPORATION

By _____
Kyle J. Hines
General Manager

DEVCO PRESERVATION, LLC

By _____
Name: _____
Title: _____

EXHIBIT A

CITY OF DALLAS HOUSING FINANCE CORPORATION
CHECKLIST OF DUE DILIGENCE
FOR TAX CREDIT TRANSACTIONS

PROPERTY ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Project Description, including number of units, unit sizes, and amenities		
	Site Location information, with map		
	Proposed Rent Schedule, with tenant income restrictions		
	Site Plan		
	Market Study		
	Appraisal		
	Phase I Environmental		
	Soils Report		
	Evidence of site control		
	Evidence of zoning		
	Title commitment with all exceptions		
	Survey		
	Physical needs analysis (for rehabilitation projects)		
DEVELOPMENT ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Detailed Development Budget		
	Sources and Uses		
	Statement of Developer's experience, including evidence of net worth		
	Resume of General Contractor with evidence of experience		
	Plans and Specifications		
	Resume of Architect, with evidence of experience		

FINANCING ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	15-year Pro Forma		
	Debt financing commitment		
	Equity financing commitment		
	Description of all other sources of financing		
	Application for debt financing		
	Application for Tax Credits		
OPERATIONAL ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Resume of property management company, with evidence of experience		
	Description of social services to be provided and information regarding social services provider		
	Proposed Rent Schedule, with tenant income restrictions		
	Current rent roll (if applicable)		
ORGANIZATIONAL ITEMS			
RECEIVED	ITEM	DEADLINE	NOTES
	Organizational documents for limited liability company		

EXHIBIT B

ADDITIONAL FEES

THE PARTIES ESTIMATE THE FOLLOWING ADDITIONAL FEES:

DHFC and GP Counsel: \$135,000.00

DHFC Board Counsel: \$145 per hour payable at closing

DHFC Bond Counsel: minimum of \$100,000 (fee may be adjusted due to the financing structure of the bonds); advances may be requested as time incurred exceeds deposits on account (including \$15,000 described under “Processing” below); balance payable at closing

DHFC Municipal Advisor: \$2/Bond plus \$20,000

DHFC GP Advisor: \$50,000

DHFC Compliance Monitoring Fee: \$1,500 per year

Processing Fee: \$25,000 non-refundable (\$15,000 to Bond Counsel once incurred and \$10,000 to DHFC payable 3 days after bond reservation date)

Issuer Fee: Closing fee of \$5,000 or .50% of the bonds, whichever is greater, and an annual administrative fee of .10% of the original par amount of the Bonds payable on January 1 of each year. On any transaction where the Bonds are expected to be outstanding for less than 10-years, 10-years of capitalized administrative fees will be due at the Bond Closing – on all other transactions, two-years will be due at the Bond Closing.

Transfer/Assumption Fee: .25% of bonds outstanding or \$15,000, whichever is greater

(B) MANAGING MEMBER FORMATION RESOLUTION AND LLC
AGREEMENT

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the “*Corporation*”) hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the “*Board*”), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 (the “*Resolution*”) meeting are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

RESOLUTION AUTHORIZING THE FORMATION OF DHFC POSITANO MANAGING MEMBER, LLC AS MANAGING MEMBER (THE “*MANAGING MEMBER*”) TO POSITANO APARTMENTS, LLC IN CONNECTION WITH THE CITY OF DALLAS HOUSING FINANCE CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (POSITANO), SERIES 2023; AUTHORIZING THE DESIGNATION OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION (THE “*CORPORATION*”) AS THE SOLE MEMBER OF THE MANAGING MEMBER; APPROVING THE FORM AND SUBSTANCE OF A LIMITED LIABILITY COMPANY AGREEMENT AND THE EXECUTION THEREOF; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE MANAGING MEMBER; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Dallas Housing Finance Corporation (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford; and

WHEREAS, the Corporation intends to issue, sell and deliver its Multifamily Housing Revenue Bonds (Positano Apartments), Series 2023, in an aggregate principal amount not to exceed \$35,000,000 (the “*Bonds*”) to provide for the financing by Positano Apartments, LLC, a Texas limited liability company (the “*Borrower*”), of the acquisition, rehabilitation and equipping of a multifamily residential rental development known as “The Positano” located in the City of Dallas, Dallas County, Texas (the “*Development*”), the payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Board of Directors of the Corporation has determined that it is in the best interest of the Corporation to be admitted to and act as the sole member of the Managing Member, which will be the managing member of the Borrower; and

WHEREAS, as the sole member of the Managing Member, the Corporation desires to appoint officers of the Managing Member and authorize the officers to enter into agreements on behalf of and for the benefit of the Borrower; to approve of (i) the Managing Member’s formation, and (ii) the form and substance of its Limited Liability Company Agreement (the “*Company Agreement*”); and to ratify all actions previously taken on behalf of the Managing Member in connection with the issuance of the Bonds and operation of the Development;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION:

Section 1. Formation of Managing Member. The formation of DHFC Positano Managing Member, LLC is hereby approved and ratified.

Section 2. Designation of Sole Member. The designation of the Corporation as the sole member of the Managing Member is hereby approved and ratified.

Section 3. Approval and Execution of the Company Agreement. The form and substance of the Company Agreement are hereby approved, and the officers of the Corporation, as sole member of the Managing Member, are each hereby authorized to execute the Company Agreement.

Section 4. Appointment of Officers of the Managing Member. Marcy C. Helfand is appointed President, Ryan Garcia is appointed Vice President and Anthony Page is appointed Secretary of the Managing Member.

Section 5. Execution and Delivery of Financing Documents. The officers of the Managing Member or the Corporation are each hereby authorized to negotiate the terms of, execute and attest to any such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 6. Ratification of Previous Actions. The Corporation hereby ratifies, confirms and adopts all actions previously taken on behalf of the Managing Member or the Borrower to carry into effect the transactions contemplated by this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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**LIMITED LIABILITY COMPANY AGREEMENT
OF
DHFC POSITANO MANAGING MEMBER, LLC**

This Limited Liability Company Agreement (this “*Agreement*”) of DHFC Positano Managing Member, LLC (the “*Company*”) is entered into effective March 7, 2023 (the “*Effective Date*”) by and between the City of Dallas Housing Finance Corporation, as the sole member of the Company (the “*Member*”) and the Company.

Subject to the provisions of this Agreement, the Member has organized the Company pursuant to the Texas Business Organizations Code, as amended from time to time (the “*Code*”) by filing a Certificate of Formation with the Texas Secretary of State on the Effective Date. The parties hereby agree as follows:

- 1. Name** The name of the limited liability company is DHFC Positano Managing Member, LLC.
- 2. Purpose** The purpose of the Company is limited to serving as managing member of Positano Apartments, LLC, a limited liability company (the “*Borrower*”), which will construct, rehabilitate own, equip and operate a multifamily housing facility located in the City of Dallas, Dallas County, Texas (the “*Property*”), and in connection therewith, to own, hold, sell, dispose of or otherwise deal with its company interest.
- 3. Registered Office** The address of the principal office of the Company in the State of Texas is c/o City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201. The Company may have other offices and places of business at such locations as the Member may from time to time determine.
- 4. Registered Agent** The name and address of the registered agent of the Company for service of process on the Company in the State of Texas is City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201.

- 5. Member** The name and the business, residence or mailing address of the Member is as follows:
- City of Dallas Housing Finance Corporation
1500 Marilla St, Room 6CN
Dallas, Texas 75201.
- 6. Powers** The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Texas. The Member shall have the authority to bind the Company.
- 7. Term** The term of the Company commenced on the filing of the Certificate of Formation with the Texas Secretary of State and shall be perpetual unless dissolved as provided in this Agreement or the Code.
- 8. Dissolution and Liquidation** The Company shall be dissolved upon (a) an election to dissolve the Company by the Member; or (b) any other event that would cause its dissolution under the Code. Upon the dissolution of the Company, a liquidator shall be selected by the Member. The liquidator shall liquidate the assets of the Company and apply and distribute the proceeds of such liquidation in the following order of priority: (i) to the payment of the expenses of the terminating transactions including, without limitation, brokerage commission, legal fees, accounting fees and closing costs; (ii) to the payment of creditors of the Company, including the Member, in the order of priority provided by law; and (iii) to the Member. The distribution to the Member shall be in cash or in-kind assets of the Company or both, as determined by the Member. Upon completion of the distribution of the Company property provided herein, the Company shall be terminated and the liquidator shall cause the cancellation of the Certificate and any other filings made by the Company and shall take such other actions as may be necessary to terminate the Company.
- 9. Capital Contributions** The Member has contributed \$10,000, in cash, and no other property, to the Company.
- 10. Additional** No Member is required to make any additional capital

Contributions	contribution to the Company.
11. Allocation of Profits and Losses	The Company's profits and losses shall be allocated in proportion to the capital contributions of the Member.
12. Taxes	The Member may make any tax elections for the Company allowed under the Internal Revenue Code of 1986, as amended from time to time, or the tax laws of any state or other jurisdiction having taxing authority over the Company that the Member may deem appropriate and in the best interests of the Company and the Member.
13. Distributions	Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Such distributions shall be allocated among the Member and any additional members (if admitted as provided herein) in the same proportion as their capital account balances.
14. Assignments	A Member may assign its limited liability company interest in whole or in part only with the consent of the other Member.
15. Resignation	Without the consent of any remaining members, a Member may not resign from the Company.
16. Admission of Additional Members	One (1) or more additional members of the Company may be admitted to the Company with the consent of the Member and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder to this Agreement; <i>provided, however</i> , that no such admission shall be permitted if it would adversely affect the tax-exempt status of the bonds issued to acquire the Project.
17. Liability of Members	The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Code. The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member and any officer or employee of the Company, and may so indemnify any agent of the Company, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administration or investigative (including, without limitation, an action by or in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation,

attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action, suit or proceeding, if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not opposed to the best interests of the Company, and (ii) with respect to any criminal action or proceeding, that the Person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

For purposes of the preceding paragraph, the word "Person" shall include each Member and any officer, employee or agent of the Company.

18. Officers

The officers of the Company shall be a President, a Vice President and a Secretary. Such offices shall be assumed by the persons serving in the respective office on the Board of Directors of the Member. The President shall be the chief executive officer of the Company and shall be in general charge of the properties and affairs of the Company; shall preside at all meetings; in furtherance of the purposes of the Company, may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Company. The Vice President shall carry out the powers and responsibilities of the President when the President is absent or unable to act. The Secretary shall attend to the giving and serving of all notices; in furtherance of the purposes of the Company, may sign with the President or Vice President in the name of the Company, and/or attest the signature thereto, all contracts,

conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Company; shall have charge of the corporate books, records, documents and instruments, and such other books and papers as may be necessary, all of which shall at all reasonable times be open to inspection upon application at the office of the Company during business hours.

19. Governing Law

This Agreement shall be governed by, and construed under, the laws of the State of Texas, all rights and remedies being governed by said laws.

20. Amendment

This Agreement may be amended in writing by the Member.

21. Binding Effect

This Agreement binds and inures to the benefit of the parties hereto, and their successors and assigns. This Section 21 does not address, directly or indirectly, whether a party may assign rights or delegate performance under this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, have duly executed this Agreement as of the Effective Date written above.

CITY OF DALLAS HOUSING FINANCE
CORPORATION, as sole member

By _____
Kyle J. Hines
General Manager

DHFC POSITANO MANAGING MEMBER, LLC

By: City of Dallas Housing Finance
Corporation, its sole member

By _____
Kyle J. Hines
General Manager

(C) CO-DEVELOPER FORMATION RESOLUTION AND LLC
AGREEMENT

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the “*Corporation*”) hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the “*Board*”), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 meeting (the “*Resolution*”) are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

RESOLUTION AUTHORIZING THE FORMATION OF DHFC POSITANO DEVELOPER, LLC (THE “*CO-DEVELOPER*”) IN CONNECTION WITH THE CITY OF DALLAS HOUSING FINANCE CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (POSITANO APARTMENTS), SERIES 2023; AUTHORIZING THE DESIGNATION OF THE CORPORATION AS THE SOLE MEMBER OF THE CO-DEVELOPER; APPROVING THE FORM AND SUBSTANCE OF A LIMITED LIABILITY COMPANY AGREEMENT AND THE EXECUTION THEREOF; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE CO-DEVELOPER; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Dallas Housing Finance Corporation (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford; and

WHEREAS, the Corporation intends to issue, sell and deliver its Multifamily Housing Revenue Bonds (Positano Apartments), Series 2023, in an aggregate principal amount not to exceed \$35,000,000 (the “*Bonds*”) to provide for the financing by Positano Apartments, LLC, a Texas limited liability company (the “*Borrower*”), of the acquisition, rehabilitation and equipping of a multifamily residential rental development known as “The Positano” located in the City of Dallas, Dallas County, Texas (the “*Development*”), the payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Co-Developer, a Texas limited liability company whose sole member is the Corporation, will serve as co-developer to the Borrower in connection with the acquisition, rehabilitation, owning, leasing and managing of the Development pursuant to a Development Agreement (the “*Development Agreement*”) between the Co-Developer and the Borrower, or an affiliate or designee thereof; and

WHEREAS, as the sole member of the Co-Developer, the Corporation desires to authorize all action necessary and appropriate to enter into and carry out all actions for the benefit of the Borrower in connection with the Development, to appoint officers of the Co-Developer; to approve of the Co-Developer’s formation and the form and substance of its Limited Liability Company Agreement (the “*Company Agreement*”); and to ratify all actions previously taken on behalf of the Co-Developer;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION THAT:

Section 1. Formation of Co-Developer. The formation of DHFC Positano Developer, LLC is hereby approved and ratified.

Section 2. Designation of Sole Member. The designation of the Corporation as the sole member of the Co-Developer is hereby approved and ratified.

Section 3. Approval and Execution of the Company Agreement. The form and substance of the Company Agreement are hereby approved, and the officers of the Corporation, as sole member of the Co-Developer, are each hereby authorized to execute the Company Agreement.

Section 4. Appointment of Officers of the Co-Developer. Marcy C. Helfand is appointed President, Ryan Garcia is appointed Vice President and Anthony Page is appointed Secretary of the Co-Developer.

Section 5. Execution and Delivery of Financing Documents. The officers of the Co-Developer or the Corporation as sole member of the Co-Developer are each hereby authorized to negotiate the terms of, execute and attest to the Development Agreement and any other such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 6. Ratification of Previous Actions. The Corporation hereby ratifies, confirms and adopts all actions previously taken on behalf of the Co-Developer to carry into effect the transactions contemplated by this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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**LIMITED LIABILITY COMPANY AGREEMENT
OF
DHFC POSITANO DEVELOPER, LLC**

This Limited Liability Company Agreement (this “*Agreement*”) of DHFC Positano Developer, LLC (the “*Company*”) is entered into effective [_____], 2023 (the “*Effective Date*”) by and between the City of Dallas Housing Finance Corporation, as the sole member of the Company (the “*Member*”) and the Company.

Subject to the provisions of this Agreement, the Member has organized the Company pursuant to the Texas Business Organizations Code, as amended from time to time (the “Code”) by filing a Certificate of Formation with the Texas Secretary of State on the Effective Date. The parties hereby agree as follows:

- 1. Name** The name of the limited liability company is DHFC Positano Developer, LLC.
- 2. Purpose** The sole purposes of the Company are to assist the Member in providing decent, safe and sanitary housing for low- and moderate-income individuals within the City of Dallas, and to serve as co-developer with DevCo Preservation, LLC, a Washington limited liability company, or an affiliate or designee thereof, to acquire, rehabilitate, own, lease and manage a multifamily housing development in City of Dallas, Dallas County, Texas.
- 3. Registered Office** The address of the principal office of the Company in the State of Texas is c/o City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201. The Company may have other offices and places of business at such locations as the Member may from time to time determine.
- 4. Registered Agent** The name and address of the registered agent of the Company for service of process on the Company in the State of Texas is City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201.
- 5. Members** The name and the business, residence or mailing address of the Member is as follows:

City of Dallas Housing Finance Corporation
1500 Marilla St, Room 6CN
Dallas, Texas 75201

- 6. Powers**

The business and affairs of the Company shall be managed by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Texas. The Member shall have the authority to bind the Company.
- 7. Term**

The term of the Company commenced on the filing of the Certificate of Formation with the Texas Secretary of State and shall be perpetual unless dissolved as provided in this Agreement or the Code.
- 8. Dissolution and Liquidation**

The Company shall be dissolved upon (a) an election to dissolve the Company by the Member; or (b) any other event that would cause its dissolution under the Code. Upon the dissolution of the Company, a liquidator shall be selected by the Member. The liquidator shall liquidate the assets of the Company and apply and distribute the proceeds of such liquidation in the following order of priority: (i) to the payment of the expenses of the terminating transactions including, without limitation, brokerage commission, legal fees, accounting fees and closing costs; (ii) to the payment of creditors of the Company, including the Member, in the order of priority provided by law; and (iii) to the Member. The distribution to the Member shall be in cash or in-kind assets of the Company or both, as determined by the Member. Upon completion of the distribution of the Company property provided herein, the Company shall be terminated and the liquidator shall cause the cancellation of the Certificate and any other filings made by the Company and shall take such other actions as may be necessary to terminate the Company.
- 9. Capital Contributions**

The Member has contributed \$10,000, in cash, and no other property, to the Company.
- 10. Additional Contributions**

No Member is required to make any additional capital contribution to the Company.
- 11. Allocation of Profits and Losses**

The Company's profits and losses shall be allocated in proportion to the capital contributions of the Member.

12. Taxes

The Member may make any tax elections for the Company allowed under the Internal Revenue Code of 1986, as amended from time to time, or the tax laws of any state or other jurisdiction having taxing authority over the Company that the Member may deem appropriate and in the best interests of the Company and the Member.

13. Distributions

Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Such distributions shall be allocated among the Member and any additional members (if admitted as provided herein) in the same proportion as their capital account balances.

14. Assignments

A Member may assign its limited liability company interest in whole or in part only with the consent of the other Members.

15. Resignation

Without the consent of any remaining members, a Member may not resign from the Company.

**16. Admission of
Additional
Members**

One (1) or more additional members of the Company may be admitted to the Company with the consent of the Members and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder to this Agreement; *provided, however*, that no such admission shall be permitted if it would adversely affect the tax-exempt status of the bonds issued to acquire the Project.

**17. Liability of
Members**

The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Code. The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member and any officer or employee of the Company, and may so indemnify any agent of the Company, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administration or investigative (including, without limitation, an action by or in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation, attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action, suit or proceeding,

if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not opposed to the best interests of the Company, and (ii) with respect to any criminal action or proceeding, that the Person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

For purposes of the preceding paragraph, the word "Person" shall include each Member and any officer, employee or agent of the Company.

18. Officers

The officers of the Company shall be a President, a Vice President and a Secretary. Such offices shall be assumed by the persons serving in the respective office on the Board of Directors of the Member. The President shall be the chief executive officer of the Company and shall be in general charge of the properties and affairs of the Company; shall preside at all meetings; and in furtherance of the purposes of the Company, may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Company. The Vice President shall carry out the powers and responsibilities of the President when the President is absent or unable to act. The Secretary shall attend to the giving and serving of all notices; in furtherance of the purposes of the Company, may sign with the President or Vice President in the name of the Company, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Company; and shall have charge of the corporate books, records, documents and instruments, and such other books and papers as may be necessary, all of which shall at all

reasonable times be open to inspection upon application at the office of the Company during business hours.

19. Governing Law

This Agreement shall be governed by, and construed under, the laws of the State of Texas, all rights and remedies being governed by said laws.

20. Binding Effect

This Agreement binds and inures to the benefit of the parties hereto, and their successors and assigns. This Section 20 does not address, directly or indirectly, whether a party may assign rights or delegate performance under this Agreement.

21. Amendment

This Agreement may be amended in writing by the Member.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the Effective Date written above.

CITY OF DALLAS HOUSING FINANCE
CORPORATION, as sole member

By _____
Kyle J. Hines
General Manager

DHFC POSITANO DEVELOPER, LLC

By: City of Dallas Housing Finance
Corporation, its sole member

By _____
Kyle J. Hines
General Manager

(D) GROUND LESSOR FORMATION RESOLUTION AND LLC
AGREEMENT

CITY OF DALLAS HOUSING FINANCE CORPORATION

The undersigned officer of the City of Dallas Housing Finance Corporation (the "*Corporation*") hereby certifies that he is the duly elected qualified and acting Secretary of the Board of Directors of the Corporation (the "*Board*"), and hereby certifies that true, correct and complete copies of a certain resolution adopted by the Board at its March 14, 2023 meeting (the "*Resolution*") are attached hereto. The Resolution has not been amended or revoked and is now in full force and effect.

Dated: March 14, 2023

By _____
Anthony Page
Secretary

CITY OF DALLAS HOUSING FINANCE CORPORATION

RESOLUTION AUTHORIZING THE FORMATION OF DHFC POSITANO LANDOWNER, LLC (THE “*GROUND LESSOR*”) IN CONNECTION WITH THE CITY OF DALLAS HOUSING FINANCE CORPORATION MULTIFAMILY HOUSING REVENUE BONDS (POSITANO APARTMENTS), SERIES 2023; AUTHORIZING THE DESIGNATION OF THE CORPORATION AS THE SOLE MEMBER OF THE GROUND LESSOR; APPROVING THE FORM AND SUBSTANCE OF A LIMITED LIABILITY COMPANY AGREEMENT AND THE EXECUTION THEREOF; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH THE GROUND LESSOR; AUTHORIZING THE EXECUTION OF DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Dallas Housing Finance Corporation (the “*Corporation*”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the “*Act*”), for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices they can afford; and

WHEREAS, the Corporation intends to issue, sell and deliver its Multifamily Housing Revenue Bonds (Positano Apartments), Series 2023, in an aggregate principal amount not to exceed \$35,000,000 (the “*Bonds*”) to provide for the financing by Positano Apartments, LLC, a Texas limited liability company (the “*Borrower*”), of the acquisition, rehabilitation and equipping of a multifamily residential rental development to be known as “The Positano” located in the City of Dallas, Dallas County, Texas, the payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Ground Lessor, a Texas limited liability company whose sole member is the Corporation will enter into a ground lease (the “*Ground Lease*”) with the Borrower; and

WHEREAS, as the sole member of the Ground Lessor, the Corporation desires to authorize all action necessary and appropriate to enter into and carry out all actions under the Ground Lease, to appoint officers of the Ground Lessor; to approve of the Ground Lessor’s formation and the form and substance of its Limited Liability Company Agreement (the “*Company Agreement*”); and to ratify all actions previously taken on behalf of the Ground Lessor;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF DALLAS HOUSING FINANCE CORPORATION THAT:

Section 1. Formation of Ground Lessor. The formation of DHFC Positano Landowner, LLC is hereby approved and ratified.

Section 2. Designation of Sole Member. The designation of the Corporation as the sole member of the Ground Lessor is hereby approved and ratified.

Section 3. Approval and Execution of the Company Agreement. The form and substance of the Company Agreement are hereby approved, and the officers of the Corporation, as sole member of the Ground Lessor, are each hereby authorized to execute the Company Agreement.

Section 4. Appointment of Officers of the Ground Lessor. Marcy C. Helfand is appointed President, Ryan Garcia is appointed Vice President and Anthony Page is appointed Secretary of the Ground Lessor.

Section 5. Execution and Delivery of Financing Documents. The officers of the Ground Lessor or the Corporation, as sole member of the Ground Lessor, are each hereby authorized to negotiate the terms of, execute and attest to the Ground Lease and any other such agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 6. Ratification of Previous Actions. The Corporation hereby ratifies, confirms and adopts all actions previously taken on behalf of the Ground Lessor to carry into effect the transactions contemplated by this Resolution.

Section 7. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 8. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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**LIMITED LIABILITY COMPANY AGREEMENT
OF
DHFC POSITANO LANDOWNER, LLC**

This Limited Liability Company Agreement (this “*Agreement*”) of DHFC Positano Landowner, LLC (the “*Company*”) is entered into effective [_____], 2023 by and between the City of Dallas Housing Finance Corporation, as the sole member of the Company (the “*Member*”) and the Company.

Subject to the provisions of this Agreement, the Member has organized the Company pursuant to the Texas Business Organizations Code, as amended from time to time (the “*Code*”) by filing a Certificate of Formation with the Texas Secretary of State on the Effective Date. The parties hereby agree as follows:

- 1. Name** The name of the limited liability company formed hereby is DHFC Positano Landowner, LLC.
- 2. Purpose** The sole purposes of the Company are to assist the Member in providing decent, safe and sanitary housing for low- and moderate-income individuals within the City of Dallas, and to acquire, own and lease a tract of real property in City of Dallas, Dallas County, Texas, on which a multifamily residence is located and will be rehabilitated.
- 3. Registered Office** The address of the principal office of the Company in the State of Texas is c/o City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201. The Company may have other offices and places of business at such locations as the Member may from time to time determine.
- 4. Registered Agent** The name and address of the registered agent of the Company for service of process on the Company in the State of Texas is City of Dallas Housing Finance Corporation, 1500 Marilla St, Room 6CN, Dallas, Texas 75201.
- 5. Members** The name and the business, residence or mailing address of the Member is as follows:

City of Dallas Housing Finance Corporation
1500 Marilla St, Room 6CN
Dallas, Texas 75201.
- 6. Powers** The business and affairs of the Company shall be managed

by the Member. The Member shall have the power to do any and all acts necessary or convenient to or for the furtherance of the purposes described herein, including all powers, statutory or otherwise, possessed by members under the laws of the State of Texas. The Member shall have the authority to bind the Company.

7. Term

The term of the Company commenced on the filing of the Certificate of Formation with the Texas Secretary of State and shall be perpetual unless dissolved as provided in this Agreement or the Code.

8. Dissolution and Liquidation

The Company shall be dissolved upon (a) an election to dissolve the Company by the Member; or (b) any other event that would cause its dissolution under the Code. Upon the dissolution of the Company, a liquidator shall be selected by the Member. The liquidator shall liquidate the assets of the Company and apply and distribute the proceeds of such liquidation in the following order of priority: (i) to the payment of the expenses of the terminating transactions including, without limitation, brokerage commission, legal fees, accounting fees and closing costs; (ii) to the payment of creditors of the Company, including the Member, in the order of priority provided by law; and (iii) to the Member. The distribution to the Member shall be in cash or in-kind assets of the Company or both, as determined by the Member. Upon completion of the distribution of the Company property provided herein, the Company shall be terminated and the liquidator shall cause the cancellation of the Certificate and any other filings made by the Company and shall take such other actions as may be necessary to terminate the Company.

9. Capital Contributions

The Member has contributed \$10,000, in cash, and no other property, to the Company.

10. Additional Contributions

No Member is required to make any additional capital contribution to the Company.

11. Allocation of Profits and Losses

The Company's profits and losses shall be allocated in proportion to the capital contributions of the Member.

12. Taxes

The Member may make any tax elections for the Company allowed under the Internal Revenue Code of 1986, as amended from time to time, or the tax laws of any state or other jurisdiction having taxing authority over the

Company that the Member may deem appropriate and in the best interests of the Company and the Member.

13. Distributions

Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Such distributions shall be allocated among the Member and any additional members (if admitted as provided herein) in the same proportion as their capital account balances.

14. Assignments

A Member may assign its limited liability company interest in whole or in part only with the consent of the other Members.

15. Resignation

Without the consent of any remaining members, a Member may not resign from the Company.

**16. Admission of
Additional
Members**

One (1) or more additional members of the Company may be admitted to the Company with the consent of the Members and upon being so admitted shall become bound by all of the terms of this Agreement and shall execute a written joinder to this Agreement; *provided, however*, that no such admission shall be permitted if it would adversely affect the tax-exempt status of the bonds issued to acquire the Project.

**17. Liability of
Members**

The Member shall not have any liability for the obligations or liabilities of the Company except to the extent provided in the Code. The Company shall indemnify, in accordance with and to the full extent now or hereafter permitted by law, the Member and any officer or employee of the Company, and may so indemnify any agent of the Company, who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administration or investigative (including, without limitation, an action by or in the right of the Company) by reason of any action or omission in their respective capacities against any liabilities, expenses (including, without limitation, attorneys' fees and expenses and any other costs and expenses incurred in connection with defending such action, suit or proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Person in connection with such action, suit or proceeding, if the Person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe

its, his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (i) that the Person did not act in good faith and in a manner which it, he or she reasonably believed to be in or not opposed to the best interests of the Company, and (ii) with respect to any criminal action or proceeding, that the Person had reasonable cause to believe its, his or her conduct was unlawful. Expenses (including, without limitation, attorneys' fees and expenses) incurred by a Person seeking indemnification hereunder shall be paid in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking from the Person to repay such amount if it shall ultimately be determined that the Person is not entitled to indemnification.

For purposes of the preceding paragraph, the word "Person" shall include each Member and any officer, employee or agent of the Company.

18. Officers

The officers of the Company shall be a President, a Vice President and a Secretary. Such offices shall be assumed by the persons serving in the respective office on the Board of Directors of the Member. The President shall be the chief executive officer of the Company and shall be in general charge of the properties and affairs of the Company; shall preside at all meetings; and in furtherance of the purposes of the Company, may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Company. The Vice President shall carry out the powers and responsibilities of the President when the President is absent or unable to act. The Secretary shall attend to the giving and serving of all notices; in furtherance of the purposes of the Company, may sign with the President or Vice President in the name of the Company, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Company; and shall have charge of the corporate books, records, documents and instruments, and such other books and papers as may be necessary, all of which shall at all reasonable times be open to inspection upon application at the office of the Company during business hours.

19. Governing Law

This Agreement shall be governed by, and construed under, the laws of the State of Texas, all rights and remedies being governed by said laws.

20. Binding Effect

This Agreement binds and inures to the benefit of the parties hereto, and their successors and assigns. This Section 20 does not address, directly or indirectly, whether a party may assign rights or delegate performance under this Agreement.

21. Amendment

This Agreement may be amended in writing by the Member.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the Effective Date written above.

CITY OF DALLAS HOUSING FINANCE
CORPORATION, as sole member

By _____
Kyle J. Hines
General Manager

DHFC POSITANO LANDOWNER, LLC

By: City of Dallas Housing Finance
Corporation, its sole member

By _____
Kyle J. Hines
General Manager