



Travis County Commissioners Court Agenda Request Travis County Housing Finance Corporation

Meeting Date: February 21, 2012

Prepared By/Phone Number: Andrea Shields, Manager/854-9116

Elected/Appointed Official/Dept. Head: Leroy Nellis, Interim County Executive, Planning and Budget/854-9066

Commissioners Court Sponsor: Samuel T. Biscoe, President

AGENDA LANGUAGE: Consider and take appropriate action to approve the following:

- A. Resolution Approving an Agreement to Issue Bonds,
- B. Authorize a Public Hearing, and
- C. other matters in connection therewith related to Argosy at Crestview Apartments Project.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS: See attached backup.

STAFF RECOMMENDATIONS: Staff recommends approval.

ISSUES AND OPPORTUNITIES: None.

FISCAL IMPACT AND SOURCE OF FUNDING: None.

REQUIRED AUTHORIZATIONS: Andrea Shields, Manager/854-9116; Leroy Nellis, Interim County Executive, Planning and Budget/854-9066

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to Cheryl Aker in the County Judge's office, Cheryl.Aker@co.travis.tx.us by Tuesdays at 5:00 p.m. for the next week's meeting.



**NAMAN HOWELL
SMITH & LEE^{PLLC}**
ATTORNEYS AT LAW

RECEIVED
12 FEB 15 PM 1:39
TRAVIS COUNTY
PLANNING & BUDGET OFFICE

MEMORANDUM
from
William C. Blount

8310 N. Capital of Texas
Highway, Suite 490
Austin, Texas 78731
(512) 479-0300
Fax (512) 474-1901

Offices in:

- Austin
- Fort Worth
- San Antonio
- Temple
- Waco

www.namanhowell.com

TO: Board of Directors of
Travis County Housing Finance Corporation

DATE: February 15, 2012

RE: Proposed Financing for ML CASA V, LP for Purchase and Rehabilitation
of Argosy at Crestview Apartments

Agenda Date: February 21, 2012

ML CASA V, LP (“Applicant”) has applied for financing with the Corporation for a project at 1003 Justin Lane, Austin, Texas, 78757, just west of North Lamar Boulevard (in Precinct Two). The plan is described in more detail in the application but essentially the Applicant plans to purchase and improve the Crestview Apartments. The amount of bond financing requested is an amount not exceed \$17,500,000.

According to the application, the total cost of the project, including purchase price, capital improvement expenditures and related costs is approximately \$25,450,000.

The property consists of 288 units in 14 two and three story buildings along with a clubhouse building. It was originally constructed in 1984.

Applicant representatives will be in Austin next week and I understand are in the process of scheduling a meeting with Commissioner Eckhardt to discuss the project and their plans. Representatives will also be in attendance on Tuesday to answer any questions you may have.

The Applicant expects that all of the principal amount of the bonds will be purchased by Merrill Lynch Capital Services.

Enclosed with this memo are the application along with attachments, a preliminary resolution and a draft agreement to issue bonds which are in the Corporation’s standard format. Approval of this resolution does not obligate the Corporation to ultimately issue the bonds until the

Board is satisfied with the transaction and the project. This resolution authorizes publishing the notice of public hearing and filing an application with the bond review board for the required volume cap. The Agreement to Issue Bonds contains our standard broad indemnification of the Corporation for considering and participating in the transaction.

If approved, the Applicant will be required to reserve 20% of the units for persons with incomes of 50% of the area median income, adjusted for family size and 90% of the units for persons with incomes of 120% or less of the area median income. This property will not be eligible for a property tax exemption.

Under the proposed structure, the Corporation will not have any liability on the bonds, as the transaction will be structured as a revenue bond issuance. If the full \$17,500,000 of bonds is issued, the Corporation will receive an issuer fee of \$87,500 (0.50%). If a lesser amount is ultimately issued, the fee will be reduced proportionately.

The transaction will require the approval of the Attorney General's office.

Additionally, the Applicant is requesting the public hearing required by the Internal Revenue Code be held on March 13, 2012.

Please give me a call if you have any questions or require any additional information regarding this matter before Tuesday.

cc: Leroy Nellis
Andrea Shields
Ladd Pattillo

RESOLUTION OF BOARD OF DIRECTORS PRESCRIBING THE FORM AND SUBSTANCE OF AN AGREEMENT TO ISSUE BONDS; AUTHORIZING THE EXECUTION OF SUCH AGREEMENT; SETTING A PUBLIC HEARING AND CONTAINING OTHER PROVISIONS RELATING TO \$17,500,000 HOUSING REVENUE BONDS (ARGOSY AT CRESTVIEW APARTMENTS PROJECT)

WHEREAS, Travis County Housing Finance Corporation (the "Corporation") is authorized by the Texas Housing Finance Corporations Act, Local Government Code, Chapter 394, Vernon's Annotated Texas Civil Statutes, as amended (the "Act"), to issue revenue bonds for the purpose of paying all or part of the cost of a Residential Development as defined in the Act, and to sell or lease the project to others or loan the proceeds of the bonds to others to finance all or part of the cost of the Residential Development; and

WHEREAS, the Act authorizes the Corporation: (a) to make loans to any person to provide financing for rental residential developments located within Travis County, Texas (the "County"), and intended to be occupied substantially (at least 90 percent) by persons of low and moderate income, as determined by the Corporation; (b) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Corporation, including the revenues and receipts to be received by the Corporation from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Corporation in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Corporation now desires to authorize, issue and sell its tax-exempt housing finance revenue bonds, to the extent authorized by law, to provide funds to defray all or part of the cost of acquiring, rehabilitating and/or constructing a certain Residential Development to be known as Argosy at Crestview Apartments by ML CASA V, LP, a Delaware limited partnership (the "User"); and

WHEREAS, the Internal Revenue Code of 1986, as amended (the "Code"), requires that the Corporation hold a public hearing with respect to the issuance of the Bonds and publish notice of such hearing at least 14 days in advance thereof; and

WHEREAS, the User and the Corporation desire that the Corporation adopt a resolution with respect to the bonds or take some other similar official action toward the issuance of such bonds prior to the commencement of construction or acquisition of such Residential Development; and

WHEREAS, Travis County, Texas (the "Unit"), has authorized and approved creation of the Corporation to act on its behalf to further certain public purposes of the Unit;

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

Section 1: The Corporation hereby authorizes and agrees that it will issue and sell its housing finance revenue bonds (the "Bonds") from time to time in one or more series pursuant to the provisions of Texas law to pay all or part of the cost of acquiring and constructing the project described in Exhibit "A" to the Agreement to Issue Bonds attached hereto (the "Project"), together with all costs of authorization, sale and issuance of the Bonds. The Bonds will be issued and sold as more fully provided in the Agreement to Issue Bonds in a maximum aggregate principal amount expected to be issued for the Project in an amount not to exceed \$17,500,000.

Section 2: The proceeds of the Bonds will be used to finance the acquisition, rehabilitation and/or construction of the Project.

Section 3: The Corporation will enter into a financing agreement with the User providing for financing of all or part of the cost of the Project, as more fully described in the Agreement to Issue Bonds.

Section 4: The Board of Directors of the Corporation (the "Board of Directors") hereby finds, determines and declares that (i) the Project is required and suitable for the promotion of the construction of new, improved, or expanded residential development in the Unit, (ii) the User has the business experience, financial resources and responsibility to provide reasonable assurance that the Bonds and the interest thereon to be paid from, or by reason of, payments made by the User under the financing agreement will be paid as the same become due, and (iii) the Project is in furtherance of the public purposes set forth in the Act.

Section 5: The Agreement to Issue Bonds by and between the Corporation and the User in substance and in form substantially as shown in the attachment hereto is hereby approved and the President or Vice President and Secretary or Assistant Secretary of the Corporation are hereby authorized to execute and attest such Agreement to Issue Bonds for and on behalf of the Corporation.

Section 6: The Corporation hereby authorizes the filing of an Application For Allocation of Private Activity Bonds with the Texas Bond Review Board for the year 2012 for the amount of \$17,500,000 of qualified residential mortgage bonds, and the President of the Corporation, Samuel T. Biscoe, is designated as the authorized officer to execute and deliver such Application to the Texas Bond Review Board, and subject to any changes such officer deems necessary.

Section 7: The Board hereby sets March 13, 2012 at 1:30 p.m. Central Time as the date it will hold the public hearing required by the Code and authorizes Naman Howell, Smith & Lee, PLLC ("NHSL") to arrange for the publication of notice of the public hearing which is required for purposes of complying with section 147(f) of the Code. The form of notice of such hearing and the time, place, and manner of its publication shall be acceptable to NHSL.

Section 8: That neither the User nor any other party is entitled to rely on this Resolution as a commitment to loan funds, and the Corporation reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Corporation shall not be subject to any liability or damages of any nature. Neither the User nor any one claiming by, through or under the User, nor any investment banking firm or potential purchaser of the Bonds shall have any claim against the Corporation whatsoever as a result of any decision by the Corporation not to issue the Bonds.

Section 9: This Resolution, together with the Agreement to Issue Bonds attached hereto, shall be deemed and construed as a resolution authorizing the issuance of the aforesaid Bonds or some other similar official action toward the issuance of the Bonds.

PASSED AND APPROVED this 21st day of February, 2012.

Samuel T. Biscoe, President

CERTIFICATION

The above resolution, adopted by the Board of Directors of the Travis County Housing Finance Corporation at a meeting held on the 21st day of February, 2012, is hereby certified to be a true and correct copy of an official copy thereof on file among the official records of such Corporation.

WITNESS my hand and seal of office this 21st day of February, 2012.

Margaret Gomez, Secretary

AGREEMENT TO ISSUE BONDS

THIS AGREEMENT TO ISSUE BONDS, entered into as of the 21st day of February, 2012, by and between Travis County Housing Finance Corporation (the "Corporation"), created pursuant to the authority of the Texas Housing Finance Corporations Act, Local Government Code, Chapter 394, Tex. Rev. Civ. Stat. (the "Act"), and ML CASA V, LP, a Delaware limited partnership (the "User"), for the purpose of carrying out the public purpose set forth in the Act, including the promotion and development of new, expanded or improved residential development to provide decent, safe, and sanitary housing for residents of Travis County, Texas;

WITNESSETH

WHEREAS, Travis County, Texas (the "Unit") has authorized and approved the creation of the Corporation to act on behalf of the Unit for the public purpose of furthering on behalf of the Unit the promotion and development of new, expanded or improved residential development to provide decent, safe, and sanitary housing for residents of the Unit; and

WHEREAS, the Corporation is authorized by the Act to acquire, construct, improve, maintain, equip and furnish and to lease or sell "residential developments", as that term is defined in the Act, or to make loans for the purpose of providing financing for all or part of the costs of a residential development, and the Corporation is further authorized to issue its bonds for the purpose of paying all or part of the costs of a residential development; and

WHEREAS, the User desires to acquire and construct a residential development, more particularly described in Exhibit "A" attached hereto, within the Unit (the "Project"), which Project is suitable for the promotion of new, expanded or improved residential development to provide decent, safe, and sanitary housing for residents of Travis County, Texas; and

WHEREAS, pursuant to the Act, the Corporation is authorized to issue the bonds hereinafter described, which bonds shall never constitute an indebtedness or pledge of the faith and credit of the State of Texas (the "State"), of the Unit, or of any other political corporation, subdivision or agency of the State within the meaning of any State constitutional or statutory provision, shall never be paid in whole or in part out of any funds raised or to be raised by taxation or any other funds of the Unit, and shall never be paid in whole or in part out of any funds of the Corporation except those derived from or in connection with the sale or lease of the Project or the loan of funds to finance the Project; and

WHEREAS, to provide decent, safe, and sanitary housing for residents of Travis County, Texas, the Corporation agrees to issue at the request of the User, one or more series of the Corporation's housing finance revenue bonds (the "Bonds") for the purpose of paying all or part of the costs of constructing and acquiring the Project, or for the purpose of loaning the proceeds to the User in order to provide temporary or permanent financing of all or part of the cost of acquiring, constructing and/or rehabilitating the Project, and the Corporation and the User deem it desirable and proper that this Agreement to Issue Bonds constitutes a formal record of such agreement and

understanding in order that the User may proceed with or provide for the acquisition and construction of the Project; and

WHEREAS, the User has evidenced a desire to cooperate with the Corporation in the acquisition and construction of the Project and for the Corporation to authorize and issue the Bonds in the aggregate principal amount now estimated not to exceed \$17,500,000.00 to provide the funds to defray all or part of the cost of the acquisition and construction of the Project; and

WHEREAS, the Corporation and the User contemplate that the proceeds of the Bonds will be loaned to the User in order to provide temporary or permanent financing of all or part of the costs of the Project and that the installment purchase, rental or loan payments therefor will be sufficient to pay the principal of and any premium and interest on the Bonds; and

WHEREAS, it is the desire of the Corporation that the acquisition and construction of the Project occur at the earliest possible time so as to provide decent, safe, and sanitary housing for residents of Travis County, Texas;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and of the mutual benefits, covenants and agreements herein expressed, the Corporation and the User agree as follows:

1. The User shall commence with the acquisition, rehabilitation and/or construction of the Project, which Project will be in furtherance of the public purpose of the Corporation and the Unit as aforesaid, and the User will provide, or cause to be provided, at its expense, the necessary interim financing to expedite the commencement of the acquisition and construction of the Project. On or prior to the issuance of the Bonds, the User will enter into a purchase, lease or loan agreement on an installment payment basis (herein called the "Agreement") with the Corporation under which the Corporation will sell or lease the Project to the User or make a loan to the User, or to a financial institution designated by the User for the purpose of providing temporary or permanent financing of all or part of the costs of the Project, and the User will make installment payments sufficient to pay the principal of and any premium and interest on such series of Bonds. The Bonds shall never constitute an indebtedness or pledge of the faith and credit of the State, of the Unit, or of any other political corporation, subdivision or agency of the State within the meaning of any State constitutional or statutory provision, and the Bonds shall never be paid in whole or in part out of any funds raised or to be raised by taxation or any other funds of the Unit, and shall be payable from the funds of the Corporation derived from or in connection with the sale or lease of the Project or the loan of the proceeds of the Bonds.

2. On receipt of a ruling from the Internal Revenue Service (or the opinion of bond counsel) that interest paid on the Bonds is exempt from federal income taxation and subject to the requirements of the Policy Guidelines and the Act, and upon receipt of favorable reports from the Corporation's legal and financial advisors concerning the issuance of the Bonds; the Corporation hereby agrees to issue, pursuant to the terms of the Act, the Bonds, or from time to time, the portion

thereof as may be the subject of such a ruling or opinion as aforesaid, in an appropriate principal amount not exceeding that which is the subject of a ruling or opinion as aforesaid, maturing in such amount and times, bearing interest at the rate, payable on the dates and having such optional and mandatory redemption features and prices as are approved in writing by the User. The Corporation will deliver the Bonds to the purchaser designated by the User and will cooperate to the fullest extent in facilitating delivery of the Bonds.

3. The Corporation and the User agree that the Bonds may be issued either at one time or in several series from time to time as the User shall request in writing; provided, however, that the parties agree that the Bonds will be issued in an aggregate principal amount as will not exceed the amount that is the subject of a ruling or rulings or opinion or opinions as aforesaid. A request in writing for issuance of one or more series of Bonds shall not affect the obligation hereunder of the Corporation to issue the remaining Bonds as written requests therefor are received. It is further agreed that the proceeds of the Bonds or portions thereof, whether or not issued in a series, shall not be invested so as to constitute the Bonds or a portion thereof as arbitrage bonds under the Internal Revenue Code of 1986, as amended, and applicable regulations promulgated pursuant thereto.

4. The payment of the principal of and any premium and interest on the Bonds shall be made solely from moneys realized from the sale or lease of the Project or from moneys realized from the loan of the proceeds of the Bonds to finance all or part of the costs of the Project.

5. The costs of the Project (the "Project Costs") may include any cost of acquiring, constructing, rehabilitating, remodeling, repairing, renovating and improving the Project. Without limiting the generality of the foregoing, the Project Costs shall specifically include the cost of: (i) acquiring any land, rights-of-way, options to purchase land, easements, leasehold estates in land and interests of all kinds in land related to such Project; (ii) acquiring, constructing, repairing, renovating, remodeling or improving all buildings and structures to be used as or in connection with the Project; (iii) site preparation, including the cost of demolishing or removing any buildings or structures the removal of which is necessary or incident to providing the Project; (iv) machinery, equipment, furnishings and facilities necessary or incident to the equipping of the Project so that it may be placed in operation; (v) financing charges, start-up costs and interest prior to and during construction and for two years after completion of construction, whether or not capitalized; and (vi) architectural, engineering, legal and related services (including fees for legal counsel and the financial advisor to the Issuer), plans, specifications, surveys, studies, estimates of cost and of revenue, other expenses necessary or incident to planning, providing or determining the feasibility and practicability of acquiring, constructing, reconstructing, improving and expanding the Project, administrative expenses and such other expenses as may be necessary or incident to the acquisition, construction, remodeling, repair, renovation or improvement of the Project, the placing of the Project in operation and all incidental expenses, costs and charges relating to the Project not enumerated above. The parties agree, upon request, to provide or cause to be provided to each other any data or information that may be reasonably required to verify any of the Project Costs enumerated in this paragraph. The User agrees that it will be responsible for and pay any Project Costs incurred whether before or after the date of this Agreement prior to issuance of the Bonds and

will pay all Project Costs that are not or cannot be paid or reimbursed from the proceeds of the Bonds.

6. The User agrees that it will at all times indemnify and hold harmless the Corporation, the directors of the Corporation, the Unit, the Commissioners' Court of the Unit (both individually and as a group) and any officers, directors, employees, agents, consultants, servants and any other party acting for or on behalf of the Corporation or the Unit (such parties being hereinafter referred to as the "Indemnified Parties") against all losses, costs, damages, expenses and liabilities (collectively referred to hereinafter as "Losses") of whatsoever nature (including, but not limited to, attorney's fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or relating to one or more Claims, as hereinafter defined, even if such Losses or Claims, or both, directly or indirectly result from, arise out of or relate to, or are asserted to have resulted from, arisen out of or related to, in whole or in part, one or more negligent acts or omissions of any one or more of the Indemnified Parties in connection with the issuance of the Bonds or that in any way pertain to the duties or activities or lack thereof, whether real or alleged, of any such Indemnified Party incidental to the issuance of the Bonds. The term "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature, including, but not limited to, claims, lawsuits, causes of action and other legal actions and proceedings involving bodily or personal injury or death of any person or damage to any property (including, but not limited to, persons employed by the Corporation, the Unit, the User or any other person and all property owned or claimed by the Corporation, the Unit, the User, any affiliate of the User or any other person) or involving damages relating to the issuance, offering, sale or delivery of the Bonds brought against the Corporation or the Unit or to which the Corporation or the Unit is party, even if groundless, false or fraudulent, that directly or indirectly result from, arise out of or relate to the issuance, offering, sale or delivery of the Bonds or the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project or any part thereof. The obligations of the User shall apply to all Losses or Claims, or both, that result from, arise out of or are related to any event, occurrence, condition or relationship prior to termination of this Agreement to Issue Bonds, whether such Losses or Claims, or both, are asserted prior to termination of this Agreement to Issue Bonds or thereafter. None of the Indemnified Parties shall be liable to the User for, and the User hereby releases each of them from all liability to the User for any injuries, damages or destruction to all or any part or parts of any property owned or claimed by the User that directly or indirectly result from, arise out of or relate to the issuance, offering, sale or delivery of the Bonds or the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Project or any part thereof, **EVEN IF SUCH INJURIES, DAMAGES OR DESTRUCTION DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF OR RELATE TO, IN WHOLE OR IN PART, ONE OR MORE NEGLIGENT ACTS OR OMISSIONS OF ANY ONE OR MORE OF THE INDEMNIFIED PARTIES IN CONNECTION WITH THE ISSUANCE OF THE BONDS OR IN CONNECTION WITH THE PROJECT.** Each Indemnified Party, as appropriate, shall reimburse the User for payments made by the User to the extent of any proceeds, net of all expenses of collection, actually received by them from any insurance with respect to the Loss sustained. At the request and expense of the User, each of the Indemnified Parties, as

appropriate, shall have the duty to claim any such insurance proceeds and such Indemnified Party, as appropriate, shall assign their respective rights to such proceeds, to the extent of such required reimbursement, to the User. In case any action shall be brought against any one or more of the Indemnified Parties, such Indemnified Party shall promptly notify the User in writing and the User shall have the right to assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses. The Indemnified Party shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Party unless the employment of such counsel has been authorized by the User. The User shall not be liable for any settlement of any such action without its consent, but, if any such action is settled with the consent of the User or if there be final judgment for the plaintiff of any such action, the User agrees to indemnify and hold harmless the Indemnified Parties from and against any Loss by reason of such settlement or judgment.

7. If within three (3) years from the date hereof (or such later date as shall be mutually satisfactory to the Corporation and the User) the Corporation and the User shall not have agreed to mutually acceptable terms for the Bonds and for the sale and delivery thereof and mutually acceptable terms and conditions of the Agreement, the User agrees that it will pay the Corporation for all unpaid Project Costs which the Corporation shall have incurred and this Agreement to Issue Bonds (other than the obligations of the parties under paragraph 6 hereof) shall thereupon terminate. In the event that the User elects, prior to any such termination, not to proceed with the issuance of the Bonds for any reason, it shall so notify the Corporation in writing and shall promptly pay to the Corporation all Project Costs incurred by the Corporation prior to such notification, and if payment is so made, the User's obligations under paragraph 5 above shall terminate from and after the date of such notification.

8. The User may, without the consent of the Corporation, transfer or assign this Agreement to Issue Bonds or transfer or assign any or all of its rights and delegate any or all of its duties hereunder to any of its subsidiaries or affiliates currently existing or hereafter created, but no such transfer, assignment or delegation shall, without the written consent and approval of the Corporation, relieve the User of its liability for payment of Project Costs under paragraphs 5 and 7 hereof or indemnification under paragraph 6 hereof.

9. The provisions of paragraphs 5 and 6 of this agreement shall survive the expiration or termination of this Agreement to Issue Bonds and the closing of the transactions contemplated by the Agreement.

IN WITNESS WHEREOF, the Travis County Housing Finance Corporation, acting pursuant to a resolution of its Board of Directors, and User have caused this Agreement to Issue Bonds to be executed by their duly authorized officers as of the year and date first above written.

TRAVIS COUNTY HOUSING FINANCE CORPORATION

By: _____
Samuel T. Biscoe, President

ML CASA V, LP,
A Delaware Limited Partnership

By: MS CASA V Management, LLC
A Delaware Limited Liability Company,
General Partner

By: Henderson Global Investors GP II, LLC
A Delaware Limited Liability Company,
Manager

By: _____
Its: _____

EXHIBIT A
DESCRIPTION OF PROJECT

Application Number _____

TRAVIS COUNTY HOUSING FINANCE CORPORATION
Post Office Box 1748
314 W. 11th, 5th Floor
Stokes Building
Austin, Texas 78767
Attention: Samuel T. Biscoe, President

**APPLICATION FOR FINANCIAL PARTICIPATION
AND INDEMNIFICATION AGREEMENT**

TO: The Board of Directors of the Travis County Housing Finance Corporation:

The undersigned, on behalf of the entity named as Applicant, hereby applies to the Travis County Housing Finance Corporation (the "Corporation") for Residential Development Financing, pursuant to the Texas Housing Finance Corporations Act, and pursuant to the Policy Guidelines for Receiving and Approving Applications for Financial Participation in Residential Developments of the Corporation.

We have reviewed the Corporation's Policy Guidelines presented to us and in effect on the date hereof, and we agree to and accept the terms hereof.

The following Residential Development Financing Questionnaire has been completed to the best of our ability, and the information contained therein and on any attachments thereto, represent a reasonable comprehensive outline of the Residential Development and the financing requested in connection therewith.

We submit herewith the Processing Fees required by subparagraph III(A)(1) of your Policy Guidelines, together with two copies of the executed Agreement to Issue Bonds required by Subparagraph II(A)(2) of the Policy Guidelines.


Preliminary Official Action, pursuant to paragraph II(B) of the Policy Guidelines is (is not) requested. (If such action is requested, attach separate statement of facts related to the request.)

The undersigned warrants that he is authorized to submit this application on behalf of the Applicant.

ML CASA V, LP
A Delaware limited partnership

By: ML CASA V Management, LLC
A Delaware limited liability company,
General Partner

By: Henderson Global Investors GP II, LLC
A Delaware limited liability company,
Manager

By: 
Name: Christopher M. Gaudin
Its: Secretary

Presently Estimated Amount of
Project Financing Requested:

\$ 17,500,000

1. General Information

- a. Legal name and address of Applicant.

ML CASA V, LP
737 N. Michigan Ave, Suite 1700
Chicago, IL 60611

- b. Jurisdiction under whose laws Applicant was organized, and type of organization (e.g., partnership, nonprofit corporation, business corporation, etc.)

Delaware, limited partnership

- c. Registered agent of Applicant for service of process.

The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, DE 19801

- d. Person (including address and telephone number) to whom questions and correspondence should be directed.

Kristina Lynn
Associate Director, Transactions
737 N. Michigan Ave, Suite 1700
Chicago, IL 60611
312-915-9171
kristina_lynn@hendersonna.com

- e. Name, address, and telephone number of legal counsel for Applicant (this does not mean bond counsel).

Mike Petersilia
Locke Lord
2200 Ross Avenue
Suite 2200
Dallas, TX 75201
214-740-8690
mppet@lockelord.com

- f. Name, address, and telephone number of bond counsel for Applicant.

Mike Petersilia
Locke Lord
2200 Ross Avenue
Suite 2200
Dallas, TX 75201
214-740-8690
mppete@lockelord.com

- g. Is the Applicant a governmental unit or organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and exempt from tax under Section 501(a) of the Code?

No

2. Description of Project

- a. Amount of financing applied for:

\$17,500,000

- b. Total cost of project:

\$25,450,425

- c. To the extent known at this time, attach a detailed schedule of the total of all reasonable or necessary costs incidental to the acquisition and/or construction of the Project, including the cost of studies and surveys, plans, specifications, architectural and engineering services and other necessary and incidental expenses.

See attached Schedule A: Acquisition and Capital Expenditure Costs

- d. Construction timing:

- 1) Estimated time of rehab commencement: date of closing, estimated at 3/29/12
- 2) Estimated date of rehab completion: 2 years from date of closing
- 3) Estimated date Project will be placed in operation: currently in operation

- e. Location of Project: (street address or street referenced location)

Argosy at Crestview Apartments
1003 Justin Lane
Austin, TX 78757

- 1) Please attach area map locating proposed facility site and a site plan indicating location of existing and proposed buildings and improvements on site.

Google map attached and aerial

- 2) State distances from proposed site to nearest residences, churches, schools, playgrounds, and other commercial developments.

Brentwood Elementary School: 1 mile west
Larnar Middle School: 2 miles southwest
McCallum High School: 1.5 miles south

- f. Indicate the present legal owner of the site of the Project; the relationship, if any, between the present legal owner and the Applicant; and whether or not the acquisition of the land is to be included in the amount to be financed.

Current Owner (Seller): TMG Argosy II LP (The Milestone Group); has no relation to applicant

Land acquisition to be included in amount financed

- g. Provide a detailed description of the Project to be financed, including any land or buildings to be acquired, razed, renovated or constructed:

The Property is a 288 unit apartment complex within 14 two and three-story residential buildings with a one story clubhouse that was constructed in 1984. ML CASA V, LP will purchase the apartment complex at closing and will complete a \$2,238,769 interior and exterior rehab which will include \$1,857,769 in qualified rehabilitation expenditures.

Name and address of consulting engineer and architect (if the Project was not designed by a licensed engineer, submit the criteria and methods used to accomplish the design):

Consulting Engineer:
Ernest Holmes
2561 CitiPlace Court #750-232
Baton Rouge, LA 70808
225-216-1569
eholmes@ernestholmesonline.com

- i. Have necessary approvals (including zoning, building and special use permits) been obtained from State, federal or local regulatory bodies?

N/A, this is an acquisition rehab and any permits required for rehab will be pulled at the time of rehabilitation. All of the rehabilitation projects at the Property are routine projects for an apartment complex of this size.

- j. Employment standards:

Submit copies of Applicant's current affirmative action program, if any, and a written undertaking, executed by a duly authorized officer of Applicant, that Applicant will not discriminate on the basis of race, sex or age in the employment, promotion and termination of employment of employees who work in Travis County, Texas; that Applicant will abide by the Affirmative Action Plan attached as Exhibit "A" to this Application for Financing; and that Applicant will otherwise comply with equal opportunity standards in its employment practices with respect to such employees.

We do not have a current affirmative action program.
See attached signed Form of Affirmative Action Plan

- k. Describe the anticipated traffic impact in terms of vehicles per day, peak traffic hours and anticipated total volume.

There will be no additional traffic impact as the property is already operating as an apartment complex and no additional units are being added.

3. Financing Arrangements

- a. Name and address of the financial institution (bank, investment banking firm, etc.), if determined, which may be interested in purchasing the bonds if and when such bonds may be approved for sale (it is the responsibility of the Applicant to arrange for the marketing of the bonds if the financing is approved, with the Corporation's concurrence):

Merrill Lynch Capital Services
Dan Nussbaum
One Bryant Park

NY1-100-101
New York, NY 10036
646-743-1377
Dan.nussbaum@baml.com

- b. If Applicant has applied to any other source for financing with respect to the Project, please give details, including date of application(s), status and/or disposition of such application(s):

None

- c. If the Applicant has credit rating, please state the rating and agency:

None

- d. Explain how the Project will be financed if all or a portion of the amount of the financing applied for herein is denied:

Depending on the amount of financing that is denied we will either fund the shortfall from equity or we will no longer purchase the Property if a significant amount of the financing is not approved. We would look to get at least 65% financing to move forward with the Project.

- e. Sources and application of funds for the Project.

- 1) Provide a detailed statement of sources and application of funds for the Project to date, including all bond proceeds and outside funding sources:

No significant funds have been spent so far, we are beginning due diligence which will be funded from equity.

- 2) Provide a detailed statement of sources and application for funds through the completion of the acquisition and/or construction of the Project:

See attached Schedule B: Sources and Uses

- 3) Explain the status of obtaining the sources of funds listed in the statements and describe plans for obtaining financing if it is not obtained from the source from which it was originally anticipated the funds would be received:

We currently have discretionary equity committed by clients to our CASA Partners V Fund which currently has 5 assets that it owns and approximately \$40M in remaining discretionary equity. Depending on the amount of financing that is denied we will either fund the shortfall from equity or we

will no longer purchase the deal if a significant amount of the financing is not approved. We would look to get at least 65% financing.

- 4) Reconcile the total amount of funds applied to amounts listed in 2.b and 2.c:

See attached Schedule B: Sources and Uses

- f. Please indicate if this Application contemplates the sale of bonds to the public or in a private placement to institutional investors. Additional documentation, including an offering memorandum or other disclosure document, may be required in the future, depending upon the nature of the proposed offering.

Merrill Lynch will purchase all of the bonds at closing and will sell the bonds in a private placement.

4. Financial Statements

- a. Attach the following audited financial statements or reports of Applicant for the preceding two years:

1. Balance Sheet.
2. Profit and Loss Statement, and
3. Statement of changes in financial position.
(including notes to financial statements)

OR

1. Annual Report to Stockholders, and
2. Annual Report and Form 10-K to the Securities and Exchange Commission.

See attached organizational chart for understanding of CASA Partners V, LP (“the Fund”) structure and relation to ML CASA V, LP (“the applicant”). The Fund began purchasing assets in 2011 and only completes audited statements at year-end. Those statements are not yet available so we have provided unaudited preliminary year-end CASA Partners V, LP financial statements. Full individual audited financial statements are not completed for ML CASA V, LP but a year-end unaudited balance sheet and income statement is provided. The only asset owned by ML CASA V, LP was purchased on 12/20/11.

- b. Attach financial statements of Applicant for the most recent fiscal quarter which ended at least 45 days prior to the date of this Application.

See attached unaudited year-end balance sheet and income statement for ML CASA V, LP.

- c. Detail all changes or events known to management subsequent to the date of the most recent audited balance sheet (including, but not limited to, pending or threatened litigation, claims, assessments, commitments, subsequent information regarding uncollectability of receivables, valuation of assets, changes in corporate structure or statements or prior period financial statements) which may have a material effect on the Applicant's financial position (attach separate sheets if necessary to give a reasonably detailed presentation):

None

- d. If not included with other reports, include the name, address and principal occupation (for the past five years) of each director of the Applicant and the name and address of each stockholder of the Applicant (if any) who is the beneficial owner of 10% or more of the Applicant's outstanding capital stock:

See organizational chart and Schedule C: CASA V Key Personnel.

5. Matters to be addressed under the Code.

- a. Is the principal user related to any other organization by more than 50% common ownership? If so, indicate name or related organization and relationship.

No

- b. Ownership: List all stockholders or partners having 10% or more interest in the principal user.

Owners of CASA Partners V, LP:

Utah State Retirement Investment Fund – 47.51%

Public Employees' Retirement Association of Colorado – 23.75%

Texas General Land Office – 28.50%

- c. If any of the above persons own more than 50% of the principal user, list all other organizations which are related to the principal user by virtue of such persons having more than a 50% interest in such organizations.

None

- d. Has any of the equipment for the facility been ordered or purchased? If yes, indicate:

<u>Item</u>	<u>Date Ordered</u>	<u>Delivery Date</u>	<u>Price</u>
-------------	---------------------	----------------------	--------------

None

- e. List the face amount of all tax-exempt financing previously arranged by or for the benefit of the principal user in the County.

<u>Date of Issue</u>	<u>Original Face Amount</u>	<u>Current Outstanding Amount</u>
None		

- f. Have any expenditures proposed to be financed with bond proceeds already been made by the Applicant? If yes, indicate particulars:

No

- g. Have any of such expenditures been incurred but not paid by the principal user? If yes, indicate particulars:

No

- h. Are costs of working capital, moving expenses, work in process, or stock in trade included in the proposed uses of bond proceeds?

No

- i. Will any of the funds be used to repay or refinance an existing mortgage or outstanding loan?

No

As an inducement to the Corporation and the Commissioners' Court of Travis County, Texas, to accept, review and favorably consider and approve said application and to issue the obligations therein contemplated, and whether or not all or any part thereof are ever actually approved or issued, Applicant agrees to (a) pay all facility costs which are not or cannot be paid or reimbursed from the proceeds of obligations issued by the Corporation, and (b) at all times indemnify and hold harmless the Corporation, the Commissioners' Court, their members, directors, officers, agents, contractors, and employees against all losses, costs, damages, expenses and liabilities of whatsoever nature or kind (including, but not limited to, attorney's fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgment) direct or indirectly resulting from, arising out of or related to the acceptance, consideration and approval or disapproval of such Application or the issuance, offering, sale, delivery or payment of any such obligations and interest thereon, or the design, construction, installation, operation, use, occupancy, maintenance or ownership of the Facility.

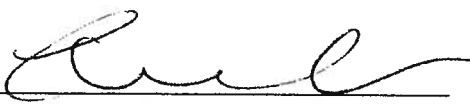
It is understood and agreed that this undertaking shall be continuing and shall survive and continue to be effective after any approval or disapproval of this Application and the issuance or failure to issue any such obligations and the construction and operation of the Facility. It is also understood that additional indemnity agreements may be required by the Corporation from the applicant or others, such as guarantors, prior to the final approval of such Application.

The undersigned officer of Applicant hereby certifies that he or she is duly authorized to submit the foregoing Application on behalf of the Applicant and that the foregoing information is true and correct to the best of his or her knowledge and belief submitted on the 13th day of February, 2012.

ML CASA V, LP
A Delaware limited partnership

By: ML CASA V Management, LLC
A Delaware limited liability company,
General Partner

By: Henderson Global Investors GP II, LLC
A Delaware limited liability company,
Manager

By: 
Name: Christopher Gubler
Its: Secretary

**Form of
Affirmative Action Plan**

TRAVIS COUNTY HOUSING FINANCE CORPORATION

In the construction and operation of a residential development to be financed in whole or in part with the proceeds of bonds to be issued by the Travis County Housing Finance Corporation, the applicant should conform to the following provisions:

- I. Housing Standards. The applicant should comply with all provisions of the City of Austin Fair Housing Ordinance.

- II. Minority Business Enterprise. Applicants should set obtainable goals and objectives as it relates to the utilization to Minority Business in construction as well as contracted services used by the Applicant once it is in operation. More specifically, it should include:
 - a. Use of minority subcontractors in construction of the facility.

 - b. Use of minority general contractors in the construction of the facility where usable.

 - c. Care should be taken to be sure that Minority Businesses have the opportunity to participate in all phases of construction.

 - d. Measures should also be taken that those Minority Businesses submitting competitive quotations be assured that they will be given reasonable opportunity, if qualified, for consideration.

 - e. Monitoring mechanisms should be included to assure minority participation in the overall construction process.

- III. Minority Vendor Program. Minority Vendors in the areas of goods and services should be afforded the opportunity to bid on maintenance service and commodity contracts with the


Applicant during its operational phase. This should include notification of Minority Business of the contract requirements of the Applicant and setting of annual goals for the participation of minority vendors in the Applicant's operational phase as it relates to the procurement of goods and services.

- IV. Planning Phase. The Applicant shall obtain a listing of Travis County Minority Businesses to assess the types of Minority Businesses in Travis County. Also, the Applicant should list the procurement requirements of the Applicant past and present, and indicate the areas in which it feels Minority Businesses may best be utilized in its procurement activities.

ML CASA V, LP
A Delaware limited partnership

By: ML CASA V Management, LLC
A Delaware limited liability company,
General Partner

By: Henderson Global Investors GP II, LLC
A Delaware limited liability company,
Manager

By: 
Name: Christopher Guiden
Its: Secretary

Schedule A: Acquisition & Capital Expenditure Costs

Due Diligence Costs:

Title	\$	10,000
Survey	\$	5,000
Physical Inspection	\$	5,000
Environmental	\$	5,000
Appraisal	\$	5,000
Legal	\$	25,000

Financing Costs:

Bond Counsel	\$	40,000
Kutak Rock	\$	40,000
HFA Bond Counsel	\$	50,000
HFA Issuance Fee	\$	87,500
Merrill Issuance Fee	\$	87,500
Issuance Costs	\$	12,000
Miscellaneous	\$	89,656

Qualified Capital Expenditures:

Unit Upgrades	\$	783,800
Labor for Summer Upgrades	\$	50,000
Paint/Wood Repairs	\$	150,000
Fitness Center	\$	75,000
Business Center	\$	25,000
Model Upgrades	\$	25,000
Exterior Lighting	\$	6,000
Gutters	\$	4,500
HVAC Replacements	\$	38,000
1 Bedroom W/D Connections	\$	600,469
Miscellaneous	\$	100,000

Unqualified Capital Expenditures:

Paving/Driveways	\$	40,000
Coinmach Termination Fee	\$	31,200
Sidewalks	\$	5,000
Access/Side Gates	\$	55,000
Name Change/Signage	\$	18,000
Exterior Amenities	\$	15,000
Dog Park	\$	20,000
Retaining Walls	\$	9,800
Landscape	\$	25,000
Tree Trimming	\$	10,000
Bike Racks	\$	2,000
Miscellaneous	\$	150,000

Total: \$ 2,700,425

Schedule B: Sources and Uses

Sources		Uses	
Bond Financing	\$ 17,500,000	Purchase Price	\$ 22,750,000
Equity	\$ 7,950,425	Capital Expenditures	\$ 2,238,769
		Financing Costs	\$ 406,656
		Due Diligence Costs	\$ 55,000
Total:	\$ 25,450,425	Total:	\$ 25,450,425

CASA PARTNERS V, L.P.
STATEMENT OF NET ASSETS

**PRELIMINARY
UNAUDITED**

	<u>December 31, 2011</u>
Assets	
Real estate investments:	
Properties	\$ 149,200,000
Total real estate investments	149,200,000
Cash and cash equivalents	5,513,784
Restricted cash	6,459,250
Accounts receivable and other assets	513,076
Total assets	<u>161,686,110</u>
Liabilities	
Bonds and mortgage notes payable	100,974,148
Line of credit	61,500,000
Asset advisor fees payable	118,916
Accrued expenses and other liabilities	1,240,182
Security deposits	507,393
Total liabilities	<u>164,340,639</u>
Net assets	<u><u>\$ (2,654,529)</u></u>

The accompanying notes are an integral part of these financial statements.

**PRELIMINARY
UNAUDITED**

CASA PARTNERS V, L.P.

STATEMENT OF OPERATIONS

For the period April 25, 2011 (commencement of operations) through December 31, 2011

	<u>2011</u>
Revenues	
Revenue from properties	\$ 3,323,964
Other investment income	<u>6,980</u>
Total revenues	<u>3,330,944</u>
Expenses	
Operating expenses	1,573,541
Interest expense	1,245,544
Asset advisor fees	122,721
Other expenses	<u>280,802</u>
Total expenses	<u>3,222,608</u>
Net investment income	<u>108,336</u>
Net unrealized loss	
Unrealized loss on investments held	(1,285,346)
Unrealized loss on mortgage notes payable and line of credit	<u>(1,477,519)</u>
Net unrealized loss	<u>(2,762,865)</u>
Decrease in net assets resulting from operations	<u>\$ (2,654,529)</u>

The accompanying notes are an integral part of these financial statements.

**PRELIMINARY
UNAUDITED**

CASA PARTNERS V, LP

STATEMENT OF CHANGES IN NET ASSETS

For the Period April 25, 2011 (commencement of operations) through December 31, 2011

	Limited Partners	General Partner	Total
NET ASSETS - APRIL 25, 2011 (commencement of operations)	-	-	-
Net decrease in net assets from operations	(2,654,264)	(265)	(2,654,529)
NET ASSETS - DECEMBER 31, 2011	\$ (2,654,264)	\$ (265)	\$ (2,654,529)

The accompanying notes are an integral part of these financial statements.

**PRELIMINARY
UNAUDITED**

CASA PARTNERS V, L.P.

STATEMENT OF CASH FLOWS

For the period April 25, 2011 (commencement of operations) through December 31, 2011

	<u>2011</u>
Cash flows from operating activities	
Decrease in net assets resulting from operations	\$ (2,654,529)
Adjustments to reconcile decrease in net assets resulting from operations to net cash used in operating activities:	
Net unrealized losses	2,762,865
Amortization of capitalized bond fees	53,288
Increase in restricted cash	(3,336,099)
Increase in accounts receivable and other assets	(513,076)
Increase in accrued expenses, security deposits and asset advisor fees payable	<u>1,848,754</u>
Net cash used in operating activities	<u>(1,838,797)</u>
Cash flows from investing activities	
Property acquisitions	(63,523,635)
Deposits into escrow	(2,972,809)
Withdrawals from escrow	105,796
Cost of property improvements	<u>(484,514)</u>
Net cash used in investing activities	<u>(66,875,162)</u>
Cash flows from financing activities	
Proceeds from line of credit	80,000,000
Repayments of line of credit	(18,500,000)
Proceeds from debt issuance	14,625,000
Increase in restricted cash	(256,138)
Payment of financing fees	(1,530,807)
Payments on bonds and mortgage notes payable	<u>(110,312)</u>
Net cash provided by financing activities	<u>74,227,743</u>
Net increase in cash and cash equivalents	5,513,784
Cash and cash equivalents, beginning of period	<u>-</u>
Cash and cash equivalents, end of period	<u>\$ 5,513,784</u>
Supplemental disclosure of cash flow information	
Cash paid for interest on mortgage notes payable and line of credit	<u>\$ 1,159,335</u>
Non cash investing and financing activities	
Improvements to rental properties included in accrued expenses	<u>\$ 17,737</u>
Bonds and mortgage notes payable assumed in connection with the acquisition of real estate investments	<u>\$ 88,879,460</u>

The accompanying notes are an integral part of these financial statements.

**PRELIMINARY
UNAUDITED**

**CASA PARTNERS V, L.P.
PORTFOLIO OF INVESTMENTS**

December 31, 2011

<u>Property Name</u>	<u>Location</u>	<u>Property Cost</u>	<u>Market Value</u>
Waterford at the Lakes	Kent, WA	\$ 38,257,951	\$ 37,800,000
Southpoint Glen	Durham, NC	22,898,982	22,800,000
Waterford Park	Lauderhill, FL	30,136,269	29,600,000
Fordham Glen	Glendale Heights, IL	34,842,647	34,600,000
Mer Lago	Plantation, FL	24,349,497	24,400,000
Total Investment in properties		<u>\$ 150,485,346</u>	<u>\$ 149,200,000</u>

All properties are apartment complexes.

The accompanying notes are an integral part of these financial statements.

Financial Statements

CASA PARTNERS V, L.P.

Notes to Financial Statements

Note 1 – NATURE OF OPERATIONS

CASA Partners V, L.P. (“CASA V”) was formed as a limited partnership on January 19, 2011 in accordance with the partnership laws of the State of Delaware to operate as a real estate investment vehicle. CASA V made its initial closing with respect to subscription agreements on April 25, 2011 and commenced operations on that date. CASA V is expected to operate until April 25, 2018.

As of December 31, 2011, CASA V has signed commitments from Texas General Land Office (“TXGLO”), Public Employees Retirement Association of Colorado (“Colorado”), Utah State Retirement System (“Utah”), and eight Henderson Global Investors North America, Inc. officers (“HGINA officers”). Utah committed \$50,000,000, TXGLO committed \$30,000,000, Colorado committed \$25,000,000 and HGINA officers committed \$155,000 for total commitments of \$105,155,000. The capital call resulted in Utah, TXGLO, Colorado and HGINA officers owning 47.55%, 28.53%, 23.77% and .15%, respectively. As of December 31, 2011, there have been no capital calls made to the investors so 0% of committed capital amounts have been contributed to CASA V.

The investment advisor of CASA V is Henderson Global Investors North America, Inc. (“HGINA”), a wholly owned subsidiary of Henderson Investors International Holdings, BV.

Capital contributions, distributions and allocations of profits and losses are generally made in accordance with the partners' ownership percentages until the partners have received an Internal Rate of Return of 11% (“Threshold IRR”). For purposes of computing the internal rate of return, all cash flow shall be deemed to occur at the end of each quarter that contributions and distributions are made. In addition, the internal rate of return shall be calculated on an annual basis assuming quarterly compounding of interest. Cash flow available from operations (“Cash Flow”), after the establishment of reserves, shall be distributed among the Partners and applied toward the Performance Fee on a quarterly basis.

All Capital Proceeds from any Capital Transaction, after the establishment of reserves, shall be either distributed among the Partners and applied toward the Performance Fee on a quarterly basis or, retained by the Partnership for reinvestment, at the sole discretion of HGINA. Capital Proceeds that are distributed to Partners shall be subject to recall for investment.

Each Partner's Partnership Interest in Cash Flow and Capital Proceeds attributable to each Investment shall be distributed to such Partner and applied to the Performance Fee as follows: First, 100% to such Partner until the aggregate of all distributions provides such Partner with an 11% IRR with respect to (A) Partner's Invested Capital relating to such Investment, (B) Partner's Capital Contributions made to fund Partnership Expenses, offering expenses and organizational expenses allocated to such Investment and (C) Partner's Allocable Writedown Amount; then after 11% IRR has been obtained, 20% to HGINA as a Performance Fee and 80% to such Partner until the aggregate of all distributions provides such Partner with a 14% IRR with respect to (A) Partner's Invested Capital relating to such Investment, (B) Partner's Capital Contributions made to fund Partnership Expenses, offering expenses and organizational expenses allocated to such Investment and (C) Partner's Allocable Writedown Amount; then after the 14% IRR has been obtained, 25% to HGINA as a Performance Fee and 75% to such Partner. HGINA shall hold back 42.5% of the Performance Fee otherwise payable to HGIGP (the “Holdback”) until such time that the assets of the Partnership are distributed. If upon the distribution each Partner shall have received an 11% IRR with respect to its investment in the Partnership, the Holdback shall be promptly paid to HGIGP as a Performance Fee. If such 11% IRR

Financial Statements - continued

Note 1 – (continued)

shall not have been achieved, then the Holdback shall be distributed to the Partners in proportion to their respective relative amounts by which their returns fell short of such 11% IRR until they have received such 11% IRR and the balance, if any, shall be paid to HGIGP as a Performance Fee. HGIGP shall not be liable to make any payments to the Partners, other than application of the Holdback, in order for the Partners to have achieved an 11% IRR.

Note 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of CASA V have been presented on the fair value basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires CASA V's management to make estimates affecting the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Investments in Properties

Investments in properties are carried at fair value. The cost of properties are initially recorded at the purchase price plus closing costs. Development costs and major renovations are capitalized as a component of cost, and routine maintenance and repairs are charged to expenses as incurred. Because properties are stated at fair value, no provision is made for depreciation.

Investment Valuation

The fair value of real estate investments are estimated based on the price that would be received to sell an asset in an orderly transaction between marketplace participants at the measurement date. Investments without a public market are valued based on assumptions made and valuation techniques used by the HGINA. Such valuation techniques include discounted cash flow analysis, prevailing market capitalization rates or earning multiples applied to earnings from the investment, analysis of recent comparable sales transactions, actual sale negotiations and bona fide purchase offers received from third parties, consideration of the amount that currently would be required to replace the asset, as adjusted for obsolescence, as well as independent external appraisals. In general, the HGINA considers multiple valuation techniques when measuring the fair value of an investment. However, in certain circumstances, a single valuation technique may be appropriate. CASA V's policy is to obtain independent external appraisals no less than once during a three-year period. HGINA performs quarterly valuations for CASA V. There will be a rotation of both in-house and third party appraisals each quarter based on internal valuation techniques consistent with those described within this footnote.

Income Capitalization Approach: This approach is based on the principle that value is created by the expectation of future income. This approach is particularly applicable in the case of income producing properties. One technique to convert income to value is direct capitalization, which involves dividing the net operating income by a market capitalization rate. A second technique is the discounted cash flow analysis, in which projected cash flows (net operating income less periodic capital expenditures and reversion value at the conclusion of the holding period) are converted to present value by applying an annual discount rate. In both techniques, net operating income and cash flow are estimated based on an analysis of market rent and occupancy levels and forecast property expenses and, accordingly, key inputs and assumptions include rental income and expense amounts and related growth rates, as well as discount and income capitalization rates.

Financial Statements - *continued*

Note 2 – (continued)

Sales Comparison Approach: This approach is a method of estimating fair value based on analyzing transactions of similar properties in the market area. A major premise of this approach is that the fair value of the property is directly related to the prices of comparable, competitive properties. The reliability of this approach is dependent upon the availability of comparable data, the verification of sales data, the degree of comparability and the absence of atypical conditions affecting the sales price. Once sales data is gathered, adjustments, involving the judgment of HGINA, are made to the comparable properties to determine a value range for the property being valued. Generally, a point of value within the adjusted range is concluded.

Cost Approach: The application of the cost approach is based on the principle of substitution and the concept that a market participant would not pay more for a property than the cost to develop a substitute property of equivalent desirability and utility. This approach involves the valuation of the land as if vacant, estimation of the replacement cost of the existing or proposed structure and site improvements, estimation of accrued depreciation found in the improvements and estimation of an appropriate entrepreneurial profit as applicable. The cost approach is typically utilized to determine value for new or proposed properties, special use properties or where the cost of reproducing the improvements is easily and accurately quantified and there is no economic obsolescence.

The fair value of real estate investments does not reflect CASA V's transaction sale costs, which may be incurred upon disposition of the real estate investments. Such costs are estimated to approximate 2% - 3% of gross property fair value.

CASA V may invest in real estate and real estate related investments for which no liquid market exists. The market prices for such investments may be volatile and may not be readily ascertainable.

Bonds, Mortgage Notes Payable and Line of Credit

Bonds and mortgage notes payable and the line of credit are stated at fair value. The fair value of bonds and mortgage notes payable is based on the price at which the liability could be transferred to a market participant at the measurement date, exclusive of direct transaction costs. CASA V has fixed rate municipal bonds that can be converted into low yield floating rate municipal bonds. CASA V has elected to effectively take advantage of this conversion by entering into an interest rate swap agreement with the mortgage holder whereby CASA V receives residual payments based on fixed rates and pays low yield floating rates. The economics inherent in the interest rate swap are included in the mortgage loan valuation.

Valuation techniques utilized by HGINA in estimating the fair value of bonds and mortgage notes payable primarily include discounted cash flow analysis. For municipal bonds, such techniques include present value analysis by discounting the yield difference between a) the low yield floating rate municipal bond funding, including the impact of the interest rate swap, and b) current interest rates for conventional mortgage financing over a ten year holding period, as well as consideration of recent comparable transactions and other available inputs.

Debt issue and remarketing costs are not reflected on the statements of net assets but are included in the cost basis of bonds and mortgage notes payable and are amortized over the terms of the respective mortgage notes payable as a component of interest expense.

Unrealized Gain/Loss

Investments in real estate, related bonds and mortgage notes payable and line of credit are stated at fair value. CASA V records the difference between the fair value and historical cost as unrealized gain/(loss) in the accompanying financial statements.

Financial Statements - continued

Note 2 – (continued)

Derivative Financial Instruments

CASA V has entered into total rate of return swap with Bank of America (more fully described in Note 6), to convert its fixed rate municipal bond debt to Securities Industry and Financial Markets Association ("SIMFA") indexed floating rate debt. The SIFMA Index is a national rate based on a composite of approximately 250 issuers of high-grade, seven-day tax-exempt variable rate demand obligations issues of \$10 million or more.

Concentration of Market, Interest Rate and Credit Risk

Concentrations of market, interest rate and credit risk may exist with respect to CASA V's investments and its other assets and liabilities. Market risk is a potential loss CASA V may incur as a result of changes in the fair value of its investment. Interest rate risk includes the risk associated with changes in prevailing interest rates. In the normal course of its activities, CASA V may employ derivative financial instruments, including interest rate contracts. Such derivatives are also used for managing risk associated with CASA V's portfolio of investments.

Credit risk includes the possibility that a loss may occur from the failure of counterparties or issuers to make payments according to the terms of a contract. CASA V's exposure to credit risk at any point in time is generally limited to amounts recorded as assets on the statements of net assets.

CASA V invests its cash primarily in deposits and money market funds with commercial banks. At times, cash balances at a limited number of banks and financial institutions may exceed federally insured amounts. HGINA believes it mitigates credit risk by depositing cash in or investing through major financial institutions. In addition, in the normal course of business, CASA V's real estate investments may extend credit to their tenants, which consist of individuals. HGINA does not believe this represents a material risk of loss with respect to its financial position.

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and short-term investments that mature within ninety days.

Restricted Cash

Restricted cash is comprised of cash deposits plus accrued interest in escrow accounts held for certain payments of real estate taxes, insurance premiums and various capital improvements required by bonds and mortgage notes payable lenders.

Asset Advisor Fees

Asset advisor fees are accrued and paid throughout the year and are recorded as asset advisor fees in the accompanying financial statements.

Income and Expense Recognition

Property rental income is recognized on an accrual basis in accordance with the terms of the underlying lease agreements which are generally for a period of one year or less. Operating expenses are recognized as incurred.

Income Taxes

CASA V adopted the authoritative guidance for uncertainty in income taxes. This guidance requires CASA V to recognize a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authority's widely understood administrative practices and precedents. If this threshold is met, CASA V should measure the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. No accrual was deemed necessary at December 31, 2011.

Financial Statements - continued

Note 2 – (continued)

CASA V is not subject to income taxes. Accordingly, no provision for federal or state income taxes is recorded since such taxes, if any, are the responsibility of individual partners.

CASA V is subject to filing requirements in the U.S. and various state jurisdictions.

Note 3 – COMMITMENTS AND CONTINGENCIES

CASA V has no outstanding purchase or sale commitments as of December 31, 2011.

CASA V may become a party to claims arising in the normal course of its business. No such claims have come to the attention of management or its legal counsel that would have a material adverse effect on CASA V's financial position.

Note 4 – ASSET ADVISOR FEES

HGINA is entitled to receive a quarterly asset advisor fee as compensation for management, advisory and administrative services provided to CASA V. The asset advisor fee is calculated on a quarterly basis and is equal to 7% of net cash flow, as defined, exclusive of debt service costs, capital expenditures, depreciation and asset manager fees. The asset advisor fees totaled \$122,721 for the period April 25, 2011 (commencement of operations) through December 31, 2011. The asset advisor fees payable at December 31, 2011 totaled \$118,916.

HGINA is entitled to receive an acquisition fee on properties purchased for CASA V. The acquisition fee is calculated as 75 basis points of the gross purchase price. Acquisition fees paid to HGINA for the period April 25, 2011 (commencement of operations) through December 31, 2011 totaled \$1,129,594.

Note 5 – FAIR VALUE MEASUREMENTS

CASA V uses the valuation methodology described in Note 2. The authoritative guidance provides a definition of fair value which focuses on an exit price rather than an entry price, establishes a framework for measuring fair value which emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and requires expanded disclosures about fair value measurements. Additionally, the guidance provides companies with the option to report eligible financial assets and financial liabilities at fair value on an instrument-by-instrument basis. This option is available when an entity first recognizes a financial asset or financial liability or upon signing a firm commitment and allows a one-time election for existing qualifying financial assets and liabilities. CASA V elected to account for its debt liabilities at fair value in part to comply with industry reporting standards that require all debt liabilities to be reported at fair value.

To increase consistency and comparability in fair value measurements and related disclosures, CASA V utilizes the fair value hierarchy required by the guidance which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 - Quoted prices in active markets for identical securities

Level 2 - Prices determined using other significant observable inputs. Observable inputs that other market participants would use in pricing a security, including quoted prices for similar securities.

Level 3 - Prices determined using significant unobservable inputs. Unobservable inputs reflect CASA V's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available in the circumstances.

Financial Statements - continued

Note 5 – (continued)

As of December 31, 2011

<u>Description</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Real estate investments	149,200,000	-	-	149,200,000
Bonds and mortgage notes payable	(100,974,148)	-	-	(100,974,148)
Line of credit	(61,500,000)	-	-	(61,500,000)

The following is a reconciliation of assets and liabilities for which significant unobservable inputs (level 3) were used in determining fair value:

	December 31, 2011		
	Real estate investments	Bonds and mortgage notes payable	Line of Credit
Beginning value	\$ -	\$ -	\$ -
Unrealized loss	(1,285,346)	(1,477,519)	-
Cost of property improvements	484,514	-	-
Property acquisitions	149,983,095	(86,459,460)	-
Accrued property improvements	17,737	-	-
Principal repayments	-	110,312	18,500,000
Proceeds from debt issuance	-	(14,625,000)	(80,000,000)
Amortization of capitalized bond fees	-	(53,288)	-
Increase in capitalized bond fees	-	1,530,807	-
Ending value	<u>\$ 149,200,000</u>	<u>\$ (100,974,148)</u>	<u>\$ (61,500,000)</u>

Amount of unrealized loss reported in the statement of operations attributable to investments, bonds and mortgage notes payable and line of credit held at year end

\$ (1,285,346)	\$ (1,477,519)	\$ -
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Financial Statements - continued

Note 6 – PURCHASE OF INVESTMENT PROPERTIES

CASA V purchased the following properties in 2011:

<u>Property</u>	<u>Location</u>	<u>Purchase Price</u>	<u>Purchase Date</u>	<u>Fair Value of Debt Assumed</u>
Southview Gables	Durham, NC	\$ 22,500,000	09/08/2011	\$ -
Waterford at the Lakes	Kent, WA	37,750,000	09/16/2011	24,329,460
Waterford Park	Lauderhill, FL	29,362,500	10/06/2011	19,800,000
Fordham Glen	Glendale Heights, IL	34,500,000	11/22/2011	22,750,000
Mar Lago	Plantation, FL	26,500,000	12/20/2011	19,580,000
		<u>\$ 150,612,500</u>		<u>\$ 86,459,460</u>

Note 7 – BONDS AND MORTGAGE NOTES PAYABLE

Bonds and mortgage notes payable consist of the following at December 31, 2011:

	12/31/11 Outstanding Principal	12/31/11 Fair Value	12/31/11 Interest Rate	Maturity Date
Waterford at the Lakes ⁽¹⁾	\$ 24,219,148	\$ 24,219,148	5.75%	7/1/2019
Southpoint Glen ⁽²⁾	14,625,000	14,625,000	3.97%	11/1/2018
Waterford Park ⁽²⁾	19,800,000	19,800,000	4.01%	11/1/2018
Fordham Glen ⁽²⁾	22,750,000	22,750,000	3.91%	12/1/2018
Mar Lago ⁽³⁾	22,000,000	19,580,000	6.25%	12/1/2051
Total	<u>\$ 103,394,148</u>	<u>\$ 100,974,148</u>		

⁽¹⁾ The interest rate is fixed. The financing requires monthly principal payments based on a ten-year amortization schedule.

⁽²⁾ The interest rate is fixed.

⁽³⁾ The bond is in the Bank of America total return swap program. The interest rate noted is the fixed rate on the bond.

See below for the effective rate.

As part of its financing strategy, Casa V has entered into a total rate of return swap with Bank of America. As part of the swap agreement, various properties are included in a financing pool where Bank of America purchased the underlying bonds. Bank of America established a maximum 75% loan to value for the financing pool of properties based on their internal valuation procedures, which can differ from what a third party market participant might consider fair value. The total rate of return swaps are contractual agreements between Casa V and Bank of America and have two features: (1) an interest rate swap feature and (2) a total rate of return feature. The interest rate swap feature is designed to allow the exchange of the net difference between a fixed and floating interest rate periodically over the life of the contract without the exchange of the underlying principal amount. The total rate of return feature requires Casa V and Bank of America to make settlement payments to each other as follows upon expiration of the bonds or

Financial Statements - continued

Note 7 – (continued)

expiration of the swap contract: Bank of America shall pay Casa V for any appreciation of the value of the bond over the notional amount and Casa V shall pay Bank of America for any depreciation below the notional amount. Ultimately, Casa V has the option of bidding "par" on the bonds outstanding which limits the maximum liability to the total principal amount of tax-exempt bonds and accrued interest. The interest rate swap feature includes periodic settlements at defined intervals. According to the terms of the swap, Casa V pays a fixed rate of interest as described in the table above and receives variable interest at the SIFMA rate plus a spread as described in the table below

A summary of the bonds and mortgage notes payable in the Bank of America total return swap program as of December 31, 2011 is as follows:

The notional amounts for the swaps noted below correspond with the outstanding principal balances detailed in the debt table on the previous page.

Tax Exempt Bonds:

	SIFMA Rate at 12/31/11	Basis Point Spread	Total Effective Rate on Tax- Exempt Bonds	Swap Expiration Date
Mar Lago	0.10%	95	1.05%	12/1/2015

The future principal maturities of bonds and mortgage notes payable at December 31, 2011 are:

2012 \$	344,149
2013	368,815
2014	390,900
2015	414,308
2016	435,318
Thereafter	<u>101,440,658</u>
Total \$	<u>103,394,148</u>

Note 8 – LINE OF CREDIT

On August 11, 2011, CASA V closed on a \$45,000,000 three year revolving line of credit facility ("the Facility") with Bank of America. The line is drawn on in minimal increments of \$100,000 and not less than \$1,000,000 for each borrowing. The line of credit bears interest at LIBOR plus 65 basis point spread. The collateral is the capital commitment of CASA V of Utah.

On September 30, 2011, CASA V increased the Facility amount with Bank of America to \$67,500,000. All of the terms noted above remained the same. The collateral is the capital commitments of CASA V of Utah and Colorado. There were draws totaling \$80,000,000 and repayments totaling \$18,500,000 for the period April 25, 2011 (commencement of operations) through December 31, 2011. The outstanding balance on the Facility was \$61,500,000 at December 31, 2011.

Financial Statements - continued

Note 9 – FINANCIAL HIGHLIGHTS

The following summarizes CASA V's financial highlights, consisting of total return and expense and net investment income ratios, for the period April 25, 2011 (commencement of operations) through December 31, 2011.

	2011
	Limited Partners
Total return¹	
Beginning of year since- inception internal rate of return	N/A
End of year since- inception internal rate of return	N/A
Expense ratios²	
Operating expense	<u>-19.97%</u>
Incentive allocation	<u>0.00%</u>
Total expenses and incentive allocation	<u>-19.97%</u>
Net investment income ratio³	<u>-5.36%</u>

¹ Total return is calculated based on a dollar-weighted internal rate of return methodology net of fees and incentive allocations. The internal rate of return is computed on a since-inception basis using quarterly compounding and the midpoint of the quarter of cash inflows received by and outflows paid to investors and including ending net asset value as of each measurement date. Because total return is calculated for the limited partners taken as a whole, an individual limited partner's return may vary from these returns based on different management fee and incentive arrangements (as applicable) and the timing of capital transactions.

² The expense ratios are calculated for the Limited Partners taken as a whole using weighted average net assets for the period. The computation of such ratios based on the amount of expenses and incentive allocations assessed to an individual Limited Partner's capital may vary from these ratios based on different management fee and incentive arrangements (as applicable) and the timing of capital transactions.

³ The net investment income ratios are calculated for the Limited Partners taken as a whole using weighted average net assets for the period. The computation of the net investment income ratio based on the amount of net investment income assessed to an individual Limited Partner's capital may vary from these ratios based on different management fee arrangements (as applicable). The net investment income ratio does not reflect the effects of any incentive fees.

Note 10 – SUBSEQUENT EVENTS

On January 5, 2012, the first capital call in the amount of \$33,564,493 was due from the investors.

On January 9, 2012, a \$36,700,000 repayment was made on the Facility. The outstanding balance on the Facility after this payment was \$24,800,000.

Accrual, Cash, Financial Services

Dec 2011

Dec 2010

Assets

Cash-Restricted	2,347,539.00	0.00
Immediate Repair Escrow	2,152,468.08	0.00
Land	4,816,000.00	0.00
Debt Purchase Premium	2,420,000.00	0.00
Building	19,533,496.91	0.00
Market Value Reserve	50,503.09	0.00
Interest Rec-Note 1	38,035.58	0.00
Receivable-Other	25,000.00	0.00
Receivable-Utilities	10,960.00	0.00
Deferred Loan Fees	584,739.41	0.00
Accum. Amort.-Loan Fees	(609.74)	0.00
Val Reserve - Other Asset	(584,129.67)	0.00
Prepaid-Expenses	38,279.63	0.00
	<hr/>	<hr/>
Total Assets	31,432,282.29	0.00
	<hr/> <hr/>	<hr/> <hr/>

Liabilities

Accrued Exp.-Property	7,500.00	0.00
Accrued Insurance	10,047.54	0.00
Expenses Accrued	20,700.00	0.00
Mortgage Note Payable 2	22,000,000.00	0.00
Accrued Int. Pay.-Mtg 2	45,833.33	0.00
Security Deposits Payable	178,528.50	0.00
Prepaid Rent	1,235.00	0.00
Other Liabilities	48,270.11	0.00
	<hr/>	<hr/>
Total Liabilities	22,312,114.48	0.00

Equity

Due to Owner	663,999.50	0.00
Cap. Contrib.-Gen. Prt. 1	8,950,171.63	0.00
Current YTD Result	(494,003.32)	0.00
	<hr/>	<hr/>
Total Equity	9,120,167.81	0.00
	<hr/> <hr/>	<hr/> <hr/>
Total Liability & Equity	31,432,282.29	0.00
	<hr/> <hr/>	<hr/> <hr/>

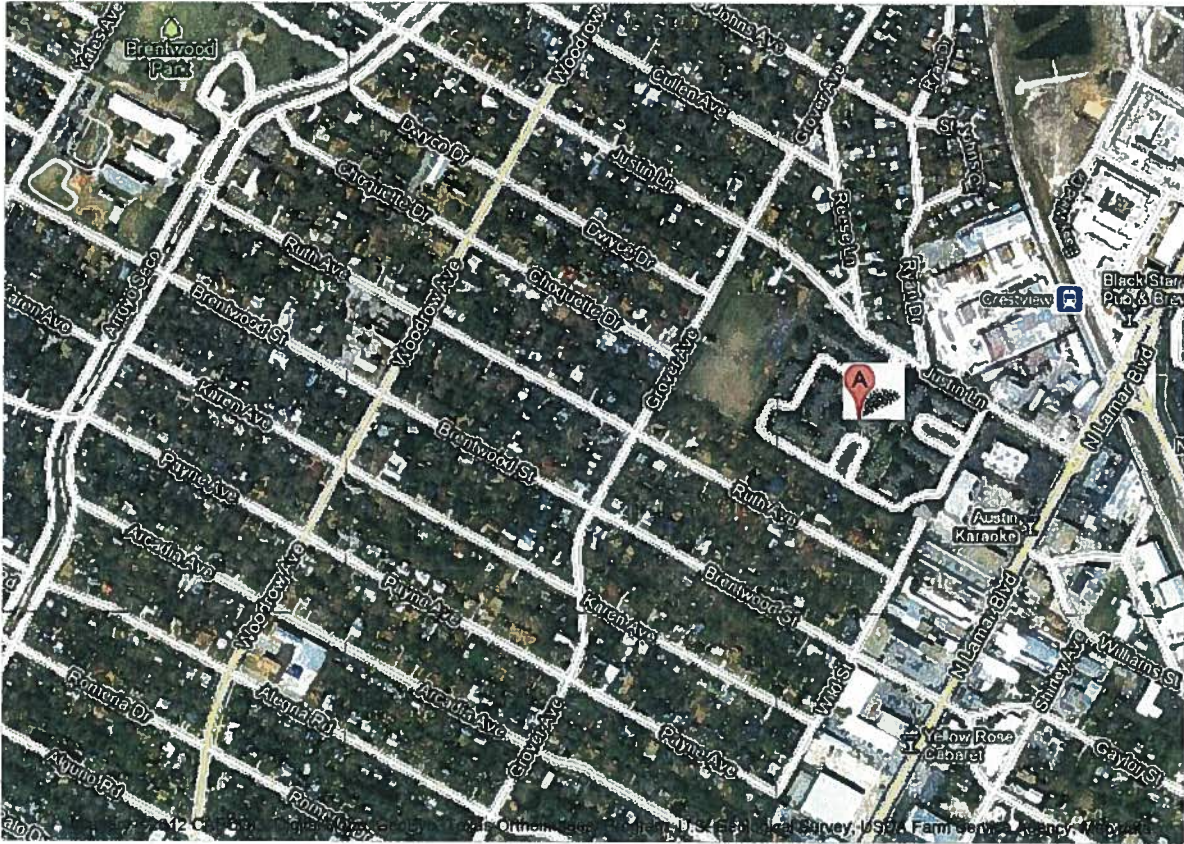
(unaudited)

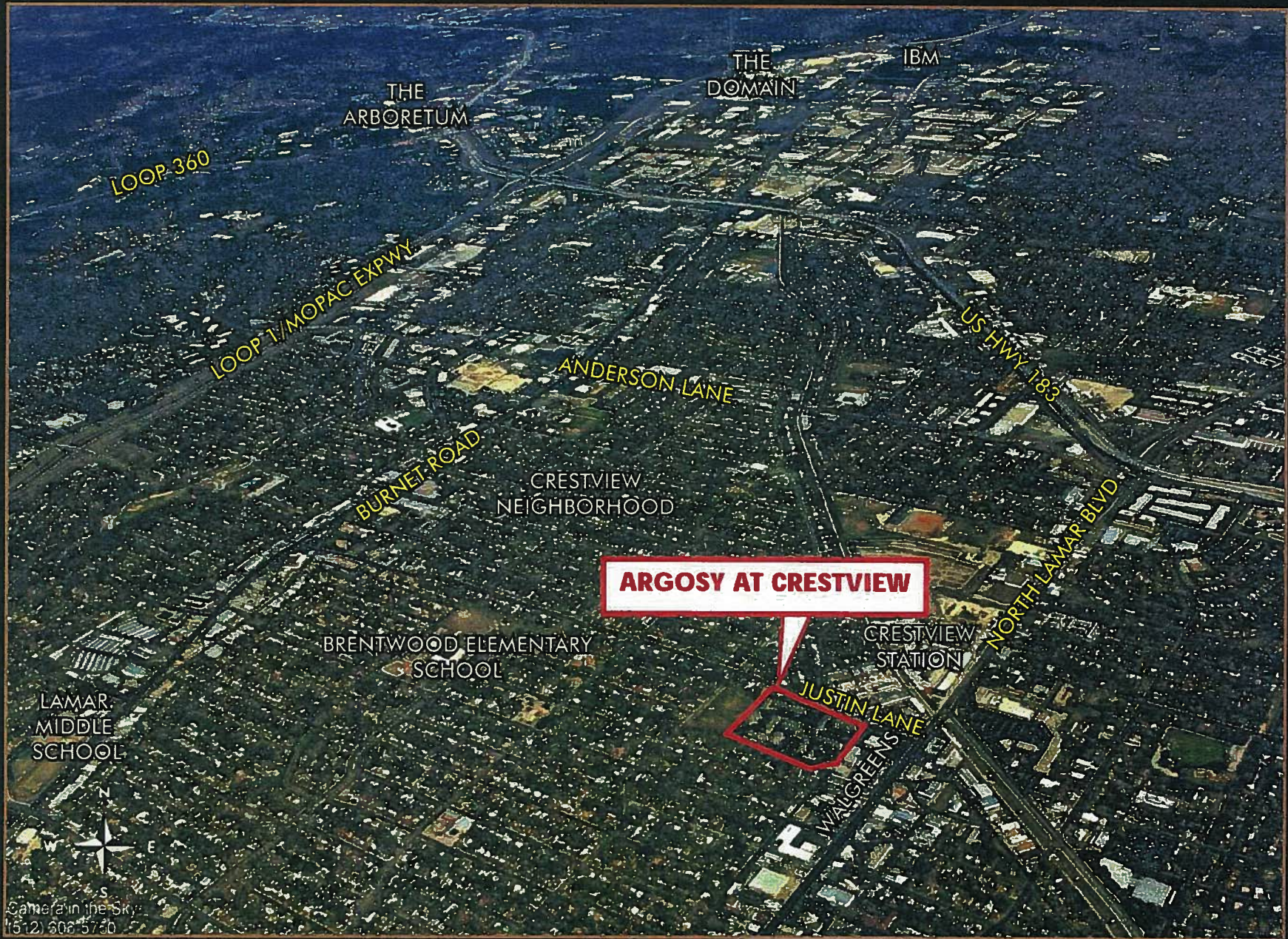
Accrual, Cash, Financial Services

	Current Period Dec 2011	Quarter to Date	Year to Date	Prior Year to Date Dec 2010
Rental Property Income				
Rental Income	92,060.32	92,060.32	92,060.32	0.00
	92,060.32	92,060.32	92,060.32	0.00
Rental Property Operating Expense				
Cleaning Expenses	2,714.87	2,714.87	2,714.87	0.00
Repair and Maintenance	6,713.03	6,713.03	6,713.03	0.00
Facilities/Safety Expenses	19.48	19.48	19.48	0.00
Roads and Grounds Expense	1,279.36	1,279.36	1,279.36	0.00
Administrative Expenses	6,032.51	6,032.51	6,032.51	0.00
Utilities Expense	4,300.00	4,300.00	4,300.00	0.00
Amenities Expense	131.61	131.61	131.61	0.00
Turnover Expense	(1,800.00)	(1,800.00)	(1,800.00)	0.00
Insurance Expense	12,435.52	12,435.52	12,435.52	0.00
Real Estate Taxes	7,642.78	7,642.78	7,642.78	0.00
Leasing Expenses	3,200.00	3,200.00	3,200.00	0.00
Total Operating Expenses	42,669.16	42,669.16	42,669.16	0.00
Net Operating Income (Loss)	49,391.16	49,391.16	49,391.16	0.00
Other Income				
Interest Income	7.08	7.08	7.08	0.00
Total Other Income	7.08	7.08	7.08	0.00
Other Expense				
Interest	9,774.98	9,774.98	9,774.98	0.00
Unrealized Loss (Gain) -Property	(50,503.09)	(50,503.09)	(50,503.09)	0.00
Unrealized Loss (Gain) - Other	584,129.67	584,129.67	584,129.67	0.00
Total Other Expense	543,401.56	543,401.56	543,401.56	0.00
Net Income (Loss)	(494,003.32)	(494,003.32)	(494,003.32)	0.00



To see all the details that are visible on the screen, use the "Print" link next to the map.





ARGOSY AT CRESTVIEW

Schedule C: CASA V Key Personnel

Biographies of Key Personnel

Portfolio Management Team

James G. Martha, CPM, CCIM, Managing Director Property, North America (Co-Portfolio Manager of the Fund) Mr. Martha joined Henderson in 1992 and is currently responsible for the overall management of the North American property business including the strategic planning and management of various client portfolios. He chairs the North American Property Investment Committee and Portfolio Performance Committee and is a member of the North American Management Committee. Mr. Martha is also a member of Henderson's Global Property Management Team. Prior positions within the firm include Director of Property Portfolio Management, Director of Multi-Family Asset Management and Portfolio Manager. Mr. Martha has 28 years of property investment experience managing both debt and equity for institutional and HNW investors. Prior to joining the firm, Mr. Martha was employed by a national real estate property management firm where he held various positions, including Vice President of Multi-Family Housing Management, Vice President of Commercial Management and Portfolio Manager. He holds the Institute of Real Estate Management's CPM designation, and is a two-time past President of the Connecticut Chapter. Mr. Martha also received the CCIM designation from the Commercial Investment Real Estate Institute, he holds the FINRA Series 7 designation and serves on the Advisory Board for National Multi-Family Housing Council (NMFHC). *Education: BS, Management, Central Connecticut State University.*

Susan M. Motowidlak, Director, Portfolio Manager (Co-Portfolio Manager of the Fund) Ms. Motowidlak is responsible for the strategic planning and portfolio management of two multi-family commingled funds, as well as the ongoing management of operations, value enhancement and dispositions of various other North American fund and separate account assets. She is a member of the North American Property Investment Committee and Portfolio Performance Committee. She has 34 years of real estate experience, beginning her career with Aetna Realty Advisors as a Real Estate Analyst. She joined Phoenix Realty Advisors in 1987 where her career path was broad-based including direct responsibility relating to acquisitions, dispositions, loan origination and asset management. In 1998, she joined Starwood Financial and returned to Henderson in 1999. *Education: BS, Economics and Finance, University of Hartford.*

Edward F. Pierzak, Ph.D., Chief Investment Strategist—Property, North America / Portfolio Manager Mr. Pierzak's responsibilities include strategic planning, portfolio management, and research activities. He is responsible for the development and implementation of the U.S. real estate research capability and property house views, as well as the coordination of the global property research effort. Results are integrated into the firm's investment process, strategy, and allocations for investment funds. Portfolio management responsibilities are related to Henderson's diversified commingled open-end real estate fund, the Henderson North American Property Fund, and include investment strategy, transactions activity, and portfolio performance. Additional responsibilities include the communication and promotion of Henderson's market perspectives and capabilities via publications and presentations. He is a member of Henderson's Portfolio Performance and Property Investment Committees. Prior to joining Henderson in May 1999, he was a senior real estate equity investment analyst at Metropolitan Life. *Education: Ph.D., Finance; M.S., Finance; B.S., Industrial Engineering, all from the University of Illinois at Urbana-Champaign.*

A.J. Richard, Esq., Director of Property Portfolio Management / Portfolio Manager Mr. Richard joined the firm in 1992, and is responsible for the strategic planning and portfolio management of various North American property funds, as well as direct supervision of the company's North American real estate asset managers who are responsible for property operations. He is a member of North American Property Investment Committee and Portfolio Performance Committees. Prior positions with the firm include Portfolio Manager and Asset Manager. He has 22 years experience in real estate, five of which were with Travelers Realty Investments, including asset management, market research, mortgage lending, secondary mortgage lending and management reporting systems. Mr. Richard is a member of the Bar of the State of Connecticut, serves on the Advisory Board for National Multi-Family Housing Council (NMHC) and is a member of the International Council of Shopping Centers (ICSC). *Education: JD and MBA, University of Connecticut; BA, English and History, Boston University.*

Michael O. Schwaab, Director of Partner Development Mr. Schwaab is responsible for identifying operating partners suitable for Henderson's North American Manager of Partners Program. He manages the due diligence process for prospective partners and also participates in maintaining the various joint venture relationships. Mr. Schwaab is also responsible for acquisitions, dispositions and asset management for various portfolios. He is a member of Henderson's North American Investment Committee and Portfolio Performance Committee. Prior to joining Henderson in May 2000, he was employed by Equity Residential Properties Trust for ten years, most recently as Vice President of the Transactions Group, where he worked in all areas of real estate acquisitions and dispositions. With more than \$2B in transactions closed during his career, he has extensive experience in both single asset and portfolio transactions of direct real estate, joint venture, REIT and development deals. *Education: MS, Real Estate Appraisal and Investment Analysis, University of Wisconsin; BA, Economics, University of Notre Dame.*

Asset Management Team

Brian P. Eby, Director, Transactions Mr. Eby is responsible for the acquisitions, dispositions and asset management related to various North American portfolios. He is a member of Henderson's Property Investment Committee. Prior to joining Henderson in April 2000, he was a real estate consultant at Arthur Andersen LLP, where he provided appraisals, market analysis and due diligence services relating to multi-family, office, hospitality, industrial and retail property types. Previously, Mr. Eby worked as a development consultant with SB Freidman & Company, a Chicago based development and planning firm. Mr. Eby passed the Level I CFA examination and holds an Illinois Real Estate Broker's License. *Education: BA, Urban and Regional Planning, University of Illinois, Urbana-Champaign.*

Kathleen Clark, Asset Manager Ms. Clark is responsible for the ongoing management of operations, value enhancement and dispositions of a portfolio of North American fund and separate account assets including multi-family and retail property types. She is a member of Henderson's Portfolio Performance Committee. She joined the firm in 2000 as a Treasury Analyst, prior to which she had been Director of Cash Management and Corporate Reporting for Konover & Associates, a shopping center development company, where she had been employed for 10 years. In 2004, she transitioned to the property team as a Portfolio Management Analyst, and advanced to her current position in June 2007. She is a Certified Treasury Professional and a member of the Association of Financial Professionals. *Education: MBA, Management, Albertus Magnus College; BBA, Accounting, Western Connecticut State University.*

Sean A. Dwyer, Vice President, Asset Manager Mr. Dwyer is responsible for the ongoing management of operations, value enhancement and dispositions of a portfolio of North American fund and separate account assets including industrial, multi-family and retail property types. Prior to joining Henderson, Mr. Dwyer was associated with Household International, ORIX Real Estate Equities and Jupiter Realty Corporation in both transactional and asset management capacities. Mr. Dwyer has additional experience in the area of tax-advantaged finance (Section 42 and bond-related) and some of the redevelopment projects he has managed have been recognized with industry awards. *Education: BA, Vassar College.*

Thomas P. Sayers, Vice President, Asset Manager Mr. Sayers is responsible for the ongoing management of operations, value enhancement and dispositions of various North American fund and separate account assets including multi-family and retail property types. He is a member of Henderson's Portfolio Performance Committee. He also has a great deal of expertise in the bond financing used by a number of the investment portfolios managed by the firm. He joined the firm's Investment Accounting Department in 1986 and transferred to the Real Estate Division three years later. Prior to his present position, Mr. Sayers was employed by the firm as the Portfolio Accounting Manager and was an active NCREIF participant. Mr. Sayers is also an affiliated member of the Connecticut Society of Certified Public Accountants. *Education: BS, Accounting, University of Connecticut.*

Kristina Lynn, Transactions Analyst Ms. Lynn is responsible for assisting in the North American property acquisition and disposition underwriting and due diligence process and for preparing investment summaries. Prior to joining Henderson, she was an intern with General Growth Properties and AIG in London. *Education: BBA, Real Estate, Marketing and Management and Human Resources, University of Wisconsin-Madison.*

Fund Accounting and Client Servicing

Mona M. Bent, Director of Financial Services Ms. Bent joined the firm in February of 2002, and is responsible for the Fund Accounting and Reporting areas as well as overseeing the Property and Liability Insurance programs for all of the assets managed by Henderson Global Investors (North America) Inc. She is a member of Henderson's Management and Portfolio Performance Committees. She has 14 years of real estate experience. Prior to joining the firm, Ms. Bent was employed by JP Morgan Fleming Asset Management for seven years, where she was a Vice President and Controller of the Open-ended Commingled Funds. Prior to that she was a Senior Auditor at Deloitte & Touche LLP. She is a participating member of the National Council of Real Estate Investment Fiduciaries (NCREIF). *Education: BS, Accounting, University of Hartford.*

Amy K. Lynch, Manager of Client Services Ms. Lynch manages the Client Service team for the firm's North American property business. Responsibilities include overseeing the coordination and distribution of real estate client and consultant communications and other investor relations activities. She joined the firm in 1993. Prior positions within the property team include Consultant Communications Manager and Marketing Analyst. She is a member of the Professional Association of Investment Communications Resources (PAICR) and holds the FINRA Series 6 designation.