



Travis County Commissioners Court Agenda Request  
**TRAVIS COUNTY HOUSING FINANCE CORPORATION**

**Meeting Date:** August 27, 2013

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

**Elected/Appointed Official/Dept. Head:** Leslie Browder, County Executive, Planning and Budget/854-9106

**Commissioners Court Sponsor:** Samuel T. Biscoe, President

**AGENDA LANGUAGE:**

1. Set September 17, 2013 as date for Public Hearing concerning the issuance of the Corporation's Multifamily Housing Revenue Bonds (Parmer Place Apartments), Series 2013.

2. Set September 17, 2013 as date for Public Hearing concerning the issuance of the Corporation's Multifamily Housing Revenue Bonds (William Cannon Apartments), Series 2013

3. Take appropriate action to consider adoption of resolution, approval of Agreement to Issue Bonds and to file application with Texas Bond Review Board for issuance of bonds to finance residential development for Pedcor Investments for the Parmer Place Apartments.

4. Take appropriate action to consider adoption of resolution, approval of Agreement to Issue Bonds and to file application with Texas Bond Review Board for issuance of bonds to finance residential development for Pedcor Investments for the William Cannon Apartments.

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

**STAFF RECOMMENDATIONS:** Staff recommends approval.

**ISSUES AND OPPORTUNITIES:** None.

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

**FISCAL IMPACT AND SOURCE OF FUNDING:** None.

**REQUIRED AUTHORIZATIONS:** Andrea Shields, Manager/854-9116;  
Leslie Browder, County Executive, Planning and Budget/854-9106

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



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[www.namanhowell.com](http://www.namanhowell.com)

To: Board of Directors of Travis County Housing Finance Corporation

From: Cliff Blount

Re: Inducement Resolution for Pedcor Investments – William Cannon and Parmer Place

Date: August 20, 2013

**Agenda Date: August 27, 2013**

Approval of a revised initial resolution and agreement to issue bonds is on the agenda for Tuesday, August 27 for these 2 proposed projects. Attached hereto as backup are the resolution and agreement that are proposed for approval. These projects were initially approved in April for financing of \$20 million in tax exempt bonds and due to changes in timing and structure, the developer has requested an increase to \$22 million which requires a new resolution.

As a reminder, the two proposed projects will be very similar other than their locations – Parmer Place at Parmer Lane and Dessau Road and William Cannon on East William Cannon Drive. For both properties, the unit mix will be 72 1-bedroom units, 132 2-bedroom units and 48 3-bedroom units. The improvements are proposed to have wood framing and a cement board, stone and stucco exterior.

The average unit size is proposed to be 962 square feet with 1 bedroom units being 723 square feet, 2 bedroom units being 995 square feet and the 3 bedroom units being 1231 square feet.

The interior amenities will include all-electric energy star appliance, including frost free refrigerator/freezer, multi-cycle dishwasher, full size oven/range and vent hood, garbage disposal, washer and dryer connections, microwave, laminate countertops and backsplash. Project amenities will include a community room, exercise room, business center, laundry facility, activity room, classroom, community services office, pool with splash pad, playground, park area, picnic tables, BBQ grills, dog park and common area Wi-Fi.

As before, the requested action is still a preliminary resolution and does not obligate the Corporation to ultimately issue the bonds. Closing is currently anticipated to be in December or January if the project is approved. If the Board approves this request, an application will be filed with the Bond Review Board for an allocation of the state volume cap for private activity bonds. An initial resolution of this type is necessary in order to apply to the Bond Review Board.

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

cc: Andrea Shields  
Karen Thigpen  
Ladd Pattillo

**Travis County Housing Finance Corporation**  
**700 Lavaca, Suite 1560**  
**Austin, Texas 78701**  
**Telephone: (512) 854-9116**  
**Fax: (512) 854-4210**

**Memo**

August 27, 2013

To: Board of Directors

From: Andrea Shields, Manager

Re: Two applications for multifamily bond issues from Pedcor Investments:  
William Cannon Apartments and Parmer Place

Pedcor Investments has applied to the Housing Finance Corporation for bond issues to finance the construction of two affordable housing properties within Travis County. The agenda items for April 2<sup>nd</sup>, 2013, are for initial inducement to issue bonds on these properties, which is in no way a commitment to do so. You all have several weeks to review the application materials and receive answers to any questions you may have. This memo and the appended backup materials are intended to provide you with the most relevant information on these items for your consideration. Should you want any other information, please do not hesitate to request it, and we will be happy to provide it. Please note that the Corporation's counsel and FA are also reviewing the applications currently.

**Information on Pedcor Investments**

Pedcor was founded in 1987 and is an accomplished and respected affordable housing developer with holdings in 12 states. Pedcor's portfolio includes more than 14,000 units, and more than 11,000 of those units are set-aside as affordable. The firm has familiarity with bonds and tax credits (both 9% and 4%), and utilizes both types of affordable financing across the portfolio. The company, which is headquartered in Indianapolis, IN, currently does not have any properties in the state of Texas; however, staff has familiarity with Pedcor projects and construction based on previous market analysis experience on properties in other states. We recognize that the Board typically prefers that staff visit current projects to report condition, construction type, management practices, etc. Since there are no properties in the immediate area, we requested a quote from an appraisal firm in Columbus, OH that would perform site inspections, interview management staff, take photos and provide a brief write up on the condition of the two Pedcor properties in Columbus. The fee for this service is \$500, which

would be considerably more affordable than a staff visit. We have included the engagement letter for this service in the backup for your consideration.

An important consideration is that when Pedcor develops properties, they hold the asset in their portfolio and have an in-house management company to perform on-site management. Since the company does not divest themselves of the assets, they are motivated to keep the properties in good condition and to work efficiently to maintain positive cash flows while providing safe and affordable housing to individuals and families. For more detailed information on Pedcor or its holdings, please review the Company Resume and Previous Participation documentation included in the backup materials.

Staff's prior experience with Pedcor has been positive, with properties exhibiting good construction and condition, while providing needed safe and affordable housing in their respective communities.

### **Details on William Cannon Apartments**

**Location:** 2112 E. William Cannon Drive, Austin, 78744 (maps are included in the back up for reference). The property is located in Precinct 4.

**Bond Amt:** \$22,000,000

#### **Construction**

**Costs:** Total construction costs are estimated at \$39,180,825 with the balance financed primarily through 4% tax credits. Please note, the applicant has applied for a 221(d)4 mortgage through HUD, which would close upon completion of construction and stabilization, likely in mid-2014, at which time the bonds would be paid off. The HFC plans to continue to monitor the property annually for compliance with affordability restrictions required in the bond documents through the compliance period (typically 15 years.)

#### **Construction**

**Completion:** Construction is expected to be complete by December 2014.

**Site:** 27.43 acres, appropriately zoned for multifamily development. Plan reviews are in process with the city, but the design has already been awarded a One Star Rating as a Austin Energy Green Building (AEGB) as part of the SMART program approval process.

**Structures:** The property will offer 252 one-, two- and three-bedroom family units in 3-story garden style apartment buildings constructed with stucco, stone and cement-board siding.

Units: The units at the property will be set at 50 and 60% of the Area Median Income. The following chart shows the number of each unit type, the unit size, the set aside and the proposed rent and rent per square foot.

PROPOSED RENTS					
Unit Type	Sq. Ft.	# of Units	Set-aside*	Proposed Rent	Rent Per SF
1bed/1bath	723	4	50%	\$555	0.76763
1bed/1bath	723	68	60%	\$692	0.95712
2bed/2bath	995	132	60%	\$824	0.82814
3bed/3bath	1,231	48	60%	\$916	0.74411
<b>Total/Avg</b>	<b>918</b>	<b>252</b>		<b>\$747</b>	

According to the Market Study by Apartment MarketData, LLC dated October 26, 2012, the proposed rents compare favorably with the average market rents for this Subject's area, with rent differences between 17.7% and 34.0%, which is shown in the following table.

Unit Type	Sq. Ft.	# of Units	Set-aside*	Proposed Rent	Market Rent	% Difference
1bed/1bath	723	4	50%	\$555	\$880	34.0%
1bed/1bath	723	68	60%	\$692	\$880	17.7%
2bed/2bath	995	132	60%	\$824	\$1,100	21.6%
3bed/3bath	1,231	48	60%	\$916	\$1,260	24.0%
<b>Total/Avg</b>	<b>918</b>	<b>252</b>		<b>\$747</b>	<b>\$1,030</b>	

Amenities: *Units:* The units will include ranges, refrigerators, dishwashers, microwaves, 9' ceilings, central A/C, garbage disposals, carpet, blinds, washer and dryer connections and patios/balconies. All appliances will be Energy Star rated.

*Property:* The property will offer a clubhouse, fitness center, community room, central laundry facilities, education center, library, business center, pool with splash pad, covered pavilion area, barbeque grills, picnic area, two playgrounds, a dog park, and Wi-Fi in the community areas. All of the amenities are free to the residents. The property is located less than 0.3 miles from the closest bus stop.

Green Building Features:

William Cannon Apartments meets the requirements of the Austin Energy Green Building (AEGB) 1 Star Rating. To meet this requirement, the property has at least 14 features for energy efficiency. Some of these include energy efficient property design (windows, insulation, lighting,

mechanical systems, plumbing, etc.) and unit features (air conditioning units, Energy Star appliances, etc.) For more detailed information on the property's energy efficient features, please see the "William Cannon Green Building Characteristics" document provided by Pedcor, which is included in the backup.

**Resident**

**Programs:** The clubhouse includes a Learning/Education Center which will be operated in conjunction with YMCA. The center will offer after school programs. Curricula will include computers and English as a Second Language. For seniors and disabled residents, management will pick up rent checks and provide concierge trash services. Management will also offer a slate of resident activities and events. The YMCA programming for children of the property as well as resident activities and events provided by management are further detailed in the "William Cannon Tenant Service and Programming" document provided by Pedcor, which is included in the backup.

**Fees:** Pedcor has paid the application fee for this project. The issuer fee on this project if the bonds are issued is anticipated to be approximately \$100,000.

**Backup:** These items are included in the backup for your review and consideration.

- \*The HFC Application Questionnaire
- \*Agreement to Issue Bonds
- \*Application for Financial Participation
- \*Resume for Pedcor Investments and Portfolio Information
- \*Sources and Uses
- \*15 Year Cash Flow
- \*Site Plan
- \*Location Maps
- \*William Cannon Green Building Characteristics
- \*William Cannon Tenant Service and Programming

**Details on Parmer Place Apartments**

**Location:** 1500 E. Parmer Lane, Austin, 78754 (maps are included in the back up for reference). The property is located in Precinct 1.

**Bond Amt:** \$22,000,000

**Construction**

**Costs:** Total construction costs are estimated at \$37,771,873 with the balance financed primarily through 4% tax credits. Please note, the applicant has applied for a 221(d)4 mortgage through HUD, which would close upon completion of construction and stabilization, likely in mid-2014, at which



time the bonds would be paid off. The HFC plans to continue to monitor the property annually for compliance with affordability restrictions required in the bond documents through the compliance period (typically 15 years.)

**Construction**

**Completion:** Construction is expected to be complete by December 2014.

**Site:** 15.50 acres, appropriately zoned for multifamily development. Plan reviews are in process with the city, but the design has already been awarded a One Star Rating as a Austin Energy Green Building (AEGB) as part of the SMART program approval process.

**Structures:** The property will offer 252 one-, two- and three-bedroom family units in 3-story garden style apartment buildings constructed with stone and cement-board siding.

**Units:** The units at the property will be set at 60% of the Area Median Income. The following chart shows the number of each unit type, the unit size, the set aside and the proposed rent and rent per square foot.

<b>PROPOSED RENTS</b>					
<b>Unit Type</b>	<b>Sq. Ft.</b>	<b># of Units</b>	<b>Set-aside*</b>	<b>Proposed Rent</b>	<b>Rent Per SF</b>
1bed/1bath	723	72	60%	\$692	0.95712
2bed/2bath	995	132	60%	\$824	0.82814
3bed/3bath	1,231	48	60%	\$916	0.74411
<b>Total/Avg</b>	<b>983</b>	<b>252</b>		<b>\$811</b>	

According to the Market Study by Apartment MarketData, LLC dated October 26, 2012, the proposed rents compare favorably with the average market rents for this Subject's area, with rent differences between 12.0% and 21.5%, which is shown in the following table.

<b>Unit Type</b>	<b>Sq. Ft.</b>	<b># of Units</b>	<b>Set-aside*</b>	<b>Proposed Rent</b>	<b>Market Rent</b>	<b>% Difference</b>
1bed/1bath	723	72	60%	\$692	\$850	14.8%
2bed/2bath	995	132	60%	\$824	\$980	12.0%
3bed/3bath	1,231	48	60%	\$916	\$1,220	21.5%
<b>Total/Avg</b>	<b>983</b>	<b>252</b>		<b>\$811</b>	<b>\$1,017</b>	

**Amenities:** *Units:* The units will include ranges, refrigerators, dishwashers, microwaves, 9' ceilings, central A/C, garbage disposals, carpet, blinds,

washer and dryer connections and patios/balconies. All appliances will be Energy Star rated.

*Property:* The property will offer a clubhouse, fitness center, community room, central laundry facilities, education center, library, business center, pool with splash pad, covered pavilion area, barbeque grills, picnic area, two playgrounds, a dog park, and Wi-Fi in the community areas. All of the amenities are free to the residents. The property is located adjacent to the closest bus stop.

Green  
Building  
Features:

Parmer Place Apartments meets the requirements of the Austin Energy Green Building (AEGB) 1 Star Rating. To meet this requirement, the property has at least 14 features for energy efficiency. Some of these include energy efficient property design (windows, insulation, lighting, mechanical systems, plumbing, etc.) and unit features (air conditioning units, Energy Star appliances, etc.) For more detailed information on the property's energy efficient features, please see the "Parmer Place Green Building Characteristics" document provided by Pedcor, which is included in the backup.

Resident  
Programs:

The clubhouse includes a Learning/Education Center which will be operated in conjunction with YMCA. The center will offer after school programs. Curricula will include computers and English as a Second Language. For seniors and disabled residents, management will pick up rent checks and provide concierge trash services. Management will also offer a slate of resident activities and events. The YMCA programming for children of the property as well as resident activities and events provided by management are further detailed in the "Parmer Place Tenant Service and Programming" document provided by Pedcor, which is included in the backup.

Fees:

Pedcor has paid the application fee for this project. The issuer fee on this project if the bonds are issued is anticipated to be approximately \$100,000.

Backup:

These items are included in the backup for your review and consideration.

- \*The HFC Application Questionnaire
- \*Agreement to Issue Bonds
- \*Application for Financial Participation
- \*Sources and Uses
- \*15 Year Cash Flow
- \*Site Plan
- \*Location Maps

\*Parmer Place Green Building Characteristics  
\*Parmer Place Tenant Service and Programming

cc: Leslie Browder, County Executive, Planning and Budget  
Cliff Blount, Naman Howell  
Ladd Pattillo, FA

**RESOLUTION OF BOARD OF DIRECTORS PRESCRIBING THE FORM AND SUBSTANCE OF AN AGREEMENT TO ISSUE BONDS; AUTHORIZING THE EXECUTION OF SUCH AGREEMENT; AND CONTAINING OTHER PROVISIONS RELATING TO \$22,000,000 MULTIFAMILY HOUSING REVENUE BONDS (PARMER PLACE 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, constructing, equipping and financing a certain Residential Development to be known as Parmer Place Apartments by Pedcor Investments-2012-CXXX, L.P., an Indiana limited partnership (the "User"); 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, and subject to the terms thereof, in a maximum aggregate principal amount expected to be issued for the Project in an amount not to exceed \$22,000,000.

Section 2: The proceeds of the Bonds will be used to finance the acquisition, construction, equipping and financing 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 2013 for the amount of \$22,000,000 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: 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 8: 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 27th day of August, 2013.

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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 27th day of August, 2013, 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 27th day of August, 2013.

\_\_\_\_\_  
Margaret Gomez, Secretary

## **Exhibit A**

The Project is a proposed garden-style, apartment complex to consist of 252 units in 11, 3-story buildings at the corner of Parmer Lane and Dessau Road on 15.90 acres. The unit mix will be 72 1-bedroom units, 132 2-bedroom units and 48 3-bedroom units. The improvements are proposed to have wood framing and a cement board, stone and stucco exterior.

The average unit size is proposed to be 962 square feet with 1 bedroom units being 723 square feet, 2 bedroom units being 995 square feet and the 3 bedroom units being 1231 square feet.

The interior amenities will include all-electric energy star appliance, including frost free refrigerator/freezer, multi-cycle dishwasher, full size oven/range and vent hood, garbage disposal, washer and dryer connections, microwave, laminate countertops and backsplash. Project amenities will include a community room, exercise room, business center, laundry facility, activity room, classroom, community services office, pool with splash pad, playground, park area, picnic tables, BBQ grills, dog park and common area Wi-Fi.



**RESOLUTION OF BOARD OF DIRECTORS PRESCRIBING THE FORM AND SUBSTANCE OF AN AGREEMENT TO ISSUE BONDS; AUTHORIZING THE EXECUTION OF SUCH AGREEMENT; AND CONTAINING OTHER PROVISIONS RELATING TO \$22,000,000 MULTIFAMILY HOUSING REVENUE BONDS (WILLIAM CANNON 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, constructing, equipping and financing a certain Residential Development to be known as William Cannon Apartments by Pedcor Investments-2012-CXXXI, L.P., an Indiana limited partnership (the "User"); 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, and subject to the terms thereof, in a maximum aggregate principal amount expected to be issued for the Project in an amount not to exceed \$22,000,000.

Section 2: The proceeds of the Bonds will be used to finance the acquisition, construction, equipping and financing 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 2013 for the amount of \$22,000,000 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: 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 8: 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 27th day of August, 2013.

---

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 27th day of August, 2013, 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 27th day of August, 2013.

\_\_\_\_\_  
Margaret Gomez, Secretary

## **Exhibit A**

The Project is a proposed garden-style, apartment complex to consist of 252 units in 13, 3-story buildings on East William Cannon on 27.43 acres. The unit mix will be 72 1-bedroom units, 132 2-bedroom units and 48 3-bedroom units. The improvements are proposed to have wood framing and a cement board, stone and stucco exterior.

The average unit size is proposed to be 962 square feet with 1 bedroom units being 723 square feet, 2 bedroom units being 995 square feet and the 3 bedroom units being 1231 square feet.

The interior amenities will include all-electric energy star appliance, including frost free refrigerator/freezer, multi-cycle dishwasher, full size oven/range and vent hood, garbage disposal, washer and dryer connections, microwave, laminate countertops and backsplash. Project amenities will include a community room, exercise room, business center, laundry facility, activity room, classroom, community services office, pool with splash pad, playground, park area, picnic tables, BBQ grills, dog park and common area Wi-Fi.

## AGREEMENT TO ISSUE BONDS

THIS AGREEMENT TO ISSUE BONDS, entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2013, 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 Pedcor Investments-2012-CXXXI, L.P. (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 constructing and acquiring 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 \$20,000,000 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 Project will be sold on an installment payment basis or leased to the User or that 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 and 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 nationally recognized 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 and from the Corporation's engineering consultant concerning the environmental and traffic

impact of the Residential Development; 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, 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

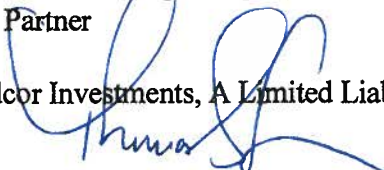
By: \_\_\_\_\_  
Samuel T. Biscoe, President

USER

Pedcor Investements-2012-CXXXI, L.P.,

By: William Cannon Housing Company, LLC,  
Its General Partner

By: Pedcor Investments, A Limited Liability Company, Its Manager

By:   
\_\_\_\_\_  
Thomas G. Crowe,  
Executive Vice President

## **AGREEMENT TO ISSUE BONDS**

THIS AGREEMENT TO ISSUE BONDS, entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2013, 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 Pedcor Investments-2012-CXXX, L.P. (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 constructing and acquiring 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 \$20,000,000 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 Project will be sold on an installment payment basis or leased to the User or that 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 and 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 nationally recognized 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 and from the Corporation's engineering consultant concerning the environmental and traffic

impact of the Residential Development; 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, 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

USER

Pedcor Investements-2012-CXXX, L.P.,

By: Parmer Place Housing Company, LLC,  
Its General Partner

By: Pedcor Investments, A Limited Liability Company, Its Manager

By: \_\_\_\_\_  
Thomas G. Crowe,  
Executive Vice President