

**RESOLUTION NO. 20150423-AHFC002**

**WHEREAS**, the Austin Housing Finance Corporation (AHFC) was created by the City of Austin in accordance with Chapter 394, Local Government Code for the public purpose and function, among others, of providing a means to finance the cost of residential developments that will provide decent, safe, and sanitary housing at affordable prices for residents of the City of Austin; and

**WHEREAS**, Chapter 22, Texas Business Organization Code (Code), authorizes the creation and organization of non-profit corporations which may act as a duly constituted affiliate of a Texas housing finance corporation to aid and assist the housing finance corporation in the performance of one or more of its functions; and

**WHEREAS**, AHFC desires to further its public purposes and functions by creating a related, affiliate, non-profit corporation and instrumentality named AHFC Aldrich 51 Non-Profit Corporation (Related Corporation), appointing and maintaining its board of directors, and otherwise exercising control over the Related Corporation, its dissolution, and its assets; and

**WHEREAS**, by creating the Related Corporation, AHFC intends to serve as managing member of a to-be-formed Limited Liability Company, which will acquire the property and construct and operate approximately 240 units of mixed-income rental housing located in the Robert Mueller Municipal Airport Redevelopment, more particularly, the west side of Aldrich Lane between Barbara Jordan Boulevard and East 51st Street, to be known as The Aldrich 51 Apartments; and

**WHEREAS,** AHFC desires that the Related Corporation have and exercise all of the powers prescribed by the Code; and

**WHEREAS,** AHFC desires that the Related Corporation's certificate of formation, articles of incorporation, and by-laws shall be in the form and be executed, approved, and filed in the manner prescribed by this Resolution; and

**WHEREAS,** the Board of Directors desires to authorize and approve the certificate of formation, articles of incorporation, and by-laws of the Related Corporation, appoint the board of directors of the Related Corporation, and take other action with respect to the Related Corporation; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE  
AUSTIN HOUSING FINANCE CORPORATION:**

**Section 1.** The Board of Directors hereby finds, determines, recites, and declares that it is wise, expedient, necessary, and advisable that the Related Corporation be formed. The creation and organization of the Related Corporation under the provisions of the Code as a duly constituted affiliate, non-profit corporation and instrumentality of AHFC is hereby approved, and the Related Corporation is hereby authorized: to aid, assist, and act on its behalf and for the benefit of AHFC in the performance of its functions to develop, construct, and acquire affordable housing in Austin; to participate in a to-be-formed limited liability company, which will own the development currently proposed to be called the Aldrich 51 Apartments; to promote, develop, encourage, and maintain the Aldrich 51 Apartments as decent, safe, and sanitary housing at affordable rental rates for a period of 99 years; to ensure to the maximum extent possible and to the

extent of the Related Corporation's percentage of ownership that the Aldrich 51 Apartments helps to achieve the public purpose and functions of AHFC; and to perform the other purposes described in its Articles of Incorporation.

**Section 2.** The Board of Directors hereby approves the Certificate of Formation of the Related Corporation in substantially the form attached hereto as **Exhibit "A"** and authorizes the incorporator of the Related Corporation to file such Certificate of Formation with the Secretary of State of the State of Texas in the manner provided by law.

**Section 3.** The Board of Directors hereby approves the Articles of Incorporation of the Related Corporation in substantially the form attached hereto as **Exhibit "B"** and authorizes the incorporator of the Related Corporation to execute and file such Articles of Incorporation as necessary and maintain them in the corporate records in the appropriate manner as provided by law.

**Section 4.** The Board of Directors hereby appoints the initial board of directors of the Related Corporation, with their terms of office to expire at the time indicated.

<u>Name</u>	<u>Term Expires</u>
Bert Lumbreras	April 30, 2018
Elizabeth A. Spencer	April 30, 2018
Rebecca Giello	April 30, 2018

Bert Lumbreras is designated as the President of the Related Corporation. Other officers shall be designated as provided in the By-laws.

**Section 5.** The Board of Directors hereby approves the By-laws of the Related Corporation in substantially the form attached hereto as **Exhibit "C"** and authorizes the president of the corporation to execute and file them in the corporate records in the manner provided by law.

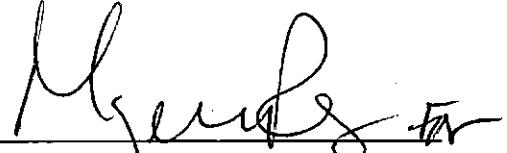
**Section 6.** The Board of Directors hereby finds, determines, recites, and declares that any notes, bonds, loans, debts, or other obligations of the Related Corporation shall not be deemed an indebtedness, liability, general or moral obligation, or pledge of the faith or credit of the State of Texas, the City of Austin, AHFC, or any other political subdivision or governmental unit, nor shall any such notes, bonds, loans, debts, or other obligations constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction or an agreement, obligation, or indebtedness of AHFC, the City of Austin, the State of Texas within the meaning of AHFC's Articles of Incorporation, the City Charter, or of any constitutional or statutory provision whatsoever.

**Section 7.** The Board of Directors hereby finds, determines, recites, and declares that it is the purpose, intent, and desire of AHFC in approving the creation of the Related Corporation and its Certificate of Formation, Articles of Incorporation, and By-laws, that such actions and the Related Corporation hereby authorized comply with the requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service rulings promulgated thereunder and the rulings issued pursuant thereto, such that the Related Corporation shall be determined to be a constituted nonprofit corporation acting as an asset of AHFC pursuant to the provisions of the Code and Chapter 394, Texas Local Government Code.

**Section 8.** This Resolution shall take effect immediately upon its passage and approval by the Board of Directors.

**ADOPTED:** April 23, 2015

**ATTEST:**

  
Jannette S. Goodall  
City Clerk

# EXHIBIT A

**Form 202**  
**(Revised 05/11)**

Submit in duplicate to:  
Secretary of State  
P.O. Box 13697  
Austin, TX 78711-3697  
512 463-5555  
FAX: 512/463-5709  
**Filing Fee: \$25**



This space reserved for office use.

## **Certificate of Formation Nonprofit Corporation**

### **Article 1 – Entity Name and Type**

The filing entity being formed is a nonprofit corporation. The name of the entity is:

**AHFC ALDRICH 51 NON-PROFIT CORPORATION**

### **Article 2 – Registered Agent and Registered Office**

(See instructions. Select and complete either A or B and complete C.)

☐ A. The initial registered agent is an organization (cannot be entity named above) by the name of:

OR

☒ B. The initial registered agent is an individual resident of the state whose name is set forth below:

David	W.	Potter	
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>

C. The business address of the registered agent and the registered office address is:

1000 East 11 <sup>th</sup> Street, 2 <sup>nd</sup> Floor	Austin	TX	78702
<i>Street Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>

### **Article 3 – Management**

The management of the affairs of the corporation is vested in the board of directors. The number of directors constituting the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting of members or until their successors are elected and qualified are as follows:

*A minimum of three directors is required.*

Director 1				
Bert		Lumbreras		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
1000 East 11th Street, 2nd Floor	Austin	TX	78702	USA
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Director 2				
Elizabeth	A.	Spencer		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
1000 East 11th Street, 2nd Floor	Austin	TX	78702	USA
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Director 3				
Rebecca	E.	Giello		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
1000 East 11th Street, 2nd Floor	Austin	TX	78702	USA
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

OR

☐ The management of the affairs of the corporation is to be vested in the nonprofit corporation's members.

#### Article 4 – Membership

(See instructions. Do not select statement B if the corporation is to be managed by its members.)

- ☐ A. The nonprofit corporation shall have members.
- ☒ B. The nonprofit corporation will have no members.

#### Article 5 – Purpose

(See instructions. This form does not contain language needed to obtain a tax-exempt status on the state or federal level.)

The nonprofit corporation is organized for the following purpose or purposes:

Aiding Austin HFC in its essential governmental functions and duties to foster affordable rental housing for low- and very low-income families in Austin by acquiring land and constructing new new rental housing in the Robert Mueller Municipal Airport Redevelopment, more particularly located on the west side of Aldrich Street between Barbara Jordan Boulevard and East 51st Street.

The corporation will serve as Managing Member of the Limited Liability Company that will own and operate the development.

*The following text area may be used to include any additional language or provisions that may be needed to obtain tax-exempt status.*

The corporation is formed pursuant to Chapter 22, Texas Business Organizations Code (Nonprofit Corporations). The corporation is directed by the Austin HFC, in accordance with Chapter 394, Texas Local Government Code (Housing Finance Corporations in Municipalities and Counties), which authorizes the corporation to assist and act on behalf of the Austin HFC and the City and to engage in activities that promote the purpose for its creation. The corporation is organized and will be operated exclusively for one or more charitable purposes as defined by Section 501(c)(4) of the Internal Revenue Code of 1986, as amended, or any successor federal tax code.

The rental housing development the corporation is being formed to acquire and construct and manage as the Managing Member of a Limited Liability Corporation will provide approximately 240 rental units in central Austin. A minimum of 151 units will be reserved for families with yearly household incomes at or below 60% of Austin's Median Family Income (MFI), including 47 units for families with yearly household incomes at or below 50% MFI, and 18 units affordable to households with incomes at or below 30% MFI. 24 units will have no income restrictions.

### Supplemental Provisions/Information

(See instructions.)

Text Area: [The attached addendum, if any, is incorporated herein by reference.]

### Organizer

The name and address of the organizer:

Elizabeth A. Spencer

Name

1000 East 11<sup>th</sup> Street, 2<sup>nd</sup> Floor

Austin

TX

78702

Street or Mailing Address

City

State

Zip Code

### Effectiveness of Filing (Select either A, B, or C.)

- A. ☒ This document becomes effective when the document is filed by the secretary of state.
- B. ☐ This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: \_\_\_\_\_
- C. ☐ This document takes effect upon the occurrence of a future event or fact, other than the passage of time. The 90<sup>th</sup> day after the date of signing is: \_\_\_\_\_

The following event or fact will cause the document to take effect in the manner described below:



### **Execution**

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized to execute the filing instrument.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of organizer

Elizabeth A. Spencer

\_\_\_\_\_  
Printed or typed name of organizer

**EXHIBIT B**  
**ARTICLES OF INCORPORATION**  
**OF**  
**AHFC ALDRICH 51 NON-PROFIT CORPORATION**

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I, the undersigned natural person, of the age of eighteen (18) years or more and a citizen of the State of Texas, acting as incorporator of a corporation under Chapter 22 of the Texas Business Organizations Code (Code), do hereby adopt the following Articles of Incorporation for such corporation.

**ARTICLE ONE**

The name of the corporation (Corporation) is AHFC ALDRICH 51 NON-PROFIT CORPORATION.

**ARTICLE TWO**

The Corporation is a non-profit corporation, and is related to, affiliated with and an instrumentality of the Austin Housing Finance Corporation (AHFC), a Texas public, non-profit corporation.

**ARTICLE THREE**

The period of the Corporation's duration is perpetual.

**ARTICLE FOUR**

The Corporation is organized and shall be operated for the sole purpose of: (i) aiding, assisting, and acting on behalf of AHFC in the performance of its essential governmental functions to promote the common good and general welfare of AHFC on behalf of and for the benefit of the general public, the City of Austin and this state; (ii) fostering mixed-income housing in Austin, Travis County, Texas, by causing a minimum of 240 rental housing units, located on the west side of Aldrich Street between Barbara Jordan Boulevard and East 51<sup>st</sup> Street, to be known as the Aldrich 51 Apartments, for occupancy by persons and families with incomes that do not exceed the allowed amounts as stated in either a Land Use Restriction Agreement between the Owner and the Texas Department of Housing and Community Affairs, and/or other obligation(s) of the Owner which restrict tenant incomes, adjusted for family size, to be acquired, constructed, owned, operated and disposed of, and by having the Corporation as the managing member of a to-be-formed limited

liability company which will own the Aldrich 51 Apartments; (iii) serving as the managing member of the Limited Liability Company which will acquire, construct, own and operate the Aldrich 51 Apartments, perform all obligations and duties under the Limited Liability Company agreement, and incur all debts and obligations contemplated under the Limited Liability Company; (iv) promoting, developing, encouraging and maintaining the Aldrich 51 Apartments as decent, safe, and sanitary housing and at affordable prices; and (v) ensuring to the maximum extent possible that the Aldrich 51 Apartments helps to achieve the public purposes and functions of the AHFC. The Corporation shall: [a] not engage in any business or activity other than the acquisition, development, construction, ownership and operation of the Aldrich 51 Apartments, whether directly or indirectly as the managing member of the Limited Liability Company, or [b] not incur or assume any indebtedness, unsecured trade debt incurred in the ordinary course of business, indebtedness incurred for the acquisition, construction, ownership, operation or disposition of the Aldrich 51 Apartments or contemplated in any way under the Limited Liability Company agreement, and indebtedness incurred or assumed in carrying out the Corporation's obligations or rights as the managing member of the Limited Liability Company, or [c] not violate or fail to maintain the Corporation's identity as an entity separate from any other person or entity; and, provided further, the Corporation may perform any and all lawful activities which may be reasonably necessary, useful or desirable for the furtherance, accomplishment, fostering, or attaining any of the foregoing purposes, either directly or indirectly, and either alone or in conjunction or cooperation with others, whether such as corporations, firms, associations, trusts, institutions, foundations, or governmental bureaus, departments or agencies. The Corporation is formed pursuant to the provisions of the Code and as directed by the AHFC in accordance with Chapter 394, Texas Local Government Code (Local Government Code), which authorizes the Corporation to assist and act on behalf of AHFC and the City and to engage in activities in the furtherance of the purposes for its creation. Further, the Corporation will be organized and will be operated exclusively for one or more charitable purposes, within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1986, as amended, or any successor federal tax code (the "Federal Code").

## **ARTICLE FIVE**

### **POWERS**

The activities of the Corporation and the application of the funds and assets of the Corporation shall be limited to the purposes stated herein, but the Corporation shall: (i) have and exercise all of the rights, powers, privileges, authority, and functions given by the general laws of the State to non-profit corporations incorporated under the Code; and (ii) have all other powers of a like or different nature not prohibited by law which are available to non-profit corporations in the State and which are necessary or useful to enable the Corporation to perform the purposes for which it is created, including the power to issue bonds, notes or other obligations, and otherwise exercise its borrowing power to accomplish the purposes for which it was created.

## **ARTICLE SIX**

### **MEMBERSHIP**

The Corporation shall have no members and shall have no stock.

## ARTICLE SEVEN

### INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of the Corporation is in care of AHFC, 1000 East Eleventh Street, Suite 200, Austin, Texas, 78702, and the name of its initial registered agent at such address is David W. Potter.

## ARTICLE EIGHT

### BOARD OF DIRECTORS

All powers of the Corporation shall be vested in a Board of Directors (the "Board") consisting of three (3) persons. The initial directors of the Corporation (the "Director" or "Directors") shall be those persons named in this Article Eight. Each initial Director shall serve for the term expiring on the date set forth in this Article Eight. Subsequent Directors shall be appointed to the Board of the Corporation by the Board of Directors of AHFC. Except as provided in the Articles of Incorporation, each Director shall serve for the term provided in the Bylaws. Any Director may be removed from office at any time, with or without cause, by the Board of Directors of AHFC. The number of Directors may only be increased or decreased by an amendment to these Articles of Incorporation and may never be decreased to less than three (3).

To be qualified to serve as a Director, a person must be an employee of AHFC or the City and be at least eighteen (18) years old. AHFC shall designate the president of the Corporation. AHFC may appoint the number of ex-officio, non-voting members of the Board that is desired. All other matters pertaining to the internal affairs of the Corporation shall be governed by the By-laws of the Corporation, so long as such By-laws are not inconsistent with these Articles of Incorporation, or the laws of the State. The names, addresses, positions, and terms of office of the initial Directors, each of whom resides within the state and is an employee of the City, are:

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Bert Lumbreras	1000 East 11 <sup>th</sup> Street, 2 <sup>nd</sup> Floor Austin, TX 78702	Director	April 30, 2018
Elizabeth A. Spencer	1000 East 11thStreet, 2 <sup>nd</sup> Floor Austin, TX 78702	Director	April 30, 2018
Rebecca Giello	1000 East 11thStreet, 2 <sup>nd</sup> Floor Austin, TX 78702	Director	April 30, 2018

## **ARTICLE NINE**

### **LIMITATION ON LIABILITY OF DIRECTORS**

To the fullest extent permitted by Texas statutes, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits broader limitation than permitted prior to such amendment), a Director shall not be liable to the Corporation for monetary damages for an act or omission in the Director's capacity as a Director. Any repeal or amendment of this Article Nine by the Directors shall be prospective only and shall not adversely offset any limitation on the personal liability of a Director existing at the time of such repeal or amendment.

## **ARTICLE TEN**

### **RESTRICTIONS AND REQUIREMENTS**

Regardless of any other provisions of these Articles of Incorporation or the laws of the State, the Corporation shall not (i) permit any part of the net earnings of the Corporation to inure to the benefit of any private interest or private individual (except that reasonable compensation may be paid for personal services rendered to or for the Corporation in effecting one or more of its purposes); (ii) devote more than an insubstantial part of its activities to attempting to influence legislation by propaganda or otherwise; or (iii) participate in, or intervene in (in each case either directly or indirectly), political campaigns on behalf of or in opposition to any candidate for public office. Any income earned by the Corporation after payment of reasonable expenses, debt and establishing a reserve with respect to the Timbers Apartments shall accrue only to the benefit of AHFC, unless AHFC shall otherwise direct in accordance with the Local Government Code.

Any notes, bonds, loans, debts or other obligations of the Corporation shall not be deemed an indebtedness, liability, general or moral obligation or pledge of the faith or credit of the State of Texas, the City of Austin, AHFC or any other political subdivision or governmental unit, nor shall any such notes, bonds, loans, debts or other obligations constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction or an agreement, obligation, or indebtedness of AHFC, the City of Austin or the State of Texas within the meaning of AHFC's Articles of Incorporation, the City Charter or of any constitutional or statutory provision whatsoever.

AHFC shall, at all times, have an unrestricted equal right to receive any income earned by the Corporation, exclusive of amounts needed to cover reasonable expenditures and reasonable reserves for future activities. The Corporation shall conduct its affairs and activities so as to insure that upon its dissolution full legal title to all property of the Corporation with respect to which such indebtedness was incurred shall vest in AHFC.

**ARTICLE ELEVEN**  
**AMENDMENTS TO ARTICLES OF INCORPORATION**  
**AND BYLAWS**

The articles of incorporation, except Article Four for so long as any bonds are outstanding, and the by-laws of the Corporation may at any time and from time to time be amended so as to make any changes therein and add any provisions thereto which might have been included in the articles of incorporation or the by-laws in the first instance. Any such amendment shall be effected in either of the following manners: (i) the Board of the Corporation shall file with the Board of Directors of AHFC an application in writing seeking permission to amend the articles of incorporation or the bylaws, specifying in such application the amendment proposed to be made, the Board of Directors of AHFC shall consider such application and, if it shall by appropriate resolution duly find and determine that it is wise, expedient, necessary or advisable that the proposed amendment be made and shall authorize the same to be made, and shall approve the form of the proposed amendment, then the Board of the Corporation may amend the articles of incorporation or the bylaws by adopting such amendment at a meeting of the Board of the Corporation and, in the case of amendments to the articles of incorporation, delivering articles of amendment to the Secretary of State, or (ii) the Board of Directors of AHFC may, at its sole discretion, and at any time, alter or change the structure, organization, programs, or activities of the Corporation (including the power to terminate the Corporation), subject to any limitations on the impairment of contracts entered into by the Corporation, by adopting amendments to the articles of incorporation or the by-laws of the Corporation at a meeting of the Board of Directors of AHFC and in the case of amendments to the articles of incorporation, delivering articles of amendment to the Secretary of State.

**ARTICLE TWELVE**  
**DISSOLUTION OF THE CORPORATION**

If the Board of the Corporation or the Board of Directors of AHFC determines by resolution that the purposes for which the Corporation was formed have been substantially met and all debts and obligations incurred by the Corporation have been fully paid or otherwise provided for, the Board of the Corporation shall request the Board of Directors of AHFC to execute and deliver Articles of Dissolution to the Secretary of State which states those facts and declares the Corporation dissolved in accordance with the requirements of the Code. In the event of dissolution or liquidation of the Corporation, at any time and for any reason, all of the funds, properties and assets, including full legal title to all property of the Corporation, shall vest in and be conveyed to AHFC unless AHFC shall otherwise direct in accordance with the Local Government Code.

## ARTICLE THIRTEEN

### AHFC APPROVAL

On April 23, 2015 the Board of Directors of AHFC duly adopted AHFC Resolution No. \_\_\_\_\_ approving the form of the Certificate of Formation, these Articles of Incorporation, the form of the initial By-laws and approving the creation of the Corporation.

## ARTICLE FOURTEEN

### CONSTRUCTION

All references in these Articles of Incorporation to statutes, regulations or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

## ARTICLE FIFTEEN

### INCORPORATOR

The name and street address of the incorporator, who resides within the state and is an employee of the City, is:

**NAME**

Elizabeth A. Spencer

**ADDRESS:**

City of Austin  
Neighborhood Housing & Community  
Development Department  
1000 East 11th Street, 2nd Floor  
Austin, Texas 78702

IN WITNESS WHEREOF, I, Elizabeth A. Spencer, the undersigned Incorporator, have hereto set my name this \_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
ELIZABETH A. SPENCER  
Incorporator

**STATE OF TEXAS**  
**COUNTY OF TRAVIS**

Before me, \_\_\_\_\_, a notary public, on this day personally appeared Elizabeth A. Spencer, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of this is office this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

SEAL

\_\_\_\_\_  
Notary Public Signature

\_\_\_\_\_  
Printed Name of Notary

My commission Expires: \_\_\_\_\_



## **Exhibit C**

### **BY-LAWS OF THE AHFC ALDRICH 51 NON-PROFIT CORPORATION**

#### **ARTICLE 1. NAME.**

The name of the corporation is the AHFC Aldrich 51 Non-Profit Corporation (Corporation).

#### **ARTICLE 2. PURPOSE AND DUTIES.**

**Section 1. Purpose.** The purpose of the Corporation is (i) aiding, assisting, and acting on behalf of AHFC in the performance of its essential governmental functions to promote the common good and general welfare of AHFC on behalf of and for the benefit of the general public, the City of Austin and this state; (ii) fostering mixed-income housing in Austin, Texas, by causing a minimum of 216 low- and medium-income, rental housing units in a proposed rental housing development of 240 units, located within the Robert Mueller Municipal Airport Redevelopment on the west side of Aldrich Street between Barbara Jordan Boulevard and East 51<sup>st</sup> Street, Austin, Travis County, Texas and known as the Aldrich 51 Apartments for occupancy by persons and families who have incomes that do not exceed the amounts as stated in the Land Use Restriction Agreement executed between the current owner and the Texas Department of Housing and Community Affairs, and adjusted for family size, to be acquired, constructed, owned, operated and disposed of, and by having the Corporation as the managing member of a to-be-formed Limited Liability Company which will own the Aldrich 51 Apartments; (iii) serving as the managing member of the Limited Liability Company which will acquire, construct, own and operate the Aldrich 51 Apartments, perform all obligations and duties under the Limited Liability Company agreement, and incur all debts and obligations contemplated under the Limited Liability Company; (iv) promoting, developing, encouraging and maintaining the Aldrich 51 Apartments as decent, safe, and sanitary housing and at affordable prices; and (v) ensuring to the maximum extent possible that the Aldrich 51 Apartments helps to achieve the public purposes and functions of the AHFC. The Corporation shall: [a] not engage in any business or activity other than the acquisition, development, rehabilitation, ownership and operation of the Aldrich 51 Apartments, whether directly or indirectly as the managing member of the Limited Liability Company, or [b] not incur or assume any indebtedness, unsecured trade debt incurred in the ordinary course of business, indebtedness incurred for the acquisition, rehabilitation, ownership, operation or disposition of the Aldrich 51 Apartments or contemplated in any way under the Limited Liability Company agreement, and indebtedness incurred or assumed in carrying out the Corporation's obligations or rights as the managing member of the Limited Liability Company, or [c] not violate or fail to maintain the Corporation's identity as an entity separate from any other person or entity; and, provided further, the Corporation may perform any and all lawful activities which may be reasonably necessary, useful or desirable for the furtherance, accomplishment, fostering, or attaining any of the foregoing purposes, either directly or indirectly, and either alone or in conjunction or cooperation with others, whether such as corporations, firms, associations, trusts, institutions, foundations, or governmental bureaus, departments or agencies.

**Section 2. Duties.** The Corporation shall keep correct and complete books and records of accounts and shall also keep minutes of all proceedings of its Board of Directors. All books and records of the Corporation may be inspected by any director or director's agent or attorney for any proper purpose during regular business hours of the Corporation's principal office. No notice of regular meetings of the Board is required other than a resolution of the Board stating the time and place of meetings.

### **ARTICLE 3. MEMBERSHIP.**

**Section 1. Board of Directors.** The property and affairs of the Corporation shall be managed and controlled by a Board of Directors (the Board) and, subject to the restrictions imposed by law, the Certificate of Formation, the Articles of Incorporation and these By-Laws, the Board shall exercise all of the powers of the Corporation.

(A) The Board shall consist of three (3) directors, each of whom shall be appointed by the board of directors of the Austin Housing Finance Corporation (AHFC). The Board shall be comprised of one class. Any director may be removed from office by the board of directors of AHFC for cause or at will.

(B) Directors shall serve for a term as approved by the board of directors of AHFC or until their successor is duly elected and qualified provided that the initial term of the directors will be determined by the Articles of Incorporation.

(C) Vacancies in the Board, including vacancies to be filled by an increase in the number of directors, shall be filled by the board of directors of AHFC for terms of no more than three (3) years.

(D) An individual Board member may not act in an official capacity except through the formal and noticed action of the entire Board.

#### **Section 2. Action & Duties of the Board.**

(A) A majority of the number of directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board. The directors present at a duly called or held meeting at which a quorum is present may leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required to constitute a quorum. If a quorum is present at any time during a meeting, a majority of the directors present may adjourn and reconvene the meeting one time without further notice.

(B) Directors shall exercise ordinary business judgment in managing the affairs of the Corporation. In acting in their official capacity as directors of this Corporation, directors shall act in good faith and take actions they reasonably believe to be in the best interests of the Corporation and that are not unlawful. In all other instances, the Board shall not take any action that they should reasonably believe would be opposed to the Corporation's best interests or would be unlawful. A director shall not be liable if, in the exercise of ordinary care, the director acts in good faith relying on written financial and legal statements provided by an accountant or attorney retained by the Corporation.

(C) The Board shall try to act by consensus. However, the vote of a majority of directors present and voting at a meeting at which a quorum is present shall be sufficient to constitute the act of the Board of Directors unless the act of a greater number is required by law or the By-laws. A director who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining the decision of the Board. For the purpose of determining the decision of the Board, a director who is represented by a proxy in a vote is considered present.

(D) A director may vote by proxy executed in writing by the director. No proxy shall be valid after three (3) months from the date of its execution.

**Section 3. Compensation of Directors.** Directors shall not receive salaries from the Corporation for their services. The Board may adopt a resolution providing for payment to directors of a fixed sum and expenses of attendance, if any, for attendance at a meeting of the Board. A director may serve the Corporation in any other capacity and receive compensation for those services. Any compensation that the Corporation pays to a director shall be commensurate with the services performed and reasonable in amount.

**Section 4. Removal of Directors.** The board of directors of AHFC may remove a director from the Board at any time, with or without cause.

#### **ARTICLE 4. OFFICERS AND DUTIES OF OFFICERS.**

**Section 1. Titles and Terms of Office.** The officers of the Corporation shall be a president, a vice president, a secretary, and a treasurer. The Board may create additional officer positions, define the authority and duties of each such position, and elect or appoint persons to fill the positions. Any two or more offices may be held by the same person, except the offices of president and secretary. Any officer elected or appointed by the Board may be removed by the Board or by resolution of the board of directors of AHFC, with or without cause. The president may only be removed by the board of directors of AHFC. Removal of an officer shall be without prejudice to the contract rights, if any, of the officer.

**Section 2. President.** The president shall be the chief executive officer of the Corporation. The president shall supervise and control all of the business and affairs of the Corporation. The president shall preside at all meetings of the Board. The president may execute any deeds, mortgages, bonds, contracts, or other instruments that the Board has authorized to be executed. However, the president may not execute instruments on behalf of the Corporation if this power is expressly delegated to another officer or agent of the Corporation by the Board, the Articles of Incorporation, the By-laws, or statute. The president shall perform other duties prescribed by the Board and all duties incident to the office of president.

**Section 3. Vice-President.** The vice president shall have such powers and duties as may be assigned by the Board and shall exercise the powers of the president during that officer's absence or inability to act. Any action taken by the vice president in the performance of duties as the president shall be conclusive evidence of the absence or inability to act of the president at the time such action was taken. The vice president shall perform other duties as assigned by the president or the Board.

**Section 4. Treasurer.** The treasurer shall:

(A) have charge and custody of and be responsible for all funds and securities of the Corporation;

(B) receive and give receipts for moneys due and payable to the Corporation from any source;

(C) deposit all moneys in the name of the Corporation in banks, trust companies, or other depositories as provided in these By-laws or as directed by the Board or president.

(D) write checks and disburse funds to discharge obligations of the Corporation. Funds may not be drawn from the Corporation or its accounts for greater than \$5,000 without the signature of both the president or vice president and the signature of the treasurer;

(E) maintain the financial books and records of the Corporation;

(F) prepare financial reports at least annually;

(G) perform other duties as assigned by the president or by the Board;

(H) if required by the Board, give a bond for the faithful discharge of his or her duties in an amount and with surety as determined by the Board; and,

(I) perform all of the duties incident to the office of treasurer.

**Section 5. Secretary.** The secretary shall:

(A) keep the minutes of all meetings of the Board in books provided for this purpose;

(B) attend to the giving and serving of all notices on behalf of the Corporation;

(C) take minutes of the meetings of the Board and keep the minutes as part of the corporate records;

(D) attest to the signature of the officers of the Corporation on all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation;

(E) keep a register of the mailing address of each director, officer, and employee of the Corporation;

(F) perform duties as assigned by the Board or president; and

(G) perform all duties incident to the office of secretary.

## **ARTICLE 5. PARLIAMENTARY AUTHORITY.**

The rules contained in the current edition of Robert's Rules of Order shall govern the Board in all cases to which they are applicable, except when inconsistent with these by-laws or with special rules of order which the Board or the AHFC board of directors may adopt.

## **ARTICLE 6. ARTICLES OF INCORPORATION AND BY-LAWS.**

### **Section 1. . Amendments to Articles of Incorporation and By-laws.**

(A) The Articles of Incorporation may at any time and from time to time be amended, provided that the Board files with the AHFC board of directors a written application requesting the AHFC board of directors approve such amendment to the Articles of Incorporation, specifying in such application the amendment or amendments proposed to be made and explaining the necessity of such amendment(s). If the AHFC board of directors by appropriate resolution finds and determines that it is advisable that the proposed amendment(s) be made, authorizes the same to be made and approves the form of the proposed amendment(s), the Board shall proceed to amend the Articles of Incorporation as provided in the Act. The Articles of Incorporation may also be amended at any time by the AHFC board of directors at its sole discretion by adopting an amendment to the Articles of Incorporation of the Corporation by resolution of the AHFC board of directors and delivering the Articles of Amendment to the Secretary of State as provided in the Act.

(B) These by-laws may be amended by majority vote of the Board and shall be ratified by the AHFC board of directors.

**Section 2. Interpretation of By-laws.** These by-laws and all the terms and provision contained herein shall be liberally construed to give effect to the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these by-laws, or the application thereof to any person or circumstance is ever held to be invalid or unconstitutional by a court of competent jurisdiction, the remainder of these by-laws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these by-laws to any other person or circumstance shall not be affected thereby.

## **ARTICLE 7. GENERAL PROVISIONS**

**Section 1. Principal Office.** The principal office of the Corporation shall be located at 1000 East Eleventh Street, Suite 200, Austin, Texas 78702. The Corporation shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose business office is identical with such registered office, as required by the Act. The registered office may be, but need not be, identical with the principal office for the Corporation, and the address of the registered office may be changed from time to time by the Board, pursuant to the requirements of the Act.

**Section 2. Fiscal Year.** The fiscal year for the corporation shall be from October 1st of a given year through September 30th of the following year.

**Section 3. Notice and Waiver of Notice.** Whenever any additional notice is required to be given to a director under the provisions of the Articles of Incorporation or these by-laws, such notice shall be deemed sufficient if given by depositing same in a post office box in a stamped addressed envelope to the person entitled to the notice at their last known address or as it appears in the books of the Corporation, if to a holder of corporate bonds, and such notice shall be deemed to have been given on the day of such mailing.

**Section 4. Resignations.** Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified in the writing, or, if no time is specified, at the time of its receipt by the president or secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly provided for in the resignation.

**Section 5. Organizational Control** . The board of directors of AHFC may, at its sole discretion, and at any time, alter or change the structure, organization, programs or activities of the Corporation (including the power to terminate the Corporation), subject to any limitation in the Act on the impairment of contracts entered into by the Corporation.

**Section 6 . Dissolution of the Corporation.** Upon dissolution of the Corporation, title to or other interests in any real or personal property owned by the Corporation at such time shall vest in AHFC. Any prior acts and instruments performed or executed by the Board or officers of the Corporation in its name and on its behalf are hereby ratified and confirmed.

ADOPTED this \_\_\_\_ day of April 2015.

**AHFC ALDRICH 51 NON-PROFIT CORPORATION**

By: \_\_\_\_\_  
Name: BERT LUMBRERAS  
President

**ATTEST:**

\_\_\_\_\_  
Name: REBECCA GIELLO  
Secretary-Treasurer