

Industrial Development Authority of the City of Lexington, Virginia

Wednesday, October 9, 2019, 5:00 p.m.

City Hall, Second Floor Meeting Room

300 East Washington Street

1. Call to Order – Bruce Summers, IDA Chairman
2. Approval of Minutes
 - a. IDA meeting, Wednesday, January 9, 2019*
 - b. IDA Meeting, Monday, April 15, 2019*
3. Appointment of Interim City Manager Brenda G. Garton as IDA Secretary*
4. Update on Lexington House Apartments Proposal – Brenda Garton, Interim City Manager*
5. Set a date for an IDA Meeting for a Public Hearing to Consider the Lexington House Apartments Proposal – Brenda Garton, Interim City Manager*
6. Consideration of Proposed Term Sheet – Danial Lauro*
7. Update on IDA Role and Responsibility for Borrowing Requests – Daniel Lauro*
8. Update on VDOT Property Acquisition, Brenda Garton, Interim City Manager*
9. Update on IDA Balance Sheet – Gary Swink, Finance Director*
10. Danter and Associates Market Analysis – Brenda Garton, Interim City Manager *
11. Closed Meeting
12. Adjourn

Minutes
Industrial Development Authority (IDA)
Of the City of Lexington, VA
Wednesday, January 9, 2019, 5:30 p.m.

IDA:

Present: Bruce Summers, Chair
Felicia Bush
Nick Charles
Dick Halseth
Tammi Hellwig (5:33 p.m.)

Also present:

Staff: Noah Simon, Secretary
Gary Swink, Treasurer
Jani Hostetter, Clerk
Josh Elrod, City Attorney
Daniel Lauro, IDA Attorney

Absent: Buddy Derrick
Katie Shester

The Industrial Development Authority (IDA) met on January 9, 2019 in the Second Floor Meeting Room of City Hall. Vice-Chair Dick Halseth called the meeting to order at 5:30 p.m. and asked City Attorney Elrod to lead the annual election of IDA Officers.

Annual Election of IDA Officers

- Election of Chairman
Dick Halseth nominated Bruce Summers to serve as Chairman. Nick Charles seconded the nomination, and Bruce Summers was elected unanimously (4/0).
- Election of Vice Chairman
Bruce Summers nominated Dick Halseth to serve as Vice Chairman. Nick Charles seconded the nomination, and Dick Halseth was elected unanimously (4/0).
- Election/Appointment of IDA Secretary
Bruce Summers elected City Manager Simon to serve as IDA Secretary (5/0).
- Election/Appointment of IDA Treasurer
Bruce Summers elected Finance Director Swink to serve as IDA Treasurer (5/0).

Approval of the IDA Minutes

City Manager Simon explained the process of minutes and how corrections are submitted and reflected in the minutes. Dick Halseth requested that minutes be distributed to the IDA two weeks after a meeting, to which City Manager Simon agreed.

Dick Halseth moved to approve the following minutes of the Industrial Development Authority:

- IDA meeting, Thursday, June 14, 2018
- IDA meeting, Monday, June 18, 2018

- IDA meeting, Friday, July 27, 2018
- IDA meeting, Wednesday, August 8, 2018
- IDA meeting, Monday, August 13, 2018
- IDA meeting, Wednesday, October 17, 2018

Nick Charles seconded. The motion carried unanimously (5/0).

Overview of the role, responsibility and functions of the IDA and IDA members

IDA Attorney Lauro gave a presentation on the role, responsibility and functions of the IDA and IDA members.

Chairman Summers asked for the IDA balance sheet to be circulated to members of the IDA. City Manager Simon said that up until a couple years ago the City was not collecting any fees for being a conduit for bond financing, so he recommended the IDA implement a one-time fee for conduit financing or refinancing. He explained that some of those funds have been expended to provide matching funds for the LaunchLex project and the Building Entrepreneurial Economics Grant and the economic development consultant.

Felicia Bush asked where the money was obtained from before that fee was implemented. City Manager Simon said that there was not any money. Finance Director Swink said that the only money came from the Robert E. Lee Hotel incentive program. Chairman Summers asked if the fee was charged every year, to which City Manager Simon said the 1/8 of 1% fee was charged one time, not annually.

Conflict of Interest

City Attorney Elrod gave the following background on conflict of interest:

This issue arose in anticipation of the IDA's consideration of new terms for its Borrower Term Sheet. The Borrower Term Sheet includes certain amounts to be charged to all conduit borrowers working through the IDA.

Among the board of the IDA, various members have personal interests (as defined in the Virginia State and Local Government Conflict of Interest Act) by virtue of their employment with institutions (Washington & Lee, VMI and Kendal) who may reasonably be expected to apply for conduit financing in the future, and thereby be affected by the Borrower Term Sheet. This possibility gave rise to the question of whether those members would have a conflict of interest that would preclude their participation in deliberation and voting regarding the establishment of fees for the Borrower Term Sheet.

Counsel for the IDA researched the issue and consulted with the Virginia Conflict of Interest and Ethics Advisory Council, and obtained a response to a written request for guidance.

Based on our research and guidance, we are advising board members affected by this conflict that they may participate in consideration of the rate sheet under the terms and subject to the conditions set forth in the Declaration. Significantly, the Declaration states that the member is "able to participate in the transaction fairly, objectively, and in the public interest" which is a determination

that each member must make on their own. If a member concludes that they cannot be impartial in this matter, they must recuse themselves from consideration of the Borrower Term Sheet.

Dick Halseth asked if a board member recuses themselves, are they recused from the vote, discussion or both. City Attorney Elrod said that they would be recused from both the vote and the discussion. City Manager Simon further explained why recusal is important when it comes to a conflict of interest.

Annual Financial Disclosure Forms

City Attorney Elrod provided a brief overview on the Annual Financial Disclosure Forms that the IDA must submit between January 1 and February 1 annually.

Role of the IDA in reviewing the Virginia Horse Center Foundation (VHCF) financial statements

City Manager Simon and Finance Director Swink provided the following overview on the Role of the IDA in reviewing the Virginia Horse Center financial statements:

The IDA has asked staff what role they should have in reviewing the VHC financials. Working with our attorneys, staff has concluded based on the Memorandum of Understanding (MOU), the VHC will be provided and “presented” to the IDA. There is no fiduciary relationship/responsibility of the IDA created in the MOU or under the IDA Act. The IDA does need to make sure the grant conditions in the MOU are met before it grants funds (granted from the City) to the VHC. Based on this information, in addition to the VHC financials that are shared with the IDA, Gary Swink will provide a brief summary of the VHC finances submitted to the IDA as it relates to whether the MOU grant conditions are met. If the conditions are met, the IDA grants the funds per the MOU. Beyond that, the IDA members do not have to worry about the VHC financials as part of their IDA duties.

IDA Attorney Lauro recommended that staff provide a brief summary stating whether the Horse Center is meeting the requirements set forth in our agreement with them, as a part of the distribution of the Horse Center’s financials to the IDA. The VHCF is meeting the requirements set forth in that agreement. In terms of the VHCF financial performance, you will note in Sandra Thomas’s comments below that they had an operating loss of \$18,492 for the five months, July through November, a slight improve over the previous year. This is the result of an additional show and increased fund raising results.

Chairman Summers referred to the MOU and asked if the VHCF was presenting to the IDA on a quarterly basis. City Manager Simon said that he would invite the VHCF to give a presentation and if the IDA would like to receive the monthly financial reports, City staff can provide them via email. The IDA agreed to have City staff send them the monthly financial reports from the VHCF.

Chairman Summers asked if the meetings between the VHCF and City staff regarding the VHCF becoming financially self-sufficient were occurring. Director Swink said that until they have paid

off their loan, the VHCF would not be financially self-sufficient, but there is evidence that they are making progress. City Manager Simon recommended that the next time the VHCF comes before the IDA, to make them aware that the IDA is interested in their progress. Dick Halseth asked if the VHCF is on a regular schedule to present to the IDA. City Manager Simon said they try to present once or twice a year to the IDA.

City Manager Simon confirmed that the IDA will receive a statement from City staff along with the monthly financials provided by the VHCF.

Discussion and consideration of the Borrowers Term Sheet and Post Issuance Compliance Policy

Post Issuance Compliance Policy

IDA Attorney Lauro reviewed the proposed Post Issuance Compliance Policy. The IDA did not make any changes or suggestions to the proposed policy.

Nick Charles moved to accept the Post Issuance Compliance Policy. Felicia Bush seconded. The motion carried unanimously (5/0).

Borrowers Term Sheet

Felicia Bush recused herself due to her employment with Kendal at Lexington.

IDA Attorney Lauro reviewed the proposed Borrowers Term Sheet. He suggested a fee between \$2,000 and \$4,000 for the non-refundable application fees and a cap of \$3,000 for the annual administrative fee. City Manager Simon said that currently the IDA charges 1/8 of 1% one time.

Dick Halseth asked how the revenue earned from these fees can be spent. City Manager Simon said that it has to be linked to a project or purpose related to Economic Development. Dick Halseth asked if City Council has any say in how the IDA spends that money. City Manager Simon said that technically they cannot, but the IDA typically gets concurrence from City Council before spending any money.

Dick Halseth suggested using a moderate approach to the fees, so that the IDA can be competitive. Chairman Summers asked if everyone was comfortable with the fees suggested. The IDA discussed the fee and cap and the suggested amounts proposed by IDA Attorney Lauro and the fee that the IDA currently charges. Tammi Hellwig asked if the IDA needed to discuss whether they charge a fee at all or the amount they will charge, to which City Manager Simon said that they are being asked to discuss the amounts.

Chairman Summers compared the current one-time fee to the proposed annual fee and pointed out that the one-time fee may be a better deal. He asked if City staff has looked into the math on the current and proposed fees. Dick Halseth suggested looking into past bond hearings the IDA has

done and comparing the current and proposed fees. City Manager Simon said that they had not looked into the math, but staff can look into past bonds the IDA has served as a conduit and compare the two fees. IDA Attorney Lauro said that he would look into the tax code to make sure that charging a one-time fee will not cause an issue for the IDA. He also said that paying a smaller annual fee is normally easier for borrowers instead of a larger one-time fee.

Chairman Summers said that the IDA should want to optimize the borrower term sheet so that it is good for the City, attractive to borrowers and price competitive with other IDAs. The IDA decided to instruct staff to look into the fee comparisons and the IDA will revisit the Borrower Term Sheet after that.

Adjournment

Chairman Summers adjourned the meeting at 7:04 p.m.

Bruce Summers, IDA Chair

Noah A. Simon, Secretary

Minutes
Industrial Development Authority (IDA)
Of the City of Lexington, VA
Monday, April 15, 2019, 5:30 p.m.

IDA:

Present: Bruce Summers, Chair
Felicia Bush
Katie Shester
Buddy Derrick

Absent: Tammi Hellwig
Dick Halseth

Also present:

Staff: Noah Simon, Secretary
Gary Swink, Treasurer
Meredith Warfield, Clerk
Arne Glaeser, Planning Director
Josh Elrod, City Attorney

Consultant: Tim Davey, Timmons Group

The Industrial Development Authority (IDA) met on April 15, 2019 in the Second Floor Meeting Room of City Hall. Chairman Bruce Summers called the meeting to order at 5:30 p.m. Secretary Noah Simon provided opening remarks regarding the recent passing of IDA member Nick Charles.

Discussion of Staffing Transition

Noah Simon stated that he had accepted a new position in Texas and would no longer be in the position of City Manager at City of Lexington after April 30, 2019. Planning Director Arne Glaeser would step into the role of coordinating economic development, and Finance Director Gary Swink would continue to advise IDA on financial matters.

Consideration of a Task Order for the Timmons Group to manage and oversee a market feasibility study for the VDOT property

Noah Simon reported that the VDOT parcel within city limits had been acquired in a direct sale by the city during the last legislative session and state budget cycle. Governor Northam is set to sign the state budget in May, and it will be a 6-8 month process for the city to fully acquire the property. The city wants to be able to sell the property for future development and specifically wants to make the property attractive to the senior living and multifamily rental market, which would be a positive desirable use. The city is asking IDA to spend \$5,000 on Task Order 3 for the Timmons Group to manage and oversee a market feasibility study for the VDOT property. Timmons Group consultant Tim Davey would report back to the city on the final results. Currently there is about \$159,000 in the IDA war chest.

Buddy Derrick moved to approve of Task Order 3 for the Timmons Group to manage and oversee a market feasibility study for the VDOT property. Katie Shester seconded, and the motion carried unanimously.

Consideration of a proposal by Danter & Associates to identify the marketplace for a multifamily rental (including senior housing) on the VDOT property

Tim Davey stated that after looking into vendors, Danter & Associates would be a viable option given the price and also because the group has focused on public sector work in the past. Buddy Derrick asked whether, by approving of this proposal, the city would be locking itself in to a specific property use. Tim Davey responded that the research performed would be transferrable to other markets and would provide a thumb on the scale of the appraisal process as well. Katie Shester asked whether there was a legal amount of time that the city would have to have the property before selling it. Noah Simon responded that there was not a legal amount of time, but that the transfer of the property to the city would take a while. Tim Davey added that the city would be positioned to have a business plan before the transaction. Felicia asked how long the study would take, to which Tim Davey responded that the study would take about 2-3 months. Chairman Summers asked whether the property's adjacency to a school would limit the use potential for the property. Tim Davey responded that the school creates a positive market potential though it limits industrial use. Katie Shester asked Tim Davey how exactly Danter & Associates became the chosen vendor. Tim Davey said that although he had not worked with the group in the past his development partners highly recommended people from Danter & Associates, and the fact that they have municipal experience was a plus. Tim Davey said he had gotten a good impression from the firm during his interview with them as well. Noah Simon said that the total cost of the study would be just over ten percent of the remaining \$158,000, at \$17,000. The city would pay \$5,000 to the Timmons Group and \$12,750 for the completion of the study.

Buddy Derrick moved to accept the proposal by Danter & Associates to identify the marketplace for multifamily rental (including senior housing) on the VDOT property. Felicia Bush seconded, and the motion carried unanimously.

Adjournment

Chairman Bruce Summers adjourned the meeting at 6:00 p.m.

Bruce Summers, IDA Chair

Noah A. Simon, Secretary



IDA Agenda Item October 9, 2019

TOPIC:

Appointment of Interim City Manager Brenda G. Garton as IDA Secretary.

BACKGROUND:

The Lexington City Manager has traditionally served as the Secretary of the Industrial Development Authority (IDA). With the departure of Noah Simon, it is suggested that the IDA appoint Brenda G. Garton, Interim City Manager, as the IDA Secretary until such time as the Lexington City Council appoints the new City Manager.

RECOMMENDATION:

Appoint Brenda G. Garton, Interim City Manager, as Secretary of the IDA.



IDA Agenda Item October 9, 2019

TOPIC:

Lexington House Apartments Proposal.

BACKGROUND:

The City of Lexington has been approached to consider a tax-exempt revenue bond issuance in support of a project to purchase and renovate Lexington House Apartments. There is a meeting planned with the residents of Lexington House in early October. At this point, the request is to bring this matter before the IDA in November and to the City Council in December. Attached to this memo are materials provided related to the project, including a summary of the project and resumes for Steele Properties and the Monroe Group. As a separate agenda item, the IDA members need to identify one or more potential dates for a meeting in November to hold the public hearing and consider approval of the Inducement Resolution. Daniel Lauro can provide more information on the process if desired.

RECOMMENDATION:

No action is required on this agenda item at this time.



RE: Proposed City of Lexington IDA Tax Exempt Industrial Revenue Bonds

Acquisition & Steele/Monroe

Steele Lexington LLC is in the process of acquiring, and then planning to renovate, Lexington House Apartments located at 130 Houston Street, Lexington, VA 24450. The property consists of 78 units which are currently designated for elderly or disabled residents in Lexington, VA. The property is 100% covered by a Project Based Section 8 HAP Contract which subsidizes the resident-paid portion of the rent due each month at this affordable property. Steele Properties, an affiliate of Steele Lexington LLC (the newly created entity to hold the real estate once the closing occurs), specializes in the acquisition and rehabilitation of Project Based Section 8 HAP communities across the country. Following the closing, which is expected to occur in February of 2020, the property will be managed by Monroe Group, Steele's sister company who manages its affordable portfolio of properties nation-wide. Steele and Monroe collectively own and manage over 65 multifamily affordable properties across 20 states throughout the country. Attached for reference are resumes on Steele and Monroe detailing their mission and experience in the affordable housing industry.

Low-Income Housing Preservation

Project Based Section 8 HAP communities serve the lowest income residents in their area and consist of residents who have income anywhere from 0% to 60% of the Area Median Income (AMI) for the county in which they exist. As part of the acquisition, the existing HAP contract will be extended for a period of 20 years from the closing date ensuring that the property will remain affordable for the foreseeable future. Additionally, to finance the acquisition Steele will seek a 4% Low Income Housing Tax Credit (LIHTC) allocation from the Virginia Housing Development Authority (VHDA). As a condition of the LIHTC award, the site will record a Land Use Restriction Agreement (LURA) that will require the site remain affordable to residents who earn no greater than 60% AMI for a period of 30 years from the closing date. As such, the acquisition and renovation will ensure that this valuable resource of 78 low income housing units remain in place in Lexington for years to come. This is especially prudent as we continue to see the existing low income housing stock across the country deteriorate or be converted to market rate housing.

Industrial Revenue Bond Issuance (Tax Exempt Financing)

A requirement of the issuance of 4% LIHTC's is that any renovation or new construction financed by such tax credits be at least 50% financed by tax exempt bonds. As such, Steele is seeking a tax exempt revenue bond issuance from the City of Lexington IDA to ensure that the tax credits can be awarded in order for the renovation to take place. Steele is seeking a "not to exceed" revenue bond issuance of up to \$9,500,000. The revenue bonds are conduit "pass-thru" bonds payable only by the applicant and the project. As such, neither the IDA nor the City have any liability for the bonds. In order to ensure that Steele can satisfy all bond tests required, they will be seeking an Inducement Resolution from the IDA in early November 2019. In order for the Inducement to be granted there will need to be a formal IDA meeting held as well as a public meeting held (known as the TEFRA) giving the residents, or other citizens, the chance to comment on the project. Steele is meeting with the residents on October 9th to let



them know about the pending sale and planned renovations and to field any questions the residents have about either. Within 60 days of the approval of the Inducement Resolution, the City Council will need to issue a final approval of the IDA revenue bond financing. Steele is anticipating that the final approval of the financing will occur at an IDA meeting sometime in January of 2020.

Renovation Plan

As a result of the 4% LIHTC allocation (enabled by the tax exempt bond issuance) Steele is planning to complete a significant renovation of Lexington House Apartments which will result in over \$3,100,000 in hard cost renovation to the individual units and community as a whole. The unit upgrades will include; new bathroom sinks, water sense fixtures, low-flow toilets, bath/shower valve trim, tub remodels & shower head replacement, refrigerator replacement, LED lighting replacement for all fixtures, replacement of existing HVAC systems and water heaters with high efficiency units, flooring replacement and interior painting in the kitchens and bathrooms, new entry door hardware along with replacement of damaged doors, full cabinet & countertop replacement, window treatments, new wireless CO2/smoke detectors and the addition of ceiling fans in the living rooms. Community exterior and interior upgrades will include; railing installation in hallways, new shingles and full TPO replacement on roofs, flashing & trim replacement, gutter & downspout addition/replacement, exterior door repairs, painting of exterior catwalks, balconies and common stairwells, signage replacement, waste compactor replacement, community room/leasing office upgrades, elevator upgrades/modernization, exterior LED lighting replacement, asphalt paving repair, new sealcoat & striping in parking lots, accessible path development, patio replacement/repair, concrete sidewalk repairs & accessible path development, misc. lawn and landscaping repair and sewer line jetting. In addition to all of these repairs, four (4) units will be converted to accessible units to ensure that a minimum of 5% of the units at the property comply with all federal accessibility standards.

MISSION

To preserve, improve, and increase needed affordable housing opportunities in communities across the country.



ABOUT

Steele Properties is a Denver-based national real estate investment company specializing in the acquisition, rehabilitation and new construction of affordable family and senior rental properties. *Steele Properties is currently ranked as one of the top ten companies for substantial rehabs by Affordable Housing Finance.* The company was formed in 2006 with the mission to preserve, improve and increase affordable housing opportunities for vulnerable communities across the country.

SUCCESS

Steele has successfully completed over \$900 million in acquisitions, sales and development activity involving over 60 properties and more than 6,000 units, including over 55 tax credit projects. Most of the properties have undergone or are undergoing complex tax credit rehabilitations resulting in significantly improving the lives of residents across the company's expanding portfolio, which includes family and senior properties in 18 states.

HISTORY

Steele Properties was formed in 2006 as a partnership between Stuart Heller, Hud Karshmer and Chad Asarch to pursue affordable multifamily development and acquisition opportunities. With over 60 collective years of experience in affordable housing, the Principals of Steele Properties have a distinguished reputation for closing complex transactions and structuring winning solutions that meet the goals and objectives of all parties.

LEADERSHIP

Stuart Heller, Hud Karshmer and Chad Asarch are the company's Principals. David Asarch was appointed Partner and Chief Investment Officer in 2016. Together, they guide the company as it expands its' portfolio.

Steele Properties has successfully completed over \$900 million in acquisitions, sales and development involving over 60 properties in 18 states and 6,000+ units, including over 55 tax credit projects.

PARTNERSHIPS

Steele Properties' success would not be possible without strong relationships with state, national and federal housing agencies, community leaders, local vendors, non-profit organizations, equity partners and lenders. Through its continual growth and reputable acquisition history, the company has cultivated strong partnerships resulting in a substantial development portfolio of properties.

CONTACT

6875 East Evans Avenue
Denver, CO 80224
303.226.9120

Leadership

Stuart Heller

FOUNDER & PRINCIPAL



Stuart Heller is a Principal at Steele Properties. In partnership with Chad Asarch and Hud Karshmer, Heller established Steele Properties in 2006. He is certified by the Colorado Housing and Finance Authority in Low Income Tax Credit compliance, is a member of the Rocky Mountain Affordable Housing Management Association, and is a certified specialist in housing credit management by the National Affordable Housing Management Association. The National Assisted Housing Management Association has certified Heller as a NAHP Executive. Stuart is also a member of the National Association of Housing and Redevelopment Officials. Heller, a lifelong Denver resident, has been a licensed real estate broker in the state of Colorado since 1965. He has been active in developing, owning, and managing affordable housing projects since 1978. Heller holds a Bachelor of Science in Business Administration from the University of Denver.

Chad Asarch

PRINCIPAL



Chad Asarch founded Steele Properties with Hud Karshmer and Stuart Heller in 2006. Prior to establishing Steele Properties, Asarch served as Senior Vice President and Associate General Counsel at Apartment Investment and Management Company (AIMCO, NYSE--AIV). While at Aimco, Asarch served as secretary of its investment committee, negotiated the closings of over \$5 Billion in sales and acquisitions, oversaw all legal issues related to property operations, and managed its 20-person legal department. Asarch is active in numerous civic and philanthropic organizations including Colorado Concern, the Global Livingston Institute, JEWISHColorado (2007 Young Leader Award), the Colorado Jewish Community Relations Council (past-Chair, 2017 Community Leadership Award), and AIPAC (National Council, Colorado Political Chair). In 2012, he joined the University of Colorado Law School as an Adjunct Law Professor teaching Real Estate Transactions, serving as a member of the University of Colorado Law School Curriculum Advisory Board, and is teaching at the University of Denver School of Law. Chad also serves on the Federal Home Loan Bank of Topeka Affordable Housing Advisory Council.

Asarch also serves on the Board of Directors for Bye Aerospace, a leading-edge aviation company focused on high altitude solar-electric unmanned aerial vehicles and electric powered aircraft, and Staffable Uganda, a social-impact employment company operating in eastern Africa. Asarch graduated from Williams College cum laude with honors and from the University of Michigan Law School magna cum laude and Order of the Coif, having served as a contributing editor for the Michigan Law Review.

Leadership

Hud Karshmer

PRINCIPAL



Hud Karshmer is a Principal at Steele Properties. He formed a partnership with Chad Asarch and Stuart Heller to establish Steele Properties in 2006. Karshmer's previous experience includes various director-level positions with Qwest Communications where his primary focus was new products and features development. Prior to joining Qwest, Karshmer was Vice President of Business Development for a high-end technology product firm, whose customers included IBM and Microsoft.

Karshmer holds an MBA from Arizona State University and a BA from the University of California at Berkeley. Karshmer served on the board of Housing Justice, a non-profit whose mission is to educate diverse faith communities on the need to provide decent affordable housing for all. He also served on the board of Community Housing Concepts, Inc., a non-profit dedicated to preserving affordable housing.

David Asarch

CHIEF INVESTMENT OFFICER AND PARTNER



David Asarch is the Chief Investment Officer and a Partner at Steele Properties. Asarch has been instrumental in its growth, helping Steele more than double its portfolio and closing over \$550 million in acquisitions, sales, financings and tax credit transactions. Asarch manages the underwriting, acquisition, development and legal teams and oversees projects from start to finish. David joined Steele Properties in 2008.

Asarch previously worked as an Associate in the Real Estate Department at Brownstein Hyatt Farber Schreck, LLP and before that as an Associate in the Real Estate Department at Loeb & Loeb LLP in Los Angeles. He was named "Best Corporate Counsel - Rising Star" by the Denver Business Journal in 2011. Asarch currently serves on the Board of Directors and the Executive Committee of the Jewish Family Service of Colorado. He graduated magna cum laude from Middlebury College and received his J.D. from Stanford Law School.

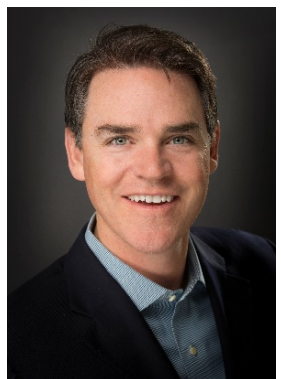
Justin Boyd **LEGAL COUNSEL**



Justin is General Counsel to Monroe Group, Ltd. and its development partner Steele Properties, LLC. Justin oversees all corporate legal issues related to the affordable property management and development activities of each company, providing counsel to the senior management team and the principals of the organization. Boyd oversees tax and corporate governance, service contracts, property management issues, employee and tenant related matters, and all legal matters relating to the companies' real estate transactions.

He previously worked as an Associate for Rothgerber Johnson & Lyons LLP (now named Lewis Roca Rothgerber LLP) and most recently worked as Real Estate Counsel at Black Creek Group, a real estate investment company headquartered in Denver, Colorado. While at Black Creek Group, Justin managed all legal issues related to the asset management operations of a \$7 Billion portfolio across multiple platforms and negotiated approximately \$250 Million in acquisitions, dispositions and developments. Justin received his B.A. from Middlebury College and his Doctorate of Law (JD) degree from the University of Oregon School of Law.

Steve Cordes **CHIEF OPERATING OFFICER**



As Chief Operating Officer, Cordes works with the organization's principals and executive team to implement and oversee the strategic growth plans and operations across all areas of the company. Steve leads the operations, construction and marketing and communications teams, and oversees key vendor relationships.

Prior to joining the Monroe Group, Cordes was employed by Apartment Investment and Management Company ("Aimco"), a Denver-based real estate investment trust (REIT) where he served as Senior Vice President with management responsibilities for Redevelopment, Asset Management, and Finance.

Mr. Cordes joined Aimco in 2001 and served as a Senior Vice President since 2004. During his tenure at Aimco, Mr. Cordes led the management of a 150 property, affordable housing portfolio with a total value of over \$600 million and completed equity joint venture transactions totaling \$1.2 billion asset value. Prior to joining Aimco, he was a manager at PwC's Financial Advisory Services Group. Mr. Cordes has a Bachelor of Science in Civil Engineering from the University of Colorado Boulder and a Master's Degree in Business Administration from the University of Denver.

Leadership

Andrew Higson

CHIEF ACCOUNTING OFFICER



Andrew Higdon is the Chief Accounting Officer. Andrew leads the Finance/Accounting and Human Resources teams.

Prior to joining Steele Properties and Monroe Group, Andrew was Senior Vice President and Chief Accounting Officer at Apartment Investment and Management Company (Aimco), a Denver-based Real Estate Investment Trust (REIT) and one of the largest owners and operators of apartment homes in the country. Andrew joined Aimco in 2007 as a Director of Accounting and was promoted to Vice President of SEC Reporting, later that year. In 2014, his responsibilities expanded to include those of Corporate Controller. In 2015, he was named Chief Accounting Officer. Prior to joining Aimco, he served as an Audit Manager with PricewaterhouseCoopers, specializing in real estate. Andrew is a Certified Public Accountant and a graduate of the University of Texas at Austin.

Andrew also serves on the Board of Directors, Finance Committee and Jane-a-thon Planning Committee of Invest in Kids, a Denver-based non-profit organization focused on improving the health and well-being of vulnerable young children in Colorado.

Paul Moore

DEVELOPMENT DIRECTOR



Paul Moore oversees the closing and renovation of affordable housing projects nationwide for both fund and tax credit investment transactions, as well as manages development staff, and identifies development opportunities. Moore has over 10 years of experience working on public and private real estate transactions including retail and office private equity, GSA investment, low income housing tax credits, project-based Section 8, as well as other financing issued through state, county and local government agencies.

Prior to joining Steele Properties and Monroe Group, Moore served as an investment sales broker at Colliers International, where he sourced and closed over 50 retail and office investment sales transactions. Moore holds a Master's Degree in Real Estate & Construction Management from the University of Denver and a Bachelor of Business Administration from Villanova University.

Property Highlights

2018

Aurora Homes

AURORA, CO

\$10.1M Acquisition and Rehabilitation in 2019

54-unit, Senior and Disabled, Project Based Section

Sabine Place Apartments

FORT WORTH, TX



\$10.8M Acquisition and Rehabilitation

72-unit, Family, Project Based Section 8, 4% Tax Credits, Citibank Tax Exempt Loan

Kirkwood Senior Complex

SAND SPRINGS (SUBURBAN TULSA), OK

\$7.6M Acquisition and Rehabilitation

76-unit, Senior and Disabled, Project Based Section 8, 9% Tax Credits

Nettleton Manor

BONNER SPRINGS (SUBURBAN KANSAS CITY), KS

\$11.3M Acquisition and Rehabilitation

76-unit, Senior and Disabled, Project Based Section 8, 4% Tax Credits, Citibank Tax Exempt Loan

Prince Hall

FORT WORTH, TX



\$10.5M Acquisition and Rehabilitation

76-unit, Family, Project Based Section 8, 4% Tax Credits, Citibank Tax Exempt Loan

Keystone Landing Apartments

MEMPHIS, TX



\$16.5M Acquisition and Rehabilitation

150-unit, Family, Project Based Section 8, 4% Tax Credits, FHA 221(d)(4) Permanent Loan

Pendleton Place Apartments

MEMPHIS, TN

\$15.9M Acquisition and Rehabilitation

120-unit, Family, Project Based Section 8, 4% Tax Credits, FHA 221(d)(4) Permanent Loan

Whittier Apartments and Townhomes

SIOUX FALLS, SD



\$15M Acquisition and Rehabilitation

144-unit, Family, Senior and Disabled Project Based Section 8, 4% Tax Credits, Citibank Tax Exempt Loan

Brighton Place and Winfield Place Apartments

KANSAS CITY, MO

\$3.2M Acquisition and Rehabilitation

82-unit, Family, Project Based Section 8, Private Placement

2017

Valley Brook Apartments

BIRMINGHAM, AL



\$24.9M Acquisition and Rehabilitation

240-unit, Family, Project Based Section 8, 4% Tax Credits, Tax Exempt Bonds Private Placement

Summit Ridge Apartments

BIRMINGHAM, AL



\$22.9M Acquisition and Rehabilitation

200-unit, Family, Project Based Section 8, 4% Tax Credits, FHA 223(f) Permanent Loan

Brooks Manor

WEST COLUMBIA, TX



\$6.6M Acquisition and Rehabilitation

50-unit, Senior and Disabled, Project Based Section 8, 4% Tax Credits, Fannie Mae Tax Exempt Loan

Acadia Portfolio

SCATTERED, ME



\$21M Acquisition and Rehabilitation

170-unit, Family, Senior and Disabled, Project Based Section 8, 4% Tax Credits, Maine Housing Tax Exempt Bond Financing and Subordinate Loan

Raleigh Millbank Apartments

RALEIGH, NC

\$33.7M Acquisition and Rehabilitation

230-unit, Family, Project Based Section 8, 4% Tax Credits, Tax Exempt Bonds Private Placement and City of Raleigh Subordinate Loan

Sleepy Hollow

MONTICELLO, NY



\$40.9M Acquisition and Rehabilitation

229-unit, Family, Project Based Section 8, 4% Tax Credits, NYSHCR SONYMA Credit Enhancement Tax Exempt Bond Financing and NYSHCR Subordinate Loan

2016

Garden City Apartments

HOUSTON, TX



\$30.9M Acquisition and Rehabilitation
252-unit, Family, Project Based Section 8
4% Tax Credits, Freddie Mac Tax Exempt Loan

Manors I and II

GLENWOOD SPRINGS, CO

\$14.4M Rehabilitation
76-unit, Senior and Disabled, Project Based Section 8
4% Tax Credits, Freddie Mac Tax Exempt Loan

Colony Apartments

COLUMBIA, SC



\$27.8M Acquisition and Rehabilitation
300-unit, Family, Project Based Section 8
4% Tax Credits, Freddie Mac Tax Exempt Loan

Porter House Apartments

GREELEY, CO



\$23.2M New Construction
100-unit, Family, New Development
4% Tax Credits, State Tax Credits, CDBG Funds,
CHFA Tax Exempt Loan

Casa Nueva

HARTFORD, CT



\$23.M Rehabilitation
79-unit, Family, Project Based Section 8
4% Tax Credits, CHFA, Tax Exempt Loan

Rolling Hills

WINSTON-SALEM, NC

\$12.4M Acquisition and Rehabilitation
110-unit, Family, Project Based Section 8
4% Tax Credits, Tax Exempt Bonds Private Placement

Peoples El Shaddai

DALLAS, TX



\$14.2M Acquisition and Rehabilitation
100-unit, Family, Project Based Section 8
4% Tax Credits, Tax Exempt Bonds Private Placement

St. James Manor

DALLAS, TX

\$14.2M Acquisition and Rehabilitation
100-unit, Family, Project Based Section 8
4% Tax Credits, Tax Exempt Bonds Private Placement

2010 – 2015

Burlington Manor Apartments

BURLINGTON, CO



\$6.1M Rehabilitation

54 units, Family, Project Based Section 8, 9% Tax Credits, Fannie Mae Permanent Loan

Georgetown Square

GEORGETOWN, TX



\$8.9M Rehabilitation

55 units, Family, Project Based Section 8, 9% Tax Credits, Fannie Mae Permanent Loan

Union Sarah

ST. LOUIS, MO



\$13.4M Acquisition and Rehabilitation

100 units, Family, Project Based Section 8, 4% Tax Credits, State and Federal Historic Tax Credits, Tax Exempt Bonds Private Placement

Berger Apartments

NEW HAVEN, CT

\$24M Acquisition and Rehabilitation

144 units, Elderly, Project Based Section 8, 4% Tax Credits, CHFA Tax Exempt Loan

Hollywoodland Apartments

LOS ANGELES, CA



\$17.0M Acquisition and Rehabilitation

82 units, Elderly, Project Based Section 8, 4% Tax Credits, Tax Exempt Bonds Private Placement, 221(d)(4) FHA, Permanent Mortgage Loan

Inglewood Gardens

STOCKTON, CA

\$5.7M Acquisition

84-unit, Family and Elderly, Project Based Section 8, S&P Rated 501(c)(3) Tax Exempt Bonds

Trestletree Village

ATLANTA, GA



\$9.4M Acquisition and Rehabilitation

188-unit, Family, Project Based Section 8, 4% Tax Credits, S&P Rated Tax Exempt Bonds

Glenwood Green Apartments

GLENWOOD SPRINGS, CO



\$14.4M New Construction

60-unit, Family, 9% Tax Credits, Conventional First Mortgage

2010 – 2015 *Continued*

Himbola Manor

LAFAYETTE, LA

\$5.0M Acquisition

104-unit, Family, Project Based Section 8,
Private Equity, Freddie Mac Financing

South Park

LAUREL, MS

\$3.3M Acquisition

100-unit, Family, Project Based Section 8,
Private Equity, Fannie Mae Financing

Delhaven Manor

JACKSON, MS



\$10.5M Acquisition & Rehabilitation

104-unit, Elderly, Project Based Section 8,
Post Mark-to-Market, 9% Tax Credits

Lawton Pointe

LAWTON, OK

\$1.1M Acquisition

72-unit, Family, Existing 9% Tax Credits

Wilderness Trail

PINEVILLE, KY



\$16.2M Acquisition & Rehabilitation

124-unit, Elderly, Project Based Section 8,
Post Mark-to-Market, 9% Tax Credits

Wilkes Towers

NORTH WILKESBORO, NC

\$2.3M Acquisition

72-unit, Elderly, Project Based Section 8,
Conventional Financing

Woodside Village

MCKINNEY, TX



\$15.1M Acquisition and Rehabilitation

100-unit, Family, Project Based Section 8, 9% Tax
Credits, Conventional First Mortgage

Sheraton Towers

HIGH POINT, NC



\$19.3M Acquisition and Rehabilitation

97-unit, Elderly, Project Based Section 8, Post Mark-
to-Market, 9% Tax Credits

Vintage Crossing

CUTHBERT, GA

\$2.4M Acquisition

50-unit, Elderly, Project Based Section 8, Post Mark-
to-Market, Fannie Mae Financing

2010 – 2015 *Continued*

Park Place

CLEVELAND, TX

\$6.7M Acquisition and Rehabilitation
 60-unit, Family, Project Based Section 8,
 Post Mark-to-Market, 9% Tax Credits

Arrowsmith Apartments

CORPUS CHRISTI, TX



\$5.6M Acquisition and Rehabilitation
 70-unit, Family, Project Based Section 8,
 Post Mark-to-Market, 9% Tax Credits

Gholson Hotel Apartments

RANGER, TX



\$5.5M Acquisition and Rehabilitation
 50-unit, Elderly, Project Based Section 8,
 Post Mark-to-Market, 9% Tax Credits

Heritage Square

TEXAS CITY, TX

\$5.1M Acquisition and Rehabilitation
 50-unit, Elderly, Project Based Section 8,
 Post Mark-to-Market, 9% Tax Credits

Leona Apartments

UVALDE, TX

\$2.2M Acquisition and Rehabilitation
 40-unit, Family, Project Based Section 8,
 Post Mark-to-Market, 9% Tax Credits

Castle Park Apartments

ST. LOUIS, MO



\$27.3M Acquisition and Rehabilitation
 209-unit, Family, Project Based Section 8,
 Post Mark-to-Market, 4% Tax Credits, Federal
 and State Historic Tax Credits

Gary Manor Apartments

GARY, IN

\$17M Acquisition and Rehabilitation
 198-unit, Family and Elderly, Project Based Section 8,
 Post Mark-to-Market, 9% Tax Credits

East Central Apartments

FORT WAYNE, IN



\$13.1M Acquisition and Rehabilitation
 167-unit, Family and Elderly, Project Based Section 8,
 Post Mark-to-Market, 9% Tax Credits

Centennial Apartments

FORT WAYNE, IN

\$8.3M Acquisition and Rehabilitation
 88-unit, Family, Project Based Section 8, Post Mark-to-
 Market, 9% Tax Credits

Previous Development Activity

Cottonwood Apartments

MONTROSE, CO



60-unit, Elderly, Section 8, 9% Tax Credits

San Juan Apartments

MONTROSE, CO



76-unit, Elderly, Section 8, 9% Tax Credits

Denver Gardens

DENVER, CO



100-unit, Elderly, Section 8, 9% Tax Credits

Sleeping Ute

CORTEZ, CO



60-unit, Family, Section 8, 9% Tax Credits

Glennpark Village

NORTHGLENN, CO



26-unit, Family, Section 8, 9% Tax Credits

Weatherstone Apartments

AURORA, CO



204-unit, Family, Section 8, 4% Tax Credits

Orchard Place Apartments

LOVELAND, CO

50-unit, Family, Section 8, 9% Tax Credits

Before & After Renovations



Steele Properties specializes in acquiring undervalued properties in poor condition and renovating them into safe and comfortable housing that residents are proud to call home.

Sabine Place
FORT WORTH, TX

Property Type
Project Based Section 8 Family
4% LIHTC, Tax Exempt Bond

Sabine Place is a newly renovated family property with 12, two-story buildings on 5.5 acres located in Fort Worth in close proximity to Interstates 820 and 35W.

PROPERTY IMPROVEMENTS

Features newly renovated residences with two- and three-bedroom apartment homes that received new kitchens and bathrooms, new doors, new windows with blinds, new lighting, new fixtures, new paint and Energy Star HVAC systems and ceiling fans.

Updated community amenities: upgraded LED security lighting, renovated leasing office and community room with kitchen and computer niche, updated laundry facility, new playground and picnic area with BBQ grills. ADA accessible. There is on-site parking.

PROPERTY STATS

Units: 72

Age: Built in 1968; Steele rehabilitation completed in fall 2018

BEFORE



AFTER



Garden City Apartments
HOUSTON, TX

Property Type
Project Based Section 8 Family
4% LIHTC, Freddie Mac Tax Exempt Loan

Garden City Apartments is a recently renovated family complex with 23 buildings on 6.3 acres located in northwest Houston. It is close to I-45, shopping, dining and schools.

PROPERTY IMPROVEMENTS

Features renovated one-, two-, three-, four- and five-bedroom apartment homes that received new kitchens and bathrooms, new doors, new windows with blinds, new lighting, new fixtures, new paint and Energy Star HVAC systems and ceiling fans.

Exterior renovations: colorful new building siding, renovated parking lot, onsite HPD Police Substation, new security camera system, LED lighting and key fob access to community center and laundry facilities for improved safety and security, full ADA accessibility.

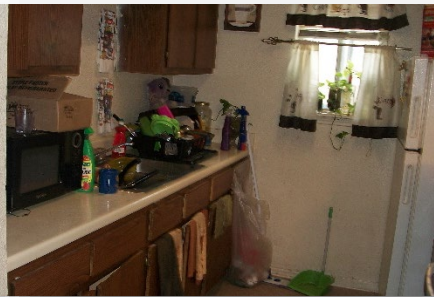
Updated community amenities: new 6,000 sq. ft. community center with computer lab and Wi-Fi access, fitness center, children's library, community room with kitchen and laundry facilities. New outdoor pavilions, barbeque grills, sport court and playground. Security patrols by HDP.

PROPERTY STATS

Units: 252

Age: 1970; Steele renovations completed in fall 2017

BEFORE



AFTER



Peoples El Shaddai Village
DALLAS, TX

Property Type
Project Based Section 8 Family
4% LIHTC, Tax Exempt Bond Private Placement

Peoples El Shaddai Village is a recently renovated family complex with 23 buildings on 6.3 acres located in south Dallas. It is close to I-45, shopping, dining and schools.

PROPERTY IMPROVEMENTS

Features renovated residences with one-, two-, three- and four-bedroom apartment homes with upgraded new kitchens and bathrooms new doors, new windows with blinds, new lighting, new fixtures, new paint and HVAC upgrades, new water heaters and ceiling fans.

Exterior renovations: new roofs, new siding, upgraded LED security lighting for increased safety, new gas lines, full ADA accessibility.

Updated community amenities: renovated leasing office and community center with kitchen and computer lab, new laundry facility, new playground and picnic area, and security patrols. There is on-site parking.

PROPERTY STATS

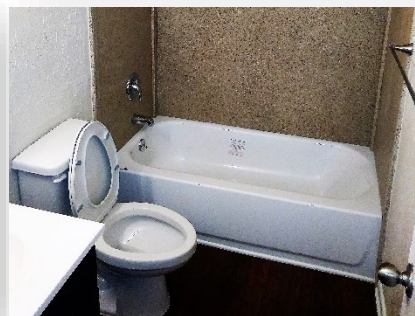
Units: 100

Age: Built in 1970; Steele rehabilitation completed in fall 2017

BEFORE



AFTER



Rolling Hills Apartments

WINSTON-SALEM, NC

Property Type
Project Based Section 8 Family
4% LIHTC, Tax Exempt Bond Private Placement

Newly renovated, Rolling Hills is a family complex with six, two-story buildings on 7.99 acres located east of downtown Winston-Salem. It is close to I-40, shopping, dining and schools.

PROPERTY IMPROVEMENTS

Features newly renovated residences with one-, two-, three- and four-bedroom apartment homes with new kitchens and bathrooms, new doors, new windows with blinds, new lighting, new fixtures, new paint and Energy Star HVAC systems and ceiling fans.

Exterior upgrades include new siding, upgraded security LED lighting for increased safety and ADA accessible.

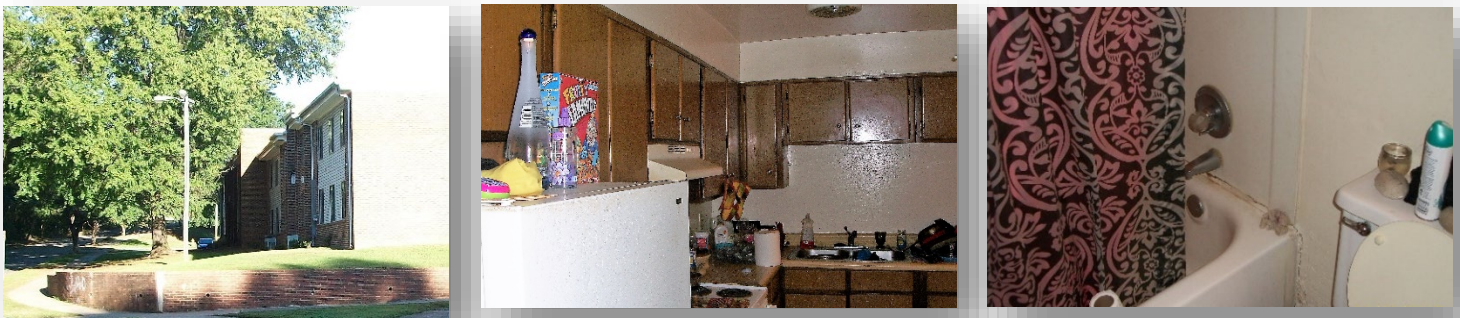
Updated community amenities: renovated community center, new laundry facility, new playground and security patrols. There is on-site parking.

PROPERTY STATS

Units: 110

Age: Built in 1971; Steele rehabilitation completed in spring 2018

BEFORE



AFTER



Georgetown Square Apartments

GEORGETOWN, TX

Property Type
 Project Based Section 8 Family
 9% LIHTC, Fannie Mae Loan

Georgetown Square Apartments is a recently rehabilitated, family complex with eight, two-story buildings on 3 acres located in the quiet city of Georgetown, just 30 miles north of Austin in eastern Texas. It is close to I-35, shopping, dining and schools.

PROPERTY IMPROVEMENTS

Features newly renovated residences with one-, two-, three- and four-bedroom apartment homes with new kitchens and bathrooms, new doors, new windows with blinds, new lighting, new fixtures, new paint and Energy Star HVAC systems and ceiling fans.

Exterior renovations: colorful new building siding, renovated parking lot, security camera system, LED lighting for improved safety and security. ADA accessible.

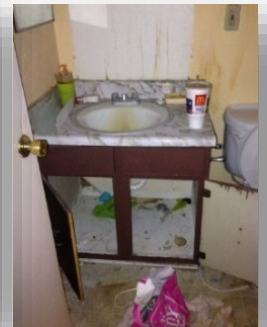
Upgraded community amenities: updated playground, covered pavilion with grills and picnic tables on newly landscaped grounds. There is a new community center with kitchen, upgraded laundry facility and a computer lab with Wi-Fi access.

PROPERTY STATS

Units: 55

Age: 1973; Steele renovations completed in 2017

BEFORE



AFTER



Trestletree Village Apartments

ATLANTA, GA

Property Type

Project Based Section 8 Family
4% LIHTC Exempt Tax Bond

Trestletree is a collection of garden-style and two-story walk-up multi-family apartments in 55 buildings located on almost 21 acres in the Grant and Ormewood Park neighborhoods of Atlanta. The property participates in the HUD Go Green program which educates our residents about recycling and provides recycling containers throughout our complex.

PROPERTY IMPROVEMENTS

Features renovated two-bedroom apartment homes which received upgraded new kitchens and bathrooms, new doors, new windows with blinds, new paint and Energy Star HVAC systems, new lighting, new fixtures and ceiling fans.

Exterior upgrades include exterior repairs, security surveillance system, controlled access gates, increased and upgraded security LED lighting for increased safety and ADA accessible.

Updated community amenities include new security systems, community buildings with a computer lab and arts and crafts room, laundry facilities and landscaped public gathering spaces with new playgrounds. There are security patrols by the APD.

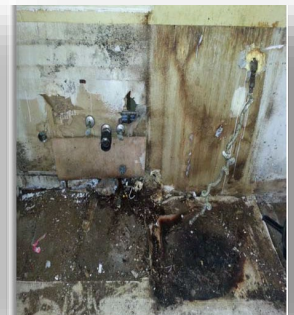
PROPERTY STATS

Units: 188 Total

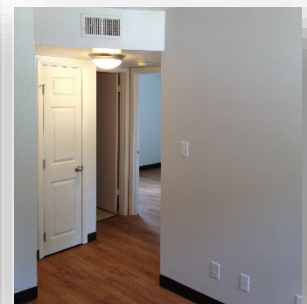
(80 units Trestletree North and 108 Trestletree South)

Age: Built between 1943 to 1953; Steele renovations completed in

BEFORE



AFTER



Woodside Village Apartments

MCKINNEY, TX

Property Type
Project Based Section 8 Family
9% LIHTC

Woodside Village is a family community located just 10 minutes from downtown McKinney and 30 miles north of downtown Dallas. Voted *#1 Best Place to Live in America* by Money magazine, McKinney is a charming city with tree line streets, plenty of green space and a charming historic downtown.

PROPERTY FEATURES

Features a mix of one-, two- and three-bedroom garden-style renovated apartment homes that received new kitchens and bathrooms, new doors, new lighting, new fixtures, new windows with blinds, new paint and ceiling fans.

Exterior renovations: colorful new building siding, renovated parking lot, as well as LED lighting for improved safety and security. ADA accessible.

Upgraded community amenities: a clubhouse with kitchen, business center with computer lab, fitness center, laundry room, picnic area with pavilion and barbeques. Security patrols by McKinney PD.

PROPERTY STATS

Units: 100 Total

Age: 1969; Steele renovations completed in 2013

BEFORE



AFTER



MISSION

We believe that everyone deserves a safe, decent and clean place to live regardless of income, age or ability. We are committed to improving the communities where we live and work by providing quality affordable housing, delivering the highest standards of property management, and supporting our residents.



ABOUT

Monroe Group is a limited liability company headquartered in Denver CO. Stuart Heller founded the company over 30 years ago, with a single management contract for an 81-unit property. Today, Monroe Group has grown to become one of the country's fastest-growing affordable housing property management companies with a portfolio of over 60 multi-unit properties with more than 6,000 units in 18 states across the country serving families, seniors and persons with disabilities.

COMMITMENT

Monroe believes in treating our residents with respect and dignity by providing them with professional and responsive management. We also believe that by supporting and strengthening the communities in which our residents live, we are also improving their quality of life. We support our residents with the resources they need to be good neighbors and engaged members of their community.

PEOPLE

Monroe Group has over 270 employees who reside in 18 states. We believe our employees are our most valuable asset. Their success is our success. Monroe invests in their employees by providing them with competitive salaries, excellent benefits, career development and training.

LEADERSHIP

Stuart Heller, who is the founding partner, established Monroe Group in 1982. Hud Karshmer and Chad Asarch joined Monroe as principals in 2004 and 2006 respectively. David Asarch was appointed Partner and Chief Investment Officer in 2016. The Partners lead the Executive Leadership team which also includes Steve Cordes, Chief Operating Officer, Andrew Higdon, Chief Accounting Officer and Justin Boyd, General Counsel. Together, they guide the company as it expands its portfolio.

Monroe Group manages over 65 properties with over 6,000 units in 18 states across the country making a difference every day for low income families, seniors and persons with disabilities.

PARTNERSHIPS

Monroe Group's success would not be possible without strong relationships with state, national and federal housing agencies, community leaders, local vendors and non-profit organizations and local government agencies. These partnerships help fulfill the Monroe Group's mission and belief that all people, regardless of their income, age or abilities, deserve a safe, clean place to live.

CONTACT

6875 East Evans Avenue
Denver, CO 80224
303.322.8888

monroegroup.com



PRINCIPALS & EXECUTIVE MANAGEMENT TEAM**Stuart Heller****FOUNDER & PRINCIPAL**

Stuart Heller is a Principal at Steele Properties. In partnership with Chad Asarch and Hud Karshmer, Heller established Steele Properties in 2006. He is certified by the Colorado Housing and Finance Authority in Low Income Tax Credit compliance, is a member of the Rocky Mountain Affordable Housing Management Association, and is a certified specialist in housing credit management by the National Affordable Housing Management Association. The National Assisted Housing Management Association has certified Heller as a NAHP Executive. Stuart is also a member of the National Association of Housing and Redevelopment Officials. Heller, a lifelong Denver resident, has been a licensed real estate broker in the state of Colorado since 1965. He has been active in developing, owning, and managing affordable housing projects since 1978. Heller holds a Bachelor of Science in Business Administration from the University of Denver.

Chad Asarch**PRINCIPAL**

Chad Asarch founded Steele Properties with Hud Karshmer and Stuart Heller in 2006. Prior to establishing Steele Properties, Asarch served as Senior Vice President and Associate General Counsel at Apartment Investment and Management Company (AIMCO, NYSE--AIV). While at Aimco, Asarch served as secretary of its investment committee, negotiated the closings of over \$5 Billion in sales and acquisitions, oversaw all legal issues related to property operations, and managed its 20-person legal department.

Asarch is active in numerous civic and philanthropic organizations including Colorado Concern, the Global Livingston Institute, JEWISHColorado (2007 Young Leader Award), the Colorado Jewish Community Relations Council (past-Chair, 2017 Community Leadership Award), and AIPAC (National Council, Colorado Political Chair). In 2012, he joined the University of Colorado

Law School as an Adjunct Law Professor teaching Real Estate Transactions, serving as a member of the University of Colorado Law School Curriculum Advisory Board, and is teaching at the University of Denver School of Law. Chad also serves on the Federal Home Loan Bank of Topeka Affordable Housing Advisory Council.

Asarch also serves on the Board of Directors for Bye Aerospace, a leading-edge aviation company focused on high altitude solar-electric unmanned aerial vehicles and electric powered aircraft, and Staffable Uganda, a social-impact employment company operating in eastern Africa. Asarch graduated from Williams College cum laude with honors and from the University of Michigan Law School magna cum laude and Order of the Coif, having served as a contributing editor for the Michigan Law Review.

Hud Karshmer

PRINCIPAL



Hud Karshmer is a Principal at Steele Properties. He formed a partnership with Chad Asarch and Stuart Heller to establish Steele Properties in 2006. Karshmer's previous experience includes various director-level positions with Qwest Communications where his primary focus was new products and features development. Prior to joining Qwest, Karshmer was Vice President of Business Development for a high-end technology product firm, whose customers included IBM and Microsoft.

Karshmer holds an MBA from Arizona State University and a BA from the University of California at Berkeley. Karshmer served on the board of Housing Justice, a non-profit whose mission is to educate diverse faith communities on the need to provide decent affordable housing for all. He also served on the board of Community Housing Concepts, Inc., a non-profit dedicated to preserving affordable housing.

David Asarch

CHIEF INVESTMENT OFFICER AND PARTNER



David Asarch is the Chief Investment Officer and a Partner at Steele Properties. Asarch has been instrumental in its growth, helping Steele more than double its portfolio and closing over \$700 million in acquisitions, sales, financings and tax credit transactions. Asarch manages the underwriting, acquisition, development and legal teams and oversees projects from start to finish. David joined Steele Properties in 2008.

Asarch previously worked as an Associate in the Real Estate Department at Brownstein Hyatt Farber Schreck, LLP and before that as an Associate in the Real Estate Department at Loeb & Loeb LLP in Los Angeles. He was named "Best Corporate Counsel - Rising Star" by the Denver Business Journal in 2011. Asarch currently serves on the Board of Directors and the Executive Committee of the Jewish Family Service of Colorado. He graduated magna cum laude from Middlebury College and received his Doctorate of Law (JD) from Stanford Law School.

Justin Boyd

LEGAL COUNSEL



Justin is General Counsel to Monroe Group, Ltd. and its development partner Steele Properties, LLC. Justin oversees all corporate legal issues related to the affordable property management and development activities of each company, providing counsel to the senior management team and the principals of the organization. Boyd oversees tax and corporate governance, service contracts, property management issues, employee and tenant related matters, and all legal matters relating to the companies' real estate transactions.

He previously worked as an Associate for Rothgerber Johnson & Lyons LLP (now named Lewis Roca Rothgerber LLP) and most recently worked as Real Estate Counsel at Black Creek Group, a real estate investment company headquartered in Denver, Colorado. While at Black Creek Group, Justin managed all legal issues related to the asset management operations of a \$7 Billion portfolio across multiple platforms and negotiated approximately \$250 Million in acquisitions, dispositions and developments. Justin received his B.A. from Middlebury College and his Doctorate of Law (JD) degree from the University of Oregon School of Law.

Steve Cordes

CHIEF OPERATING OFFICER



As Chief Operating Officer for Monroe Group, Cordes works with the organization's principals and executive team to implement and oversee the strategic growth plans and operations across all areas of the company. Steve leads the operations, construction and marketing and communications teams, and oversees key vendor relationships.

Prior to joining the Monroe Group, Cordes was employed by Apartment Investment and Management Company ("Aimco"), a Denver-based real estate investment trust (REIT) where he served as Senior Vice President with management responsibilities for Redevelopment, Asset Management, and Finance.

Mr. Cordes joined Aimco in 2001 and served as a Senior Vice President since 2004. During his tenure at Aimco, Mr. Cordes led the management of a 150 property, affordable housing portfolio with a total value of over \$600 million and completed equity joint venture transactions totaling \$1.2 billion asset value. Prior to joining Aimco, he was a manager at PwC's Financial Advisory Services Group. Mr. Cordes has a Bachelor of Science in Civil Engineering from the University of Colorado Boulder and a Master's Degree in Business Administration from the University of Denver.

Andrew Higson**CHIEF ACCOUNTING OFFICER**

Andrew Higdon is the Chief Accounting Officer for Monroe Group. Andrew leads the Finance/Accounting and Human Resources teams.

Prior to joining Monroe Group, Andrew was Senior Vice President and Chief Accounting Officer at Apartment Investment and Management Company (Aimco), a Denver-based Real Estate Investment Trust (REIT) and one of the largest owners and operators of apartment homes in the county. Andrew joined Aimco in 2007 as a Director of Accounting and was promoted to Vice President of SEC Reporting, later that year. In 2014, his responsibilities expanded to include those of Corporate Controller. In 2015, he was named Chief Accounting Officer. Prior to joining Aimco, he served as an Audit Manager with PricewaterhouseCoopers, specializing in real estate. Andrew is a Certified Public Accountant and a graduate of the University of Texas at Austin.

Andrew also serves on the Board of Directors, Finance Committee and Jane-a-thon Planning Committee of Invest in Kids, a Denver-based nonprofit organization focused on improving the health and well-being of vulnerable young children in Colorado.

OPERATIONS TEAM

Lisa Trujillo

DIRECTOR OF OPERATIONS – PACIFIC DIVISION



Lisa Trujillo joined Monroe Group in 2017 with over 20 years of affordable housing industry experience. As Director of Operations, Lisa oversees the Pacific Division of Monroe's portfolio encompasses all properties in the western half of the United States serving families and senior/disabled residents.

Prior to joining Monroe, Lisa's work experience includes working as the Director of Property Management for the Aurora Housing Authority; Regional Manager at Boulder Housing Partners, and Director of Compliance with ComCap Asset Management. Trujillo is certified by the National Affordable Housing Board as a Housing Credit Certified Professional, she also holds multiple designations including TCS, COS, FHC, and NPCC.

Maria Ciano

DIRECTOR OF OPERATIONS – ATLANTIC DIVISION



Ciano recently joined Monroe Group and is the Director of Operations – Atlantic Region. With over 18 years of property management experience, she has successfully managed diverse portfolios and is skilled at implementing training and coaching plans that improve overall performance and drive revenue and net operating income, while preserving a culture of service and fun.

Prior to joining Monroe, Maria was Director of Property Management for Boulder Housing Partners. Her past work includes property management and training experience for Unison Housing Partners, Holland Residential and Omni Apartment Communities. Ciano served as a Yeoman in the United States Navy, holds a Bachelor of Science degree, and is a NCHM Certified Occupancy Specialist and Fair Housing Specialist.



Kristi Downing

DIRECTOR OF COMPLIANCE

Downing directs the compliance department for Monroe Group, where she oversees the properties HUD and Low-Income Housing Tax Credit programs. Prior to joining the Monroe Group, Kristi was the National Compliance Manager at Aimco in Denver for 5 years and has continually worked in the affordable housing industry for the last 20 years. An experienced leader, Kristi's designations include HCCP, COS, C7P and HCM-R.

MANAGEMENT TEAM

Jason VanAernam

VICE PRESIDENT OF CONSTRUCTION



VanAernam oversees all construction activity for Monroe Group's development partner, Steele Properties, which includes over 40 LIHTC property rehabilitations. He also oversees ongoing construction related needs for all of Monroe Group's managed properties. Jason joined Monroe Group in 2008 with over twenty years of experience in the construction industry. Prior to joining Monroe Group, he was Vice President of Construction for Richmond American Homes. His career also includes experience with light commercial concrete and industrial steel. VanAernam is a member of the Denver Metro Homebuilders Association and the National Association of Homebuilders.

Kyle Martin

LEGAL COUNSEL



Kyle Martin is Corporate Counsel to Monroe Group Ltd. and its development partner Steele Properties LLC. Kyle focuses on assisting the development team navigate through legal and financial complexities which arise as part of the companies' transactional matters and real estate closings, as well as assisting General Counsel, senior management team, and regional and community property managers in a variety of legal matters in connection with Monroe's affordable housing property management activities.

Kyle worked for several years as an associate real estate and finance attorney at Windels Marx Lane & Mittendorf, LLP in New York, NY, where he most frequently represented institutional lenders, funds, investors and developers in closing complex affordable and market rate commercial real estate transactions often involving complicated debt and equity capital structures and eventually earning recognition in NY Metro's "Super Lawyers – Rising Stars" in 2016-17. After relocating with his wife to Colorado from New York, Kyle continued his legal career at Polsinelli PC in the firm's commercial real estate finance department where he led clients' transactions throughout all stages of acquisitions, loan originations, securitizations and ultimate dispositions. Kyle received his BA in Finance from University of South Carolina and his Juris Doctorate (JD) from Brooklyn Law School *with distinctions* in real estate and business law.

Jill Whitmore

DIRECTOR OF FINANCE



Whitmore directs and manages the Accounting Department, which monitors property level economic performance. She ensures that all deliverables and commitments are met with investors and other external partners. Jill joined Monroe Group in 2015 after working as Director of Finance – Investor Relations for Aimco. Whitmore has over fifteen years of experience in finance and operation compliance, spending nearly ten years holding leadership roles across different financial departments. Jill earned her Bachelor of Science degree from the University of Notre Dame.

2019 PROPERTY MANAGEMENT PORTFOLIO



Monroe Group has grown to become one of the country's fastest-growing affordable housing property management companies with a portfolio of more than 65 multi-unit properties with over 6,000 units in 18 states across the country serving families, seniors and persons with disabilities.

PROPERTY	LOCATION	TYPE	UNITS
ALABAMA			
Valley Brook	Birmingham, AL	Family Project Based Section 8, LIHTC	240
Summit Ridge	Birmingham, AL	Family Project Based Section 8, LIHTC	200
CALIFORNIA			
Alameda Terrace	Los Angeles, CA	Family LIHTC	33
Figueroa Place	Los Angeles, CA	Family LIHTC	33
Hollywoodland	Los Angeles, CA	Senior & Disabled Project Based Section 8, LIHTC	82
Inglewood Gardens	Stockton, CA	Family, Senior & Disabled Project Based Section 8, HOME, LIHTC	84
Main Street Vistas	Los Angeles, CA	Family LIHTC	49
COLORADO			
Aurora Homes	Aurora, CO	Senior & Disabled Project Based Section 8	54
Burlington Manor	Burlington, CO	Family Project Based Section 8, LIHTC	54
Cottonwood Apartments	Montrose, CO	Family Project Based Section 8, LIHTC, HOME	60
Denver Gardens	Denver, CO	Senior & Disabled Project Based Section 8, LIHTC	100
Glennpark Village	Northglenn, CO	Family Project Based Section 8, LIHTC	26
Glenwood Green Apartments	Glenwood Springs, CO	Family LIHTC/HOME/Section 8 Voucher	60
Manors I and II	Glenwood Springs, CO	Senior & Disabled Project Based Section 8, LIHTC	76
Porter House Apartments	Greeley, CO	LIHTC	100
San Juan Apartments	Montrose, CO	Senior & Disabled Project Based Section 8, LIHTC	76
Sleeping Ute Apartments	Cortez, CO	Family Project Based Section 8, LIHTC	60
Weatherstone Apartments	Aurora, CO	Family Project Based Section 8, LIHTC	204
CONNECTICUT			
Berger Apartments	New Haven, CT	Senior & Disabled Project Based Section 8, LIHTC	144
Casa Nueva	Hartford, CT	Family Project Based Section 8, LIHTC	79
GEORGIA			
Trestletree Village (North and South)	Atlanta, CA	Family Project Based Section 8, LIHTC	188
Vintage Crossing	Cuthbert, GA	Senior & Disabled Project Based Section 8	50

PROPERTY	LOCATION	TYPE	UNITS
INDIANA			
Centennial Townhomes	Fort Wayne, IN	Family Project Based Section 8, LIHTC	88
East Central Towers	Fort Wayne, IN	Family, Senior & Disabled Project Based Section 8, LIHTC	167
Gary Manor	Gary, IN	Family, Senior & Disabled Project Based Section 8, LIHTC	198
KANSAS			
Nettleton Manor Apartments	Bonner Springs, KS	Senior & Disabled Project Based Section 8, LIHTC	76
KENTUCKY			
Wilderness Trail	Pineville, KY	Senior Project Based Section 8, LIHTC	124
MAINE			
Fairfield Family Apartments	Fairfield, ME	Family Project Based Section 8	16
Fort Halifax Commons	Winslow, ME	Family Project Based Section 8	24
Green Acres Estates	West Bath, ME	Family Project Based Section 8, 20 units LIHTC, 28 units Market	48
MC Smith Apartments	Farmington, ME	Family Project Based Section 8	10
Pittsfield Gardens	Pittsfield, ME	Family Project Based Section 23	15
Richmond Senior Citizens Park	Richmond, ME	Senior & Disabled Project Based Section 8	12
Sherwood Apartments	Farmington, ME	Family Project Based Section 23	15
West Front Residences	Skowhegan, ME	Family Project Based Section 8	30
MISSISSIPPI			
Delhaven Manor	Jackson, MS	Senior & Disabled Project Based Section 8, LIHTC	104
MISSOURI			
Brighton Place Apartments	Kansas City, MO	Family Project Based Section 8	32
Castle Park Apartments	St. Louis, MO	Family Project Based Section 8, LIHTC, HOME, Historical	209
Union Sarah Apartments	St. Louis, MO	Family Project Based Section 8, LIHTC, Historical	100
Winfield Place Apartments	Kansas City, MO	Family Project Based Section 8	50
NEW YORK			
Sleepy Hollow Apartments	Monticello, NY	Family Project Based Section 8, LIHTC	229

PROPERTY	LOCATION	TYPE	UNITS
NORTH CAROLINA			
Raleigh Millbank Apartments	Raleigh, NC	Family Project Based Section 8, LIHTC	230
Rolling Hills	Winston Salem, NC	Family Project Based Section 8, LIHTC	110
Sheraton Towers	High Point, NC	Senior & Disabled Project Based Section 8, LIHTC	97
Wilkes Towers	North Wilkesboro, NC	Senior & Disabled Project Based Section 8	72
OKLAHOMA			
Kirkwood Senior Complex	Sand Springs, OK	Senior & Disabled Project Based Section 8	76
Lawton Pointe	Lawton, OK	Family LIHTC	72
SOUTH CAROLINA			
Colony Apartments	Columbia, SC	Family Project Based Section 8, LIHTC	300
Belle Meade Apartments	Greenville, SC	Family Project Based Section 8, LIHTC	100
SOUTH DAKOTA			
Tower Apartments	Watertown, SD	Senior & Disabled Project Based Section 8, LIHTC, HOME	50
Whittier Apartments & Townhomes	Sioux Falls, SD	Family, Senior & Disabled, LIHTC	72
TENNESSEE			
Keystone Landing	Memphis, TX	Family Project Based Section 8, LIHTC	150
Pendleton Place	Memphis, TX	Family Project Based Section 8, LIHTC	120
TEXAS			
Arrowsmith Apartments	Corpus Christi, TX	Family Project Based Section 8, LIHTC	70
Brooks Manor Apartments	West Columbia, TX	Senior & Disabled Project Based Section 8, LIHTC	50
Garden City Apartments	Houston, TX	Family Project Based Section 8, LIHTC	252
Georgetown Square Apartments	Georgetown, TX	Family Project Based Section 8, LIHTC	55
Gholson Hotel	Ranger, TX	Senior & Disabled Project Based Section 8, LIHTC	50
Heritage Square Apartments	Texas City, TX	Senior & Disabled Project Based Section 8, LIHTC	50
Leona Apartments	Uvalde, TX	Family Project Based Section 8, LIHTC	40
Park Place	Cleveland, TX	Family Project Based Section 8, LIHTC	60
Peoples El Shaddai Village	Dallas, TX	Family Project Based Section 8, LIHTC	100
Prince Hall Apartments	Fort Worth, TX	Family Project Based Section 8, LIHTC	76

PROPERTY	LOCATION	TYPE	UNITS
Sabine Place Apartments	Fort Worth, TX	Family Project Based Section 8, LIHTC	71
St. James Manor Apartments	Dallas, TX	Family Project Based Section 8, LIHTC	100
Woodside Village	McKinney, TX	Family Project Based Section 8, LIHTC	100
66 Properties			6,123

Monroe Group believes in treating our residents with respect and dignity by providing them with professional and responsive management. We are proud of our track record of improving our REAC scores after we assume management of the property, supporting our mission to strengthen the communities in which our residents live and improve their quality of life.



PROPERTY	PRE-ACQUISITION REAC SCORE	CURRENT REAC SCORE
Arrowsmith Apartments	74	96
Berger Apartments	98	83
Brooks Manor	90	89
Burlington Manor	73	89
Casa Nueva Apartments	79	79
Castle Park Apartments	74	88
3Centennial Townhomes	55	91
Colony Apartments	92	43
Cottonwood Apartments	83	94
Delhaven Manor	68	75
Denver Gardens	68	86
East Central Towers	61	90
Garden City Apartments	74	Rehab
Gary Manor Apartments	42	85
Georgetown Square Apartments	84	93
Gholson Hotel	89	92
Glennpark Village	88	84
Heritage Square Apartments	65	87
Hollywoodland Apartments	85	91
Inglewood Gardens	89	94
Kirkwood Senior Complex	96	92
Leona Apartments	92	99
Maine – Fairfield Family	51	Rehab
Maine – Fort Halifax	91	Rehab
Maine – Green Acres	n/a	Rehab
Maine – MC Smith/Sherwood	n/a	Rehab
Maine – Richmond Senior	86	Rehab
Maine – West Front Residences	76	92
Manors I	98	89
Manors II	96	89
Nettleton Manor	n/a	88
Park Place	97	98
Peoples El Shaddai Village	81	Rehab
Rolling Hills	75	84
Saint James	88	Rehab
San Juan Apartments	67	96
Sheraton Towers	86	95

PROPERTY	PRE-ACQUISITION REAC SCORE	CURRENT REAC SCORE
Sleeping Ute	95	80
Summit Ridge Apartments	82	Rehab
Tower Apartments	85	97
Trestletree Village Apartments	88	90
Union Sarah Apartments	91	93
Valley Brook Apartments	66	Rehab
Vintage Crossing	93	93
Weatherstone Apartments	78	85
Wilderness Trail	100	96
Wilkes Towers	95	99
Woodside Village	74	82
TOTAL AVERAGES	81	89



Building Safer Communities: Case Studies

Monroe Group and Steele Properties are proud of our work to improve the neighborhoods where we develop, rehabilitate and manage properties.



We believe our investment builds a healthy stable community and contributes to the success of our residents. Together, we have a proven track record of improving neighborhood safety by working with local community groups and law enforcement agencies resulting in reduced crime and increased safety and security for our residents.

Trestletree Village

ATLANTA, GA



Trestletree Village is a Project Based Section 8 family community that consists of two complexes with 55 buildings and 188 units, Trestletree North and Trestletree South, both located in the Grant and Ormewood Park neighborhoods of Atlanta. Steele Properties invested \$9 million in renovations including \$210,000 in safety and security enhancements when the property was acquired and developed in 2013.

Prior to the safety improvements, there was heavy gang-related activity at the property including domestic violence, break-ins and shootings. The community management team was often threatened and did not feel safe at Trestletree, especially during the evening. Torrance Ashmon, an Atlanta Police Department officer and Trestletree security officer said, *“Trestletree staff safety was a huge concern for us. Officers would come back to the property after hours just to make sure that the staff was safe while leaving the premises.”*

Steele Properties invested \$210,000 in the following upgrades and property enhancements to increase resident safety and security:

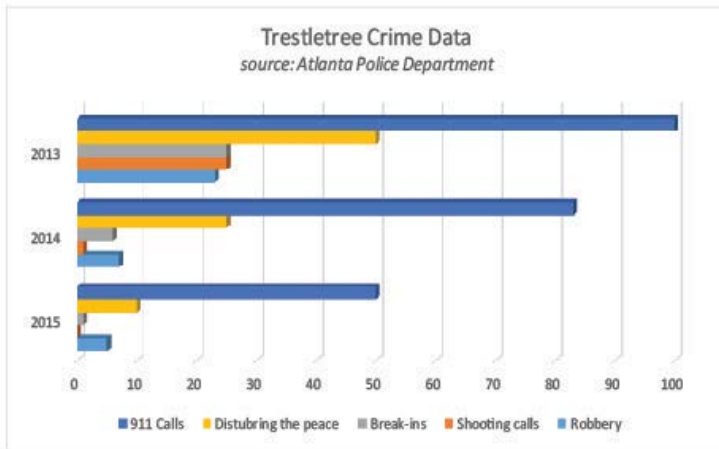
- Upgrading the entire property by investing millions of dollars in rehabilitation and renovation
- Improving site lighting with the installation of more light poles and LED lights to deter unwanted activity
- Installing a 46-camera surveillance system integrated with APD video system
- Installing controlled access gates into the property
- Implementing new parking policies and increased signage throughout the complex
- Partnering with the Atlanta Police Department to increase security patrols, and to prevent, monitor and deter unwanted activity
- Adding two new community centers to provide much needed services to residents including internet access
- Upgrading the property landscaping by removing old vegetation to improve visibility
- Removing improperly disposed of trash and debris
- Installing bollards to help control vehicle access into the property

“I did not feel safe at all. There were many break-ins and a lot of shootings. There were times I had to lay on the floor to get out of the line of fire.”

Melissa Brown
former Trestletree Community
Manager

Crime has dropped dramatically since Steele Properties acquired Trestletree. Thanks to these improvements and strong community partnerships, there has been a 62% drop in overall crime at Trestletree Village, as well as a 100% reduction in shooting calls, 96% reduction in unit break-ins, 80% reduction in disturbing the peace, and 50% reduction in 911 calls.

The following is a report from the Atlanta Police Department:



Community management and security staff have seen significant improvements in safety after the addition of these security enhancements and upgrades. The addition of a controlled-access gate limiting vehicle traffic, and increased police presence significantly impacted crime reduction at Trestletree.

Local community groups in Atlanta also noticed the positive effects of Trestletree’s security enhancements. *“I received several positive comments that criminal activity at Trestletree has quieted down. Also, there are fewer community complaints,”* explained Melissa, *“The NPU neighborhood groups are very happy about how crime has reduced in the area. They are pleased with the increased police presence and our security improvements at Trestletree.”*

Our community management team continues to collaborate with local government, community and neighborhood groups, including the Faith Collaborative, to ensure the neighborhood remains safe and crime is deterred. Our team also participates in quarterly open community meetings at City Hall to stay informed about local neighborhood issues.

“I have seen a great improvement and I feel safe. I can walk outside without being fearful. There is a lot less crime, especially break-ins. I haven’t been getting as many complaints or resident violations.”

Melissa Brown
Trestletree Community Manager

“Since Trestletree has beefed up security, I have noticed at least a 10-15% reduction in crime. Our response time is much faster now. Violent crime has gone down. Residents definitely feel much safer because I see them coming out of their homes to interact with one another, and spend time outside.”

Officer Torrance Ashmon
Atlanta Police Department and
Trestletree Security Officer

Castle Park Apartments

ST. LOUIS, MO



Steele Properties completed the rehabilitation of historic Castle Park, a 209-unit Project Based Section 8 family community in late 2011 including significant safety and security upgrades.

Steele Properties invested \$170,000 in security upgrades and property enhancements to increase resident safety:

- Upgrading the entire property by investing millions of dollars in rehabilitation and renovation
- Installing new surveillance cameras throughout the property
- Creating a single-entry point to access the property complex guarded by security staff
- Installing key card access system and residents ID program
- Implementing a restrictive building access policy
- Installing breach alarms to the exterior doors
- Implementing a strict visitor policy including visitor sign in and visitors accompanied by residents in order to enter the property
- Installing breach alarms to exterior doors to make sure they cannot be opened, unless it is an emergency
- Implementing a fire escape policy so that they can no longer be accessed, unless it is an emergency

“These improvements have made have made an enormous difference,” explained Detective Greg Adams, *“The guarded entrance door and restricting access to one entry point have made a significant impact in reducing violence and property crime. The new cameras that were installed are much better than what we had before and allow us to better monitor the property. As a result, our response time is much faster now and we can quickly resolve a situation before it escalates.”*

“I’ve worked at Castle Park for over ten years. Prior to the security improvements, there was a high volume of violations every week such as violent crimes and property break-ins. About 80% of crime was due to unwanted visitors. I personally have been injured responding to some violations here.”

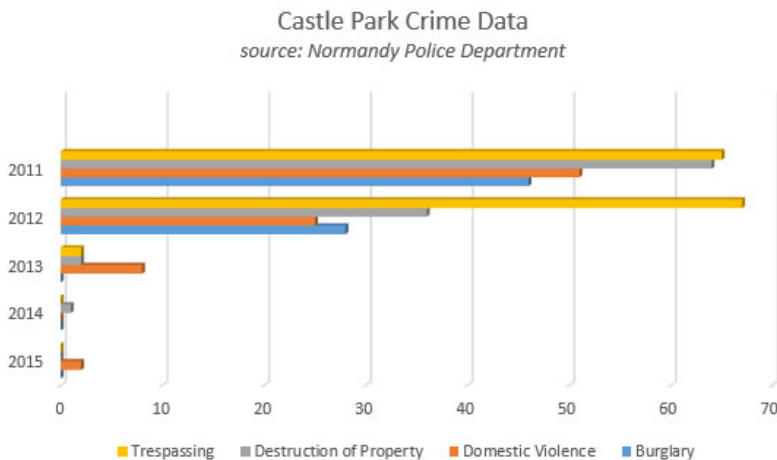
Greg Adams
Homicide Detective, Berkeley
Police Department and Castle Park
Security Officer

Residents feel much safer with the addition of security enhancements and increased security staff resulting in decreased resident violations and complaints. Castle Park Community Manager Melody Day commented, *“There’s no doubt the security enhancements have made Castle Park safer. Prior to the improvements, the building had about 100 doors that were always propped open. Those doors are now shut and there is only one entrance door, which is now guarded. Our residents definitely appreciate the security staff and love the guest sign-in policy because now there are no unexpected and unwanted visitors.”*

Detective Adams commented after receiving excellent resident feedback, *“The vast majority of residents told me that the community is much safer and they are glad to live in a securer environment. Even outside visitors, especially parents of the residents who live here, have said they are very happy to see a police presence monitoring the premises.”*

The following is a report from the Normandy Police Department:

Crime has dropped significantly since Steele Properties acquired Castle Park in 2011. Data from the Normandy Police Department shows a 100% drop in crime for trespassing, burglary and destruction of property. Domestic violence was reduced by 99%.



When a Castle Park resident safety and security survey was conducted after renovations were completed, 88% of responders felt that safety and security is much better now than prior to the property rehabilitation. The same 88% said they feel safer now. Residents commented that they are very happy to have the police sitting at the front of the property to monitor who comes into the building. They are glad to no longer have to worry about unwanted visitors.

Woodside Village Apartments

MCKINNEY, TX



Steele Properties completed a significant \$5 million rehabilitation at Woodside Village, a 100-unit Project Based Section 8 family community located in McKinney, TX in 2013 including important safety and security upgrades.

Steele Properties invested \$165,000 in security upgrades to increase resident safety:

- Upgrading the entire property by investing millions of dollars in rehabilitation and renovation
- Installing of new security cameras
- Upgrading security monitoring systems including installing a license plate camera
- Upgrading light poles
- Adding new security patrols by the McKinney Police Department to ensure resident safety
- Installing new light fixtures to improve lighting and visibility throughout the property complex

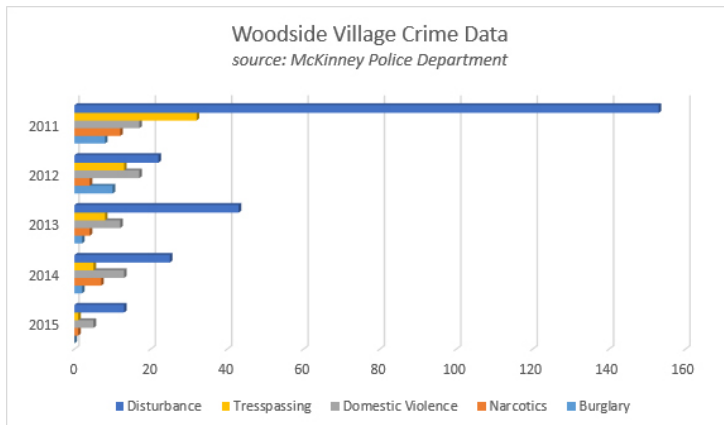
Security patrol is now provided by the McKinney Police Department to ensure resident safety and has made a big difference. *“I have seen a lot less traffic throughout the property and there has been a large reduction in violence,”* said Felicia. *“Now that residents know we have security patrol as well as monitoring cameras, they are much more careful about what they do and are more respectful of the property.”*

“Prior to the security improvements, I received numerous complaints and many lease violations ranging from drug use to violence including many shootings. There were many reports of assault, burglary, disturbance, domestic violence and trespassing.”

“I’ve seen many significant security improvements throughout my three years as community manager at Woodside Village Apartments and have developed close relationships with our current tenants. We have removed the bad tenants who caused many of our security problems due to our wonderful partnership with our police department.”

Felicia Graves
Woodside Village Community
Manager

The following is a report from the McKinney Police Department:



A resident safety and security survey was conducted at the conclusion of the Woodside Village renovation and 100% of responders felt that the security improvements improved safety. Residents felt much safer than before with 90% of responders strongly agreeing.

One resident commented: *"I think our Woodside community manager is doing a great job helping residents feel safe. As long as we all stay together as a community, things around here will get even better."*
Another resident said: *"I don't feel any danger here. I see kids playing outside all the time and as long as they feel safe, then this is a good place to call home."*

Total crime dropped 81% since Steele Properties took ownership of Woodside Village. Crime data from the McKinney Police Department shows a significant drop in total crime since 2011. The largest declines include assault, burglary, disturbance, domestic violence and trespassing.



IDA Agenda Item October 9, 2019

TOPIC:

Set a date in November for an IDA Meeting for Public Hearing to consider Lexington House Apartments Proposal.

BACKGROUND:

Based on the desired timeline for the proposed borrowing related to the Lexington House Apartments Proposal, the IDA would need to hold the public hearing and consider the Inducement Resolution for the requested bond issuance in November. Since the public hearing has specific advertising requirements, suggested dates when key individuals are available include: Wed., Nov. 6; Fri., Nov. 8 (BGG not available); Mon., Nov. 11 (Veterans' Day; BGG not available); Tue., Nov. 12 (BGG not available); Wed., Nov. 13; Thu., Nov. 14; Fri., Nov. 15; and Wed., Nov. 20.

RECOMMENDATION:

Set a date for an IDA meeting in November to hold a public hearing and consider the Inducement Resolution for the proposed bond issuance related to the Lexington House Apartments Proposal.



IDA Agenda Item October 9, 2019

TOPIC:

Consideration of Proposed Terms Sheet.

BACKGROUND:

At the January 2019 meeting of the IDA, Legal Counsel Daniel Lauro presented a Terms Sheet for the IDA to consider for bond issuance. In answer to questions from members of the IDA during the discussion at that meeting, he subsequently sent a memo with further details. Also, Finance Director Gary Swink prepared two spreadsheets contrasting options. All of these materials are attached for the IDA's consideration. Essentially the IDA can leave the fee structure as it currently is, postpone consideration of an alternate fee structure to a later meeting date, or decide at this meeting on a new Terms Sheet.

RECOMMENDATION:

Adopt the proposed Terms Sheet, table the discussion of a proposed Terms Sheet to a later date, or take no action (leaving the fee structure as it currently is.)

INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF LEXINGTON, VIRGINIA

TERM SHEET FOR BORROWERS

Borrowers who utilize the Industrial Development Authority of the City of Lexington, Virginia (the “Authority”) for assistance in regard to tax-exempt or taxable obligations shall comply with the terms and conditions set forth below.

1. **Application to the Authority.** Each borrower shall submit a written application request to the Authority to request the Authority’s conduit financing assistance. Borrowers shall include all relevant information as may be requested by the Authority, or by counsel to the Authority, in order that the Authority effectively and fairly may evaluate each borrower’s request. Any borrower that requires the Authority’s consent approval, but does not request the Authority to issue an obligation, shall pay the Authority’s legal counsel fees related to such approval.

2. **Non-Refundable Application Fees.** All borrowers, excluding the City of Lexington, shall pay a non-refundable application fee, in the respective amounts set forth below, no later than the first meeting of the Authority related to the requested assistance for financing:

- Governmental and Charitable Borrowers - \$ _____
- Private Activity Borrowers (including manufacturing) - \$ _____

3. **Annual Administrative Fee Schedule.** The annual administrative fee schedule assessment against borrowers shall be the amount equal to one-tenth (1/10) of one percent (1%) of the principal loan, bonds per loan, or bond issue outstanding on the anniversary date of the issuance of the loan or bond; provided, however, the maximum annual administrative assessment per loan or bond issue shall not exceed \$ _____ for any calendar year.

4. **Loan Documentation Requirements.**

- Each borrower that requests any assistance from the Authority shall provide a bound transcript of proceedings (or 3-ring notebook) or an electronic copy of such transcript for the Authority’s official records of its actions.
- Each borrower shall covenant in its respective loan (or bond) documentation, as appropriate, to pay the Authority’s application fee, annual administrative assessment, and other costs in connection with the financing being undertaken for the benefit of the borrower, including advertising costs, closing costs, and Authority legal counsel fees related to the requested financing.
- Each borrower shall covenant that neither the Commonwealth of Virginia, the City of Lexington, nor the Authority shall be liable for payment on the loan or bond, except as to moneys provided by borrower to the Authority, and that the loan or bond shall not be subject to the taxing powers of the Commonwealth of Virginia, the City of Lexington, or the Authority.

- Each borrower shall covenant to provide the Authority with an annual debt service schedule in order that the Authority can compute the annual administrative assessment amount.
- Each borrower shall agree to comply with the Authority's Post-Issuance Tax Compliance Policy for Tax-Exempt Obligations and shall covenant to monitor its ongoing obligations as part of the closing tax documents, and provide an annual certificate, acceptable to the Authority's legal counsel, regarding the borrower's post-issuance tax compliance.
- Each borrower shall covenant that notices provided by the borrower to any other party in connection with the financing shall be provided also to the Authority at the following address: 300 E. Washington Street, Lexington, Virginia 24450, with a copy to counsel for the Authority at the following address: BotkinRose PLC, Attention: Daniel R. Lauro, 3190 Peoples Drive, Harrisonburg, Virginia 22801.
- The Authority expressly retains the right and absolute discretion to require such other covenants, or any other requirements, as may be advised by legal counsel to the Authority.

Adopted:

BOTKINROSE^{PLC}

ATTORNEYS AT LAW

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++ Also Admitted in Washington, D.C.

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www.botkinrose.com

MEMORANDUM

FROM: Daniel R. Lauro

TO: Directors, City of Lexington, Virginia Industrial Development Authority
CC: Noah Simon, City Manager/ Gary Swink, City Finance Director, Josh Elrod, City Attorney

DATE: February 13, 2019

RE: IDA Fees

With the IDA considering a one-time, upfront fee for conduit borrowers rather than a typical annual administrative fee, I will try to unravel and simplify some of the federal tax code requirements and also address some of the practical implications of different possibilities the IDA may choose. As you will see, it is somewhat of a decision tree.

In evaluating IDA fees, it is helpful to separate (1) what is permissible under the federal tax code, and (2) what are appropriate amounts to charge in order for the IDA to generate funds while still balancing the economic development purposes of the IDA and remaining marketable to potential conduit borrowers.

Federal Tax Limitations

From a federal tax standpoint, in general, the IDA can charge fees on a bond issue so long as the “yield on the investment” (meaning IDA fees and other potential fees, such as other host jurisdiction fees) does not exceed 1/8 of 1% of the bond’s yield. The bond yield is determined by, among other things, the bond’s amortization schedule. This federal tax limitation allows

various options for structuring IDA fee(s) while allowing the bond issuance to meet the federal tax code requirements.

Primary structures:

1. Annual Administrative Fee: The IDA can charge an annual administrative fee, which when coupled with other fees, does not exceed 1/8 of 1% of the bond's yield. In order to give some leeway to allow for other fees, such as application fees (addressed below) and potential fees charged by other host jurisdictions, many IDA/ EDAs will use an annual fee of 1/10 of 1% or cap the annual fee at a maximum amount, such as the \$3,000 annual maximum I mentioned in the January IDA meeting. Some EDAs will use both a lower 1/10 of 1% and cap the annual fee for marketing purposes.

However, an annual administrative fee is not required to be capped at anything other than what ultimately results in 1/8 of 1% of the bond's yield or less when coupled with any other IDA fees. Capping the annual fee is a marketing approach that many EDAs have used to keep those fees manageable for borrowers in order to attract financings and be competitive with other EDAs.

2. UpFront Fee: The IDA can also charge a one-time fee at closing as long as the same maximum 1/8 of 1% requirement is met.
 - A. The IDA is allowed to charge a full upfront fee at closing. That amount is essentially the total of the maximum annual fees allowed under scenario 1 above, but then reduced to present value. This is not as straight-forward and would require calculations by the borrower's bond counsel or financial advisor in the transaction based on the bond's amortization, which is not always readily available in the early stages of a financing. In addition, this could be a large amount, especially for larger bond issuances.
 - B. The IDA can also charge an upfront fee that is less than the full amount addressed in 2.A. above. My understanding is that in recent past conduit financings, the IDA has charged 1/8 of 1% of the initial principal amount of the bond at closing. This is essentially charging one full annual fee that is not capped, but not charging the same maximum annual fee in subsequent years. This method gives the IDA an upfront fee that is well-below the allowed federal tax law threshold and is easily calculated. For example, for the VMI Series 2016 Bond with a par amount of \$36,230,000, the IDA charged 1/8 of 1% of the par amount (the then outstanding principal) one time for an upfront fee of \$45,287.50.

3. Borrower Option: The IDA can also give the borrower the option to choose between options 1 and 2 above, although option 2.A. would require calculations by the borrower's bond counsel or financial advisor before closing.
4. Hybrid: A hybrid of upfront fees and annual fees addressed above that falls under the 1/8 of 1% threshold is also allowed. However, depending on the amounts, this would likely require calculations upfront by the borrower.
5. Scaled: The IDA can also choose to scale fees based on different amounts of the bond issuance. For example, certain fees of percentages may apply to the first \$10,000,000 of the par amount of a bond issuance, with lesser fees applied to amounts thereafter. This helps make sure the IDA receives enough money on the smaller issuances, without getting a windfall on larger issuances that may otherwise create "marketing" challenges and drive potential conduit borrowers away.

Additional fee considerations:

1. Application fee: Many EDAs also charge an application fee in addition to an annual fee. The application fee is often required to be paid at the first meeting that an EDA considers the financing. This fee is usually non-refundable in the event the financing does not close, although the vast majority of financings close. If the IDA wants an application fee, it will need to be considered in the calculation of the yield referenced above. However, if it is a low enough amount and the IDA opts for a less than 1/8 of 1% annual fee, the fee structure will usually be marketable without requiring calculation. For example, there usually would not be a problem with a \$4,000 application fee plus annual fees of 1/10 of 1% or a \$4,000 application fee and a one-time upfront fee of 1/8 of 1%.
2. Refinancings: The reality is that many bonds issued with a 20-30 year term will be refunded (refinanced) at some point during the term. Thus, the concern that many borrower's counsel have, and relay to the borrower, is that a full upfront fee is possibly requiring a borrower to pay fees for years when the bond may not be outstanding with your IDA.

Depending on the type of fee structure chosen, the IDA may want to consider if it applies fees when (a) a borrower is refinancing existing debt previously financed through the Lexington IDA, or (b) a borrower is refinancing existing debt previously financed through the Lexington IDA and there is also a "new money" component of the bond to be issued.

The answer is usually based on whether the IDA wants an annual fee or an upfront fee.

When EDAs are charging an annual fee, most EDA's do not usually discount fees for

future refinancings of existing debt through the EDA, as in reality, the annual fee is continuing as if the debt had not been refinanced.

If the IDA previously charged a full upfront fee, it makes sense not to charge again on an existing bond being refinanced. Where the IDA previously charged a full upfront fee, and there is a new money portion being added to a refinancing of existing debt with the IDA, it makes sense to only charge a full upfront fee on any new money portion. To do otherwise would essentially amount to double-charging the fee.

If an EDA is charging a one-time fee that is less than the full amount (as the Lexington IDA does now), the question is a little more open as to whether to charge a fee again on any portion that is just a refinancing of existing debt through the IDA.

“Marketing” Considerations

As I mentioned in previous IDA meetings, a strong consideration when conduit borrowers have the option to choose between IDAs is how easy an IDA is to use. In addition to other local economic development authorities, there are various state authorities that can often fill the same conduit financing functions. If a potential conduit borrower does not like the IDA’s fee structure, but is potentially required to use your IDA due to the project location, the borrower may request to use another EDA, which could create a “political” issue if your IDA and jurisdiction do not give the required approval.

The vast majority of other IDAs appear to use annual fees. For those that do charge an upfront fee, it is usually less than allowed under federal law.

Both the size of the fees and how simple it is to determine those fees are a large part of the consideration of how easy an IDA is to use. The IDA should consider the ability of potential borrowers to pay an annual fee versus a large fee upfront. Conduit borrowers may balk at paying a fee upfront if it is a large amount, rather than an annual amount that may be easily budgeted or a smaller upfront fee.

For the ability for a borrower to arrive at the amount of the fees and determine if those will meet the federal tax requirements, simple is better. Keep in mind that anything not straight forward may require the bond counsel or the financial advisors on the financing to calculate the “yield on the purpose investment” to compare with the bond yield rather than doing a simple “eyesight” calculation. I would recommend adopting an approach that would typically not require a bond counsel or a financial advisor to make other calculations. This additional step would make the IDA appear less user friendly, and that perception may travel fast and last awhile. Another bond counsel told me that if he thinks he or his borrower will have to do extra work and make calculations or wait until they have an amortization, or if an upfront fee is too large, they will try to find IDA alternatives when possible.

The Lexington IDA is uniquely positioned in that it already has local institutions that use the IDA rather frequently for large bond issuances, but may also attract smaller borrowers or bond issuances. Not all IDAs are in the same position with regard to borrowers. Likewise, not all borrowers are in the same position financially or with regard to the size of the bonds they want the IDA to issue. There is a big difference between a \$3,600,000 financing and a \$36,000,000 financing and the resulting fees to the IDA.

Questions to Answer

The foregoing leaves the following questions for the IDA Board to answer:

1. Does the IDA want an application fee? If so, what amount?
2. Does the IDA prefer an annual administrative fee, a one-time upfront fee, a borrower option between the two, or a hybrid or sliding scale structure?

A. If an **annual fee:**

- (1) What percentage does the IDA prefer after considering whether an application fee is charged: 1/8 of 1% annually on outstanding principal, 1/10 of 1% annually on outstanding principal, or a lesser amount?
- (2) Does the IDA want to cap annual fees at a maximum? If so, at what amount (e.g., \$3,000, \$5,000, or a percentage)?

B. If an **upfront fee:**

Does the IDA prefer to charge (1) the full amount of the total annual payments of 1/8 of 1% of outstanding principal brought to present value (which can be a large amount), or (2) a lower amount (such as the currently charged one-time fee of 1/8 of 1% of the original principal)?

C. If a **hybrid or scaled approach, what amounts or thresholds?**

Below are just a few examples of options:

1. \$4,000 application fee (or other amount) plus 1/10 of 1% annual fee capped at a certain amount (e.g., \$5,000) or not capped at all.
2. 1/8 of 1% annual fee on outstanding principal.
3. \$4,000 application fee (or other amount) plus 1/8 of 1% of original principal amount as a one-time fee at closing.
3. 1/10 of 1% fee at closing, plus 1/10 of 1% annually of outstanding principal capped at \$5,000 (or other amount).

There is a reason most IDAs use an annual fee and I believe it makes the IDA more “user-friendly” to conduit borrowers. However, I also understand the Lexington IDA’s desire to receive more fees upfront for more immediate expenditures on local economic development programs. The point is to find balance that works best for the Lexington IDA and its community. If the IDA wants funds upfront, it can do so, but I would recommend the IDA’s fees allow some leeway as to not automatically require in-depth calculations and are reasonable enough to attract and not deter potential conduit borrowers.

Analysis of Proposed IDA Bond Fees

Actual fees collected on 4 issues= **\$ 179,719**

Net present value at 5% discount of proposed fees **\$ 175,987**

Issue: VMI Series 2016 Par Amount = \$36,230,000
 Fee Collected by IDA = **\$45,287.50**

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20	\$ -	\$ -			\$ -	
Total					\$ 62,500	\$ 39,768

Issue: Kendal Series 2016 Par Amount = \$28,210,000
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Total					\$ 91,825	\$43,535



IDA Agenda Item October 9, 2019

TOPIC:

Update on IDA roles and responsibilities for bond issuance requests.

BACKGROUND:

Legal counsel Daniel Lauro will provide a brief summary to IDA members on roles and responsibilities related to bond issuance requests and of the required process. He will also be able to answer any questions IDA members may have.

RECOMMENDATION:

No action is requested related to this agenda item.



IDA Agenda Item October 9, 2019

TOPIC:

Update on VDOT Property Acquisition.

BACKGROUND:

The City of Lexington is in a position to acquire an abandoned VDOT (Virginia Department of Transportation) property within the city. The next step in the acquisition is for the city and VDOT to each acquire an appraisal of the property. The City's appraisal is in process, but we have not yet received the final product. We were required to notify VDOT of the company we procured to conduct the appraisal so that they can use a different company. We have also not yet received any further information from the state on the results of their appraisal. But, in general, this project is moving along.

RECOMMENDATION:

No action is requested.



**IDA Agenda Item
October 9, 2019**

TOPIC:

Update on IDA Balance Sheet.

BACKGROUND:

Financial reports for the IDA as of June 30, 2019 and September 30, 2019 are attached for your review. As of this date, the IDA has \$170,408 in assets available for future use.

RECOMMENDATION:

No action is requested.

IDA Balance Sheet
June 30, 2019

ASSETS	
Cash- SunTrust	\$ 14,254
Local Government Investment Pool	\$ 175,000
TOTAL ASSETS	<u>\$ 189,254</u>
LIABILITIES	
Accounts Payable	\$ 1,596
FUND BALANCE	
Reserved for R E Lee Hotel Project	\$ -
Unassigned	\$ 187,658
TOTAL FUND BALANCE	<u>\$ 187,658</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 189,254</u>

IDA Income Statement
June 30, 2019

REVENUE	
From General Fund- Transcient Occupancy Taxes	\$ 216,750
User Fees	\$ 57,403
REVENUE TOTAL	<u>\$ 274,153</u>
EXPENSES	
Payments to Horse Center Foundation	\$ 218,346
R E Lee Hotel Incentive	\$ 48,881
Economic Development	\$ 1,250
Professional Fees	\$ 6,128
EXPENSE TOTAL	<u>\$ 274,605</u>
REVENUE MINUS EXPENSES	<u><u>\$ (452)</u></u>

IDA Balance Sheet
September 30, 2019

ASSETS	
Cash- SunTrust	\$ 20,408
Local Government Investment Pool	\$ 150,000
TOTAL ASSETS	\$ 170,408
LIABILITIES	
Accounts Payable	\$ -
FUND BALANCE	
Reserved for R E Lee Hotel Project	\$ -
Unassigned	\$ 170,408
TOTAL FUND BALANCE	\$ 170,408
TOTAL LIABILITIES & EQUITY	\$ 170,408

IDA Income Statement
September 30, 2019

REVENUE	
From General Fund- Transcient Occupancy Taxes	\$ 100,312
User Fees	\$ -
REVENUE TOTAL	\$ 100,312
EXPENSES	
Payments to Horse Center Foundation	\$ 100,312
R E Lee Hotel Incentive	\$ -
Economic Development	\$ 17,250
Professional Fees	\$ -
EXPENSE TOTAL	\$ 117,562
REVENUE MINUS EXPENSES	\$ (17,250)



IDA Agenda Item October 9, 2019

TOPIC:

Danter & Associates Market Analysis.

BACKGROUND:

The IDA procured the services of Danter & Associates to conduct a market analysis. The final report – “An Analysis of Market-Rate Multifamily, Active Adult (Age 65+) and Senior Housing with Services in the City of Lexington, Virginia” -- has been received. Due to the length of the report and the size of the document, a link to the report is provided below.

http://danter.com/studies/CH702_Lexington,VA_6LE0B7.pdf

The IDA may wish to take some time to review this document and discuss it at a later meeting.

RECOMMENDATION:

No action is required on this agenda item at this time.