

**TAKE NOTICE THAT A MEETING
OF THE PHARR HOUSING FINANCE CORPORATION
WILL BE HELD AT CITY HALL, COMMISSIONERS' ROOM,
118 S. CAGE BLVD., 2ND FLOOR, PHARR, TEXAS
COMMENCING AT 5:00 PM ON
MONDAY, NOVEMBER 2, 2015**

The Pharr Housing Finance Corporation (the "Corporation") has called this meeting as allowed pursuant to Texas law and the Articles of Incorporation of the Corporation. The Board of Directors may recess from day to day when it does not complete consideration of a particularly long subject as authorized by law. On matters requiring a public hearing, all persons desiring to speak during a public hearing shall sign in with the City Clerk prior to the scheduled public hearing.

1. Roll call.
2. Public Comments. (Ordinance No. O-2015-28) *A registered speaker may speak on several items or topics of public concern; however, a speaker may not exceed three (3) minutes as a whole when addressing the board. A registered speaker may not donate time to another speaker. No more than five (5) registered persons may speak at a scheduled meeting. A sign-in form must be filled out prior to the meeting to allow the registered speaker to address the governing body.*
3. Consideration and action, if any, adopting and approving Pharr Housing Finance Corporation Articles of Incorporation.
4. Consideration and action, if any, adopting and approving the Bylaws of the Pharr Housing Finance Corporation.
5. Election of Officers – President, Vice-President, Secretary, and Treasurer.
6. Consideration and action, if any, on designation of Pharr Housing Finance Corporation Executive Director.
7. Consideration and action, if any, on Resolution authorizing bank signatories for the Pharr Housing Finance Corporation.
8. Consideration and action, if any, on Resolution authorizing the formation of PHFC Jackson Place Apartments, a Texas non-profit corporation and instrumentality of the Corporation, approving its certificate of formation, articles of incorporation, and bylaws, and appointing its board of directors and president.
9. Consideration and action, if any, on Project Development Agreement between Pharr Housing Finance Corporation, PHFC Jackson Place Apartments, and D&M Ventures, LLC.

10. Consideration and action, if any, on Engagement Agreement between Pharr Finance Corporation and Johnson Petrov LLP for legal representation.
11. **CLOSED SESSION:** In accordance with Chapter 551 of the Texas Gov't. Code, the Pharr Housing Finance Corporation hereby gives notice that it may meet in a closed (non-public) executive session to discuss the items listed on the public portion of the meeting agenda, including items 3 – 10 in accordance with the following below:

Pursuant to Section 551.071, the Corporation may convene in a closed, non-public meeting with its attorney and discuss any matters related to **legal advice on pending or contemplated litigation, settlement offer, and/or on a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter.** The Corporation and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.072, the Corporation may convene in a closed, non-public meeting to discuss any matters related to **real property and deliberate the purchase, exchange, lease, or value of real property as such would be detrimental to negotiations between the Corporation and a third party in an open meeting.** The Corporation and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.074, the Corporation may convene in a closed, non-public meeting to discuss any matters related to **appointment, employment, evaluation, reassignment, duties and discipline or dismissal of a public officer or employee and to hear any complaints or charges against an officer or employee.** The Corporation and its attorney may also discuss such issues with the appropriate staff including members so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.075, the Corporation may convene in a closed, non-public meeting to discuss any matters with any and all **employees to receive information or question the employees.** The Corporation and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.076, the Corporation may convene in a closed, non-public meeting to discuss any matters on the **deployment, or specific occasions for implementation, of security personnel or devices.** The Corporation and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.084, the Corporation may convene in a closed, non-public meeting to discuss any matters involving an **investigation and may exclude a witness from hearing during the examination of another witness in the investigation.** The Corporation and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

Pursuant to Section 551.086, the Corporation may convene in a closed, non-public meeting to discuss any matters regarding **economic development issues**. The Corporation and its attorney may also discuss such issues with the appropriate staff so as to obtain necessary and relevant information so that such discussion is informative and developed.

12. **RECONVENE** into Regular Session, and consider action, if necessary on any item(s) discussed in closed session.
13. Adjournment.

NOTICE OF ASSISTANCE AT THE PUBLIC MEETING

City Hall is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 48 hours prior to this meeting. Please contact the City Clerk's Office at 956/702-5335 ext 1003/1007 or FAX 956/702-5313 or E-mail hpedraza@pharr-tx.gov or imelda.barrera@pharr-tx.gov for further information. Braille is not available.

I, the undersigned authority, do hereby certify that the above notice of said Organizational Meeting of the Pharr Housing Finance Corporation of the City of Pharr was posted on the bulletin board at City Hall and on the City's web page at www.pharr-tx.gov. This Notice was posted on the 30th day of October 2015 at 4:30 p.m. and will remain posted continuously for at least 72 hours preceding the scheduled time of said Meeting, in compliance with Chapter 551 of the Government Code, Vernon's Texas Codes, Annotated (Open Meetings Act).

WITNESS MY HAND AND SEAL, this 30th DAY OF OCTOBER 2015.





HILDA PEDRAZA, TRMC
CITY CLERK

**ARTICLES OF INCORPORATION
OF
PHARR HOUSING FINANCE CORPORATION**

THE STATE OF TEXAS §
COUNTY OF HIDALGO §
CITY OF PHARR §

WE, THE UNDERSIGNED natural persons, each of whom is at least eighteen (18) years of age, a citizen of the State of Texas, and a resident of Pharr, Texas (the "City"), which is duly created and established under the Constitution of the State of Texas, acting as incorporators of a public instrumentality and nonprofit corporation (the "Corporation") under the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code, as amended (the "Act"), having been granted authority by the governing body of the City by the resolution passed and adopted by the governing body attached hereto as Exhibit "A," do hereby adopt the following Articles of Incorporation for the Corporation:

**ARTICLE ONE
Name of Corporation**

The name of the corporation is the Pharr Housing Finance Corporation.

**ARTICLE TWO
Type of Corporation**

The Corporation is a public nonprofit corporation.

**ARTICLE THREE
Period of Duration**

The duration of the Corporation is perpetual.

**ARTICLE FOUR
Purpose**

The Corporation is organized solely to carry out the purposes of the Act, i.e., exclusively for the purposes of benefiting and accomplishing public purposes of, and on behalf of, the City, by financing the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at prices they can afford. It has been determined and declared by the Legislature of the State of Texas that such residential ownership and development will (a) provide for and promote the public health, safety, morals, and welfare; (b) relieve conditions of unemployment and encourage the increase of industry and commercial activity and economic development so as to reduce the evils attendant upon unemployment; (c) provide for efficient and well-planned urban growth and development including the elimination and prevention of urban blight and the proper coordination of industrial facilities with public services, mass transportation and residential development; (d) assist persons of low and moderate

income in acquiring and owning decent, safe and sanitary housing which they can afford; and (e) preserve and increase ad valorem tax bases of local governmental units; and the foregoing have been determined and declared by the Legislature of the State of Texas to lessen the burden of government and to be public purposes and functions.

The Corporation is a duly constituted authority and an instrumentality of the City within the meaning of the regulations of the United States Treasury Department and the ruling of the Internal Revenue service promulgated and issued pursuant to Section 103 of the Internal Revenue Code of 1986 (26 U.S.C. §103), as amended. The Corporation is authorized, and has as an additional specific purpose for its organization and operation, to act on behalf of the City as provided in these Articles of Incorporation. However, no agreements, bonds, debts, or obligations of the Corporation are or shall ever be deemed to be the agreements, bonds, debts or obligations, or the lending of credit, or a grant of public money or thing of value, of or by the City, or any other political corporation, subdivision or agency of the State of Texas, or a pledge of the faith and credit of any of them.

No part of the Corporation's activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

ARTICLE FIVE
Membership

The Corporation has no members.

ARTICLE SIX
Amendments

Theses Articles of Incorporation may at any time and from time to time be amended in accordance with the procedures relating thereto set forth in the Act.

ARTICLE SEVEN
Initial Registered Office and Registered Agent

The street address of the initial registered office of the Corporation is 118 S. Cage Blvd., Pharr, Texas 78577 and the name of its initial registered agent at such address is Juan Guerra.

ARTICLE EIGHT
Board of Directors

The affairs of the Corporation shall be managed by a seven (7) member board of directors (or such greater or lesser number to be equivalent at all time with the total number of positions constituting the Board of Commissioners of the City) which shall be composed in its entirety of person who are members of the Board of Commissioners of the City, and whose terms of office shall be fixed by, and run coterminous with, their respective terms of office as members of the

Board of Commissioners of the City. A director shall hold office for the term to which the director is qualified and until a successor is qualified. The Board of Commissioners may remove a director for cause or at any time without cause. A director serves without compensation but shall be entitled to reimbursement for actual expenses incurred in the performance of duties under the Act. The Corporation and the directors shall be subject to both the Texas Open Meetings Act and the Texas Open Rectos Act (Chapters 551 and 552, Texas Government Code, as amended).

The names and addresses of the members of the persons who are to serve as the initial directors are as follows:

<u>NAME</u>	<u>ADDRESS</u>	<u>EXPIRATION OF INITIAL TERM</u>
Ambrosio Hernandez, Mayor	P.O. Box 1729 Pharr, Texas 78577	May 2019
Eleazar Guajardo, Commissioner Place 1	P.O. Box 1729 Pharr, Texas 78577	May 2019
Roberto Carrillo, Commissioner Place 2	P.O. Box 1729 Pharr, Texas 78577	May 2017
Oscar Elizondo, Jr., Commissioner Place 3	P.O. Box 1729 Pharr, Texas 78577	May 2017
Edmund Maldonado, Jr., Commissioner Place 4	P.O. Box 1729 Pharr, Texas 78577	May 2017
Ricardo Medina, Commissioner Place 5	P.O. Box 1729 Pharr, Texas 78577	May 2019
Mario Bracamontes, Commissioner Place 6	P.O. Box 1729 Pharr, Texas 78577	May 2019

Each of the initial directors resides within the City.

ARTICLE NINE
Director Liability

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

ARTICLE TEN
Incorporators

The names and street addresses of the incorporators, each of whom resides within the City are:

<u>NAME</u>	<u>ADDRESS</u>
Ambrosio Hernandez	P.O. Box 1729, Pharr, Texas 78577
Eleazar Guajardo	P.O. Box 1729, Pharr, Texas 78577
Roberto Carrillo	P.O. Box 1729, Pharr, Texas 78577
Oscar Elizondo, Jr.	P.O. Box 1729, Pharr, Texas 78577
Edmund Maldonado, Jr.	P.O. Box 1729, Pharr, Texas 78577
Ricardo Medina	P.O. Box 1729, Pharr, Texas 78577
Mario Bracamontes	P.O. Box 1729, Pharr, Texas 78577

ARTICLE ELEVEN
Authorization and Approval by the City

Pursuant to a resolution adopted by the Board of Commissioners of the City on September 23, 2015, the City has approved these Articles of Incorporation and has authorized the creation of the Corporation to act on its behalf to further the public purposes set forth in the Resolution and these Articles of Incorporation.

ARTICLE TWELVE
Powers of the Corporation

The Corporation shall have all powers granted it by the Act, as it may be amended from time to time, whether or not so expressly stated in these Articles of Incorporation

ARTICLE THIRTEEN
Dividends and Earnings

No dividends shall ever be paid by the Corporation and no part of its net earnings (beyond that necessary for retirement of the indebtedness of the Corporation or to implement the public purpose of the City for which the Corporation has been created) shall be distributed to or inure to the benefit of its directors or officers or any private person, firm, corporation, or association except in reasonable amounts for services rendered; provided, however, that nothing herein contained shall prevent the Corporation from transferring all or any part of its properties in accordance with the terms of any contract or agreement entered into by the Corporation. No

substantial part of the Corporation's activities shall be carrying on propaganda or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

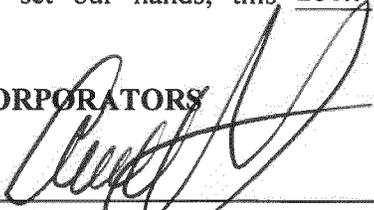
ARTICLE FOURTEEN
Dissolution

If the Corporation ever should be dissolved when it has, or is entitled to, any interest in funds or property of any kind, real, personal or mixed, such funds or property or rights shall not be transferred to private ownership, but shall, subject to the provisions of the Act, be transferred and delivered equally to the City, whose address is 118 S. Cage Blvd., Pharr, Texas 78577, after satisfaction or provision for satisfaction of debts and claims.

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IN WITNESS WHEREOF, we have hereunto set our hands, this 20TH day of OCTOBER, 2015.

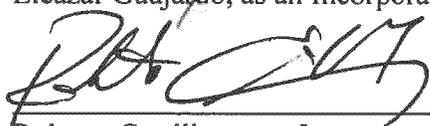
INCORPORATORS



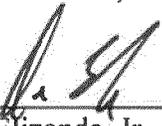
Ambrosio Hernandez, as an Incorporator



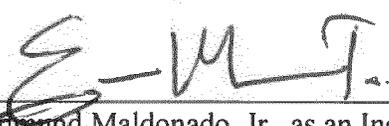
Eleazar Guajardo, as an Incorporator



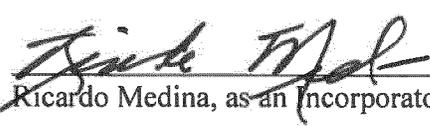
Roberto Carrillo, as an Incorporator



Oscar Elizondo, Jr., as an Incorporator



Edmund Maldonado, Jr., as an Incorporator



Ricardo Medina, as an Incorporator

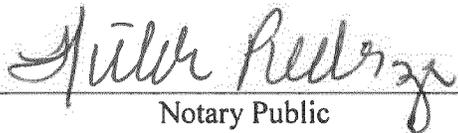


Mario Bracamontes, as an Incorporator

THE STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

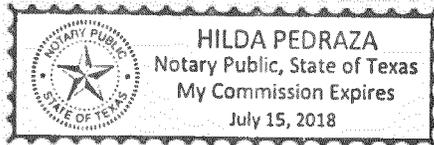
I, the undersigned, a Notary Public, do hereby certify that on this 20th day of October, 2015, personally appeared before me: Ambrosio Hernandez, Eleazar Guajardo, Roberto Carrillo, Oscar Elizondo, Jr. Edmund Maldonado, Jr. Ricardo Medina and Mario Bracamontes, who, each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.



Notary Public

(NOTARY PUBLIC SEAL)

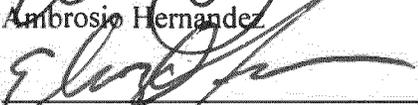


**APPLICATION FOR INCORPORATION OF
PHARR HOUSING FINANCE CORPORATION**

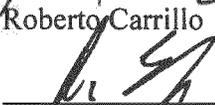
We, the undersigned, citizens of the State of Texas, of the age of 18 years or more and residents of Pharr, Texas, hereby file with the governing body of Pharr an application in writing seeking the incorporation of a housing finance corporation under the provisions of Chapter 394 of the Texas Local Government Code, the Texas Housing Finance Corporations Act. The form of the articles of incorporation to be use in organizing the corporation is attached hereto as "Exhibit A."

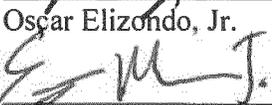
Signed this the 20TH day of OCTOBER, 2015.

By: 
Ambrosio Hernandez

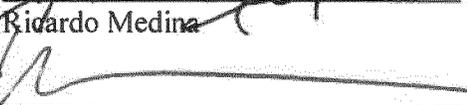
By: 
Eleazar Guajardo

By: 
Roberto Carrillo

By: 
Oscar Elizondo, Jr.

By: 
Edmund Maldonado, Jr.

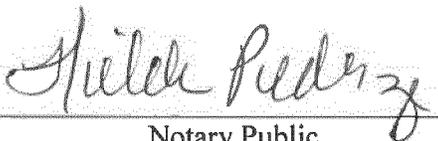
By: 
Ricardo Medina

By: 
Mario Bracamontes

THE STATE OF TEXAS §
 §
COUNTY OF HIDALGO §

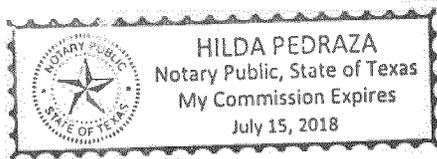
I, the undersigned, a Notary Public, do hereby certify that on this 20th day of October, 2015, personally appeared before me: Ambrosio Hernandez, Eleazar Guajardo, Roberto Carrillo, Oscar Elizondo, Jr. Edmund Maldonado, Jr. Ricardo Medina and Mario Bracamontes, who, each being by me first duly sworn, severally declared that they are the persons who signed the foregoing document as incorporators, and that the statements therein contained are true.

WITNESS WHEREOF, I have hereunto set my hand and seal the day and year above written.



Notary Public

(NOTARY PUBLIC SEAL)



<p>Form 509 (Revised 06/15)</p> <p>Submit with relevant filing instrument.</p> <p>Filing Fee: None</p>	 <p>Consent to Use of Similar Name</p>	
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(1) Pharr Housing Development Corporation (File No. 125231201)

Name and file number of the entity or individual who holds the existing name on file with the secretary of state

consents to the use of

(2) Pharr Housing Finance Corporation

Proposed name

as the name of a filing entity or foreign filing entity in Texas for the purpose of submitting a filing instrument to the secretary of state.

(3) The undersigned certifies to being authorized by the holder of the existing name to give this consent. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

Date: 10/20/2015



Signature of Authorized Person

AMBROSIO HERNANDEZ

Name of Authorized Person (type or print)

MAYOR

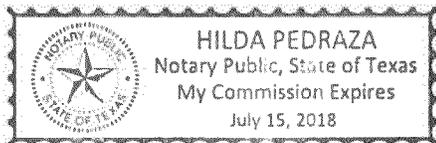
Title of Authorized Person, if any (type or print)

State of Texas

County of Hidalgo

This instrument was acknowledged before me on 10/20/15 by Ambrosio Hernandez
(date) (name of authorized person)

(Seal)




Notary Public's signature

**BYLAWS OF
PHARR HOUSING FINANCE CORPORATION**

**ARTICLE I
NAME**

SECTION 1.01. NAME. The name of the corporation is the PHARR HOUSING FINANCE CORPORATION (the "Corporation").

**ARTICLE II
PURPOSE AND POWERS**

SECTION 2.01. PURPOSE. The purpose of the Corporation is to carry out the purposes of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code (the "Act"), by providing a means of financing the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City of Pharr, Hidalgo County, Texas (the "City") at prices they can afford. It has been determined and declared by the Legislature of the State of Texas that such residential ownership and development will (a) provide for and promote the public health, safety, morals, and welfare; (b) relieve conditions of unemployment and encourage the increase of industry and commercial activity and economic development so as to reduce the evils attendant upon employment; (c) provide for efficient and well-planned urban growth and development including the elimination and prevention of potential urban blight and the proper coordination of industrial facilities with public services, mass transportation and residential development; (d) assist persons of low and moderate income in acquiring and owning decent, safe and sanitary housing which they can afford; and (e) preserve and increase ad valorem tax bases of local governmental units. The foregoing findings have been determined and declared by the Legislature of the State of Texas to lessen the burden of government and to be public purposes and functions.

SECTION 2.02. POWERS. The Corporation shall have all such powers as are conferred by the Articles of Incorporation and the Act, and may exercise any powers incidental to, or necessary for, the performance of the powers therein prescribed and any such other powers that are necessary or appropriate to carry out the purposes of the Corporation except those additional powers that conflict with any resolutions, policies or ordinances of the City or its governing body, this limitation shall not be read to conflict with the powers set forth by state law. In furtherance of its purposes, the Corporation may:

- (1) Make contracts and other instruments as necessary or convenient to the exercise of powers;
- (2) Incur liabilities;
- (3) Borrow money at rates determined by the Corporation;
- (4) Issue notes, bonds, and other obligations;
- (5) Secure any of its obligations by the mortgage or pledge of all or part of the Corporation's property, franchises, and income;
- (6) Plan, research, study, develop and promote the establishment of residential development;

- (7) Make donations for the public welfare or for charitable, scientific or educational purposes;
- (8) Enter into contracts to perform services for any other housing finance corporation or any individual or entity acting on behalf of any other housing finance corporation or, with respect to residential development, any housing authority, nonprofit enterprise, or similar entity;
- (9) Apply for and accept, on its own behalf or on behalf of another person, advances, loans, grants, contributions, guarantees, rent supplements, mortgage assistance, and other forms of financial assistance from the federal government, the state, a county, a municipality, or any other public or quasi-public body, corporation, or foundation, or from any other public or private source.

The list of powers enumerated in this provision is only illustrative and in no way limits or restricts any other powers prescribed by the Act or Articles of Incorporation.

ARTICLE III BOARD OF DIRECTORS

SECTION 3.01. BOARD OF DIRECTORS. The affairs, activities, business, programs and property of the Corporation shall be managed by a seven (7) member board of directors (the "*Board*") which shall be composed in its entirety of persons who are members of the governing body of the City, and whose terms of office shall be fixed by and run coterminous with their respective terms of office on such governing body of the City.

SECTION 3.02. FILLING VACANCIES. Vacancies on the Board, including vacancies to be filled by reason of an increase in the number of directors, shall be filled for the unexpired term by the person qualified to serve the specific unexpired term by virtue of that person's selection, in the manner prescribed by law, to serve the associated respective unexpired term of membership on the governing body of the City.

SECTION 3.03. POWERS OF CORPORATION TO BE EXERCISED BY BOARD. The property and business of the Corporation shall be managed by the Board which may exercise all powers of the Corporation and do all lawful acts.

SECTION 3.04. PLACE OF BOARD MEETINGS. Meetings of the Board may be held at such place or places in the State of Texas as the Board from time to time may determine; provided, however, in the absence of any such determination by the Board of Directors, the meetings shall be held at the office of the governing body of the City.

SECTION 3.05. MEETING OF DIRECTORS. All meetings of the Board shall be held within the State of Texas and shall be conducted in accordance with the Texas Open Meetings Act. Meetings shall be posted and open to the public as required by Chapter 551 of the Texas Government Code, except such meetings requiring the discussion of legal, personnel, security, real estate or other matters statutorily exempt from the Open Meetings Act.

SECTION 3.06. REGULAR BOARD MEETINGS. Regular meetings shall be held at such time and place as shall be designated by the Board, from time to time and pursuant to the notice requirements set forth in these Bylaws. The Board shall meet monthly, but shall not be required to meet if no business is required to be conducted. At any meeting at which there is a quorum present, any matter pertaining to the purpose of the Corporation may be considered and acted upon.

SECTION 3.07. SPECIAL BOARD MEETINGS. Special meetings of the Board may be called by the President, Secretary or a majority of directors at the time being in office and pursuant to the notice requirements set forth in these Bylaws. Unless otherwise indicated in the notice of the special meeting, any and all matters pertaining to the purposes of the Corporation may be considered and voted upon at a special meeting.

SECTION 3.08. QUORUM. At all meetings of the Board the presence of a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by these Bylaws.

SECTION 3.09. RECORDS. Board minutes shall be prepared and must include the vote of each member on each item before the Board and indicate whether a member is absent or failed to vote on any item. The secretary of the Corporation shall retain all official Board documents. The documents are public records under Texas Government Code, Chapter 552.

SECTION 3.10. NO COMPENSATION PAID TO DIRECTORS. Directors, as such, shall receive no compensation for services rendered as directors, but shall be reimbursed for all reasonable expenses incurred in performing their duties as directors.

SECTION 3.11. OTHER COMMITTEES. The Board may by resolution or resolutions adopted by the Board, establish one or more committees, each committee to consist of two or more of the directors of the Corporation. Such committee or committees shall have such name or names, and such powers, as may be determined from time to time by resolution adopted by the Board.

SECTION 3.12. COMMITTEE MINUTES. All committees shall keep regular minutes of their proceedings and report the same to the Board when required.

ARTICLE IV OFFICERS

SECTION 4.01. SELECTION, TITLES AND TERM OF OFFICE. The officers of the Corporation shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time elect or appoint. One person may hold more than one office, except that the President shall not hold the office of secretary. The Officers shall be chosen at its first meeting held after October 1st of each year.

SECTION 4.02. POWERS AND DUTIES OF THE PRESIDENT. The President shall be the chief executive officer of the Corporation and shall preside at all meetings of the Board. Subject to the Board, the President shall have general supervision of the management of the properties and affairs of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. The President shall be ex-officio a member of all standing committees. In furtherance of the purposes of the Corporation, the President may sign and execute all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments in the name of the Corporation, subject to any restrictions imposed on such authority by applicable law or an express delegation by the Board of such authority to some other officer or agent of the Corporation.

SECTION 4.03. POWERS AND DUTIES OF THE VICE PRESIDENT. The Vice President shall have such powers and duties as may be prescribed by the Board and shall exercise the powers of the President during his or her absence or inability to act. Any action taken by the Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

SECTION 4.04. POWERS AND DUTIES OF THE SECRETARY. The Secretary may sign with the President upon the approval of the Board in the name of the Corporation, and/or attest to the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the Corporation, shall have charge of the corporate books, records, documents and instruments, except the papers as the Board may direct, all of which shall at all reasonable time be open to public inspection upon application at the office of the Corporation during business hours, and shall in general perform all duties incident to the office of secretary subject to the control of the Board.

The Secretary shall attest to the signature of the president or vice president by signing any such instrument that requires it. The Board may appoint one or more persons to serve as an Assistant Secretary, which person may, but need not be, a director. The Assistant Secretary may perform any duty granted to the Secretary in these Bylaws and/or in any resolution approved by the Board.

SECTION 4.05. POWERS AND DUTIES OF THE TREASURER. To the extent not otherwise provided by the Board, by rules or regulations, in resolutions relating to the issuance of bonds, or in any financing documents relating to such issuance, the Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in a depository as shall be designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements and shall render to the President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all transactions performed as Treasurer and of the financial condition of the Corporation. The Board may appoint one or more persons to serve as an Assistant Treasurer, which person may, but need not be, a director. The Assistant Treasurer may perform any duty granted to the Treasurer in these Bylaws and/or in any resolution approved by the Board.

SECTION 4.06. EXECUTIVE DIRECTOR. With City's approval, the Board may hire for a reasonable compensation an Executive Director to perform such duties as the Board may prescribe. The Executive Director shall serve at the will and pleasure of the Board and he or she shall be experienced and qualified in securing funding for and developing an effective housing program. No director of the Corporation shall be eligible for this office unless he or she resigns from the Board. When the office of Executive Director becomes vacant, the Board shall appoint a successor.

SECTION 4.07. RESIGNATION. Any officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the City Council. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

ARTICLE V ARTICLES OF INCORPORATION AND BYLAWS

SECTION 5.01. AMENDMENTS TO ARTICLES OF INCORPORATION. The Articles of Incorporation may be amended at any time and from time to time so as to make any changes therein and to add any provisions thereto which might have been included in the Articles of Incorporation in the first instance pursuant to the provisions of the Act. Any such amendments shall be effected in any of the following manner: the Board shall file with the City a written application requesting permission to amend the Articles of Incorporation, specifying in such application the amendment proposed to be made. The City shall consider such application and if it by appropriate resolution finds and determines that it is wise, expedient, necessary or advisable that the proposed amendment be made, authorize the same to be made and approve the form of the proposed amendment. The Board may then amend the Articles of Incorporation by adopting such amendment at a meeting of the Board and delivering the same to the Secretary of State of Texas.

SECTION 5.02. AMENDMENT OF BYLAWS. These Bylaws may be amended at any time and from time to time by majority vote of the Board.

SECTION 5.03. INTERPRETATION OF BYLAWS. These Bylaws and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these Bylaws, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of these Bylaws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Bylaws to any other person or circumstance shall not be affected thereby.

ARTICLE VI FISCAL PROVISIONS

SECTION 6.01. RESTRICTIONS ON PAYMENT OF FUNDS. The Corporation is a public non-profit corporation. No dividends shall ever be paid by the

Corporation and no part of its net earnings remaining after payment of its expenses shall be distributed to or inure to the benefit of its directors or officers or any individual, firm, corporation, or association, except that in the event the board of directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds, and other obligations of the Corporation, then any net earnings of the Corporation thereafter accruing shall be paid to the City. Nothing herein contained, however, shall prevent the Board from transferring all or any part of its properties in accordance with the terms of any contract or agreement entered into by the Corporation. No part of the Corporation's activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

In the event the Board shall determine that sufficient provision has been made for the full payment of the expenses, bonds, and other obligations of the Corporation issued to finance all or part of the cost of a Corporation-financed project, then the net earnings of the Corporation thereunder accruing with respect to the project shall be paid to the City.

SECTION 6.02. FISCAL YEAR. The fiscal year of the Corporation shall be the same as the fiscal year of the City.

SECTION 6.03. EXECUTION OF FINANCIAL INSTRUMENTS. All checks, demands for money, withdrawals of money, notes, time and demand deposits and certificates of deposit shall be signed by the Treasurer or his designee or such other person or persons as the Board of Directors from time to time may designate by resolution or other action of the Board of Directors or as may be designated in any financing documents relating to the issuance of bonds or other obligations of the Corporation, provided that in the case of checks at least one of the authorized signatories shall be an officer of the Corporation.

SECTION 6.04. REPORTS OF FINANCIAL STATEMENTS. The treasurer shall present at the regular meetings of the Board on a quarterly basis a statement of finances or a written account of all monies received and paid out on behalf of the Corporation and such report shall be included in the regular minutes.

SECTION 6.05. DISSOLUTION OF CORPORATION — DISTRIBUTION OF FUNDS AND PROPERTIES. Upon dissolution of the Corporation, title to all funds and properties or interest in any real or personal property owned by the Corporation at the time of such dissolution shall vest in the City and possession of such funds and properties or interest in properties shall forthwith be delivered to the City.

ARTICLE VII GENERAL PROVISIONS

SECTION 7.01. PRINCIPAL OFFICE. The principal office of the Pharr Housing Finance Corporation shall be at 118 S. Cage Blvd., Pharr, Texas 78577. The Corporation shall have and continuously maintain in the State of Texas a registered office (which may be, but need not be, the same as the principal office) and registered agent in accordance with the provisions of

Article 2.05 of the Texas Non-Profit Corporation Act. The Corporation may change its registered office and registered agent in accordance with the provisions of Article 2.06 of the Non-Profit Corporation Act. Process may be served on the Corporation in accordance with the provisions of Article 2.07 of the Texas Non-Profit Corporation Act.

SECTION 7.02. ORGANIZATIONAL CONTROL. The governing body of the City may, at its sole discretion, and at any time, alter or change the structure, organization, programs or activities of the Corporation (including the power to terminate the Corporation), subject to any limitation in the Act on the impairment of contracts entered into by the Corporation.

SECTION 7.03. APPROVAL OR CONSENT TO BOARD ACTION. To the extent that these Bylaws refer to any such approval by the governing body or of the City, such advice and consent shall be evidenced by a certified copy of a resolution, order or motion duly adopted by the governing body of the City.

SECTION 7.04. BOOKS AND RECORDS. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board. All books and records of the Corporation shall be kept at the principal office of the Corporation where they shall be available to the public in accordance with the applicable provisions of the Open Records Act (Chapter 552, Tex. Government Code, as amended).

SECTION 7.05. NOTICE AND WAIVER OF NOTICE. Whenever any additional notice is required to be given to a director under the provisions of the Articles of Incorporation or these by-laws, such notice shall be deemed sufficient if given by depositing same in a post office box in a stamped addressed envelope to the person entitled to the notice at their last known address or as it appears in the books of the Corporation, if to a holder of corporate bonds, and such notice shall be deemed to have been given on the day of such mailing. Whenever any notice is required to be given to a director under the provisions of any statute or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

SECTION 7.06. FACSIMILE SIGNATURES. The provisions of the Texas Uniform Facsimile Signature of Public Officials Act shall be applicable to the Corporation, which is a duly constituted instrumentality of the City, a political subdivision of the State of Texas.

ADOPTED AND APPROVED this the ____ day of _____ 2015.

President, Board of Directors
Pharr Housing Finance Corporation

ATTEST:

Secretary, Board of Directors
Pharr Housing Finance Corporation

[Signature Page for the Bylaws of Pharr Housing Finance Corporation]



Pharr
Administration
interoffice
MEMORANDUM

To: Pharr Housing Finance Corporation Board of Directors

From: Hilda Pedraza, TRMC City Clerk

Subject: Agenda Item – Election of Officers – President, Vice- President, Secretary, and Treasurer

Date: October 30, 2015

No backup information is needed for this item.

Thank you.



Pharr
Administration
interoffice
MEMORANDUM

To: Pharr Housing Finance Corporation Board of Directors

From: Hilda Pedraza, TRMC City Clerk

Subject: Agenda Item – Designation of Pharr Housing Finance Corporation Executive Director

Date: October 30, 2015

No backup information is needed for this item.

Thank you.

RESOLUTION NO. _____

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

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

WHEREAS, PHFC desires to further its public purposes and functions by creating a related, affiliate, non-profit corporation and instrumentality named PHFC Jackson Place Apartments ("Related Corporation"), appointing and maintaining its Board of Directors, and otherwise exercising control over the Related Corporation, its dissolution and its assets; and

WHEREAS, by creating the Related Corporation, PHFC intends to cause the creation of a moderate income rental housing apartment complex on approximately 14 acres in the City of Pharr, Hidalgo County, Texas that will be initially known as the Jackson Place Apartments. Of the total 288 units, 90% of the units will be reserved for families with yearly household incomes not to exceed 160% percent of Pharr's median family income; and

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

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

WHEREAS, the Board of Directors desires to authorize and approve the Certificate of Formation, Articles of Incorporation and By-laws of the Related Corporation, appoint the Board of Directors of the Related Corporation, and take other action with respect to the Related Corporation,

NOW, THEREFORE,

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

Section 1. The Board of Directors hereby finds, determines, recites and declares that it is wise, expedient, necessary and advisable that the Related Corporation be formed. The creation

and organization of the Related Corporation under the provisions of the Code as duly constituted affiliate, non-profit corporation and instrumentality of PHFC is hereby approved, and the Related Corporation is hereby authorized to aid, assist, and act of its behalf and for the benefit of PHFC in the performance of its functions to develop, construct, acquire, and partially own the Jackson Place Apartments in the City of Pharr; to promote, develop, encourage and maintain the Jackson Place Apartments as decent, safe, and sanitary housing at affordable prices; and to ensure to the maximum extent possible, that Jackson Place Apartments remains an asset of PHFC and in that capacity helps to achieve the public purpose and functions of PHFC; and to perform the other purposes described in its Articles of Incorporation.

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

Section 3. The Board of Directors hereby appoints the initial Board of Directors of the Related Corporation, with their terms of office to expire at the time indicated.

<u>NAME</u>	<u>ADDRESS</u>	<u>EXPIRATION OF INITIAL TERM</u>
Ambrosio Hernandez, Mayor	P.O. Box 1729 Pharr, Texas 78577	May 2019
Eleazar Guajardo, Commissioner Place 1	P.O. Box 1729 Pharr, Texas 78577	May 2019
Roberto Carrillo, Commissioner Place 2	P.O. Box 1729 Pharr, Texas 78577	May 2017
Oscar Elizondo, Jr., Commissioner Place 3	P.O. Box 1729 Pharr, Texas 78577	May 2017
Edmund Maldonado, Jr., Commissioner Place 4	P.O. Box 1729 Pharr, Texas 78577	May 2017
Ricardo Medina, Commissioner Place 5	P.O. Box 1729 Pharr, Texas 78577	May 2019
Mario Bracamontes, Commissioner Place 6	P.O. Box 1729 Pharr, Texas 78577	May 2019

_____ is designated as the President of the Related Corporation. Other officers shall be designated as provided by the By-laws.

Section 4. The Board of Directors hereby approves the By-laws of the Related Corporation in substantially the form attached hereto as Exhibit B, and authorizes the President of the corporation to execute and file them in the corporate records in the manner provided by law.

Section 5. The Board of Directors hereby finds, determines, recites and declares that any notes, bonds, loans, debts or other obligations of the Related Corporation shall not be deemed an indebtedness, liability, general or moral obligation or pledge of the faith or credit of the State of Texas, the City of Pharr, PHFC, or any other political subdivision or governmental unit, not shall any such notes, bonds, loans, debts or other obligations constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction or agreement, obligation, or indebtedness of PHFC, the City of Pharr, the State of Texas within the meaning of PHFC's Articles of Incorporation, the City Charter or of any constitutional or statutory provisions whatsoever.

Section 6. The Board of Directors hereby finds, determines, recites, and declares that it is the purpose, intent, and desire of PHFC in approving the creation of the Related Corporation and its Certificate of Formation, Articles of Incorporation and By-laws, that such actions and the Related Corporation hereby authorized comply with the requirements of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and Internal Revenue Service rulings promulgated thereunder and the rulings issued pursuant thereto, such that the Related Corporation shall be determined to be a constituted non-profit corporation acting as an asset of PHFC pursuant to the provisions of the Code and Chapter 394, Texas Local Government Code.

Section 7. This Resolution shall take effect immediately upon its passage and approval by the Board of Directors.

ADOPTED AND APPROVED this the ____ day of _____ 2015.

President, Board of Directors
Pharr Housing Finance Corporation

ATTEST:

Secretary, Board of Directors
Pharr Housing Finance Corporation

**BYLAWS OF
PHFC JACKSON PLACE APARTMENTS,
A TEXAS NONPROFIT CORPORATION**

**ARTICLE I
OFFICES**

The principal office of PHFC JACKSON PLACE APARTMENTS (the "Corporation") shall be at the office of the Pharr Housing Finance Corporation (the "PHFC") of the City of Pharr, Texas (the "City"), which is located at 118 S. Cage Blvd., Pharr, Texas 78577.

**ARTICLE II
DIRECTORS**

SECTION 2.01. BOARD OF DIRECTORS. The affairs of the Corporation shall be managed by a seven (7) member board of directors (the "*Board*") which shall be composed in its entirety of persons who are members of the City Commission of the City, and whose terms of office shall be fixed by and run coterminous with their respective terms of office on such City Commission of the City.

SECTION 2.02. FILLING VACANCIES. Vacancies on the Board, including vacancies to be filled by reason of an increase in the number of directors, shall be filled for the unexpired term by the person qualified to serve the specific unexpired term by virtue of that person's selection, in the manner prescribed by law, to serve the associated respective unexpired term of membership on the City Commission of the City.

SECTION 2.03. POWERS OF CORPORATION TO BE EXERCISED BY BOARD. The property and business of the Corporation shall be managed by the Board which may exercise all powers of the Corporation and do all lawful acts.

SECTION 2.04. PLACE OF BOARD MEETINGS. Meetings of the Board may be held at such place or places in the State of Texas as the Board from time to time may determine; provided, however, in the absence of any such determination by the Board of Directors, the meetings shall be held at the City Commission Chambers of the City.

SECTION 2.05. REGULAR BOARD MEETINGS. Regular meetings of the Board may be held on such dates and at such time and places as shall from time to time be determined by the Board; provided, however, in the absence of any such determination by the Board, the meetings shall be held at the City Commission Chambers of the City. Public notice of such regular meetings shall be provided as required by Section 3.01 herein below, a copy of which notice shall be given to the City Clerk of the City.

SECTION 2.06. SPECIAL BOARD MEETINGS. Special meetings of the Board may be called by the President on three days' notice to each director, and upon public notice as provided in Section 3.01 herein below, and shall be called by the President or Secretary also on

three days' notice to each director, and upon public notice as provided in Section 3.01 herein below, on the written request of two directors. Emergency meetings shall be called by the President on two hours' notice, but only upon compliance with the public notice requirements as provided in Section 3.01 herein below.

SECTION 2.07. QUORUM. At all meetings of the Board the presence of a majority of the directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by these Bylaws.

SECTION 2.08. NO COMPENSATION PAID TO DIRECTORS. Directors, as such, shall receive no compensation for services rendered as directors, but shall be reimbursed for all reasonable expenses incurred in performing their duties as directors.

SECTION 2.09. COMMITTEES. The Board may by resolution or resolutions adopted by the Board, establish one or more committees, each committee to consist of two or more of the directors of the Corporation. Such committee or committees shall have such name or names, and such powers, as may be determined from time to time by resolution adopted by the Board.

SECTION 2.10. COMMITTEE MINUTES. The committees shall keep regular minutes of their proceedings and report the same to the Board when required.

SECTION 2.11. PUBLIC HEARINGS. Public hearings required under Section 147(f) of the Internal Revenue Code of 1986, as amended, may be called and conducted by any officer or director of the Corporation or the Executive Director of the Corporation, and such person may establish the date, place and time of the hearing and may give notice of the hearing.

ARTICLE III NOTICES

SECTION 3.01. OPEN MEETINGS ACT. The Board, all actions of the Board, all meetings of the Board, whether regular, special, or emergency, and all meetings of committees of the Board shall be subject to the public notice requirements of the Texas Open Meetings Act, Chapter 551, Texas Government Code.

SECTION 3.02. NOTICE TO DIRECTORS. Whenever under the provisions of any statute or these Bylaws, notice is required to be given to any director, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director at such address as appears on the books of the Corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

SECTION 3.03. WAIVER OF NOTICE BY DIRECTORS. Whenever any notice is required to be given to a director under the provisions of any statute or of these Bylaws, a

waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IV OFFICERS

SECTION 4.01. **OFFICERS.** The officers of the Corporation shall be a president, a vice-president, treasurer and secretary of the Corporation. The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. Any two or more offices may be held by the same person, except the offices of president and secretary.

SECTION 4.02. **REMOVAL OF OFFICERS.** Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the whole Board. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board.

SECTION 4.03. **EXECUTIVE DIRECTOR OF CORPORATION.** The City Manager of the City, or the City Manager's designee, shall serve as Executive Director of the Corporation, who shall be the Chief Administrative Officer of the Corporation and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

THE PRESIDENT

SECTION 4.04. The President shall preside at all meetings of the directors.

SECTION 4.05. The President shall be ex-officio a member of all standing committees, shall have general supervision of the management of the business of the Corporation, and shall see that all resolutions of the Board are carried into effect.

SECTION 4.06. The President shall execute bonds, mortgages and other contracts, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Corporation.

THE VICE PRESIDENT

SECTION 4.07. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President, and shall perform such other duties as the Board shall prescribe.

THE SECRETARY

SECTION 4.08. The Secretary shall attend all sessions of the Board and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform

like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice of all meetings of the Board and shall perform such other duties as may be prescribed by the Board or the President. The Secretary shall attest to the signature of the President or Vice President by signing any instrument that requires it. The Board may appoint one or more persons to serve as an Assistant Secretary, which person may, but need not be, a director. The Assistant Secretary may perform any duty granted to the Secretary in these Bylaws and/or in any resolution approved by the Board.

THE TREASURER

SECTION 4.09. To the extent not otherwise provided by the Board, by rules or regulations, in resolutions relating to the issuance of bonds, or in any financing documents relating to such issuance, the Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in a depository as shall be designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, taking proper vouchers for such disbursements and shall render to the President and directors, at the regular meetings of the Board, or whenever they may require it, an account of all transactions performed as Treasurer and of the financial condition of the Corporation. The Board may appoint one or more persons to serve as an Assistant Treasurer, which person may, but need not be, a director. The Assistant Treasurer may perform any duty granted to the Treasurer in these Bylaws and/or in any resolution approved by the Board.

SECTION 4.10. SURETY BONDS. The Board may require the President, Vice President, the Secretary, any Assistant Secretary, the Treasurer, and any Assistant Treasurer to give the Corporation bonds in such sums and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of their office and for the restoration to the Corporation, in case of such person's death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in such person's possession or under such person's control belonging to the Corporation.

SECTION 4.11. INDEMNIFICATION. The Corporation shall have the power to indemnify any director, officer or former director or officer, or agent thereof, of the Corporation for expenses and costs (including attorneys' fees) actually and necessarily incurred by such director, officer or agent in connection with any claim asserted against such director, officer or agent by action in court or otherwise by reason of such director's or officer's being or having been a director, officer or agent, except in relation to matters as to which such director, officer or agent shall have been guilty of negligence or misconduct in respect of the matter in which indemnity is sought. If the Corporation has not fully indemnified such director, officer or agent, the court in the proceeding in which any claim against such director, officer or agent has been asserted or any court having the requisite jurisdiction of an action instituted by such director, officer or agent on such director's, officer's or agent's claim for indemnity may assess indemnity against the Corporation, its receiver, or trustee for the amount paid by such director, officer or agent (including attorneys' fees) in satisfaction of any judgment or in compromise of any such claim (exclusive in either case of any amount paid to the Corporation), actually and necessarily

incurred by such director, officer or agent in connection therewith to the extent that the court shall deem reasonable and equitable; provided, nevertheless, that indemnity may be assessed under this Section 4.11 only if the court finds that the person indemnified was not guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

SECTION 4.12. FACSIMILE SIGNATURES. The provisions of the Texas Uniform Facsimile Signature of Public Officials Act shall be applicable to the Corporation, which is a duly constituted instrumentality of the City, a political subdivision of the State of Texas.

ARTICLE V FISCAL PROVISIONS

SECTION 5.01. RESTRICTIONS ON PAYMENT OF FUNDS. No dividends shall ever be paid by the Corporation and no part of its net earnings remaining after payment of its expenses shall be distributed to or inure to the benefit of its directors or officers or any individual, firm, corporation, or association, except that in the event the board of directors shall determine that sufficient provision has been made for the full payment of the expenses, bonds, and other obligations of the Corporation, then any net earnings of the Corporation thereafter accruing shall be paid to the City. No part of the Corporation's activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office.

SECTION 5.02. EXECUTION OF FINANCIAL INSTRUMENTS. All checks, demands for money, withdrawals of money, notes, time and demand deposits and certificates of deposit shall be signed by the Treasurer or his designee or such other person or persons as the Board of Directors from time to time may designate by resolution or other action of the Board of Directors or as may be designated in any financing documents relating to the issuance of bonds or other obligations of the Corporation, provided that in the case of checks at least one of the authorized signatories shall be an officer of the Corporation.

SECTION 5.03. FISCAL YEAR. The fiscal year of the Corporation shall be the same as the fiscal year of the City.

SECTION 5.04. BOOKS AND RECORDS. The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Board and committees having any of the authority of the Board. All books and records of the Corporation shall be kept at the principal office of the Corporation where they shall be available to the public in accordance with the applicable provisions of the Open Records Act (Chapter 552, Tex. Government Code, as amended).

SECTION 5.05. STAFF FUNCTIONS. Staff functions for the Corporation may be performed by the City as directed by the City Commission of the City. The Corporation shall pay, to the extent funds of the Corporation are legally available, the amount of costs for such services from fees collected by it, as from time to time shall be billed to the Corporation by the City.

**ARTICLE VI
AMENDMENT AND INTERPRETATION OF BYLAWS**

SECTION 6.01. AMENDMENT OF BYLAWS. These Bylaws may be amended at any time and from time to time by majority vote of the Board with approval of the City by resolution of the City Commission of the City.

SECTION 6.02. INTERPRETATION OF BYLAWS. These Bylaws and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein. If any word, phrase, clause, sentence, paragraph, section or other part of these Bylaws, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of these Bylaws and the application of such word, phrase, clause, sentence, paragraph, section or other part of these Bylaws to any other person or circumstance shall not be affected thereby.

**ARTICLE VII
DISSOLUTION**

SECTION 7.01 DISSOLUTION OF THE CORPORATION. If the Board of the Corporation or the Board of Directors of PHFC determines by resolution that the purposes for which the Corporation was formed have been substantially met and all debts and obligations incurred by the Corporation have been fully paid or otherwise provided for, the Board of the Corporation shall request the Board of Directors of PHFC to execute and deliver Articles of Dissolution to the Secretary of State which states those facts and declares the Corporation dissolved in accordance with the requirements of the Code. In the event of dissolution or liquidation of the Corporation, at any time and for any reason, all of the funds, properties and assets, including full legal title to all property of the Corporation, shall vest in and be conveyed to PHFC unless PHFC shall otherwise direct in accordance with the Local Government Code.

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ADOPTED AND APPROVED this the ____ day of _____ 2015.

President, Board of Directors
PHFC Jackson Place Apartments,
a Texas nonprofit corporation.

ATTEST:

Secretary, Board of Directors
PHFC Jackson Place Apartments,
a Texas nonprofit corporation

[Signature Page for the Bylaws of PHFC Jackson Place Apartments]

PROJECT DEVELOPMENT AGREEMENT

THIS PROJECT DEVELOPMENT AGREEMENT ("Agreement") is made as of the ___ day of _____, 2015, by and between **PHARR HOUSING FINANCE CORPORATION**, a public, nonprofit housing corporation duly formed and existing under the laws of the State of Texas ("PHFC"), as sponsor, **PHFC JACKSON PLACE APARTMENTS NONPROFIT CORPORATION**, a Texas nonprofit corporation and instrumentality of PHFC ("Owner"), and **D&M VENTURES, LLC**, a Texas limited liability company ("D&M").

WITNESSETH THAT

WHEREAS, Owner, on behalf of PHFC, is desirous of developing, constructing, and owning a _____ unit apartment property to be known as the Jackson Place Apartments (the "Project") which will be located in Pharr, Texas; and

WHEREAS, Owner intends to finance its development of the Project through the Private Placement of a loan in the amount of approximately \$34,600,000 (the "Loan") by and between the lender, CTL Capital LLC, under the Loan (the "Lender"), and the Owner, subject to the terms of the Loan Financing Agreement, the Deed of Trust, Security Agreement and Assignment of Rents and Leases and Financing Statement (hereinafter these documents are referred to as the "Financing Documents"); and

WHEREAS, Owner desires to engage D&M to manage and supervise the design, construction, development and initial leasing of the Project and, upon completion of the Project, the supervision of the administration and the management of the Project, for and on behalf of Owner; and

WHEREAS, D&M and its affiliates are skilled and experienced in the design and development of apartment properties; and

WHEREAS, D&M is willing to accept such engagement upon and subject to the terms and conditions hereof, and

NOW, THEREFORE, in consideration of the premises and of their mutual undertakings, the parties hereby agree as follows:

Section 1. Appointment. Owner hereby appoints D&M, and D&M hereby agrees to act, as Owner's independent contractor to perform the Development Services (as hereinafter defined) upon and subject to the terms and conditions hereof. Owner shall cooperate with D&M in the performance of the Development Services, and shall assist and work together with D&M in good faith in order to facilitate the timely and cost-efficient development of the Project. D&M shall perform the Development Services in a good, workmanlike, diligent and efficient manner, in accordance with development standards for comparable apartment properties, and in compliance with all laws, regulations and restrictions applicable to the Project and the development and construction thereof. Owner shall act hereunder by and through a representative designated thereby ("Owner's Representative") and D&M shall be entitled to deal with Owner's Representative as an agent fully authorized and empowered by Owner hereunder

to perform the duties and functions herein set forth and to bind Owner as to the matters provided for herein. Owner hereby designates _____ as Owner's Representative; provided, however, that Owner reserves the right to designate a successor Owner's Representative by written notice to D&M.

Section 2. Development Services. D&M shall render the services described below (collectively, the "Development Services") for and on behalf of Owner in a good, workmanlike, diligent and efficient manner. The Development Services shall include all aspects of managing and supervising site acquisition and the development, design, financing, and construction of the Project, specifically including, but not limited to the following:

2.1 Preparation of Development Program and Budget. D&M shall prepare and submit to Owner, for Owner's approval, a proposed budget covering all anticipated costs of development of the Project, specifically including, but not limited to costs associated with; land, site development, landscape, direct construction, furniture fixtures and equipment, operational supplies, landscaping, soft costs, and in conjunction with the financing include estimates for closing costs, capitalized interest, required reserves (including operating reserves and debt service reserves from cash flow that meet with the Lender's approval), pre-marketing costs and working capital (the "Development Budget"); Owner shall approve said Budget in the full amount of the net proceeds from the Loan. When so prepared, submitted and approved, a copy of the Development Budget shall be attached hereto and made a part hereof as Exhibit A. Owner acknowledges that the Development Budget will only be an estimate of the anticipated costs of development of the Project, representing D&M's best judgment as a skilled and experienced developer of apartment properties. Owner recognizes that, however, the actual costs of development and construction of the Project may be affected by factors beyond D&M's control. Owner further acknowledges that, accordingly, D&M cannot and does not represent or warrant that the actual costs of development and construction of the Project will not vary from the Development Budget, but acknowledges that the actual development cost, once approved, cannot exceed the Development Budget and D&M shall limit expenditures to those set forth in the Development Budget.

2.2 Market Conditions. D&M shall review the current market conditions within the primary and secondary market area for the Project. This review includes, but is not limited to: age and income demographic analysis, need assessment, existing and planned competition review (including type of properties, services, amenities and rental rates offered in the primary and secondary market area), and identification of affinity groups (or other groups and organizations to form alliances with) to create referral sources for prospective residents.

2.3 Site Location Services. D&M shall identify a land site that will accommodate the development of the Project for its intend use. These services include: re-platting of land, planning and zoning approval, utilities availability, code and regulatory compliance, building permit approval and other city and governmental requirements associated with the development of the Project. The site location is subject to Owner's approval.

- 2.4 Site Acquisition.** D&M shall bring the site under contract and provide for all earnest funds, deposits, extension payments including any monthly payments required to secure and control site, until closing. At closing, the land purchase contract shall be assigned to Owner and all funds expended by D&M shall be reimbursed to D&M, to the extent included in the approved Development Budget.
- 2.5 Architectural and Engineering Services.** D&M shall consult with and supervise the rendering of the architectural plans and specifications and engineering services required in connection with the development and construction of the Project, specifically including, but not limited to; (i) the formulation of overall architectural plans for the Project, including floor plans, common areas, administrative areas, etc; (ii) review the reports of engineers and consultants necessary to develop and construct the Project; and (iii) oversight of the preparation of final working drawings and specifications for the Project. Architects, engineers and consultants shall be engaged for the purpose of providing architectural, engineering and consulting services in connection with the development and construction of the Project. D&M shall negotiate and prepare the contracts between Owner and such persons as are engaged for the purpose of development and construction of the Project, the form and substance of which contract shall be subject to the approval of Owner. Owner's Representative and Lender shall approve the final working drawings and specifications for the Project prior to commencement of construction, as well as engineering reports, if requested.
- 2.6 Construction Contract and Management** D&M shall provide Owner with a construction contract from FJW Construction ("FJWC") to construct the Project pursuant to a Fixed-Price Contract with a Guaranteed Maximum Price (the "Construction Contract"), including a 100% payment and performance bond, a guarantee of timely completion, and liquidated damages equal to debt service on the Bonds for each day that construction is not completed by a date certain and such other guarantees of completion as required by Lender, together with a contract for the construction management of the Project (the "Construction Manager").
- 2.7 FF& E – Interior Finishes.** D&M shall identify an interior design firm responsible for the selection of all colors, furniture, fixtures, and equipment, as well as the selection of the interior and exterior finishes for the Project, all consistent with the design and operating philosophy of Owner. The preliminary and final plans and specifications for such interior design, interior finish and furnishings shall be in accordance with the approved Development Budget and shall be approved by Owner, if requested.
- 2.8 Landscape Plan.** D&M shall identify a landscape design firm responsible for designing a landscape plan is consistent with the design and operating philosophy of Owner. D&M will supervise the coordination of the civil engineering work and the landscape design for maximum cost efficiency. D&M will also ensure that such plan is in accordance with local landscape ordinances. Landscape plan and design shall be in accordance with the approved Development Budget and shall be approved by Owner, if requested.
- 2.9 Financing Proforma, Structure, and Plan.** D&M shall engage and work with Arnold Development ("AD") to prepare financial projections for the Project to

correspond with the credit terms and conditions required by the lender financing the Project. Such projections may include, among other items: project design and amenities, monthly rental rates by unit, other ancillary income, operating expenses and staffing for administrative, marketing and maintenance departments.

- 2.10 Permits.** D&M shall obtain all required licenses, permits, zoning and land use approvals, and building permits at or before closing of the financing for the Project and shall procure such other permits as necessary and required to enable the construction to proceed on schedule.

Owner acknowledges that D&M may perform the Development Service described above through its employees, agents, independent contractors, or affiliated entities under the express direction of D&M.

Section 3. Authorization. D&M may perform all of the Development Services in the name and on behalf of Owner, and (subject to Owner's approval rights hereunder). D&M may approve expenditures for any item included in the Development Budget, or otherwise authorized hereby or approved by Owner. Whenever the consent or approval of the Owner is required hereunder and is not otherwise performed by D&M, said approval shall not be unreasonably or arbitrarily withheld, conditioned or delayed.

Section 4. Compensation/Payment. As Developer, D&M will receive \$1.5 million in earned Developer Fee, \$500,000.00 at closing and \$1 million after 18-months of construction which will be placed in escrow until the project is rated by Moody's, Standard & Poor, or Fitch, released by the Lender, or adequate reserves (6-months) are achieved. In addition to the earned Developer Fee, D&M shall receive:

- 4.1** Twenty percent (20%) of the Project Cash Flow, which is the net cash flow after payment of all expenses as determined by D&M, with the approval of Owner as set forth in Section 6 of this Agreement, until the Project attains ninety percent (90%) occupancy;
- 4.2** Thirty percent (30%) of the Project Cash Flow when the Project attains ninety percent or greater (90%+) occupancy;
- 4.3** At the sale or refinance of the Project, D&M will receive thirty percent (30%) of the net proceeds. D&M will receive no cash flow from the Project after the sale or refinancing of the Project;
- 4.4** D&M will receive remaining proceeds from the savings of Line Items, the specific items in each line of the project budget, attached hereto as Exhibit "A," with the exception of the Contingency, which goes to the Owner for the Escrow Reserve.

Section 5. Developer Overhead. The Developer shall be reimbursed for professional services and travel expenses associated with the project.

Section 6. Approval of Owner. Subject to any provisions of the Financing Documents not in conflict with the following, in any circumstance or instance in which Owner's consent, approval or acceptance is required, such consent, approval or acceptance shall

not be unreasonably withheld or delayed. If Owner determines to deny any consent, approval or acceptance so requested by D&M, Owner shall furnish D&M written notice of such denial, stating with reasonable particularity the reason(s) therefor, within such seven (7) working day period. If Owner fails to give such written notice of denial within such seven (7) working day period, the consent, approval or acceptance of Owner requested by D&M shall conclusively be deemed to have been given and granted. In the event of any dispute or deadlock between the Owner and D&M, the determination of the Construction Manager shall be conclusively binding upon the parties.

Section 7. Independent Contractor Relationship. Notwithstanding its role as Developer, it is the purpose and intent hereof to create between D&M and Owner the relationship of an independent contractor wherein D&M has contracted to perform the Development Services for Owner in consideration of the payment by Owner of the Development Fee. Nothing contained herein shall be deemed or construed to constitute D&M as a partner, joint venturer, co-principal or associate of Owner, or of any person claiming by, through or under Owner, in the conduct of their respective businesses, and D&M shall perform the Development Services as an independent contractor and not as an agent except to the extent specifically provided herein.

Section 8. Indemnification of D&M. Except for any loss, damage or expense arising from the gross negligence or willful misconduct of D&M and or any employee, agent or independent contractor of D&M, or any action taken by D&M or any employee, agent or independent contractor of D&M which is known by D&M to be outside the scope of D&M's authority hereunder at the time such action is taken, Owner shall indemnify, defend and hold harmless D&M and its employees, agents and independent contractors from and against any and all loss, damage or expense, including reasonable attorneys' fees, arising from any cause either in and about the Project or elsewhere when D&M and/or such employee, agent and/or such employee, agent and/or independent contractor is acting under the express directions of Owner.

Section 9. Indemnification of Owner. Except for any loss, damage or expense arising from the gross negligence or willful misconduct of Owner and/or any employee, agent or independent contractor of Owner, or any action taken by Owner or any employee, agent or independent contractor of Owner which is known by Owner to be outside the scope of Owner's authority hereunder at the time such action is taken, D&M shall indemnify, defend and hold harmless Owner and its employees, agents and independent contractors from and against any and all loss, damage or expense, including reasonable attorneys' fees, arising from the gross negligence or willful misconduct of D&M, its employees, agents, or independent contractor claiming by or through D&M, either in and about the Project or elsewhere when Owner and/or such employee, agent and/or independent contractor is carrying out the provisions hereof or acting under the express directions of D&M; provided, that the liability of D&M hereunder shall be limited to the then unpaid portion of the Compensation, as provided in Paragraph 4.

Section 10. Term/Termination.

10.1 This Agreement shall commence as of the date hereof and continue thereafter until the sale or refinance of the Project.

10.2 Notwithstanding the foregoing, this Agreement shall be terminated upon the default of either party and the failure of the defaulting party to cure the default within a period of 30 days after notice of the default is given by the non-defaulting party to the defaulting party specifying such default or, if the default is non-monetary and incapable of being cured within a 30 day period, the failure of the defaulting party to commence to cure the default within the said 30 day period and to pursue the curing of the default with diligence until completion. A default by the Owner shall not relieve it of its obligation to the Developer for full payment of Development Fees as provided for in this Agreement, and, further, a default by the Owner that is not cured within the time period provided for herein shall cause the Owner to immediately become liable for any and all of the unpaid portion of the Development Fee, including any fees deferred pursuant to paragraph 3.3 hereinabove.

Section 11. Remedies. The rights and remedies of the parties shall be cumulative and not mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provision hereof. Nothing herein contained is intended to, nor shall it, limit or affect any rights at law, in equity, by statute or otherwise of any party aggrieved as against the other for a breach or threatened breach of any provision hereof.

Section 12. Assignment/Benefit. The rights, duties and obligations of D&M hereunder may not be assigned without the written consent of Owner. No permitted assignment hereof by Owner or D&M shall affect or reduce any of the obligations of the assignor hereunder, which obligations shall continue in full force and effect as the obligations of a principal and not as the obligations of a surety to the same extent as though no assignment had been made. Subject to the foregoing, this Agreement shall inure to the benefit of, and be binding upon, the parties and their respective legal representatives, successors and permitted assigns. The provisions hereof are solely for the benefit of the parties and their respective legal representatives, successors and permitted assigns, and shall not be deemed or construed to create rights for the benefit of any other person.

Section 13. No Waiver. No failure on the part of either party at any time to require the performance by the other party of any term hereof shall be taken or held to be a waiver of such term or in any way affect such party's right to enforce such term, and no waiver on the part of either party of any term hereof shall be taken or held to be a waiver of any other term hereof or the breach thereof.

Section 14. Severability. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had not been contained herein.

Section 15. Construction. Whenever a singular word is used herein, it shall also include the plural wherever required by the context, and vice versa. The terms and conditions hereof shall be interpreted and construed in accordance with their usual and customary meanings, and the parties hereby expressly waive and disclaim, in connection with the interpretation and construction hereof, any rule of law or procedure requiring otherwise, specifically including, but not limited to, any rule of law to the effect that ambiguous or

conflicting terms or conditions contained herein shall be interpreted or construed against either party.

Section 16. Entire Agreement / Written Modifications. This Agreement contains the entire understanding between the parties with respect to the subject matter hereof; all representations, promises, and prior or contemporaneous understandings, between the parties with respect to the subject matter hereof are merged hereinto and expressed herein; and any and all prior understandings between the parties with respect to the subject matter hereof are hereby canceled. This Agreement shall not be amended, modified or supplemented without the written agreement of the parties at the time of such amendment, modification or supplement.

Section 17. Governing Law. This Agreement shall be governed by and subject to the laws of the State of Texas.

Section 18. Captions. The captions herein are for convenience and identification purposes only, and are not an integral part hereof, and are not to be considered in the interpretation of any part hereof.

Section 19. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if sent (i) by facsimile transmission, with receipt confirmed, to Owner at (____) _____ or to D&M at (210) 216-5611; by certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

To PHFC: Pharr Housing Finance Corporation
118 S. Cage Blvd.
Pharr, TX 78577
Attention: City Manager

With copy to: Johnson Petrov LLP
2929 Allen Parkway, Suite 3150
Houston, TX 77019
Attention: Andrew P. Johnson, III

To Owner: PHFC Jackson Place Apartments
118 S. Cage Blvd.
Pharr, TX 78577
Attention: City Manager

To D&M: D&M Ventures, LLC
222 E. Houston Street, #620
San Antonio, TX 78205
Attention: David Marquez

or to such other address as shall be furnished in writing by either party to the other party. All notices and other communications hereunder given in the manner provided in subpart (ii) hereof shall be deemed effective upon deposit with the United States Postal Service.

Section 20. Counterparts. This Agreement may be executed in separate counterparts, each of which when so executed shall be an original, but all of such counterparts shall together constitute but one and the same instrument.

Section 21. Expiration of Time Periods. In the event that any date specified herein is, or that any period specified herein expires on, a Saturday, a Sunday or a holiday, then such date or expiration date of such period, as the case may be, shall be extended to the next succeeding business day.

Section 22. Attorneys' Fees. In the event that any action is instituted in connection with any controversy arising out of this Agreement, then the prevailing party shall be entitled to recover, in addition to costs, such sum as the court may adjudge reasonable as attorneys' fees in such action and on any appeal from any judgment or decree entered therein.

Section 23. Owner's Liability Limited. Notwithstanding anything to the contrary set forth herein, Owner shall not have any liability, personal or otherwise, in connection with any obligation of Owner to pay monies set forth herein except to the extent of funds are available and designated for such obligations, under the Financing Documents. Additionally, no officer, director or member of Owner shall have any personal liability hereunder. All amounts owed by Owner under this Agreement and all damages which may be assessed against Owner on account of any breach by Owner of any of the provisions hereof shall be recoverable only from Owner's interest in the Project and the revenues thereof and the cash balances associated therewith, and the parties hereunder other than Owner expressly waive, for themselves, their successors and assigns, the right to enforce any such obligations or damages against any other assets of Owner, its officers, directors and its designated representatives.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS Agreement as of the day and year first above written.

Pharr Housing Finance Corporation,
A public, nonprofit housing finance corporation

By: _____

Name: _____

Title: _____

Attest: _____

Name: _____

Secretary

PHFC Jackson Place Apartments,
A Texas nonprofit corporation

By: _____

Name: _____

Title: _____

D&M Ventures, LLC,
A Texas limited liability company

By: _____

David Marquez, Manager



September 23, 2015

Ambrosio Hernandez, Mayor
City of Pharr, Texas
P.O. Box 1729
Pharr, TX 78577

Re: Engagement Agreement for Legal Representation of the Pharr Housing Finance Corporation ("PHFC") by Johnson Petrov LLP (the "Firm")

Dear Mayor:

This letter, when accepted by you, will evidence your approval of the Firm as legal counsel for PHFC to be effective as of September ____, 2015. In addition, your acceptance of this letter will evidence our agreement to perform certain legal services for and on behalf of PHFC. Set forth below is the basis on which the Firm's fees and related expenses will be charged with respect to matters on which we work.

1. Services to be Provided. The Firm will provide general legal representation to PHFC on various matters regarding the creation, organization of and financing of the PHFC and two subsidiary nonprofit entities that will develop and operate the affordable housing projects known as the Jackson Place Apartments and Jackson Cross-Town Apartments (the "Project") and any other matters on which you may request our services and we agree to provide.

2. Fee Calculation. The fee for these services will be as determined by the Development Budget for the Project. The Firm will charge PHFC for any additional professional services at our usual and customary rates for such matters as indicated in "Exhibit A". Our fees will be determined by the time used in providing the service, the level of experience and ability of the attorney performing the service, and the difficulty and complexity of the task involved. These charges will be based on our standard hourly rates for services in effect at the time the work is performed. You should be aware that our rates are reviewed at least annually and may be modified to reflect changes in our cost structure.

Our charges will include the time of attorneys and, where applicable, other professionals and paralegals.

3. Reimbursement for Expenses. In performing services on behalf of PHFC, we will inevitably make disbursements and incur other internal charges on behalf of PHFC. These are likely to include such items as charges for long distance telephone calls, express delivery,

postage charges, duplicating charges, expenses associated with overtime work, telecopy charges, travel expenses (if necessary), and any special computer, data processing, or similar expenses that are beyond the capacity of the Firm's existing systems. We will bill PHFC at cost for charges paid to third parties and charges for internal services will be billed at the Firm's usual and customary rates for such services.

If, during the course of the engagement, it is necessary for the Firm to arrange for the services of other outside counsel, experts or consultants, or to incur other major expenses on PHFC' behalf, we will arrange to have the charges for such services billed directly to PHFC, unless other arrangements are agreed to between us. No such services will be arranged without PHFC' prior consent.

4. Statements for Fees and Expenses. The balance of any fees due under this Agreement and that certain Legal Services Agreement of even date herewith shall be due at closing of the transactions contemplated by this Agreement, plus expenses incurred on your behalf.

5. Advance Waiver of Conflicts of Interest. The Firm represents numerous clients, most of which are public entities, including public housing authorities, housing finance corporations, special districts, including municipal utility districts, improvement districts, water districts and authorities, municipalities and other water utilities. We may currently or in the future represent one or more clients in unrelated matters in which the interests of PHFC are adverse to those other clients. For example, we may represent other clients in the preparation and negotiation of agreements or in other matters involving PHFC or its affiliates. In addition, the Firm has represented and may represent in the future, companies which may be in the same industry or in competition with PHFC, such as companies seeking to acquire, rehabilitate and operate multifamily housing developments. We may also represent other clients on legislative or policy matters, or in administrative proceedings that may affect PHFC or its affiliates. This will confirm that PHFC waives all such conflicts of interests, and consents to the Firm's current and future representation of such clients in such matters without the need for further notice or consent from PHFC even though PHFC interests are adverse, provided that such matters are not the same or substantially related to, a matter in which we represent PHFC. The Firm does not view this advance waiver and consent regarding unrelated matters to permit us to institute litigation against PHFC or to permit unauthorized disclosure or use of PHFC's confidential or privileged information.

6. Termination. This agreement may be terminated by either the PHFC or by us at any time upon written notice. Upon termination of our representation, whether by us or by you, our compensation for services rendered and expenses incurred through the date of termination will be determined by us and billed and shall be payable in accordance with the terms of this agreement.

If you have any questions about the terms of the engagement, as described above, please feel free to raise them with me and, during the course of the engagement, I would hope that you

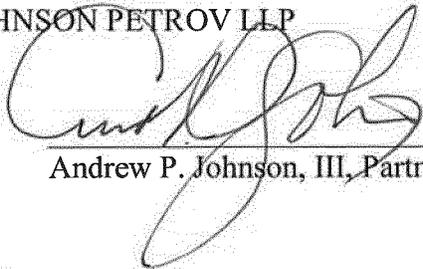
will feel equally free to promptly raise with me any questions you have about our statements and representation.

If this letter accurately reflects the terms under which we will undertake to represent PHFC and is acceptable, please execute and date this letter in the space provided below and return an originally executed counterpart to me for our files. Please retain a copy for your files.

Thank you for the opportunity to represent you. I look forward to working with you.

Sincerely,

JOHNSON PETROV LLP

By:  _____

Andrew P. Johnson, III, Partner

Approved and accepted on the _____ day of _____, 2015.

PHARR HOUSING FINANCE CORPORATION

By: _____

EXHIBIT "A"

JOHNSON PETROV LLP

2015 BILLING RATES

Andrew P. Johnson	\$400 per hour
Martye Kendrick	\$250 per hour
Shelly Eversole	\$250 per hour
Scott Eidman	\$200 per hour
Mirna Croon	\$150 per hour
Caralynn Prade	\$110 per hour
Marisa Roberts	\$110 per hour
Ashley Mitchell	\$100 per hour