



J E S D E V C O , I N C

February 26, 2024

Mr. Rosalio Banuelos
Director of Multifamily Asset Management
TDHCA
221 East 11th Street
Austin, TX 78701

Re: Change in Ownership Request for Parkside on Carrier, Grand Prairie,
Dallas County, TDHCA# 21093/23920

Dear Mr. Banuelos:

We are writing to request a Change of Ownership for Parkside on Carrier, TDHCA #21093/23920. Parkside on Carrier, L.P. is proposing to admit Grand Prairie Housing Finance Corporation (an HFC) into the existing partnership as General Partner. Its participation in the Partnership makes the development eligible for a 100% property tax exemption. Due to construction cost increases, increases in operating costs (payroll, insurance, property taxes), increases in interest rates, and decreases in equity pricing, Parkside on Carrier is not feasible without significant changes.

In July of 2023, the TDHCA Board found that circumstances justified the application of Force Majeure to this application and granted an extension to the placed-in-service date to December 31, 2025. Specifically, the Board found that the disruptions that started with pandemic had not eased, that material and labor costs had significantly increased, and that interest rate hikes by the Federal Reserve justified an extension to allow developers to find ways to fill the funding gaps caused by the market. Since then, equity prices have dropped from \$0.87-\$0.88 to \$0.80-\$0.82, further compounding project feasibility.

Rather than change the construction scope which would directly impact residents and the number of residents served and could also decrease the quality of the finished product, Parkside on Carrier is proposing a partnership with the Grand Prairie Housing

Finance Corporation to reduce operating expenses. The only potential way to realistically reduce operating expenses is through a public-private partnership which would allow us to reduce property taxes. This change is necessary to maintain feasibility and deliver critically needed housing to seniors in Grand Prairie and Dallas County. A reorganization of the ownership to qualify for ad valorem tax exemption and the admission of a co-developer with senior housing experience in Grand Prairie will materially benefit the development. This will improve the financial viability of the development by allowing the project to carry additional debt and provide financial support, experience, and operating capacity to the project. A separate Ownership Transfer form and supporting documents are included in this submittal. The current ownership entity, Parkside on Carrier, L.P. will be modified as follows:

- The sole general partner of the Partnership will be Parkside HFC GP, L.L.C., of which the sole member shall be the Grand Prairie Housing Finance Corporation (HFC). The HFC, or an affiliate, will own 100% of the general partner and shall own 0.0051% of the Partnership.
- JES Partnerships-Parkside, L.L.C. will become the Special Limited Partner (SLP) owning .0049% of the Partnership. JES Partnership Member, L.L.C. will own 60% of the SLP and the current HUB will own 40% of the SLP. We also request that the board grant a waiver allowing applicant to keep all points related to the HUB's participation in the SLP instead of the GP. The GP will delegate substantial management and control authority to the SLP and the HUB member will continue to materially participate and gain important experience in the development. Therefore, this proposed structure results in no change to the development and is merely a change in title but not role, responsibility, or obligation, of the HUB member's participation.
- The Investor Limited Partner shall own 99.99% of the Partnership
- The duties of the General Partner and the SLP will be set forth in an amended and restated Partnership Agreement, to be entered into at the closing among the General Partner, the SLP, and the Investor LP.
- Title to the fee interest in the development site will be transferred to PHA at closing, and PHA will, as ground lessor, enter into a ground lease with the Partnership, as ground lessee. The Partnership will be the owner of the leasehold interest in the land, as well as the buildings and other improvements located on the land. The ground lease will provide a nominal annual rental. Upon termination of the Ground Lease, ownership of the improvements constituting the Development will revert to PHA or its designer.

This structure has been successfully utilized across Texas to achieve tax exemption and has been approved by the TDHCA Board on numerous other transactions. The

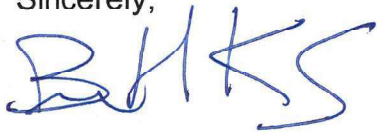
original and revised organizational chart is attached as Exhibit C. This ownership structure will adhere to Texas Property Tax Code section 11.1825 and will be recognized by the Dallas County Appraisal District for ad valorem tax exemption.

The resulting tax exemption lowers operational costs, allowing greater permanent loan proceeds, and combined with the other amendments, contributes to financial feasibility. Documents from the City of Grand Prairie acknowledging the tax-exempt organizational change and reaffirming its support for the development will be provided upon receipt.

The unforeseen construction and financial market upheaval has had a significant negative impact on affordable housing developments across Texas. The proposed ownership change is absolutely necessary to keep Parkside on Carrier feasible and a reality for the seniors of Grand Prairie and Dallas County. Time is of the essence, and we request to be heard at the TDHCA Board meeting in April 2024.

Please let us know if you need any additional information at this time.

Sincerely,

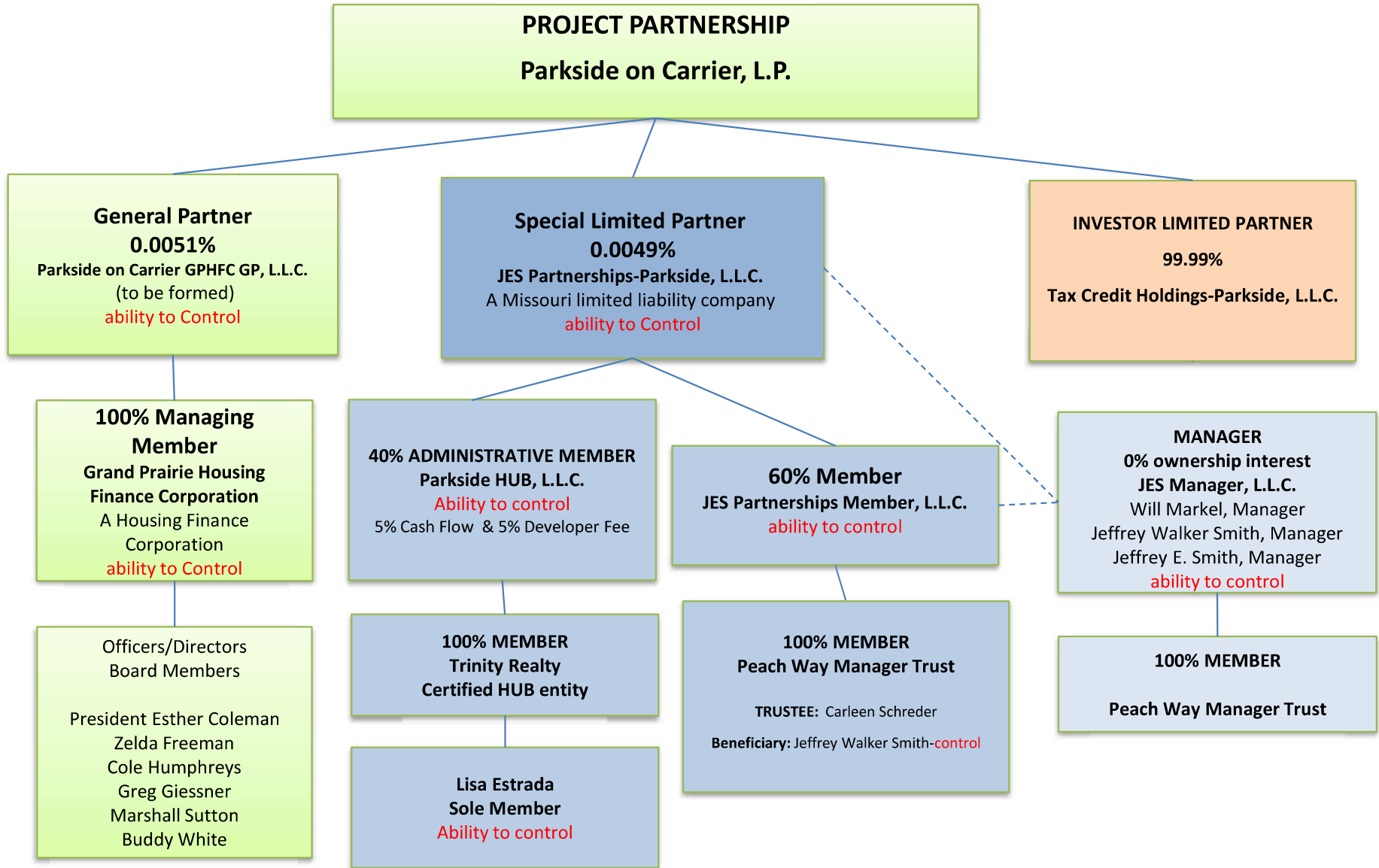
A handwritten signature in blue ink, appearing to read 'BKMS', with a stylized flourish at the end.

Brian Kimes

Authorized Representative

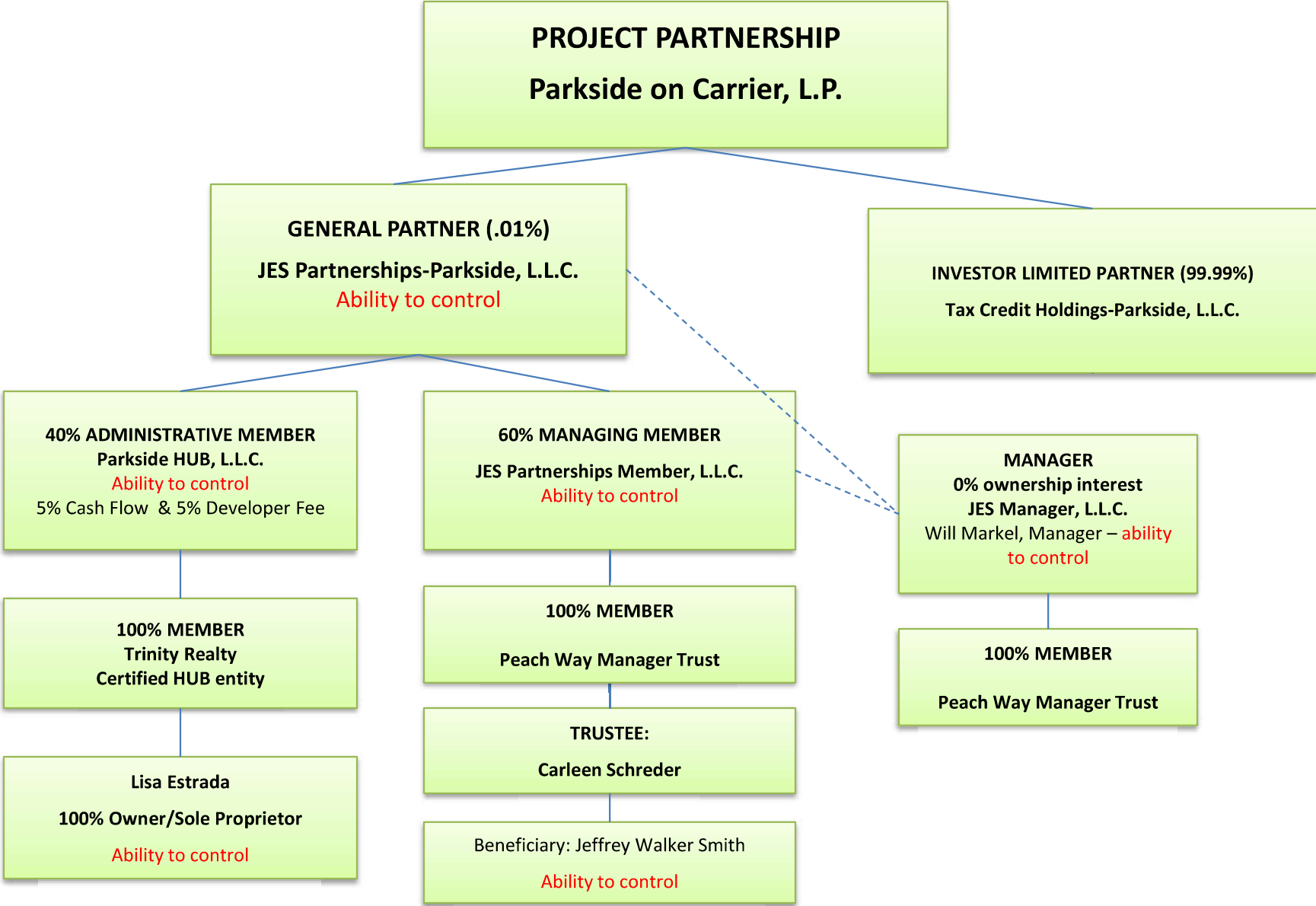
Parkside on Carrier, Grand Prairie, TX – post-transfer

Organizational Structure – Owner/Partnership



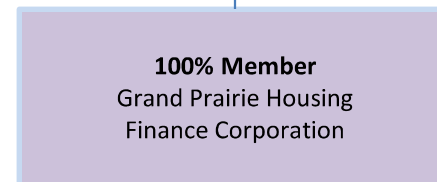
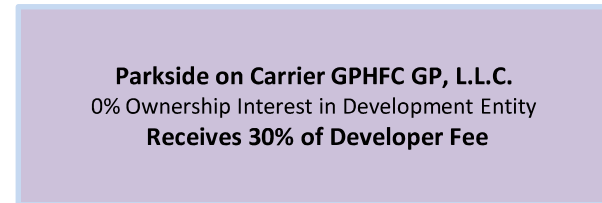
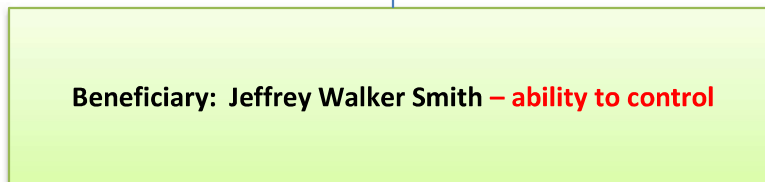
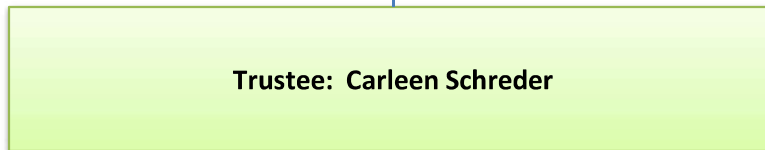
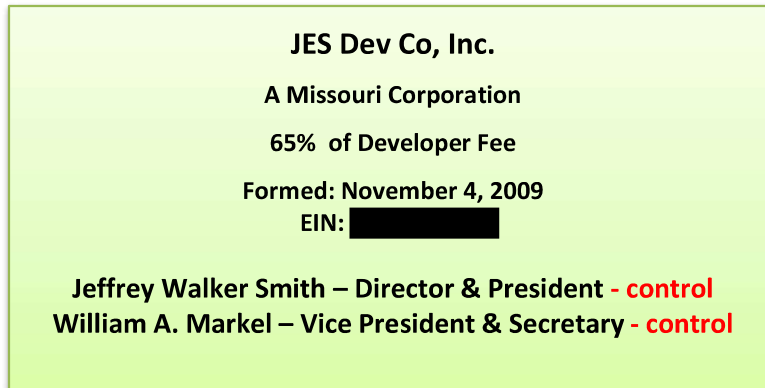
Parkside on Carrier – pre-transfer

Organizational Structure – Owner/Partnership



JES Dev Co, Inc. - **post-transfer**

Project Developer



JES Dev Co, Inc. - pre-transfer

Project Developer

