

Angela Abbott

From: Metz, Owen <ometz@Dominiuminc.com>
Sent: Monday, February 3, 2020 10:24 AM
To: Angela Abbott
Cc: Quist, Devon; Mark Hendrickson; Susan J. Leigh
Subject: Palmetto: HFA Waiver Request

Angela,

Per your request please accept this email as our formal request for a waiver of the Manatee County HFA policy regarding a requirement for personal guarantees for a conduit bond issuance. I missed this requirement when we originally approached the board about this transaction and apologize for this coming up so late in the game. Our formal request is not to waive guarantees, but to replace the personal guarantee requirement with a corporate guarantee.

For some background Dominium was founded in 1972 and has grown to one of the largest affordable housing owner/operators/developers in the country. We exclusively finance our various new tax-credit transactions utilizing conduit tax-exempt bonds and 4% low-income housing tax credits across the 20+ states we operate in. Dominium is privately owned and operated and our ownership has transitioned twice already in our companies history, from the original two founders to now having three owners in what could be considered “Dominium 3.0.”

Further, over 5-years ago Dominium worked with our various financing partners, including US Bank and Wells Fargo, to create two holding companies that would be capitalized and structured sufficiently to provide guarantees for construction completion, operating deficits, environmental, tax-credit recapture, etc. The primary motivation of transitioning from personal to corporate guarantees was to ensure Dominium was a going concern and could continue to function should one of the three owners leave the business (for death, incapacitation, or just retirement). The creation also allowed proper estate planning and transition purposes, which played out with the deaths of each of the original founders as the assets in the guarantor entities were not tied up in court or trust issues—this was another reason our financing partners consider the corporate guarantee superior as if someone were to tie the assets would not be able to be accessed or held by a private trust.

Over time the assets (both net worth and liquidity) have grown to facilitate additional growth. Our corporate guarantees are now universally accepted by all of our investors, syndicators, lenders and if necessary, issuers. Our current net worth and liquidity is in excess of \$100 million and \$10 million, respectively.

While we are no longer offering personal guarantees there are many reasons the cross-collateralized holdings companies are superior. We covenant and guarantee a certain amount of annual cash flow as well as minimum net worth and liquidity requirements. Also, if we fail to fund any financial obligations and there was a default and draw on our guarantor entities, we’d effectively be in default on all of our transactions. We have also never had a draw or funding from our guarantor entity, Dominium uses other resources to fund any cash needs at our 231 properties.

For the above reasons, among others, we are no longer offering personal guarantees and hope you’ll join our investors and lenders we partner with in accepting our corporate guarantees, which offer many advantages. While it is true we can technically offer personal guarantees the owners of Dominium has made a business decision to no longer offer them.

We look forward to discussing the waiver request with the board next week. If you have any questions or would like any additional information on the guarantor entities or their financial capacity please let me know.

Thanks – Owen

Owen Metz

Vice President and Project Partner

Development

Dominium

2905 Northwest Blvd Suite 150

Plymouth, MN 55441

Phone [763-354-5618](tel:763-354-5618) Mobile [920-210-1428](tel:920-210-1428)

dominiumapartments.com



This email has been scanned for email related threats and delivered safely by Mimecast.
For more information please visit <http://www.mimecast.com>
