

AGENDA

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION

**A MEETING OF THE OF THE SAN ANTONIO HOUSING TRUST
PUBLIC FACILITY CORPORATION BOARD OF DIRECTORS WILL BE HELD IN
MUNICIPAL PLAZA, ROOM "C", 114 WEST COMMERCE STREET,
SAN ANTONIO, TEXAS 78205 ON TUESDAY, SEPTEMBER 10, 2019
AT 3:00 P.M., TO CONSIDER THE FOLLOWING MATTERS:**

Briefing and Possible Action on:

1. Citizens to be heard.
2. Resolution approving the sale of the Crockett Street Project also known as the Baldwin Apartments and the amendment of the lease associated therewith.
3. Resolution authorizing the Lookout Apartments transaction, including the execution of all documentation necessary to carry out the transaction; authorizing the purchase of the land for the transaction and the lease of such land for the transaction; and authorizing the acquisition of the membership interest in SAHT Lookout LP, LLC and authorizing the financing for such transaction; and authorizing San Antonio Housing Trust Public Facility Corporation to serve as the general contractor; and other matters in connection therewith.

DISABILITY ACCESS STATEMENT

This meeting site is wheelchair accessible. The Accessible Entrance is located at the Municipal Plaza Building / Main Plaza Entrance. Accessible Visitor Parking Spaces are located at City Hall, 100 Military Plaza, north side. Auxiliary Aids and Services, including Deaf interpreters, must be requested forty-eight [48] hours prior to the meeting. For assistance, call (210) 207-7268 or 711 Texas Relay Service for the Deaf.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION BOARD MEMBERS:

Council Member Roberto C. Trevino (District 1), Council Member Rebecca J. Viagran (District 3), Council Member Dr. Adriana Rocha Garcia (District 4), Council Member Shirley Gonzales (District 5), Council Member John Courage (District 9)

San Antonio Housing Trust Public Facility Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 1.

Agenda Date: 09-10-19

In Control: San Antonio Housing Trust Public Facility Corporation

DEPARTMENT: San Antonio Housing Trust Public Facility Corporation

DEPARTMENT HEAD: Pedro Alanis

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Citizens to be heard [Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters; a total of 15 minutes will be provided].

SUMMARY:

This item will allow 3 minutes each for interested speakers to address the Board

San Antonio Housing Trust Public Facility Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 2.

Agenda Date: 09-10-19

In Control: San Antonio Housing Trust Public Facility Corporation

DEPARTMENT: San Antonio Housing Trust Public Facility Corporation

DEPARTMENT HEAD: Pedro Alanis

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Consideration and possible action approving the sale of the Crockett Street Project (also known as the Baldwin Apartments) and the amendment of the lease associated therewith.

SUMMARY:

We previously financed the Crockett Street Project as a PFC transaction, with 50% of the units available to tenants whose incomes are less than 80% of the median income. NRP was the developer and Virtus Real Estate Capital ("Virtus") was the equity provider. Now that the project has been constructed and stabilized, NRP and Virtus want to recapitalize the project by selling the project to a new partnership which will be owned 90% by Virtus and 10% by NRP and its partner. The appraised value of the project is \$60,200,000. The sales price of the project is \$62,000,000. SAHTPFC would have a right to 10% of the profit after the repayment of the capitol in the project. This would produce \$949,774 in proceeds to SAHTPFC. SAHTPFC has an option to forgo that payment and collect rent on the project equal to 10% of the net operating income less a deemed debt service as spelled out in the original documents. The rent would equal \$37,185,000 over the 75 year term with a net present value of \$6,312,148 according to projections. Accordingly, we are recommending that we elect to take the rent option.

We will revise the Lease Agreement to reflect the rent option and update it for the parties. We will use the same lease as we did in Longhorn.

ISSUE:

We have previously indicated that if the tax exemption was lost during the first five years, we would convey our interest in the fee and the partnership to the investor. This is because the net operating income will significantly decrease and the value of the Project will decrease because it will pay taxes. It would likely default on its loans if this occurred. This is only applicable if the loss is due to a change in the law or appraisal district position, which is beyond our control. They have asked us to extend this to 50 years, because if the Project loses its tax exemption and must pay taxes, the value will significantly decrease. Furthermore, our rent will likely significantly decrease and we would be better off receiving the taxes. **Since our last meeting we were able to negotiate a provision that says if we lose the tax exemption between year 6 and year 50, they can buy us out of the project by paying the City taxes that would have been due on the Project from day one as if it was taxable less any amounts they have actually paid us.**

ALTERNATIVES:

FISCAL IMPACT:

None.

RECOMMENDATION:

Approve the attached Resolution.

ATTACHMENT:

Resolution.

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility Corporation, a Texas nonprofit corporation created pursuant to the laws of the State of Texas ("SAHTPFC") hereby certifies as follows:

1. In accordance with its bylaws, the Board of Directors of SAHTPFC (the "Board") held a meeting on September 10, 2019, (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

RESOLUTION AUTHORIZING THE SALE OF THE LEASEHOLD INTEREST IN THE CROCKETT STREET PROJECT (ALSO KNOWN AS "THE BALDWIN"); APPROVAL OF THE ELECTION TO ACCEPT NET CASH FLOW RENT IN LIEU OF SALES PROCEEDS; AND AUTHORIZATION TO EXECUTE AN AMENDED AND RESTATED LEASE AGREEMENT IN CONNECTION THEREWITH; AND OTHER MATTERS IN CONNECTION THEREWITH

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Bylaws of San Antonio Housing Trust Public Facility Corporation.

SIGNED September 10, 2019.

Nicole Collazo, Assistant Secretary

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE SALE OF THE LEASEHOLD INTEREST IN THE CROCKETT STREET PROJECT (ALSO KNOWN AS "THE BALDWIN"); APPROVAL OF THE ELECTION TO ACCEPT NET CASH FLOW RENT IN LIEU OF SALES PROCEEDS; AND AUTHORIZATION TO EXECUTE AN AMENDED AND RESTATED LEASE AGREEMENT IN CONNECTION THEREWITH; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, SAHTPFC previously approved financing and participation in the Crockett Street Project, also known as "The Baldwin" (herein so called);

WHEREAS, under that certain Lease Agreement (the "Lease") between SAHTPFC and Crockett Street Lofts LTD (the "Tenant"), Tenant has the right to sell or otherwise transfer the leasehold interest in The Baldwin (a "Sale"), and Tenant currently has a contract for such a Sale;

WHEREAS, pursuant to the Lease and that certain Amended and Restated Limited Partnership Agreement of the Tenant (the "Partnership Agreement"), upon a Sale, SAHTPFC must elect either (a) to receive its share of any distributions of Available Cash (as defined in the Partnership Agreement) and sale proceeds (collectively, "Sale Proceeds") or (b) to forfeit its limited partnership interest in the Tenant, waive any rights it has to Sale Proceeds and instead receive Net Cash Flow Rent (as defined in the Partnership Agreement) (the actions under (b), collectively, a "PFC Withdrawal");

WHEREAS, SAHTPFC and the Tenant must amend and restate the Lease (the "Amended and Restated Lease") in connection with the sale of the Baldwin leasehold in order to (a) reflect the election to effect a PFC Withdrawal and to receive Net Cash Flow Rent, (b) remove several provisions that are no longer applicable to the project, (c) reflect a new tenant, and (d) make any other changes deemed necessary and appropriate to achieve the foregoing purposes;

WHEREAS, the Board has determined that it is in the public interest and to the benefit of the citizens and residents of San Antonio for the various entities to enter into the transactions described above;

WHEREAS, this Board of Directors has reviewed the foregoing and determined that the action herein authorized is in furtherance of the public purposes of SAHTPFC;

BE IT THEREFORE RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION, THAT:

Section 1. The Sale, the PFC Withdrawal, and the Amended and Restated Lease are hereby authorized and approved.

Section 2. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are hereby authorized to execute any and all documentation required for the Project, including, but not limited to, consents of SAHTPFC related to the Sale, the Amended and Restated Lease, and all other documents relating to such documents.

Section 3. The President, any Vice President, the Secretary, the Treasurer, and the Assistant Secretaries, or any of them, and, if required by the form of the document, the Secretary and any Assistant Secretary, or any of them, of SAHTPFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHTPFC, and any and all certificates and other instruments necessary to carry out the intent thereof and hereof. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are authorized to negotiate and approve such changes in, or additions to, the terms of any of the documents, including amendments, renewals, and extensions, as such officers shall deem necessary or appropriate upon the advice of counsel to SAHTPFC, and approval of the terms of any of the documents by such officers and this Board shall be conclusively evidenced by the execution and delivery of such documents.

Section 4. The officers of this Board, or any of them, are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by the documents approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.

Section 5. The officers of this Board hereby approve the selection of Bracewell LLP as counsel to SAHTPFC for this transaction.

Section 6. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 8. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 9. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 10. This Resolution shall be in force and effect from and after its passage.

San Antonio Housing Trust Public Facility Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 3.

Agenda Date: 09-10-19

In Control: San Antonio Housing Trust Public Facility Corporation

DEPARTMENT: San Antonio Housing Trust Public Facility Corporation

DEPARTMENT HEAD: Pedro Alanis

COUNCIL DISTRICTS IMPACTED: District 10

SUBJECT:

Resolution authorizing the Lookout Apartments transaction, including the execution of all documentation necessary to carry out the transaction; authorizing the purchase of the land for the transaction and the lease of such land for the transaction; and authorizing the acquisition of the membership interest in SAHT Lookout LP, LLC and authorizing the financing for such transaction; and authorizing San Antonio Housing Trust Public Facility Corporation to serve as the general contractor; and other matters in connection therewith. This is the final approval for the Lookout transaction.

SUMMARY:

This is a 293-unit multifamily project located at Loop 1604 and Lookout Road. This is a typical PFC structure with the Corporation owning the project and entering into a 75-year lease with SA Creekside at Lookout MF, LP. It will be the same structure as Longhorn, Longhorn Quarry, Foster Road and the Baldwin.

Fifty percent (50%) of the units (147 units, including efficiencies, 1 bedroom, 2 bedroom, 3 bedroom and townhouse units) in the project will be set aside for tenants whose income is less than 80% of the area median income ("AMI"). Of this 50% set aside, 10% of the total number of units will be set aside for tenants whose income is 60% of AMI. Rent will be set at 30% of the 60% or 80% respective AMI number and cannot be increased above 35% of the respective AMI, so long as the project is tax exempt.

The developer was able to place the 10% units at 60% of AMI without any need to create an Affordability Reserve, meaning the Corporation will not be giving up any of its income in this Project

ISSUE:

Are you prepared to give final approval for this Project?

ALTERNATIVES:

If you do not approve this Project, it will not be constructed.

FISCAL IMPACT:

None over original projections.

RECOMMENDATION:

It is proposed that the Corporation would receive a \$250,000 fee at closing, \$25,000 per year administration fee and 15% of the cash flow from the project after preferred returns at 12%.

ATTACHMENT:

Resolution

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility Corporation, a Texas nonprofit corporation created pursuant to the laws of the State of Texas ("SAHTPFC") hereby certifies as follows:

1. In accordance with its bylaws, the Board of Directors of SAHTPFC (the "Board") held a meeting on September 10, 2019, (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

RESOLUTION AUTHORIZING THE CREEKSIDE AT LOOKOUT APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AUTHORIZING THE PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING THE ACQUISITION OF THE MEMBERSHIP INTEREST IN SAHT LOOKOUT LP, LLC AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO BECOME A JOINT VENTURER IN THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Bylaws of San Antonio Housing Trust Public Facility Corporation.

SIGNED September 10, 2019.

Nicole Collazo, Assistant Secretary

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE CREEKSIDE AT LOOKOUT APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AUTHORIZING THE PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING THE ACQUISITION OF THE MEMBERSHIP INTEREST IN SAHT LOOKOUT LP, LLC AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO BECOME A JOINT VENTURER IN THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, SA Creekside at Lookout MF, LP, a Texas limited partnership (the ["Partnership"]), has been formed to acquire and construct an approximately 293-unit multifamily housing facility (the "Housing Facility") to be located at the intersection of 1604 and Lookout Road in San Antonio, Texas (the "Land," together with the Housing Facility, the "Project");

WHEREAS, at the request of the Partnership, San Antonio Housing Trust Public Facility Corporation ("SAHTPFC") has agreed to (i) serve as the sole member of a limited partner of the Partnership in connection with the financing of the Project (the "SAHTPFC Limited Partner"), (ii) acquire the Land and own the Project and lease it to the Partnership pursuant to a Ground Lease (the "Ground Lease"), and (iii) serve as a joint venture in the general contractor for the Project;

WHEREAS, in connection with the financing of the Project, the Partnership will enter into a first lien loan transaction for a FHA loan in the approximate amount of \$32,491,600 (the "Loan");

WHEREAS, in connection with the execution of the Loan, the Partnership will be required to enter into certain agreements, including, but not limited to, a promissory note, a construction loan agreement, a leasehold deed of trust, security agreement and financing statement, together with a joinder of deed of trust to be executed by SAHTPFC (collectively, the "Loan Documents");

WHEREAS, the Project will be constructed pursuant to a Development Agreement between SAHTPFC and the Partnership (the "Development Agreement");

WHEREAS, the Partnership will raise and contribute approximately \$7,833,192 of equity to construct the Project (the "Equity Financing");

WHEREAS, in connection with the Equity Financing, the Partnership, the SAHTPFC Limited Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to an Amended and Restated Agreement of Limited Partnership, and closing certificates (collectively, the "Equity Documents");

WHEREAS, to reduce the cost of the Project by eliminating sales tax on the construction of the Project, SAHTPFC will serve as a joint venturer of the general contractor and enter into any required construction contracts and ancillary documents (the "Construction Documents");

WHEREAS, the Board has determined that it is in the public interest and to the benefit of the citizens and residents of San Antonio for the various entities to enter into the transactions described above so that the Partnership may construct the Project;

WHEREAS, this Board of Directors has reviewed the foregoing and determined that the action herein authorized is in furtherance of the public purposes of SAHTPFC;

BE IT THEREFORE RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION, THAT:

Section 1. The Project, the various forms of financing contemplated for the Project, including but not limited to the acquisition of the Land, the Equity Financing, and the Equity Documents, the Development Agreement, the Ground Lease, the Construction Documents, and the Loan and the Loan Documents, are hereby authorized and approved when such documents are approved.

Section 2. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are hereby authorized to execute any and all documentation required for the financing and construction of the Project, including, but not limited to, the Development Agreement, the Ground Lease, the Equity Documents, the Construction Documents, the Loan Documents, indemnity agreements and guaranties covering the Land or the Project, and all other documents relating to the Equity Financing, the Development Agreement, the Ground Lease, and the Loan to which the SAHTPFC Limited Partner and/or SAHTPFC is a party.

Section 3. The purchase of the Land, the lease of the Land, the acquisition of membership interest in the SAHTPFC Limited Partner by SAHTPFC, and the role of SAHTPFC as the general contractor for the Project are approved and the President, any Vice President, the Secretary, the Treasurer, and any Assistant Secretary, or any of them, are hereby authorized to execute the documents required to be executed by SAHTPFC in order to effect such transactions.

Section 4. The President, any Vice President, the Secretary, the Treasurer, and the Assistant Secretaries, or any of them, and, if required by the form of the document, the Secretary and any Assistant Secretary, or any of them, of SAHTPFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHTPFC, and any and all certificates and other instruments necessary to carry out the intent thereof and hereof. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are authorized to negotiate and approve such changes in, or additions to, the terms of any of the documents, including amendments, renewals, and extensions, as such officers shall deem necessary or appropriate upon the advice of counsel to SAHTPFC, and approval of the terms of any of the documents by such officers and this Board shall be conclusively evidenced by the execution and delivery of such documents.

Section 5. The officers of this Board, or any of them, are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by

the documents approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.

Section 6. The officers of this Board hereby approve the selection of Bracewell LLP as counsel to the Limited Partner and SAHTPFC for this transaction.

Section 7. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 8. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 9. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 10. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 11. This Resolution shall be in force and effect from and after its passage.