

AGENDA

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION

**A MEETING OF THE OF THE SAN ANTONIO HOUSING TRUST
FINANCE CORPORATION BOARD OF DIRECTORS WILL BE HELD AT
MUNICIPAL PLAZA, ROOM "C", 114 WEST COMMERCE STREET,
SAN ANTONIO, TEXAS 78205 ON WEDNESDAY, NOVEMBER 8, 2019
AT 10:00 A.M., TO CONSIDER THE FOLLOWING MATTERS:**

Briefing and Possible Action on:

1. Approval of minutes
2. Citizens to be heard
3. Resolution concerning the application of ARDC City Base, Ltd. relating to the proposed financing of up to \$50,000,000 of the costs of the acquisition, construction, and equipping of the City Base Apartments, to be located at 7402 S. New Braunfels Avenue; 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 FINANCE 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 Finance Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 1.

Agenda Date: 11-08-19

In Control: San Antonio Housing Trust Finance Corporation

DEPARTMENT: San Antonio Housing Trust Finance Corporation

DEPARTMENT HEAD: Pedro Alanis

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approval of minutes

SUMMARY:

This item includes the approval of minutes from the August 28, 2019 meeting

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION
OFFICIAL MEETING MINUTES
August 28, 2019

- The Finance Corporation met in session at 2:04 P.M., The Plaza De Armas Gallery, 115 Plaza De Armas Street, San Antonio, Texas 78205
- The meeting was called to order by Councilwoman Viagran and the roll was called by JD Hernandez.

PRESENT: Rebecca Viagran, Roberto Treviño, John Courage, Shirley Gonzales

ABSENT: Adriana Rocha Garcia,

- **Staff/Visitors Present:**

Nicole Collazo, San Antonio Housing Trust Public Facility Corporation
 JD Hernandez, San Antonio Housing Trust Public Facility Corporation
 Rich Acosta, My City Is My Home
 Debra Guerrero, The NRP Group
 Levar Martin, NALCAB
 Allison Shea, COSA
 Jennifer Buston, NHSD
 Jay Podjenski, D1
 Vero Soto, NHSD
 Paul Moore, Steel Properties

1. Approval of minutes – May 22, 2019 Finance Corporation

Minutes COMMISSION ACTION:

The motion was made by Councilwoman Gonzales and seconded by Councilmen Treviño to approve the May 22, 2019 minutes as submitted.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

2. Citizens to be heard – None

3. Briefing and possible Action On: Resolution concerning the application of ARDC Parkdale, Ltd. relating to the proposed financing of up to \$30,000,000 of the costs of the acquisition, construction, and equipping of the Parkdale Apartments, to be located at 3830 Parkdale; and other matters In connection therewith

Item 3 and Item 4 are the Finance Corporation Inducement Resolution to the Public Facility Corporation Inducement Resolution.

COMMISSION ACTION:

The motion was made by Councilwoman Gonzales and seconded by Councilman Courage to approve the inducement resolution.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

4. Briefing and possible Action On: Resolution concerning the application of Steele Pan American, LLC relating to the proposed financing of up to \$12,000,000 of the costs of the acquisition, and rehabilitation of the Pan American Apartments, to be located at 143 NW 36111 Street; and other matters In connection therewith

COMMISSION ACTION:

The motion was made by Councilwoman Gonzales and seconded by Councilman Treviño to approve the inducement resolution.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

5. **Briefing and possible Action On: Administrative briefing and update, which may include briefings on financials, progress of projects or grant expenditures, personnel matters and other activities which do not require Board action, specifically including:**
- **Briefing on financials**

None

COMMISSION ACTION:

No Motion Required

Adjournment

Councilwoman Viagran adjourned the meeting at 2:06 PM.

San Antonio Housing Trust Finance Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 2.

Agenda Date: 11-08-19

In Control: San Antonio Housing Trust Finance Corporation

DEPARTMENT: San Antonio Housing Trust Finance Corporation

DEPARTMENT HEAD: Pedro Alanis

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Citizens to be heard

SUMMARY:

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

San Antonio Housing Trust Finance Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 3.

Agenda Date: 11-08-19

In Control: San Antonio Housing Trust Finance Corporation

DEPARTMENT: San Antonio Housing Trust Finance Corporation

DEPARTMENT HEAD: Pedro Alanis

COUNCIL DISTRICTS IMPACTED: District 3

SUBJECT:

Inducement Resolution for the City Base Apartments.

SUMMARY:

Approving a Resolution of Inducement for the City Base Apartments transaction to include the execution of all documentation necessary to obtain the financing for such transaction; authorizing all filings and agreements with Texas Department of Housing and Community Affairs in connection with applications low income housing tax credits; and to allow other matters in connection therewith.

ISSUE:

On October 3, 2019, the City of San Antonio authorized the sale of 9.38 acres of property within the Southeast Service Center at 7402 S. New Braunfels Avenue within the Brooks Regional Activity Center in City Council District 3. The property was recently included in a 2017 Neighborhood Improvements Bond Program *Request for Proposals* whereby the City selected Franklin Development Corporation to redevelop the property. Franklin Development Corporation is a local firm who has developed approximately 5,000 affordable housing units and 1,800 senior housing units across the State of Texas.

Franklin Development Corporation is seeking a partnership with the San Antonio Housing Trust Public Facility Corporation to develop a new \$52 million, 292-unit multifamily, HUD

221(d)(4) and 4% LIHTC project which will average all units at or below 60% of the area median income. The project is expected to raise approximately \$17,800,000 in equity for the development. The project was also awarded up to \$4,200,000 in 2017 General Obligation Bonds through the Neighborhood Improvements Bond Program.

Franklin will seek an issuance of \$50,000,000 in multi-family revenue bonds from the San Antonio Housing Trust Finance Corporation. Neither the PFC nor the City of San Antonio will be liable for repayment of the revenue bonds, which will be privately placed or insured.

ALTERNATIVES:

If a resolution is not approved, TDHCA will not approve the tax credits for the Project.

FISCAL IMPACT:

The San Antonio Housing Trust Public Facilities Corporation will receive 40% of the total developer fee (estimated at \$3,513,059) and 45% of the Cash Flow, currently estimated at \$2,661,230 over 15 years. Additionally, the PFC will receive 45% of any proceeds from the sale or refinancing of the Project. The PFC collected revenues will pay into the City's Affordable Housing Special Revenue Fund in an amount up to the City's investment of \$4,200,000 from the Neighborhood Improvements Bond Program, less the percentage of revenues due to the San Antonio Housing Trust Foundation established for operations.

The San Antonio Housing Trust Finance Corporation will receive an issuance fee equal to 1% bond issuance at closing which will remain with the Corporation.

RECOMMENDATION:

Staff recommends the board approving a Resolution of Inducement for the City Base Apartments transaction to include the execution of all documentation necessary to obtain the financing for such transaction; authorizing all filings and agreements with Texas Department of Housing and Community Affairs in connection with applications low income housing tax credits; and to allow other matters in connection therewith.

ATTACHMENT:

Resolution

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Finance Corporation (the “Issuer”) hereby certifies as follows:

1. In accordance with the bylaws of the Issuer, the Board of Directors of the Issuer (the “Board”) held a meeting on November 8, 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 CONCERNING THE APPLICATION OF ARDC CITY BASE, LTD. AND FRANKLIN DEVELOPMENT CORPORATION RELATING TO THE PROPOSED FINANCING OF \$50,000,000 OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF THE CITY BASE APARTMENTS 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 Articles of Incorporation and the Bylaws of the Issuer.

SIGNED AND SEALED November 8, 2019.

Nicole Collazo, Assistant Secretary



RESOLUTION CONCERNING THE APPLICATION OF ARDC CITY BASE, LTD. AND FRANKLIN DEVELOPMENT CORPORATION RELATING TO THE PROPOSED FINANCING OF \$50,000,000 OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF THE CITY BASE APARTMENTS AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of San Antonio, Texas (the “City”), has, pursuant to the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended (the “Act”), approved and created the San Antonio Housing Trust Finance Corporation, a nonstock, nonprofit housing finance corporation (the “Issuer”);

WHEREAS, the Issuer, on behalf of the City, is empowered to finance the costs of residential ownership and development that will provide decent, safe, and sanitary housing at affordable prices for residents of the City by the issuance of housing revenue bonds;

WHEREAS, ARDC City Base, Ltd., a Texas limited partnership (the “User”), has filed an Application for financing (the “Application”), requesting that (i) the Issuer finance the acquisition, construction, and equipping of a proposed 275-unit multifamily housing facility to be located at 7402 South New Braunfels Avenue and to be known as City Base Apartments (the “Project”); and (ii) the Issuer file and/or refile a 2019 and/or 2020 Allocation Application (defined hereafter) and/or any carryforward applications to the Texas Bond Review Board as described herein;

WHEREAS, the User has advised the Issuer that a contributing factor that would further induce the User to proceed with providing for the acquisition, construction, equipping, and improvement of the Project would be a commitment and agreement by the Board of Directors (the “Board”) of the Issuer to issue housing revenue bonds pursuant to the Act (the “Bonds”) to finance and pay any Development Costs, as defined in the Act, for the Project;

WHEREAS, in view of rising construction costs and the necessity of compliance with administrative regulations, it is considered essential that acquisition, construction, equipping, and improvement of the Project be completed at the earliest practicable date after satisfactory preliminary assurances from the Issuer that the proceeds of the sale of the Bonds, or other obligations, of the Issuer in an amount necessary to pay the Development Costs of the Project, will be made available to finance the Project;

WHEREAS, this Resolution shall constitute the Issuer’s commitment, subject to the terms hereof, to issue Bonds, or other obligations, pursuant to the Act in an amount prescribed by the User now contemplated not to exceed \$50,000,000 and to expend the proceeds thereof to pay Development Costs including costs of acquisition, construction, equipping, and improvement of the Project, funding a debt service or other reserve fund for the Project, and paying expenses and costs in connection with the issuance of the Bonds, including costs of obtaining credit enhancement, if any;

WHEREAS, the Bonds are “private activity bonds” as that term is defined in Subchapter A, Section 1372.001 of Chapter 1372, Texas Government Code, as amended, including the rules

promulgated pursuant thereto in 34 Texas Administrative Code, Sections 190.1 through 190.8 (together, the “Allocation Act”), and various provisions of the Internal Revenue Code of 1986, as amended (the “Code”);

WHEREAS, the Code requires that the applicable elected official of the City approve the issuance of the Bonds after a public hearing for which reasonable public notice shall have been given;

WHEREAS, the Issuer is authorized by the provisions of the Act to issue the Bonds;

WHEREAS, in order to issue the Bonds in the manner contemplated, the Issuer must seek an allocation of the State of Texas volume cap pertaining to private activity bonds in order to satisfy the provisions of the Code;

WHEREAS, in order to satisfy, in part, the provisions of the Allocation Act, the Issuer must submit an “Application for Allocation of Private Activity Bonds” (the “Allocation Application”) to the Texas Bond Review Board and adopt this Resolution authorizing the filing or refiling of the Allocation Application;

WHEREAS, the Allocation Application and the Allocation Act require that the Issuer certify that the Bonds are not being issued for the same stated purpose for which the Issuer has received sufficient carryforward during a prior year or for which there exists unexpended proceeds from a prior issue or issues of bonds issued by the Issuer;

WHEREAS, the User intends to make capital expenditures in connection with the acquisition, construction, equipping, and improvement of the Project (the “Expenditures”) and expects to reimburse the Expenditures with proceeds of the Bonds;

WHEREAS, in order to allocate under Treasury Regulation §1.150-2 (the “Regulation”) proceeds of the Bonds to the Expenditures, the Issuer must declare its reasonable expectation to reimburse the Expenditures;

WHEREAS, the User has requested that the San Antonio Housing Trust Public Facility Corporation acquire a membership interest in the general partner of the User;

WHEREAS, the User has requested authorization to make all filings necessary to obtain and maintain debt financing and tax credits on the Project; and

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 User may construct the Project; now, therefore,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN ANTONIO HOUSING TRUST FINANCE CORPORATION THAT:

Section 1. Subject to the terms hereof, the Issuer agrees that it will:

(a) Subject to the negotiation of mutually acceptable agreements, issue the Bonds, in an amount not to exceed \$50,000,000;

(b) cooperate with the User with respect to the issuance of the Bonds, and, if arrangements therefor satisfactory to the User and the Issuer can be made, take such action and authorize the execution of such documents and take such further action as may be necessary or advisable for the authorization, execution, and delivery of any contracts or agreements deemed necessary and desirable by the User or the Issuer in connection with the issuance of the Bonds (collectively, the "Contracts"), providing among other things for payment of the principal of, interest on, redemption premiums on, and paying agents' and trustee's fees and charges, if any, on the Bonds; payment of fees, charges, and expenses of the Issuer and the City (including legal and financial advisory expenses); acquisition, construction, equipping, and improvement of the Project; and use, operation, and maintenance of the Project (and the execution of any necessary guaranty agreements), all as shall be authorized, required, or permitted by law and as shall be satisfactory to the Issuer, the City, and the User;

(c) if the proceeds from the sale of the Bonds are insufficient to complete the acquisition, construction, equipping, and improvement of the Project, take such actions and execute such documents as may be necessary to permit the issuance from time to time in the future of additional bonds on terms which shall be set forth therein, whether on a parity with other series of bonds or otherwise, for the purpose of paying the costs of completing the acquisition, construction, equipping, and improvement of the Project, as requested by the User and within then applicable limitations; and

(d) take or cause to be taken such other actions as may be required to implement the aforesaid undertakings or as it may deem appropriate in pursuance thereof.

Section 2. The Bonds shall specifically provide that neither the State of Texas (the "State"), the City, nor any political issuer, subdivision, or agency of the State shall be obligated to pay the same or the interest thereon and that neither the faith and credit nor the taxing power of the State, the City, or any political issuer, subdivision, or agency thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds.

Section 3. It is understood by the Issuer, and the User has represented to the Issuer, that in consideration of the Issuer's adoption of this Resolution and by filing the Application, and subject to the terms and conditions hereof, the User has agreed that

(a) Prior to or contemporaneously with the sale of the Bonds in one or more series or issues from time to time as the Issuer and the User shall hereafter agree to in writing, the User will enter into the Contracts with the Issuer under the terms of which the User will obligate itself, on a nonrecourse basis, to pay to the Issuer (or to a trustee, as the case may be) sums sufficient in the aggregate to pay the principal of, interest on, redemption premiums on, paying agents' and trustee's fees and charges, if any, on the Bonds, as and when the same become due and payable, with such Contracts to contain the provisions described in Section 1 hereof and such other provisions as may be required or permitted by law and to be mutually acceptable to the Issuer and the User;

(b) the User will (1) pay all Project costs which are not or cannot be paid or reimbursed from the proceeds of the Bonds and (2) at all times from and after the issuance of the Bonds, indemnify and hold harmless the Issuer and the City against all losses, costs, damages, expenses, and liabilities of whatsoever nature (including but not limited to reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the issuance, offering, sale, or delivery of the Bonds, or the design, construction, equipping, installation, operation, use, occupancy, maintenance, or ownership of the Project (other than claims arising from the gross negligence or willful misconduct of the Issuer or the City) and prior to or contemporaneously with the sale of the Bonds will agree to provide indemnification on terms satisfactory to the Issuer; and

(c) no Bonds will be issued without the approval of the City Council.

Section 4. The User is hereby authorized to make all filings necessary to obtain and maintain tax credits on the Project.

Section 5. Except as expressly extended by the Issuer, it is understood by the Issuer and the User that all commitments of the Issuer with respect to the Project and the Bonds are subject to the condition that the Bonds shall have been issued no later than two years from the date of this Resolution.

Section 6. It is recognized and agreed by the Issuer that the User may exercise its rights and perform its obligations with respect to the financing of the Project either through (i) itself in its own name; (ii) any "related person" as defined in section 144(a)(3) of the Code; (iii) any legal successor thereto; (iv) an entity in which any of the above is a general partner or sole member; or (v) or any entity approved by the Issuer, provided that suitable guaranties necessary or convenient for the marketability of the Bonds shall be furnished, if required by the Issuer, and all references herein to the User shall be deemed to include the User acting directly through itself or any such approved entities.

Section 7. This Resolution shall be deemed to constitute the acceptance of the User's proposal that it be further induced to proceed with providing the Project. The Allocation Application and this Resolution shall constitute an agreement between the Issuer and the User effective on the date that this Resolution is adopted. This Resolution is affirmative official action taken by the Issuer towards the issuance of the Bonds in order to comply with the requirements of the Code. Neither the User nor any other party is entitled to rely on this Resolution as a commitment to issue bonds or loan funds, and the Issuer reserves the right not to issue the Bonds either with or without cause and with or without notice, and in such event the Issuer shall not be subject to any liability or damages of any nature. Neither the User nor any one claiming by, through or under the User, nor any investment banking firm or potential purchaser of the Bonds shall have any claim against the Issuer whatsoever as a result of any decision by the Issuer not to issue the Bonds.

Section 8. The Issuer hereby adopts this Resolution in order to satisfy the requirements of the Allocation Act pertaining to the issuance of the Bonds and authorizes any officer or designee of the Issuer to prepare and file and/or refile a 2019 and/or 2020 Allocation Application and/or

any carryforward applications, together with all required attachments (including obtaining the Issuer's Certificate of Good Standing from the Comptroller of Public Accounts for the State of Texas) in the form required by the Texas Bond Review Board.

Section 9. The Issuer respectfully requests that the Allocation Application be accepted and approved by the Texas Bond Review Board.

Section 10. Any officer of the Issuer (or his designee) is hereby authorized to execute the Allocation Application, to pay (or cause the User to pay) the Application Fee of \$5,000 for each Allocation Application (submitted to the Issuer by the User) to the Texas Bond Review Board and to submit any additional information or to make any necessary corrections or revisions requested by the Texas Bond Review Board in order to satisfy the requirements of the Allocation Act in connection with the Allocation Application.

Section 11. The Board certifies that the Bonds are not being issued for the same stated purpose for which the Issuer has received sufficient carryforward during a prior year or for which there exists unexpended proceeds from a prior issue or issues of bonds issued by the Issuer.

Section 12. In connection with the issuance of the Bonds, the Board hereby authorizes its bond counsel to arrange for the publication of a notice of public hearing in the City of San Antonio, Texas regarding the Bonds for the purpose of complying with section 147(f) of the Code. The form of notice of such hearing and the date, place, and manner of its publication shall be acceptable to the Corporation's bond counsel. The hearing shall be held by the Corporation's bond counsel.

Section 13. Based upon representations from the User, the Issuer reasonably expects to reimburse the Expenditures with proceeds of the Bonds in a principal amount that will not exceed \$50,000,000. This Resolution shall constitute a declaration of official intent under the Treasury Regulation Section 1.150-2.

Section 14. The Board authorizes the President, Vice President, Secretary, Treasurer or Executive Director of the Board to execute any documents or certificates necessary to seek the approval of the Bonds by the Texas Attorney General.

Section 15. 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 16. 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 17. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 18. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 19. This Resolution shall be in force and effect from and after its passage.

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