

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 AT MUNICIPAL PLAZA, ROOM "C", 114 WEST COMMERCE STREET, SAN ANTONIO, TEXAS 78205 ON FRIDAY, 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. Consideration and possible action to approve a Resolution inducing the **City Base Apartments**, a new 292 unit 4% Low Income Housing Tax Credit multi-family project in partnership with Franklin Development Corporation, located on 9.38 acres at 7402 S. New Braunfels Avenue within the Brooks Regional Activity Center in Council District 3.
4. Consideration and possible action to approve a Resolution inducing the **South Flores Lofts Apartments**, a new 292 unit mixed income affordable/market PFC structure in partnership with Athena Domain, Inc., located on 3.5 acres at the corner of East Cevallos Street and South Flores Street in Council District 5.
5. Consideration and possible action to approve a Resolution amending the lease agreement between the Public Facility Corporation and the Foster Road GL LP due to pending sale of the **Viridian Apartments** (Montabella Pointe II) located at 5415 N Foster in Council District 2.
6. Consideration and possible action approving a Resolution for a Loan Modification for the **Woodlawn Ranch Apartments** to lower the interest rate from 4.2% to an estimated 3.1%, thus increasing the net cash flow return to the PFC.
7. Assistant Secretary's Report - A briefing on financials, progress of projects or grant expenditures, personnel matters and other activities which do not require Board action.
8. Discussion and possible action regarding NALCAB Assessment and restructuring including, if desired, an executive session to discuss legal issues pursuant to Texas Government Code Section 551.

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: 11-08-19

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:

Approval of minutes

SUMMARY:

This item includes the approval of minutes from the August 28, 2019 and September 10, 2019 meetings.

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

- The Public Facility Corporation met in session at 12:34 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 Public Facility Corporation

Minutes COMMISSION ACTION:

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

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

2. Citizens to be heard – 1

Mr. Rich Acosta with My City is My Home addressed the Board regarding the need for Section 8 housing vouchers within the affordability properties.

3. Briefing and possible Action On: Resolution authorizing the Mesa West 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 Mesa West GP, LLC; and authorizing the financing for such transaction; and authorizing San Antonio Housing Trust Public Facility Corporation to enter into a joint venture agreement to serve as the general contractor; and other matters in connection therewith.

SAHT FC Board approved the bond transaction back in April, and City Council approved in May. At the time, Mr. Plummer didn't have a partnership agreement prepared to bring forth, which he is at this meeting. The transaction is now ready to close mid-September with all financing in place. Councilman Courage asked what the breakdown of the rentals were going to be. All units will be 100% at 60% and all be tax credit rents. The following is a rent breakdown:

Efficiency: \$745

1 Bedroom: \$798

2 Bedroom: \$958

3 Bedroom: \$1,107

Councilman Courage has suggested getting a rent breakdown at the competed construction part to compare with what was projected when the projected closed. Councilwoman Viagran agreed and added on how that impacts the PFC investments.

COMMISSION ACTION:

The motion was made by Councilwoman Shirley Gonzales and seconded by Councilman Roberto Treviño to approve the operating side of this transaction to move forward.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

4. Briefing and possible Action On: Resolution inducing the Parkdale Apartments transaction, including the execution of all documentation necessary to obtain the financing for such transaction; and authorizing all filings and agreements with Texas Department of Housing and Community Affairs in connection with applications low income housing tax credits; and approving a memorandum of understanding for such -transaction and other matters in connection therewith.

This item, in conjunction with Item 5, are both inducement resolutions. These resolutions are non-binding. This is a City project due to

the fact that the City made it a part of the 2017 Neighborhood Improvement Bond Transactions. Mr. Plummer suggested at the last board meeting that the current Board have a City GO Project where the issuing fee on the bonds would go back into this GO fund. There are two major advantages to doing this. 1. As the City goes out for future bond transactions, there is a show of getting a return on the investment in the GO Program. 2. Mr. Plummer thinks that this will lock the City into a position where they can tell a potential RFP respondent that if you do a transaction utilizing the PFC, then there is already a negotiated position on revenue sharing as apposed to working with another entity.

COMMISSION ACTION:

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

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

- 5. Briefing and possible Action On: Resolution inducing the Steele Pan American, LLC transaction, including the execution of all documentation necessary to obtain the financing for such transaction; and authorizing all filings and agreements with Texas Department of Housing and Community Affairs in connection with applications low income housing tax credits; and approving a memorandum of understanding for such transaction and other matters in connection therewith.**

This is the first rehab property that is coming before the Board for approval. It is complete section 8 property with 90% of the residents earning 30% of income and below. The unique thing about this project is that the PFC will not get the Bargain Purchase Price at the end of the 15 year period and only get 25% of the sale proceeds instead of 50%.

COMMISSION ACTION:

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

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

- 6. Briefing and possible Action On: 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.**

The Investor partner is buying the rest of the portion of the project and NRP will retain 5% interest. The reason Mr. Plummer brought this to the board's attention is due to an option the board must take. The two options are 1. Take 10% of the proceeds after debt and equity. 2. Take a rental stream.

COMMISSION ACTION:

The motion was made by Councilwoman Shirley Gonzales and seconded by Councilwoman Viagan to approve the taking a rental stream instead of taking 10% of the proceeds after debt and equity. Councilman Treviño is hesitant to agree to this without having Council District 2 representative to consult with.

AYES: 2

NAYS: 2

ABSTAIN: 0

THE MOTION FAILED

- 7. Briefing and possible Action On: Consideration and possible action regarding adding 9 units at 30% median income to both the St. John's and Brookwood Projects.**

Lori Houston briefed board on lowering 9 units to the 30% AMI level in both St. John's and Brookwood projects. This was brought about due to 210 DG being in default of the CCHIP agreement after the sale of the property meant to develop the Vitre Apartments.

COMMISSION ACTION:

The motion was made by Councilwoman Shirley Gonzales and seconded by Councilman John Courage to approve the structure as a forgivable loan to SAHTPFC in order to avoid paying federal income tax on the amount forgiven each year.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

- 8. Briefing and possible Action On: Consideration and possible action regarding a grant request by the City for \$2,000,000 to fund the City's Under One Roof Program.**

City to request \$2 million from the SAHT PFC.

COMMISSION ACTION:

The motion was made by Councilman Roberto Treviño and seconded by Councilman John Courage to the Cities request for \$2 Million for Under One Roof Program

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

- 9. Briefing and possible Action On: Consideration and possible action regarding the proposal by the City to implement a loaned executive program, as the temporary Executive Director/CEO of the San Antonio Housing Trust.**

The City of San Antonio is offering to lend the Trust an Interim Executive Director for a period of 6 months with an option of extending that for another 6 months. This individual will have the authority to develop monitoring, company policy, and developing procurement policies, amongst other duties. There was a concern from Councilwoman Viagran that this position does not interfere with the governance structure being separate from the government portion.

COMMISSION ACTION:

The motion was made by Councilman Roberto Treviño and seconded by Councilwoman Shirley Gonzales to approve the temporary Executive Director/CEO for the San Antonio Housing Trust

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

- 10. 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 the SAHT**
 - **Assessment Briefing on financials**
 - **Discussion of policy**

Mr. Poyo gave a briefing on the San Antonio Housing Trust Assessment. He focused on the main recommendations that came from the report. First, was the governance structure. The main goal was to have a greater coordination between the Housing Trust and the rest of the City. The suggestion of restructuring the two boards into one to include the five council members, six other members to include three community reps and three industry experts with one non-voting delegate from the City manager's office. Second was housing policy in general, not just within the Trust. The City needs to adopt a Housing Policy which in turn will guide the Trust in a general direction. Third, there needs to be some specific underwriting for the Trust.

Councilman Courage asked how Mr. Poyo saw the relationship between the different housing authorities among the City and elsewhere. Mr. Poyo suggested a policy for the different entities to work together and not in competition with each other.

COMMISSION ACTION:

No motion

AYES:

NAYS:

THE MOTION CARRIED**Adjournment**

Councilwoman Viagran adjourned the meeting. There being no further business, the meeting adjourned at 2:04 PM.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
OFFICIAL MEETING MINUTES
September 10, 2019

- The Public Facility Corporation met in session at 3:00 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 Nicole Collazo.

PRESENT: Rebecca Viagran, Roberto Treviño, Dr. Adriana Rocha Garcia, John Courage, Shirley Gonzales

ABSENT:

- **Staff/Visitors Present:**
 Nicole Collazo, San Antonio Housing Trust Public Facility Corporation
 Pedro Alanis- Interim Executive Director
 Robert Thies, NRP Group
 Edward Mungia, District 4
 Ian Benavidez, NHSD
 Debra Guerrero, NRP
 Allison Shea, NHSD
 Rajeen Puri, ADI
 Gene Rodriguez, District 5
 Iris Dimmick, Rivard Report
 Ben Olivo, SA Heron

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**

Jim Plummer gave his briefing on the matter of the sale of The Baldwin @ St. Paul Square Apartments formerly known as Crockett Street Apartments. The Baldwin Apartments is now completed and constructed. The deal is the SAHTPFC has to accept either 10% of the profit which would produce \$949,774 or collect rent on the project equal to 10% of the net operating income. The rent would equal to \$37,185,000 over a 75-year term with a present value of \$6,312,148.

COMMISSION ACTION:

The motion was made by Councilman Treviño and seconded by Councilman Courage to approve the resolution of the sale of the Crockett Street project also known as the Baldwin in the amendment of the lease associated therewith.

AYES: 5

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

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.**

Jim Plummer briefed on the Lookout Apartments that was Induced back in 2018. A project that was brought to the Public Facility Corporation designed to provide affordable housing for the missing middle-income population. This project has 50% of the units are affordable and owner wants to have 60% units to be affordable. The corporation would receive \$250,000 closing fee and will get 15% of the cash flow from the project after preferred return.

COMMISSION ACTION:

The motion was made by Councilman Treviño and seconded by Councilman Courage to approval of the resolution authorizing the Lookout Apartment transaction.

AYES: 5

NAYS: 0

ABSTAIN: 0

Adjournment

Councilwoman Viagran adjourned the meeting. There being no further business, the meeting adjourned at 3:31 PM.

San Antonio Housing Trust Public Facility Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 2.

Agenda Date: 11-08-19

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

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: 3.

Agenda Date: 11-08-19

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 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.

BACKGROUND:

On October 3, 2019, the City of San Antonio authorized the sale of 9.38 acres of property in response to the 2017 Neighborhood Improvements Bond Program Southeast Service Center Affordable Housing Redevelopment RFP issued by the Neighborhood Housing Services Department. The project is located at 7402 S. New Braunfels Avenue within the Brooks Regional Activity Center in City Council District 3. 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 income average all units at or below 60% of AMI. The project is expected to raise approximately \$17,600,000 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

CITY BASE APARTMENTS

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 October __, 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 INDUCING THE CITY BASE APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO OBTAIN THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING ALL FILINGS AND AGREEMENTS WITH TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS IN CONNECTION WITH APPLICATIONS FOR LOW INCOME HOUSING TAX CREDITS; 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 SAHTPFC.

SIGNED October __, 2019.

Nicole Collazo, Assistant Secretary

RESOLUTION INDUCING THE CITY BASE APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO OBTAIN THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING ALL FILINGS AND AGREEMENTS WITH TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS IN CONNECTION WITH APPLICATIONS FOR LOW INCOME HOUSING TAX CREDITS; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, ARDC City Base, Ltd., a Texas limited partnership (the “Partnership”), and SAHT City Base GP, LLC, a Texas limited liability company and its general partner (the “General Partner”), have been formed to acquire and construct an approximately 275-unit multifamily housing facility (the “Housing Facility”) to be located at 7402 S. New Braunfels Avenue, 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 the General Partner of the Partnership in connection with the financing of the Project, (ii) acquire the Land and lease it to the Partnership pursuant to a Ground Lease (the “Ground Lease”), and (iii) enter into a joint venture with the Developer to form an entity that will serve as the general contractor for the Project;

WHEREAS, the Partnership has requested that the San Antonio Housing Trust Finance Corporation (the “Issuer”) issue its Multifamily Housing Revenue Bonds (City Base Apartments) Series 2019 (the “Bonds”) to finance the Project (the “Bond Financing”);

WHEREAS, the Issuer will issue the Bonds in an amount not to exceed \$50,000,000 and loan such proceeds to the Partnership;

WHEREAS, in connection with the Bond Financing, the Partnership, the General Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to a Indenture of Trust, a Loan Agreement, a Note, a Regulatory Agreement and Declaration of Restrictive Covenants, a Leasehold Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing together with Ground Lessor Subordination and Joinder, a Servicing Agreement, and a Ground Lease (collectively, the “Bond Documents”);

WHEREAS, in connection with the financing for the Project, the Partnership, the General Partner, and/or SAHTPFC may be required to enter into a bridge loan from a lender to be determined at a later date (the “Bridge Loan”), which is anticipated to be documented in certain agreements, including, but not limited to, a Construction Loan Agreement, a Promissory Note, Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, Assignment of Leases and Rents, a Security Agreement, assignments of various contracts, an Environmental and Hazardous Substance Indemnity Agreement, a Disbursement Agreement, various subordination and intercreditor agreements, and various closing documents and certificates relating to a bridge loan, which will be repaid from the Equity Financing as provided below (collectively, the “Bridge Documents”);

WHEREAS, the Developer, on behalf of the Partnership, will apply for approximately \$17,600,000 in low income housing tax credits (the “LIHTCs”) from the Texas Department of Housing and Community Affairs (“TDHCA”);

WHEREAS, in connection with the application for LIHTCs, it is anticipated that the Partnership, General Partner and/or SAHTPFC will be required to execute, complete and deliver various applications, agreements, documents, certificates and instruments to TDHCA (the “TDHCA Documents”);

WHEREAS, the Partnership will contribute approximately \$17,600,000 of equity to the construction of the Project, which will be contributed by a limited partner to be determined at a later date (the “Equity Financing”);

WHEREAS, in connection with the Equity Financing, the Partnership, the General 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, a Development Agreement, and closing certificates (collectively, the “Equity Documents”);

WHEREAS, SAHTPFC will enter into a joint venture with the Developer to form an entity that will enter into a construction contract with the Partnership to serve as the general contractor to construct the Project (the “Construction Documents”);

WHEREAS, the members of the Board of Directors of SAHTPFC (collectively, the “Board”) and their respective offices are as follows:

| <u>Name of Director/Officer</u> | <u>Position</u> |
|---------------------------------|-----------------------------|
| Rebecca Viagran | President and Director |
| Shirley Gonzalez | Vice President and Director |
| Roberto Trevino | Director |
| John Courage | Director |
| Dr. Adriana Rocha Garcia | Director |
| Nicole Collazo | Assistant Secretary |

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 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 structures of financing contemplated for the Project, including but not limited to the Bond Financing, the Bridge Loan, the LIHTCs, and the Equity Financing are hereby approved and the TDHCA Documents, are hereby approved.

Section 2. The President, any Vice President, the Secretary, the Treasurer, the Executive Director, any Assistant Secretary, or any of them, are hereby authorized to execute any and all applications and term sheets required for the financing and construction of the Project, including, but not limited to, the TDHCA Documents and all other documents relating to obtaining the Bond Financing, LIHTCs, Equity Financing, and the Bridge Loan to which the Partnership, the General Partner, and/or SAHTPFC is a party.

Section 3. The President, any Vice President, the Secretary, the Treasurer, and the Executive Director, any Assistant Secretary, 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, including, without limitation, the TDHCA Documents and all filings or other actions required by the TDHCA in connection with the LIHTCs. The President, any Vice President, the Secretary, the Treasurer, the Executive Director, 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. It is understood by SAHTPFC and the Partnership and Developer have represented to SAHTPFC, that in consideration of SAHTPFC's adoption of this Resolution, and subject to the terms and conditions hereof, that the Partnership and Developer have agreed that

(a) the Partnership and Developer will (1) pay all Project costs that are not or cannot be paid or reimbursed from the proceeds of any debt and (2) indemnify and hold harmless SAHTPFC and the City against all losses, costs, damages, expenses and liabilities of whatsoever nature (including but not limited to reasonable attorneys' fees, litigation and courts costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the Project, 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 SAHTPFC or the City).

Section 5. This Resolution shall be deemed to constitute the acceptance of the Partnership's and Developer's proposal that it be further induced to proceed with providing the Project. **Provided that neither the Partnership nor the Developer nor any other party is entitled to rely on this Resolution as a commitment to enter into the proposed transaction, and SAHTPFC reserves the right not to enter into the proposed transaction either with or without cause and with or without notice, and in such event SAHTPFC shall not be subject to any liability or damages of any nature. Neither the Partnership nor the Developer nor anyone claiming by, through or under the Partnership or the Developer, nor any investment banking firm or potential purchaser shall have any claim against SAHTPFC whatsoever as a result of any decision by SAHTPFC not to enter into the proposed transaction.**

Section 6. 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 7. The officers of this Board hereby approve the selection of Bracewell LLP as counsel to the General Partner and SAHTPFC for this transaction.

Section 8. 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 9. 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 10. 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 11. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 12. 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: 4.

Agenda Date: 11-08-19

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 5

SUBJECT: Inducement Resolution for South Flores Lofts Apartments

SUMMARY:

Consideration and possible action to approve a Resolution inducing the South Flores Lofts Apartments, a new 292 unit mixed income affordable/market PFC structure in partnership with Athena Domain, Inc., located on 3.5 acres at the corner of East Cevallos Street and South Flores Street in Council District 5.

BACKGROUND:

Athena Domain, Inc. is seeking a partnership through a 75-year lease with the San Antonio Housing Trust Public Facility Corporation to develop a new \$58.4 million, 292 four-story wrap-style HUD 221(d)(4) multi-family new construction project, whereby the PFC shall have ownership of the land with the equity partnership in the project.

The apartments are anticipated to include a structured parking, garage, pool, courtyard and clubhouse. The unit mix shall provide 118 (40%) units for tenants whose income is less than 80% of the area median income ("AMI"); and 30 (10%) units are for tenants whose income is less than sixty (60%) of AMI. The remaining Rent will be set at 30% of the 80% and 60% AMI numbers, as applicable, and cannot be increased above 35% of AMI, so long as the project is tax exempt.

| | <i>Number of Units</i> | <i>Sq. Ft. Range</i> | <i>Rent Range</i> |
|-------------------|------------------------|----------------------|--------------------------|
| <i>Efficiency</i> | 54 | 462-731 SF | \$1,065-\$1,600 |
| <i>1 Bedroom</i> | 182 | 600-966 SF | \$1,065-\$1,928 |
| <i>2 Bedroom</i> | 52 | 1063-1364 SF | \$1,065-\$2,500 |
| <i>3 Bedroom</i> | 4 | 1150-1880 SF | \$3,000-3,513 |
| <i>Total</i> | 292 | 462 - 1880 SF | \$1,065 - \$3,513 |

The total project cost is \$58,416,869 with a bank loan of approximately \$46,129,352, and equity of approximately \$12,287,517. The project is receiving as of right CCHIP incentives under the former policy, which includes \$148,892 in estimated City permit waivers and \$217,872 in SAWS impact fee waivers. The total project cost is impacted by unanticipated archeological costs to preserve a historic acequia and near surface environmental remediation. Financially, the PFC is anticipated to receive a \$250,000 fee at closing estimated in April 2020, plus once the property is operational, 15% of net cash flow and capital events after repayment of debt service and preferred equity funds.

ISSUE:

Athena Domain will not proceed to closing without approval to proceed

ALTERNATIVES:

If the San Antonio Housing Trust Public Facility Board does not indicate approval to proceed, the affordable and market rate units will not be built and the property will remain as it is.

FISCAL IMPACT:

The Resolution of Inducement has no fiscal impact, as it is non-binding.

RECOMMENDATION:

Staff recommends approval of the Resolution

ATTACHMENT:

Resolution

**SOUTH FLORES LOFTS APARTMENTS
Inducement**

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility Corporation (the "PFC") hereby certifies as follows:

1. In accordance with the bylaws of the PFC, the Board of Directors of the PFC (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 INDUCING THE SOUTH FLORES LOFTS APARTMENTS
IN PARTNERSHIP WITH ATHENA DOMAIN, TO BE LOCATED AT EAST
CEVALLOS STREET AND SOUTH FLORES STREET 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 PFC.

SIGNED AND SEALED November 8, 2019.

Nicole Collazo, Assistant Secretary

**RESOLUTION INDUCING THE SOUTH FLORES LOFTS APARTMENTS
IN PARTNERSHIP WITH ATHENA DOMAIN, TO BE LOCATED AT EAST
CEVALLOS STREET AND SOUTH FLORES STREET AND OTHER
MATTERS IN CONNECTION THEREWITH**

WHEREAS, the City Council of the City of San Antonio, Texas (the "City"), has, pursuant to the Texas Public Facility Corporations Act, Chapter 303, Texas Local Government Code, as amended (the "Act"), approved and created the San Antonio Housing Trust Public Facility Corporation, a nonstock, nonprofit public facility corporation (the "PFC");

WHEREAS, the PFC, on behalf of the City, is empowered to finance the costs of public facilities that will provide decent, safe, and sanitary housing at affordable prices for residents of the City;

WHEREAS, _____, LP, a Texas limited partnership (the "User"), has requested that (i) the PFC finance the acquisition, construction, and equipping of a proposed 292-unit multifamily housing facility to be located at East Cevallos Street and South Flores Street and to be known as the South Flores Lofts Apartments (the "Project");

WHEREAS, this Resolution shall constitute the PFC's preliminary, non-binding commitment, subject to the terms hereof, to proceed;

WHEREAS, the User has requested that the PFC create a single member limited liability company to serve as a limited partner of the User;

WHEREAS, the User has requested authorization to make all filings necessary to obtain and maintain equity and debt financing for 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 PUBLIC FACILITY CORPORATION THAT:

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

(a) cooperate with the User with respect to the Project, and, if arrangements therefor satisfactory to the User and the PFC 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 PFC in connection with the Project (collectively, the "Contracts"), providing among other things for financing, acquisition, construction, equipping, and improvement of the Project; and use, operation, and maintenance of the Project, all as shall be authorized, required, or permitted by law and as shall be satisfactory to the PFC and the User;

(b) 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.

Neither the State of Texas (the "State"), the City, nor any political PFC, subdivision, or agency of the State shall be obligated to pay any debt or other obligation of the user or the Project and that neither the faith and credit nor the taxing power of the State, the City, or any political, subdivision, or agency thereof is pledged to any obligation relating to the Project.

Section 2. It is understood by the PFC, and the User has represented to the PFC, that in consideration of the PFC's adoption of this Resolution, and subject to the terms and conditions hereof, the User has agreed that

(a) the User will (1) pay all Project costs which are not or cannot be paid or reimbursed from the proceeds of any debt and (2) indemnify and hold harmless the PFC 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 Project, 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 PFC or the City); and

Section 3. 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. **Provider that neither the User nor any other party is entitled to rely on this Resolution as a commitment to enter into the proposed transaction, and the PFC reserves the right not to enter into the proposed transaction either with or without cause and with or without notice, and in such event the PFC 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 shall have any claim against the PFC whatsoever as a result of any decision by the PFC not to enter into the proposed transaction.**

Section 4. The Board authorizes the negotiation of a Term Sheet setting forth the details of the Project.

Section 5. 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 6. 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 7. 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 8. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 9. 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: 5.

Agenda Date: 11-08-19

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 Foster Road Project (also known as the Viridian Apartments) and the amendment of the lease associated therewith.

SUMMARY:

The PFC previously financed the Foster Road Project, an affordable/market model transaction, with 50% of the units available to tenants whose incomes are less than 80% of the median income. The NRP Group was the developer and Canyon Partners, LLC ("Canyon") was the equity provider.

The project has been constructed in April 2019 and leases have stabilized. PFC staff reviewed the rent rolls which show the project is in compliance with the PFC Lease agreement requires a minimum of 164 units to be leased to households under 80% AMI.

The stabilized project is currently leasing 222 units to households under the 80% AMI income level (69% of total units). 178 units (55%) meet the 30% rent level and 44 units (13%) are under the 35% rent level of based on 2019 AMI. None of the 222 units are renting above the 35% rent threshold, based on 2019 AMI.

The NRP Group and Canyon seek to recapitalize the project by refinancing and Canyon acquiring all of NRP's interest. NRP will continue to manage the project for Canyon. The

appraised value of the project is \$52,000,000. The sales price of the project is \$52,000,000. The PFC has a right to either a 15% profit after repayment of the capital which would produce \$1,382,901 in PFC proceeds or the PFC can choose to collect 7.5% of net operating income less a deemed debt service which has a net present value of \$3,336,191 based on staff estimates.

The PFC will use the same lease structure as it did in Baldwin transaction.

ISSUE:

Staff will utilize the same lease structure utilized in the sale of the Baldwin which provides terms outlining conditions if the tax exemption is lost from 5 years to 50 years.

FISCAL IMPACT:

The PFC will collect an annual rent revenue equal to 7.5% of NOI for the remaining life of the lease.

RECOMMENDATION:

Staff recommends approving the attached Resolution to authorizing the sale of the Foster Road Project.

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 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 AUTHORIZING THE SALE OF THE LEASEHOLD INTEREST IN THE FOSTER ROAD PROJECT (ALSO KNOWN AS "THE VIRIDIAN"); 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 November 8, 2019.

Nicole Collazo, Assistant Secretary

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE SALE OF THE LEASEHOLD INTEREST IN THE FOSTER ROAD PROJECT (ALSO KNOWN AS “THE VIRIDIAN”); 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 Foster Road Project, also known as “The Viridian” (herein so called);

WHEREAS, under that certain Lease Agreement (the “Lease”) between SAHTPFC and Foster Road GL LP (the “Tenant”), Tenant has the right to sell or otherwise transfer the leasehold interest in The Viridian (a “Sale”), and Tenant currently has a contract for such a Sale;

WHEREAS, pursuant to the Lease and that certain 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 Lease) 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 Lease) (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 Viridian 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: 6.

Agenda Date: 11-08-19

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 a Resolution for a Loan Modification for the Woodlawn Ranch Apartments (Hillcrest SA Apartments, LP) to lower the interest rate from 4.2% to an estimated 3.1%, thus increasing available PFC's 90% net cash flow return to the PFC.

SUMMARY:

In October 2011, a partnership was formed between the PFC, Michael A. Hogan, and Royal Bank of Canada to develop, construct, own and maintain the Woodlawn Ranch Apartments, a 252-unit 9% LIHTC project located at 303 W. Cheryl in Council District 7. A \$13,424,100 loan was originally financed for 480 months at 4.2% interest rate.

ISSUE:

As of November 30, 2019, the project will have a \$12,443,115 outstanding balance at a 4.2% interest rate for the 401 remaining months. The partnership is seeking a loan modification to lock in a lower interest rate from the existing 4.2% mortgage rate to an approximate 3.1% mortgage rate through PGIM Real Estate.

This modified mortgage will not take on additional debt, but simply allow the partnership to take advantage of the low interest rate environment. The new loan will be for \$12,428,881 at an approximate 3.1% interest rate for the remaining 401 months.

FISCAL IMPACT:

The partnership is anticipated to see a \$94,871.59 annual savings and \$3,162,386 over the remaining 401-month term. The PFC will see an increase to the estimated \$85,000 annual Incentive Management fee which is set at 90% of net cash flow.

RECOMMENDATION:

Staff recommends approving the attached Resolution authorizing the loan modification for the Woodlawn Ranch Apartments.

ATTACHMENT:

Resolution

San Antonio Housing Trust Public Facility Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 7.

Agenda Date: 11-08-19

In Control: San Antonio Housing Trust Public Facility Corporation

SUBJECT: A briefing on financials, progress of projects or grant expenditures, personnel matters and other activities which do not require Board action.

BRIEFING:

Congratulations to Nicole Collazo, who was previously under contract, but was hired as the full time Assistant Director of the SAHT Foundation.

Financial Report on Trust Entities

Staff is in the process of preparing the FY 2019 Annual Report of the Trust Entities which is anticipated to be finalized in December 2019 upon completion and board acceptance of the FY 2019 Annual Audit. The Financial Audit is inclusive of both the Finance Corporation and Public Facility Corporation. Below is a financial snapshot of all four Trust Entities, as well as, a preliminary forecast of revenues, as requested at the last PFC Board meeting.

As of November 4, 2019, the unencumbered cash balance for the **Public Facility Corporation Account** is **\$1,539,164**.

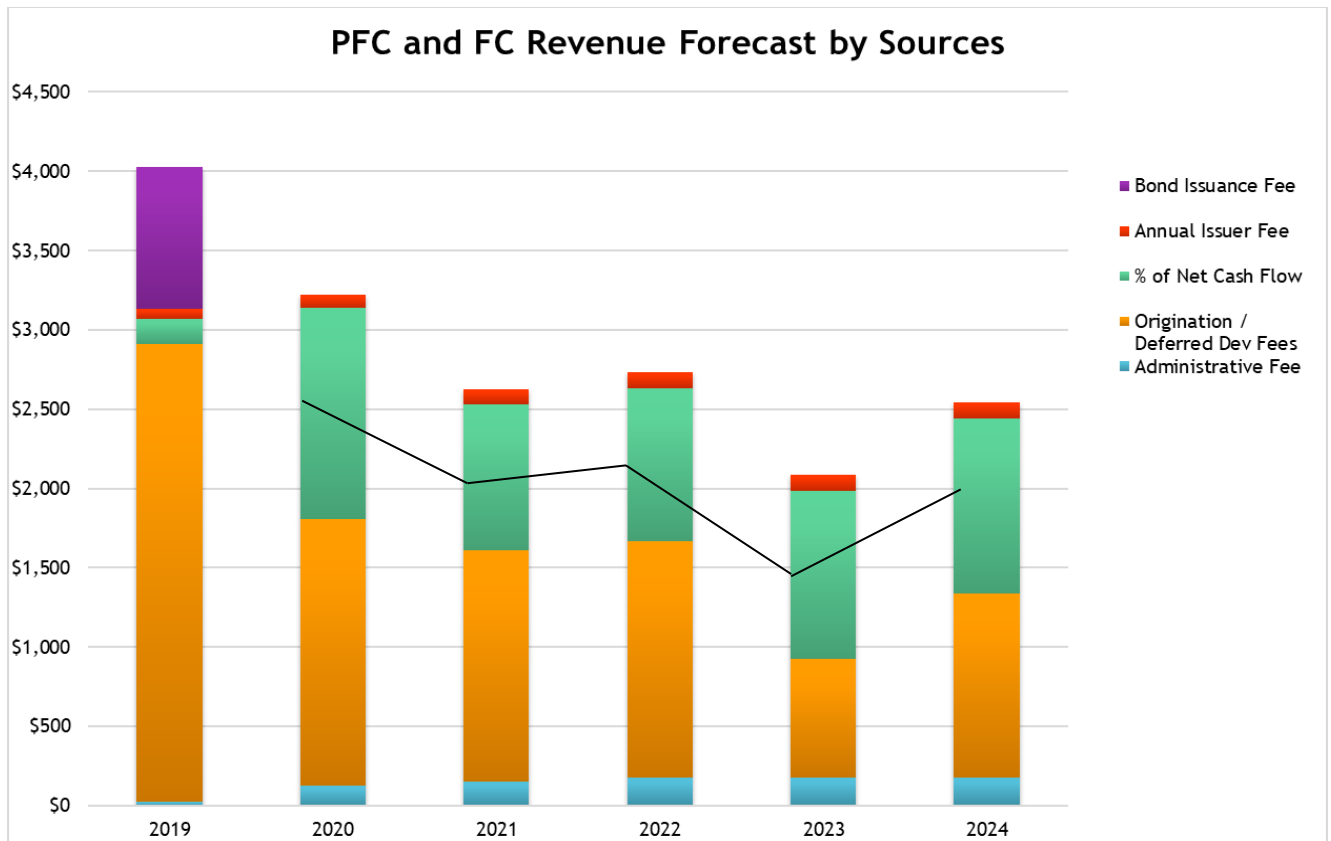
As of November 4, 2019, the unencumbered cash balance for the **Finance Corporation Account** is **\$1,798,612**. Note, the two accounts were changed to deposit and transfer only accounts for additional security purposes. As established policy, 25% of all new revenues generated by the PFC and FC are transferred to the Trust Foundation to support staff operations, which is collected on a quarterly basis.

The available fund balance in the City of San Antonio managed **Trust Corpus Investment** accounts is at **\$1,078,065**, based on September 30, 2019 end of year balance. The **Corpus** is reserved at \$10,000,000.

As of November 4, 2019, the cash balance for housing projects, programs, and initiatives is **\$689,410**. However, the Foundation shall consider establishing an Operating Reserve maximum, which may positively impact available funding for foundation activities.

Forecast

During the October meeting, the PFC Board requested a forecast of revenue based on existing PFC projects authorized to date. Currently, there are 23 Public Facility Corporation and Finance Corporation projects that are either financially closed or completed. *Staff did not include existing or proposed inducements in this model, since they are non-binding and do not constitute a firm commitment of revenue.* Staff is in the process of refining this model, so the forecast should be considered preliminary for *illustration purposes only*. Also, future revenues are largely based on the property's financial performance, which may fluctuate from year to year depending on market factors.



Take-aways

- Each partnership the PFC enters provides substantial revenues that when accumulated provides a long-term stream of annual revenues that can supplement the City's affordable housing priorities.
- If the PFC were to take **no further action** on future partnerships, a conservative estimate of \$11.2M would be earned over the next five years.
- PFC Development Fees at closing and deferred (ORANGE), as well as, Bond Issuance Fees (PURPLE) provide higher upfront revenues in the short term (0-3-years post-closing) but lessen over time.
- Revenues from Net Cash Flow (GREEN) present the best long-term benefit to the Trust

PFC Established Policies

At the last PFC Board Meeting, the board requested staff provide a list of written policies enacted by prior PFC board action with respect to structuring PFC partnerships. Staff will continue to update this list moving forward.

Potential development partners must display prior experience and wherewithal to carry out activities of the proposed partnership. Proposed partnerships that have a specific City of San Antonio interest are given a priority in consideration.

A potential development must document land cost does not exceed appraised fair market value. Prior to final PFC Board consideration, an appraisal and market study must justify both proposed rents and market demand for partnership activities.

At least 50% of units must be considered affordable and reserved for occupancy of those whose incomes are earning less than 80% of the Area Median Income for partnership consideration.

- For Tax Credit projects, affordable rents must comply with LIHTC requirements as documented in the Land Use Restriction Agreement (LURA).
- For Affordable/Market PFC projects, affordable rents are established at no more than 30% of the 80% AMI number, divided by 12, at the time of initial lease. After initial lease up monthly rents may increase up to 35%. Units may include students and are not adjusted for household size.

The PFC and FC require a \$3,000 Inducement Application Fee for staff consideration of any proposed partnership or engagement. All fees are of course non-refundable. The PFC and FC requires a minimum \$250,000 PFC Development fee at closing, however staff may negotiate a higher development fee after a financial review of the project or may recommend a project providing an affordable housing reserve fund to buy down affordable units to the 60% threshold in addition to a negotiated development fee.

The PFC negotiates a minimum \$25,000 Annual Administrative Fee and the Finance Corporation has an Annual Bond Administrative Fee of \$300 per unit. Both are intended to offset the staff costs of annual monitoring reviews, audit reviews, and other partnership required engagements that commonly occur throughout the year.

The PFC requires an annual cash flow, commonly referred to as an Incentive Management Fee or Net Cash Flow Fee, that is based on the project's performance as a % of cash after preferred returns. Staff and bond counsel negotiate this % return after a thorough financial review of the project. The PFC will retain ownership of the improvements at end of Lease period which is typically 75 years.

25% of all PFC and FC Revenue flow to the Foundation to support operations on a quarterly basis.

The PFC requires language in the lease agreement regarding the loss of a tax exemption from 5 years to 50 years. The tenant can buy out the PFC from the project if they reimburse the City ad valorem taxes that would have been due from Day 1 of the project.

Project Updates

Pan American Apartments (D5) - In August 2019, the PFC board induced a 4% LIHTC acquisition and rehabilitation project. Staff met with representatives from the Texas Rio Grande Legal Aid to gain insights on the existing tenant experience at the Pan American Apartments and to share how this project will benefit existing tenants. Questions were relayed to the Paul Moore, lead developer of Steele Properties, LLC and answered accordingly to PFC staff satisfaction. Staff scheduled a meeting with the tenants at the Sonny Melendrez Community Center on November 5th as well tour a few of the units.

San Antonio Housing Trust Public Facility Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 8.

Agenda Date: 11-08-19

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:

Discussion and possible action regarding NALCAB Assessment and restructuring including, if desired, an executive session to discuss legal issues pursuant to Texas Government Code Section 551.

SUMMARY:

Briefing on the timing and proposed discussions with the SA Housing Trust Foundation Board on the Executive Director search and proposed governance structure of proposed by the NALCAB Assessment to the four Trust related legal entities.

BACKGROUND:

In 2019, the City of San Antonio engaged the National Association for Latino Community Asset Builders to undertake an assessment of the San Antonio Housing Trust (SAHT) and to provide strategic recommendations for strengthening the Trust and associated entities which was a key recommendation of the Mayor's Housing Policy Task Force.

On October 9th, the San Antonio Housing Trust Foundation board members met in an open setting to discuss and consider recommendations outlined in the NALCAB assessment. The SAHT Foundation Board were appreciative of the efforts by the NALCAB and City staff to give an inward look on how the four Trust entities can be improved.

ISSUES

The Foundation was in agreement with the vast majority of the recommendations outlined in the assessment, specifically related to hiring of an Executive Director, enhancing public engagement, monitoring covenants, establishing organizational policies and procedures, increasing the capitalization of the Trust, clarifying public policy goals, and overall increasing transparency. The Foundation has begun implementing several recommendations, including revising operating policies, revising fiscal and banking protocols, improving our record keeping system, and authorized new website improvements and online capacity, to name a few.

The Foundation Board previously discussed providing recommendations related to:

- participation by the Foundation, City, & the PFC/FC Board in the selection process to hire a permanent full time Executive Director;
- ensuring the new Executive Director can participate in the implement governance re-alignment and establish affordable housing policies;
- consideration of affordable housing industry experts, ex-officio's, and/or community members can serve, at a minimum, in an advisory capacity within the constraints of each board's legal authority on the PFC, FC, and Trust boards to promote transparency; and
- to schedule all board meetings on the same day and at the same location

On October 30, 2019, the Foundation's Personnel Committee met to provide a recommendation to the Foundation Board for the selection of an Executive Recruitment Firm who will begin the process of searching for a new Executive Director. The Foundation Board will vote on the Executive Recruitment Firm and discuss finalizing their position on the NALCAB Assessment recommendations at their November 13, 2019 Board Meeting.

ALTERNATIVES:

No alternatives

FISCAL IMPACT:

No Fiscal Impact

RECOMMENDATION:

Staff recommends the Public Facility Corporation Board provide feedback on the level of engagement on selection of a new permanent Executive Director and await the Foundation Board's final recommendations.