

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 THE MUNICIPAL PLAZA ROOM "B", 105 MAIN PLAZA (114 WEST COMMERCE STREET), SAN ANTONIO, TEXAS 78205 ON WEDNESDAY, FEBRUARY 26, 2020 AT 3:00 P.M., TO CONSIDER THE FOLLOWING MATTERS:

Briefing and Possible Action on:

1. Approval of minutes
2. Citizens to be heard
3. Amended and Restated Resolution of Inducement relating to the proposed financing of up to \$20,000,000 of the costs of the acquisition, construction, and equipping the **Echo East Apartments** located at 301 Spriggsdale; and other matters in connection therewith.
4. Presentation of and possible action to approve the audited financial statements for the fiscal year ending September 30, 2019.

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: 2-26-20

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 December 10, 2019 meeting

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION
OFFICIAL MEETING MINUTES
December 10, 2019

- The Finance Corporation met in session at 10:00 A.M., 105 Main Plaza, San Antonio, Texas 78205 Municipal Plaza “C” Room.
- The meeting was called to order by Councilwoman Rebecca Viagran and the roll was called by JD Hernandez.

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

ABSENT: Roberto Treviño

• **Staff/Visitors Present:**

Pedro Alanis- Interim Executive Director San Antonio Housing Trust Finance Corporation
 Nicole Collazo- Assistant Director San Antonio Housing Trust Finance Corporation
 JD Hernandez – Asset Manager San Antonio Housing Trust Finance Corporation
 Maria Bradley – Administrative Assistant, San Antonio Housing Trust Finance Corporation
 Joey Guerra Jr.- Integrated Realty Group
 Mark Gregg- Streamline Advisory Partners
 Sam Aveidi- Integrated Realty Group
 Edward Mungia- D4
 Joel Pollack-Streamline Advisory Partners
 Ruben Lizalde- D3
 Jason Arechiga-NRP Group
 Wesley Fonseca- NRP Group
 Daryl Lange- Bitterblue Group
 Caroline McDonald-Brown & Ortiz

1. **Approval of minutes – November 8, 2019**

COMMISSION ACTION:

The motion was made by Councilman Courage and seconded Councilwoman Rocha Garcia to approve the November 8, 2019 minutes.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

2. **Citizens to be heard –**

Elizabeth Kipp is a resident at the Pan American Apartments who has lived there for 9 years. She mentioned some concerns she had in mind while this project is being remodeled. It is important she remains in the same unit because it is a hassle to change addresses. She wants transportation to and from school and any after school programs or reimbursement for travel expenses and to hire insured and bonded movers. She also requests a written agreement of work being done.

Sylvia Limon also another resident of the Pan American Apartments states herself and her neighbors want to be included in all discussions of this rehab project and have written agreements to make sure concerns will be addressed.

3. **Amended and Restated Resolution increasing the inducement of the amount of tax-exempt bonds from \$12,000,000 to \$15,000,000 to finance the acquisition and rehabilitation of the Pan American Apartments located at 143 NW 36th Street; and other matter in connection therewith.**

Pedro Alanis briefed that the Finance Corporation approved a Resolution for inducement for tax exempt bonds up to 12,000,000 back in August 2019. Steel Properties is requesting to increase the amount up to \$15,000,000 in bond allocations due to increased construction costs and changes in financing. Pete confirmed that the Resolution from August has not changed. Pan American is a 100-unit multifamily, tax credit project apartment. All units will be rented to individuals whose income is at or below 60% median family income.

Councilwoman Viagran wants Pete to meet with the Steel Properties to make sure we address the tenant's requests. She also wants to make sure tenants will have a place to stay while their units are being renovated. She mentioned having a discussion about policy standards for the apartment complexes not to use eviction companies such as "Kick'em Out Quick." Councilwoman Gonzales requested if the project could be xeriscape and if there is a possibility on adding more trees for shade.

COMMISSION ACTION:

The motion was made by Councilwoman Gonzales and seconded by Councilwoman Rocha Garcia to approve the Resolution increasing inducement of the amount.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

4. **Resolution concerning the application of Port SA Redevelopment, LP relating to the proposed financing of up to \$37,000,000 of the costs of the acquisition and rehabilitation of the Preserve at the Port Apartments, located at 402 Gillmore Avenue; and other matters in connection therewith.**

Preserve at the Port Apartments is a 396 multifamily tax credit project in District 5. All units will be rented at or below 60% of medium family income. The request for \$37,000,000 tax exempt bonds is necessary to receive state tax credits. The request is to authorize the developers and Bond counsel to take preliminary action to allocate tax exempt bonds.

COMMISSION ACTION:

The motion was made by Councilwoman Shirley Gonzales and seconded by Councilwoman Rocha Garcia to approve of the Inducement Resolution.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

5. Resolution concerning the application of VCCPHC-San Antonio I, LP (a Pedcor affiliate) relating to the proposed financing of up to \$25,000,000 of the costs of the acquisition, construction, and equipping of the Northview Apartments, to be located at 23132 US Highway 281 North; and other matters in connection therewith.

Pedro Alanis stated this is a 156-unit multifamily, tax credit project in District 9. All units will be rented to individuals at or below 60% of median family income. This request allows the partnership to reserve \$25,000,000 in bond allocation that will be expected to receive in March or April. The Finance Corporation will receive a 1% issuer fee.

COMMISSION ACTION:

The motion was made by Councilman Courage and seconded by Councilwoman Rocha Garcia approval of the Resolution concerning the application.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED

Adjournment

The meeting was adjourned by Councilwoman Gonzales at 11:02AM

San Antonio Housing Trust Finance Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 2

Agenda Date: 2-26-20

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: 2-26-20

In Control: San Antonio Housing Trust Finance Corporation

DEPARTMENT: San Antonio Housing Trust Finance Corporation

DEPARTMENT HEAD: Pedro Alanis

COUNCIL DISTRICTS IMPACTED: District 2

SUBJECT:

Amended and Restated Inducement Resolution for the Echo East Apartments.

SUMMARY:

Approving an Amended and Restated Resolution of Inducement for the Echo East Apartments transaction amending the resolution to allow the Finance Corporation to submit an application for volume cap allocation to the Texas Bond Review Board for the 2020 Program Year instead of the 2019 Program Year to finance the costs of acquisition, construction and equipping of the Echo East Apartments, located at 301 Spriggsdale; and other matters in connection therewith.

ISSUE:

On May 22, 2019, the Finance Corporation Board originally approved a Resolution of Inducement for tax exempt bonds to finance this project in an amount up to \$20,000,000, and to authorize the Issuer to prepare and file a 2019 Allocation Application. Due to some delays in the project timeline, Gardner Capital and the George Gervin Foundation, as joint developers, have requested to submit an application for tax-exempt bonds to the Texas Bond Review Board for the 2020 Program Year. There are no other changes to the Resolution you approved in May. The amount of bonds requested will remain the same.

As with the previous resolution you approved in May, none of these actions will be binding to the Finance Corporation or to the City. This action will not commit the Finance Corporation to participate in the Project. Staff will return to the Board for actual approval of the Project and authority to issue the bonds.

The San Antonio Public Facility Corporation Board induced this project on December 10, 2019.

BACKGROUND:

The project is a 192 unit multifamily, tax credit project in District 2 located at 301 Spriggdale. The project will consist of low-income housing tax credit units, the occupants of which will average 60% of median income. The total project budget is approximately \$33,600,000. The tax credits will raise approximately \$12,600,000. The revenue bonds are anticipated to be issued in the amount of \$20,000,000. The revenue bonds will not be a liability of the PFC or the City.

The developer is Gardner Capital and the George Gervin Foundation. Gardner Capital has financed 95 projects across the country with 3,500 units completed.

ALTERNATIVES:

If the San Antonio Housing Trust Finance Corporation board does not approve this transaction, then 211 affordable units will not be constructed.

FISCAL IMPACT:

The Issuer will receive a 1% financing fee approximately \$200,000 and the Public Facility Corporation will receive 15% of the total developer fee and 45% of the Cash Flow from the project and 45% of any proceeds from the sale or refinancing of the Project.

RECOMMENDATION:

Staff recommend approval of the attached Amended and Restated Resolution

ATTACHMENT:

Amended and Restated Resolution

**ECHO EAST APARTMENTS
Inducement**

CERTIFICATE FOR AMENDED AND RESTATED 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 February 26, 2020 (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

AMENDED AND RESTATED RESOLUTION CONCERNING THE APPLICATION OF ECHO EAST APARTMENTS, I, LLC RELATING TO THE PROPOSED FINANCING OF UP TO \$20,000,000 OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF THE ECHO EAST APARTMENTS, TO BE LOCATED AT 301 SPRIGGS DALE, SAN ANTONIO, TEXAS; 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 February 26, 2020.



Nicole Collazo, Assistant Secretary

AMENDED AND RESTATED RESOLUTION CONCERNING THE APPLICATION OF ECHO EAST APARTMENTS, I, LLC RELATING TO THE PROPOSED FINANCING OF UP TO \$20,000,000 OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF THE ECHO EAST APARTMENTS, TO BE LOCATED AT 301 SPRIGGSDALE, SAN ANTONIO, TEXAS; 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, Echo East Apartments I, LLC, a Texas limited liability company (the “User”), has filed an Application for financing (the “Application”), requesting that (i) the Issuer finance the acquisition, construction, and equipping of a proposed 211-unit multifamily housing facility to be located at 301 Spriggssdale and known as the Echo East Apartments (the “Project”); and (ii) the Issuer file a 2020 Allocation Application (defined hereafter) and/or any carryforward applications associated with such Allocation 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, on May 22, 2019, the Board approved a resolution (the “Original Resolution”) authorizing the inducement of the Bonds for the Project and the filing of a 2019 Allocation Application with the Texas Bond Review Board;

WHEREAS, the Board desires to amend and restate the Original Resolution as set forth herein to authorize the filing of a 2020 Allocation Application with the Texas Bond Review Board;

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 \$20,000,000 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 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 \$20,000,000;

(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.

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

Section 4. 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 5. 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 6. 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 anyone 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 7. 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 a 2020 Allocation Application and/or any carryforward

applications associated with such Allocation Application, 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 8. The Issuer respectfully requests that the 2020 Allocation Application be accepted and approved by the Texas Bond Review Board.

Section 9. 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 10. 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 11. 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 12. 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 \$20,000,000. This Resolution shall constitute a declaration of official intent under the Treasury Regulation Section 1.150-2.

Section 13. 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 14. 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 15. 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 16. 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 17. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 18. This Resolution shall be in force and effect from and after its passage.

* * *

San Antonio Housing Trust Finance Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 4.

Agenda Date: 2-26-20

In Control: San Antonio Housing Trust Finance Corporation

DEPARTMENT: San Antonio Housing Trust Finance Corporation

DEPARTMENT HEAD: Pedro Alanis

SUBJECT: Presentation and possible action to approve the audited financial statements for the fiscal year ending September 30, 2019.

SUMMARY:

The San Antonio Housing Trust released a Request for Qualifications on September 10, 2019. In October 2019, Gregory & Crutchfield, LLC was selected to begin the audits of the San Antonio Housing Trust Foundation, Finance Corporation, and Public Facility Corporation.

The purpose of a financial statement audit is to add credibility to the reported financial position and performance of an organization.

An auditor seeks to gain an understanding of the environment in which the Trust entities operate and assess whether there may be risks that could impact the financial statements. The auditor typically assesses the effectiveness of internal controls by concentrating on proper authorization, safeguarding assets, and segregation of duties.

FISCAL IMPACT:

In FY 2019, the FC had total net assets of \$2,316,368. The corporation increased net assets by \$734,443 from the prior year.

RECOMMENDATION:

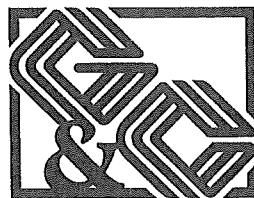
Staff recommends approval of the annual audit.

DRAFT

**San Antonio Housing Trust
Finance Corporation**

Financial Statements

September 30, 2019

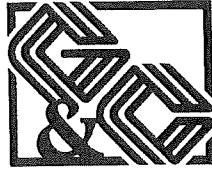


GREGORY & CRUTCHFIELD, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Table of Contents

| | |
|--|---|
| Independent Auditor's Report | 1 |
| Statement of Financial Position | 2 |
| Statements of Activities and Changes in Net Assets | 3 |
| Statement of Cash Flows | 4 |
| Statement of Functional Expenses | 5 |
| Notes to Financial Statements | 6 |



GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

Independent Auditor's Report

The Board of Directors
San Antonio Housing Trust Finance Corporation

We have audited the accompanying statement of financial position of San Antonio Housing Trust Finance Corporation (a nonprofit organization) as of September 30, 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Housing Trust Finance Corporation as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gregory & Crutchfield, LLC

San Antonio, Texas
December 27, 2019

16500 San Pedro Ave. Suite 280, San Antonio, Texas 78232

p: (210) 495-6776 f: (210) 495-6778

San Antonio Housing Trust Finance Corporation
Statement of Financial Position
September 30, 2019

DRAFT

| | |
|----------------------------------|----------------------------|
| Assets | |
| Current assets | |
| Cash | \$ 2,705,814 |
| Interest receivable | <u>20,000</u> |
| Total current assets | 2,725,814 |
| Other assets | |
| NR - Rio Lofts | <u>500,000</u> |
| Total other assets | 500,000 |
| Total assets | <u><u>3,225,814</u></u> |
| Liabilities | |
| Due to SAHT | 229,446 |
| Due to SAHTPFC | <u>680,000</u> |
| Total liabilities | 909,446 |
| Net assets | |
| Without donor restrictions | <u>2,316,368</u> |
| Total net assets | <u>2,316,368</u> |
| Total liabilities and net assets | <u><u>\$ 3,225,814</u></u> |

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Finance Corporation
 Statements of Activities and Changes in Net Assets
 For the Year Ended September 30, 2019

| |
|-------|
| DRAFT |
|-------|

| | |
|--|--------------|
| Change in net assets without donor restrictions: | |
| Support and revenue | |
| Annual issuer fee income | 60,210 |
| Application fee income | 3,000 |
| Bond issuer fee income | 895,000 |
| Interest income - Rio Lofts | 20,000 |
| Interest income | 1,045 |
| Total support and revenue without donor restrictions | 979,255 |
| Expenses | |
| Administrative fees | 239,814 |
| Insurance | 3,435 |
| Professional fees | 1,563 |
| Total expenses without donor restrictions | 244,812 |
| Increase in net assets without donor restrictions | 734,443 |
| Net assets, beginning of year | 1,581,925 |
| Net assets, end of year | \$ 2,316,368 |

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Finance Corporation
Statement of Cash Flows
For the Year Ended September 30, 2019

| |
|-------|
| DRAFT |
|-------|

Cash flow provided by operating activities:

| | |
|---|--------------|
| Change in net assets | \$ 734,443 |
| Adjustments to reconcile excess revenue over expenses to net cash provided by operating activities: | |
| Increase (decrease) in: | |
| Interest receivable | (20,000) |
| Due to SAHT | 35,544 |
| Due to SAHTPFC | 680,000 |
| Net cash provided by operating activities | 1,429,987 |
| Cash flow from investing activities: | - |
| Cash flow from financing activities: | - |
| Net increase in cash | 1,429,987 |
| Cash and cash equivalents, beginning of year | 1,275,827 |
| Cash and cash equivalents, end of year | \$ 2,705,814 |
| Supplemental disclosure: | |
| Interest paid | - |
| Taxes paid | - |

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Finance Corporation
 Statement of Functional Expenses
 For the Year Ended September 30, 2019

DRAFT

| | Program | Management and General | Fundraising | Total |
|---------------------|---------|------------------------------|-------------|------------|
| Administrative fees | 239,814 | - | - | \$ 239,814 |
| Insurance | - | 3,435 | - | 3,435 |
| Professional fees | - | 1,563 | - | 1,563 |
| Totals | 239,814 | 4,998 | - | \$ 244,812 |

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Finance Corporation
Notes to Financial Statements
For the Year Ended September 30, 2019



Note 1 – The Organization

San Antonio Housing Trust Finance Corporation ("SAHTFC") is a nonprofit organization and component unit of the City of San Antonio incorporated on August 22, 1997 under the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended ("the Act"). The organization's primary purpose is to carry out the purposes of the Act, including the issuance of single family and multi-family revenue bonds on behalf of the City of San Antonio. Such bonds do not constitute an obligation of the Organization, but shall be payable solely out of the revenues and receipts derived from any residential development or mortgages financed by the bonds. SAHTFC receives the majority of its revenue from issuer fees related to the bonds.

SAHTFC is managed by a five member Board of Directors that serve without compensation. The Board members are residents of the City of San Antonio and appointed by written ordinance of the City Council of the City of San Antonio. The internal affairs of the Organization are governed by the Organization's bylaws, which are approved by the governing body of the City of San Antonio. Upon dissolution of the Organization, any interest in any funds or property of any kind, real, personal, or mixed, such funds or property or rights thereto shall be transferred and delivered to the City of San Antonio after satisfaction or provision for satisfaction of debts and claims have been made.

Note 2 – Summary of Significant Accounting Policies

Accounting Basis – The financial statements are presented on the accrual basis of accounting.

Tax Exempt Status – SAHTFC is exempt from federal income taxes under Section 115(a) of the Internal Revenue Code. Management is not aware of any tax positions that would have a significant impact on its financial position.

Cash and Cash Equivalents – SAHTFC considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents as of September 30, 2019.

Financial Statement Presentation – SAHTFC has prepared the accompanying financial statements in accordance with FASB Accounting Standards Codification 958-205, Not-for-Profit Entities. Under FASB ASU 958-205, the Organization is required to report assets and liabilities in reasonably homogeneous groups and sequence or classify them in ways that provide relevant information about interrelationships, liquidity, and financial flexibility. Classify and report net assets in two groups, net assets with donor restrictions and net assets without donor restrictions. Classify and report revenue, expenses, gains, and losses as increases or decreases in net assets with donor restrictions or net assets without donor restrictions.

Estimates – The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual amounts could differ from these estimates.



Note 2 – Summary of Significant Accounting Policies - *continued*

Revenue – SAHTFC’s primary source of revenue includes various fees associated with the issuance of single family and multi-family revenue bonds.

Subsequent Events – Subsequent events have been evaluated by management through the date of the report of the independent auditors. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

New Accounting Pronouncements – In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2019. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In August 2016, the FASB issued a new accounting pronouncement regarding reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2018, with early application permitted. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

Note 3 – Cash Balance In Excess of FDIC Insured Limits

SAHTFC’s cash balance in excess of the federally insured limits as of September 30, 2019 is collateralized by pledged securities in accordance with the City of San Antonio’s Administrative and Fiscal Contract.

Note 4 – Note Receivable

A loan agreement was entered in with Rio Lofts, Ltd. on May 31, 2018. SAHTFC loaned \$500,000 to be used to acquire, construct and operate land and improvements. This note is collateralized by deeds of trust on the properties and is payable from 50% of the distributable net cash flow of the Partnership. Annual interest rate on the note is 3% per annum unit maturity date of December 1, 2048 or prior redemption.

Note 5 – Conduit Debt

The Organization is authorized by the City of San Antonio to issue single family and multi-family mortgage revenue bonds used to provide affordable housing to the City of San Antonio. These bonds do not constitute an obligation of the Organization, but are payable solely out of the revenues and receipts derived from any residential development or home mortgage financed by the bonds. For the year ended September 30, 2019, the Organization’s conduit debt was as follows:

| | |
|------------------------------|--------------------|
| Balance – October 1, 2018 | 192,085,836 |
| Additions | 89,500,000 |
| Deletions | 41,039,791 |
| Balance – September 30, 2019 | <u>240,546,045</u> |

San Antonio Housing Trust Finance Corporation
Notes to Financial Statements
September 30, 2019

DRAFT

Note 6 – Related Party Transactions

SAHTFC and the San Antonio Housing Trust Foundation, Inc. ("SAHTF") shared the same Executive Director during the year ended September 30, 2019. SAHTFC pays SAHTF 25% of revenues to administer their programs. SAHTFC paid administrative fees in the amount of \$239,814 to SAHTF for the year ending September 30, 2019.

On September 25, 2019 SAHTFC received funds in the amount of \$680,000 that were meant for the San Antonio Housing Trust Public Facility Corporation ("SAHTPFC"). As of September 30, 2019 the amount of \$680,000 was due to the SAHTPFC.

Note 7 – Litigation

The Organization's management is not aware of any pending or threatened claim against it.