

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 VIA ZOOM LINK:

<https://us02web.zoom.us/j/86402574997?pwd=NjBqYXNqeGhhTU5KSWRVUGtTWtd0UT09>

**DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 864 0257 4997 PASSWORD:
268120**

ON MONDAY, JUNE 14, 2021

**AT 11:00 AM, TO CONSIDER THE FOLLOWING MATTERS: BRIEFING
AND POSSIBLE ACTION ON:**

1. Citizens to be heard.
2. Resolution authorizing the **Friedrich Lofts** transaction, including the execution of all documentation necessary to carry out the transaction; 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.

***Executive Session**

The Board reserves the right to enter into an Executive Session at any time to discuss any of the agenda items pursuant to Section 551.071 (Consultation with Attorney) or 551.072 (Deliberation Regarding Real Property).

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: 6-14-2021

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: 2

Agenda Date: 6-14-2021

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 2

SUBJECT:

Resolution authorizing Friedrich Lofts transaction, including the execution of all documentation necessary to carry out the transaction; 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.

SUMMARY:

This project by Provident Realty Associates is an affordable/market structured financing that was previously approved by the PFC board in 2018 and then re-approved on January 22, 2020. On June 15, 2020, the PFC board also authorized an interim loan to enable the acquisition of the land and demolition and rehabilitation work that was required for the project obtain permanent financing from HUD. The acquisition closed in August 2020, and final approval is requested in order to close permanent HUD financing to commence activities.

The project is located at 1617 East Commerce Street in Council District 2. It is a three-story garden-type development with surface parking amenities for resident use including a pool, fitness center, clubhouse, internet café, and other Class-A multifamily amenities. 50% of the 358 units in the project (179) will be market-rate units. Of the remaining units, 155 will set aside for tenants whose income is less than 80% of AMI. In addition, another 24 of the units will be set aside for tenants whose income is less than 60% of AMI.

Unit Type	AMI	Units	Net Rent
0BR	60%	3	\$767
0BR	80%	20	1,100
0BR	Mkt	21	1,100
1BR	60%	12	\$822
1BR	80%	75	1,375
1BR	Mkt	88	1,500
2BR	60%	9	\$987
2BR	80%	60	1,420
2BR	Mkt	70	1,800

The project is expected to cost approximately \$77,920,641. Sources of funds will include \$63,280,000 in debt, \$11,786,641 in private equity, \$1,745,000 in TIRZ funds and \$1,100,000 in parking garage reimbursements.

The SA Housing Trust worked with a local school district to develop a methodology that allows an estimate of financial impact on School Districts, which is based on the creation of new students multiplied by the annual basic allotment. The basic allotment is the legislatively mandated apportionment of funds from the general revenue funds that goes to each school district to provide a basic level of education for the district's residents.

- # of Family Units (2+ BR) times 25% = # of New District Students
- # of New District Students times Annual Basic Allotment = District Revenue
- District Revenue less Annual I/S tax loss = District Financial Impact

The Friedrich Lofts will create 139 family units (2 BR) and add an estimated 35 new students to the district. The District Revenue from the project should yield an annual return for the School District based on the District Basic Allotment of \$6,160 per new student at \$215,600 per year. SAISD's revenue from taxes on the existing underutilized property is \$21,417 per year.

ALTERNATIVES:

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

FISCAL IMPACT:

The 2021 ad valorem property tax is approximately \$40,173 per year on the 4.04-acre site, which equates to approximately \$401,738 not paid over 10 years due to the property tax exemption.

The PFC is anticipated to receive an estimated \$3.34 million over the same 10-year period as follows:

- \$600,000 origination fee (\$350k already paid at land closing)
- \$250,000 transaction fee at first sale (Year 5)
- \$876,000 1% sales fee (Estimated Year 10)
- \$225,000 annual fees (Years 2-10)
- \$1,390,000 in cash flow fees (11.5%)

RECOMMENDATION:

Staff recommends approval of the attached Resolution authorizing the financial closing of the 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:

In accordance with its bylaws, the Board of Directors of SAHTPFC (the “Board”) held a meeting on June 14, 2021, (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 FRIEDRICH LOFTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; 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

(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.

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 June 14, 2021.

Pedro A. Alanis, Assistant Secretary

RESOLUTION AUTHORIZING THE FRIEDRICH LOFTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; 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

WHEREAS, Friedrich Crossing, LP, a Texas limited partnership (the “Partnership”) and SAHT Friedrich LP, LLC, a Texas limited liability company and a limited partner of the Partnership (the “SAHT Partner”), have been formed to acquire and construct a 358-unit multifamily housing facility (the “Housing Facility”) to be located 1617 East Commerce Street, San Antonio, Texas (the “Land,” together with the Housing Facility, the “Project”);

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

WHEREAS, on August 11, 2020, the SAHT Partner acquired title to the Land (the “Purchase”) from Friedrich Lofts Ltd. (“Seller”) and then Leased the Land to the Partnership (the “Lease”);

WHEREAS, in connection with the Purchase, SAHTPFC entered into a loan transaction with American South Real Estate Fund, LP in the amount of \$3,500,000 (the “Bank Loan”) and loaned the proceeds of the Bank Loan to the SAHT Partner, which subsequently loaned the proceeds of the Bank Loan to the Partnership (collectively, the “Bank Loan Transactions”);

WHEREAS, in connection with the Purchase, the SAHT Partner entered into a loan transaction with the Seller in the amount of \$4,732,500 (the “Seller Loan”) and loaned the proceeds of the Seller Loan to the Partnership (collectively, the “Seller Loan Transactions” and, together with the Purchase, the Lease and the Bank Loan Transactions, the “Prior Transactions”);

WHEREAS, in connection with the financing of the Project, the Partnership will enter into a loan transaction for a loan in the amount of approximately \$63,280,000 (the “Loan”);

WHEREAS, in connection with the execution of the Loan, the Partnership and/or SAHTPFC will be required to enter into certain agreements, including, but not limited to, a promissory note, a construction loan agreement, a deed of trust, together with a joinder of deed of trust or a deed of trust on the fee, various assignments and certificates or other similarly named documents (collectively, the “Loan Documents”);

WHEREAS, the Partnership will raise and contribute approximately \$11,786,641 of equity to construct the Project (the “Equity Financing”);

WHEREAS, in connection with the Equity Financing, the Partnership, the SAHT Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to a Limited Partnership Agreement and closing certificates (collectively, the “Equity Documents”);

WHEREAS, in order to provide additional funding for the Project, the City of San Antonio approved the terms and conditions of a Chapter 380 Economic Development Agreement in the

amount of \$1,745,000, to be made available to SAHTPFC from the Inner City Tax Increment Reinvestment Zone (the “TIRZ Funds”);

WHEREAS, SAHTPFC desires to lend the TIRZ Funds to the Partnership pursuant to a loan transaction in an approximate amount of \$1,745,000 (the “TIRZ Loan”);

WHEREAS, in connection with the TIRZ Loan, the Partnership, the SAHT Partner and/or SAHTPFC will be required to enter into certain agreements, including but not limited to, a subgrant agreement, a promissory note, a leasehold deed of trust, security agreement and fixture filing together with a joinder of fee owner, and other agreements, certificates and assignments or similarly named documents (collectively, the “TIRZ Loan Documents”);

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

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

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

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

The Prior Transactions, the acquisition of a membership interest in the SAHT Partner by SAHTPFC, and all other actions taken prior to the date hereof by SAHTPFC, the SAHT Partner, or the officers of this Board 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, are hereby ratified and approved.

The Project, the various forms of financing contemplated for the Project, including but not limited to the Equity Financing, the Loan, the TIRZ Loan and the terms of the Equity Documents, the Construction Documents, the Loan Documents and the TIRZ Loan Documents, are hereby authorized and approved when such documents are approved by the officers signing them.

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

The role of SAHTPFC as a joint venturer in the general contractor for the Project are approved and the President, any Vice President, the Secretary, the Treasurer, the Executive Director, and any Assistant Secretary, or any of them, are hereby authorized to execute the documents required to be executed by SAHTPFC in order to effect such transactions.

The President, any Vice President, the Secretary, the Treasurer, and 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. 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.

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.

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

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.

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.

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.

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

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