

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/89821883875?pwd=S21qeDV3L285c0cwbzhoZ3lrSmo0Zz09>

DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 898 2188 3875

PASSWORD: 951176

ON TUESDAY, JUNE 8, 2021

**AT 10:30 A.M., TO CONSIDER THE FOLLOWING MATTERS:
BRIEFING AND POSSIBLE ACTION ON:**

1. Approval of minutes
2. Public Comment
3. 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.
4. Resolution authorizing the **Ridgeline Flats** 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 San Antonio Housing Trust Public Facility Corporation to serve as the general contractor; and other matters in connection therewith
5. Resolution authorizing the **Southton Lofts** 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 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: 6-8-2021

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:

Approval of minutes

SUMMARY:

This item includes the approval of minutes from the May 26, 2021 meeting.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
OFFICIAL MEETING MINUTES
May 26 ,2021

The Public Facility Corporation met in session at 11:30 a.m, via Zoom

The meeting was called to order by Councilwoman Viagran and the roll was called by Maria Bradley.

PRESENT: Councilwoman Rebecca Viagran, Councilman Roberto Treviño, Councilwoman Adriana Rocha Garcia, and Councilwoman Shirley Gonzales

ABSENT: Councilman John Courage

Staff/Visitors Present:

Pedro Alanis-Executive Director San Antonio Housing Trust Public Facility Corporation; Nicole Collazo- Assistant Director San Antonio Housing Trust Public Facility Corporation; JD Hernandez – Asset Manager San Antonio Housing Trust Public Facility Corporation; Sharon Jennings-Contract Officer San Antonio Housing Trust Public Facility Corporation; Maria Bradley - Administrative Assistant, San Antonio Housing Trust Public Facility Corporation; Summer Greathouse-Bracewell LLC; Irwin Deutch- Century Pacific; Teresa Myers- D5; Madison Izler- San Antonio Express News; Essie Safaie- The Valor Club; Kathryn Thompson- Patriots Pointe

1. Approval of minutes for April 27,2021

MINUTES COMMISSION ACTION:

The motion was made by Councilman Treviño and seconded by Councilwoman Gonzales for approval meeting minutes from April 27, 2021.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED.

2. PUBLIC COMMENT- NONE

3. Resolution inducing the Valor Club South Campus 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 the negotiation of a memorandum of understanding for such transaction and other matters in connection therewith.

Pete Alanis briefed on the Valor Club being a master-planned veteran-centric community that supports transitioning veterans. The Valor Club Partners, LLC is seeking a partnership with the San Antonio Housing Trust Public Facility Corporation to develop a new veteran- focused 324 unit multifamily. The community will include residential units, retail outlets, veteran service organizations, and world class recreational facilities. The new construction project will

have a mix of 1,2-,3- and 4-bedroom units and the income target will arrange from 40% AMI to 70% AMI. It will not have any market rental units. This project will accept section 8 vouchers and will accept the new tenant protection policy. The Public Facility Corporation will receive 40% of the developer fee, 50% of cash flow from the project and 50% of any sale proceeds in the future. The Finance Corporation will receive 1% bond issuance fees. San Antonio Housing Authority confirmed that this project will have about 227 eligible section 8 units.

The Valor Club South will create 311 family units and add an estimated 78 new students to the District.

Councilwoman Viagran asked if Pete had a letter of support from the Pecan Valley Association. Pete replied that they are in support with the development.

COMMISSION ACTION:

The motion was made by Councilwoman Rocha Garcia and seconded by Councilwoman Gonzales for the approval of the PFC inducement.

AYES: 4

NAYS: 0

ABSTAIN: 0

The MOTION CARRIED.

4. Presentation of Joint Transition Committee recommendation regarding governance realignment and possible action recommending Amended and Restated Certificate of Formation and Bylaws to City Council for approval.

Pete Alanis presented the Joint Transition Committee recommendation regarding governance realignment. He mentioned back in 2019, the City of San Antonio engaged the National Association for Latino Community Asset Builders (NALCAB) to undertake an assessment of the San Antonio Housing Trust (SAHT) and provide strategic recommendations to strengthen the Trust. One of the recommendations was to make sure that the Housing Trust was realigned to provide better balance of collective skills, interest, and authority of all board members, provide perspective in decision making and to enhance transparency of the organization. According to NALCAB there was a lack of coordination between the 11-member Housing Trust board of Trustees and the Foundation board with the 5 PFC and FC board members. It limited the understanding of the role between each entity and what each entity was doing.

The Joint Transition Committee met over the course of several months and decided to reestablish a new statement of purpose for the San Antonio Housing Trust to be committed to creating and preserving housing that is primarily affordable, accessible, attainable to residents to the City of San Antonio; and to support community development efforts that build and sustain neighborhoods, empower residents, and provide for positive equitable outcomes.

There will be 5 Council Directors, 3 Community Trustees (Housing Experts) and 3 Community Trustees (Community Rep) and 1 City employee.

COMMISSION ACTION:

The motion was made by Councilwoman Rocha Garcia and seconded by Councilwoman Gonzales to move this forward to full council consideration.

AYES: 4

NAYS: 0

ABSTAIN: 0

THE MOTION CARRIED.

- 5. Executive Director's report- a briefing on financials, progress of projects or grant expenditures, personnel matters and/ or other activities which do not require Board action.**

Pete mentioned back in August of 2020 the Housing Trust and the entities adopted the annual budget which that forecast revenues and expenses throughout the year. The PFC overall budget was \$4.5 Million which was based on forecast which anticipated collecting about \$2.6M during the fiscal year.

From October 2020 through March 2021 the Public Facility Corporation earned \$976 thousand in revenues from development fees, origination fees, cash flow, administrative fees. Application fees and earned interest. Projected revenues are to be \$6.69 Million in the PFC between April through September 2021. It will bring revenues to the PFC to \$7.67 Million by the end of the Fiscal year.

NO ACTION NEEDED.

Councilwoman Viagran adjourned the meeting. There being no further business, the meeting adjourned at 12:10 p.m.

San Antonio Housing Trust Public Facility Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 2

Agenda Date: 6-8-2021

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:

Public Comment

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: 6-8-2021

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, 165 will set aside for tenants whose income is less than 80% of AMI. In addition, another 14 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%	2	\$767
0BR	80%	20	1,100
0BR	Mkt	21	1,100
1BR	60%	7	\$822
1BR	80%	81	1,375
1BR	Mkt	88	1,500
2BR	60%	5	\$987
2BR	80%	64	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 \$2.73 million over the same 10-year period as follows:

- \$600,000 origination fee (\$350k already paid at land closing)

- \$225,000 annual fees (Years 2-10)
- \$1,904,981 in cash flow fees (16.5%)

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:

1. In accordance with its bylaws, the Board of Directors of SAHTPFC (the “Board”) held a meeting on June 8, 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.

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 June 8, 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:

Section 1. 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.

Section 2. 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.

Section 3. 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.

Section 4. 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.

Section 5. 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.

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 SAHT 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: 6-8-2021

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 9

SUBJECT:

Resolution authorizing Ridgeline Flats 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 San Antonio Housing Trust Public Facility Corporation to serve as the general contractor; and other matters in connection therewith.

SUMMARY:

This development by the Morgan Group and Bitterblue, Inc. is a 350-unit multi-family new construction project located on approximately 13 acres on the north side of North Loop 1604 West, between Shavano Ranch and Rogers Ranch, in Council District 9.

The project is expected to cost approximately \$60,030,040, which will be funded with approximately \$39,109,526 in conventional debt and private equity of approximately \$21,010,514. The project will be owned by the PFC and leased for 99 years to a development team affiliate.

The project is an affordable/market mixed income structure with 174 market rate units; 140 units reserved for those tenants at or below 80% AMI; and 36 units reserved for those tenants at or below 60% AMI. All estimated rents are adjusted for family size.

Unit Type	AMI	Units	Net Rent
1BR	60%	28	\$810
1BR	80%	110	1,080
1BR	Mkt	135	1,150-1,285
2BR	60%	7	\$972
2BR	80%	28	1,296
2BR	Mkt	36	1,400 – 1,650
3BR	60%	1	1,123
3BR	80%	2	1,498
3BR	Mkt	3	1,975

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 Ridgeline will create 77 family units (2 BR+) and add an estimated 19 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 \$117,040 per year. School District revenue from taxes on the existing vacant Ag Exempt property is \$0 per year.

ALTERNATIVES:

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

FISCAL IMPACT:

The site of the project is currently subject to an agricultural exemption and therefore generates \$340 per year in tax revenue in its undeveloped condition. It is proposed that the PFC would receive the following revenue over the next 15 years:

- \$250,000 in Closing fees
- \$475,000 in annual fees (Yr 1-15)
- \$1,709,011 in Transaction Fees based two projected sales (Yr 5 and Yr 15):
Up to 1.5% of gross sale proceeds at first sale & 1% of gross sale proceeds thereafter
- \$507,513 Rent (Yr 5-15): 15% of net proceeds from capital event

RECOMMENDATION:

Staff recommends approval of the attached Resolution authorizing the Ridgeline Flats transaction.

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:

3. In accordance with its bylaws, the Board of Directors of SAHTPFC (the “Board”) held a meeting on June 8, 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 RIDGELINE FLATS 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 RIDGELINE, 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

(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.

4. 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 8, 2021.

Pedro A. Alanis, Assistant Secretary

RESOLUTION AUTHORIZING THE RIDGELINE FLATS 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 RIDGELINE, 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

WHEREAS, an affiliate of the Morgan Group (the “Company”) and SAHT Ridgeline, LLC, a Texas limited liability company and a member or limited partner of the Company (the “SAHT Member”), will be formed to acquire and construct a 350-unit multifamily housing facility (the “Housing Facility”) to be located on a tract of land located between Shavano Ranch and Rogers Ranch on the north side of Loop 1604, San Antonio, Texas (the “Land,” together with the Housing Facility, the “Project”);

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

WHEREAS, in connection with the financing of the Project, the Company will enter into a loan transaction for a loan in the amount of approximately \$39,109,526 (the “Loan”);

WHEREAS, in connection with the execution of the Loan, the Company 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 Company will raise and contribute approximately \$21,010,514 of equity to construct the Project (the “Equity Financing”);

WHEREAS, in connection with the Equity Financing, the Company, the SAHT Member, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to a company agreement or limited partnership agreement and closing certificates (collectively, the “Equity Documents”);

WHEREAS, to reduce the cost of the Project by eliminating sales tax on the construction of the Project, SAHTPFC will serve as 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 Company may construct the Project;

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

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

Section 1. The Project, the various forms of financing contemplated for the Project, including but not limited to the Equity Financing, the Loan, and the terms of the Equity Documents, the Construction Documents, and the Loan Documents, are hereby authorized and approved when such documents are approved by the officers signing them.

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

Section 3. The purchase of the Land, the lease of the Land, the acquisition of membership interest in the SAHT Member by SAHTPFC, and the role of SAHTPFC as the general contractor for the Project are approved and the President, any Vice President, the Secretary, the Treasurer, 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.

Section 4. 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.

Section 5. The officers of this Board, or any of them, are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by the documents approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.

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

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

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

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

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

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

San Antonio Housing Trust Public Facility Corporation

Agenda Memorandum

File Number _____

Agenda Item Number: 5

Agenda Date: 6-8-2021

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 3

SUBJECT:

Resolution authorizing the Southton Lofts 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 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 development by 3LB Equities is a 239-unit multi-family new construction project located on approximately 13.8 acres less than 1 mile east of IH-37 South in Council District 3. The project is an affordable/market mixed-income structure with 50% market-rate units.

The total project cost is approximately \$38,734,477, which will be funded with a HUD-insured loan of approximately \$31,750,500, a TDHCA MF Loan of \$3,000,000, and opportunity zone equity of approximately \$3,983,977. If the TDHCA MF Loan is not received, the developer will provide the additional equity into the project, but with 50% AMI Units rather than 30% AMI Units.

The mix of affordable units will depend upon the availability of financing from the Texas Department of Housing and Community Affairs: if the project receives a contemplated \$3 million direct loan from TDHCA, 10% of the units will be reserved for tenants with incomes at or below 30% of AMI; however, if the project does not receive TDHCA financing, 10% of the units will be reserved for tenants with incomes at or below 50% of AMI. In either case, 10% will be reserved for tenants with incomes at or below 60% of AMI and 30% of the units will be reserved for tenants with incomes at or below 80% of AMI. All rents are adjusted for family size.

Unit Type	AMI	Units	Net Rent
0BR	30%	1	237
0BR	60%	1	778
0BR	80%	3	860
0BR	Mkt	5	860-970
1BR	30%	14	288
1BR	60%	15	834
1BR	80%	44	980-1,112
1BR	Mkt	72	980-1,460
2BR	30%	9	378
2BR	60%	8	1,000
2BR	80%	25	1,180-1,300
2BR	Mkt	42	1,300

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 Southton will create 84 family units (2 BR+) and add an estimated 21 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 \$129,360 per year. School District revenue from taxes on the existing vacant Ag Exempt/Vacant/Underutilized property is only \$13,625 per year.

The project will be owned by the PFC and leased for 75 years to an affiliate of the developers. Additionally, SAHTPFC will enter into a joint venture to serve as the general contractor.

ALTERNATIVES:

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

FISCAL IMPACT:

The 2021 ad valorem property tax is approximately \$29,166 per year on the 13.8-acre site, which equates to approximately \$291,667 not paid over 10 years due to the PFC property tax exemption.

The PFC is anticipated to receive an estimated \$2.18 million over the same 10-year period as follows:

- \$250,000 - SAHT Origination Fee
- \$784,864 - Annual Cash Flow (12.5%) Yr 3-10
- \$250,000 - PFC Administrative Fee (Yr 1-10)
- \$894,964 - Transaction Fee 2%

RECOMMENDATION:

Staff recommends approval of the attached Resolution authorizing the Southton Lofts transaction with or without the additional multi-family loan.

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:

5. In accordance with its bylaws, the Board of Directors of SAHTPFC (the “Board”) held a meeting on June 8, 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 SOUTHTON LOFTS 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 SOUTHTON, 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

(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.

6. 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 8, 2021.

Pedro A. Alanis, Assistant Secretary

RESOLUTION AUTHORIZING THE SOUTHTON LOFTS 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 SOUTHTON, 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

WHEREAS, Southton OZ, LLC, a Texas limited liability company (the “Company”) has been formed, and SAHT Southton, LLC a Texas limited liability company and a member of the Company (the “SAHT Member”) will be formed, to acquire and construct a 239-unit multifamily housing facility (the “Housing Facility”) to be located on a tract of land located between Shavano Ranch and Rogers Ranch on the north side of Loop 1604, San Antonio, Texas (the “Land,” together with the Housing Facility, the “Project”);

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

WHEREAS, in connection with the financing of the Project, the Company will enter into a HUD-insured loan transaction for a loan in the amount of approximately \$38,734,477 (the “HUD Loan”);

WHEREAS, in connection with the execution of the HUD Loan, the Company 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 “HUD Loan Documents”);

WHEREAS, in connection with the financing of the Project, the Company may also enter into a multifamily direct loan with the Texas Department of Housing and Community Affairs for a loan in the amount of approximately \$3,000,000 (the “TDHCA Loan” and, together with the HUD Loan, the “Loans”);

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

WHEREAS, the Company will raise and contribute approximately \$3,983,877 of equity to construct the Project (the “Equity Financing”);

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

WHEREAS, to reduce the cost of the Project by eliminating sales tax on the construction of the Project, SAHTPFC will 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 Company may construct the Project;

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

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

Section 1. The Project, the various forms of financing contemplated for the Project, including but not limited to the Equity Financing, the Loans and the terms of the Equity Documents, the Construction Documents, and the Loan Documents, are hereby authorized and approved when such documents are approved by the officers signing them.

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

Section 3. The purchase of the Land, the lease of the Land, the acquisition of membership interest in the SAHT Member by SAHTPFC, and 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.

Section 4. 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.

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

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