AGENDA

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION

A MEETING OF THE OF THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION BOARD OF DIRECTORS WILL BE HELD AT

CITY HALL - 100 MILITARY PLAZA, SAN ANTONIO, TEXAS 78205

AND VIA ZOOM:
HTTPS://US02WEB.ZOOM.US/J/89739402372?PWD=QTZ5VKZBNZD2SEJ5THZRU01PBUJLQT09

DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 897 3940 2372 PASSWORD: 279626

ON FRIDAY, OCTOBER 1, 2021
AT 10:30 A.M. TO CONSIDER THE FOLLOWING MATTERS:

Briefing and Possible Action on:

1. Approval of minutes
2. Citizens to be heard
3. Consideration and possible action to approve the Public Facility Corporation's annual budget and to authorize the expenditures contained therein
4. Presentation and possible action to approve the audited financial statements for the fiscal year ending December 31, 2020
5. Resolution concerning the application of ACG Cattleman Square Lofts, LP relating to the proposed financing of up to $25,000,000 of the costs of the acquisition, construction, and equipping of the **Cattleman Square Lofts Apartments**, to be located at approximately 811 West Houston Street; and other matters in connection therewith
6. Resolution concerning the application of Prospera Housing Community Services and Versa Development, LLC relating to the proposed financing of up to $35,000,000 of the costs of the acquisition, rehabilitation, construction and equipping of the **County Club Village Apartments**, to be located at approximately 3500 Magic Drive; and other matters in connection therewith
7. Consideration and possible action approving a Resolution for a Loan Modification for the **Brookwood Senior Apartments** to lower the interest rate from 4.05% to an estimated 3.25%, thus increasing the net cash flow return to the PFC

***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 Jalen McKee-Rodriguez (District 2), Council Member Phyllis Viagran (District 3), Council Member Dr. Adriana Rocha Garcia (District 4), Council Member Teri Castillo (District 5), Council Member John Courage (District 9)

San Antonio Housing Trust Public Facility Corporation
Agenda Item #1

This item includes the approval of minutes from the August 20, 2021 and September 20, 2021 meetings.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
OFFICIAL MEETING MINUTES
Friday, August 20 ,2021

- The Public Facility Corporation met in session at 10:34 a.m, via Zoom
- The meeting was called to order by Pere Alanis and the roll was called by Maria Bradley.

PRESENT: Councilman Jalen McKee-Rodriguez, Councilwoman Phyllis Viagran, Councilwoman Adriana Rocha Garcia, Councilwoman Teri Castillo, and Councilman John Courage

ABSENT:

Staff/Visitors Present:

Pedro Alanis-Executive Director San Antonio Housing Trust Public Facility Corporation; Nicole Collazo-Director of Operations San Antonio Housing Trust Public Facility Corporation; JD Hernandez –Asset Manager San Antonio Housing Trust Public Facility Corporation; Maria Bradley - Administrative Assistant, San Antonio Housing Trust Public Facility Corporation; Summer Greathouse-Bracewell LLC; Justin Renteria-D5 and Richard Acosta- My City Is My Home

1. **Public Comment**
   NONE.

2. **Consideration and possible action to appoint three current members of the Public Facility Corporation Board to the three spaces on Joint Transition Committee reserved for the San Antonio Housing Trust Finance Corporation and Public Facility Corporation.**

   Pete Alanis mentioned that back in September 2020 the Joint Transition Committee members were selected to be on the board according to their seniority serving on the Foundation Trust board and Public Facility Corporation/ Finance Corporation board to handle the transition. On August 5th City Council replaced the prior members of the PFC/FC board, there needs to be a Resolution that will replace the other 3 former members and add the 3 new members from the PFC/ FC board. The purpose of the Joint Transition members is to make recommendation of 6 community members to the newly realigned board.

   MINUTES COMMISSION ACTION:

   Councilman Courage made a motion and seconded by Councilwoman Castillo to appoint Council District 9 John courage, Council District 4 Adriana Rocha Garcia and Council District 3 Phyllis Viagran to serve on the temporary Joint Transition Committee board to work with the other 3 civilian members and review all the applicants.

   AYES: 4
   NAYS: 1
   ABSTAINED:
   THE MOTION PASSED.

   Councilman McKee-Rodriguez is not in favor with this motion because he would like to ensure that the councilmembers of the inner city have a key voice in the initial recommendations. He would prefer those members of the committee to not accept developer dollars. He would like to see Councilwoman Castillo and himself on board.

   MINUTES COMMISSION ACTION:

Councilwoman Castillo moves to amend the motion and seconded by McKee-Rodriguez. to appoint District 2 Jalen McKee Rodriguez , District 3 Phyllis Viagran, and District 5 Teri Castillo to the Joint Transition Committee.

AYES: 3

NAYS: 2

ABSTAINED:

THE MOTION DID NOT PASS.

Councilman Courage adjourned the meeting. There being no further business, the meeting adjourned at 11:03am.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
OFFICIAL MEETING MINUTES
Monday, September 20,2021

- The Public Facility Corporation met in session at 10:06 a.m. at 114 W. Commerce St. San Antonio, Texas 78205 (B Room) and via Zoom.

- The meeting was called to order by Councilman Courage and the roll was called by Maria Bradley.

PRESENT: Councilman Jalen McKee-Rodriguez, Councilwoman Phyllis Viagran, Dr. Rocha Garcia, Councilwoman Teri Castillo, and Councilman John Courage
ABSENT:

Staff/Visitors Present:
Pedro Alanis-Executive Director San Antonio Housing Trust Public Facility Corporation; Nicole Collazo-Director of Operations San Antonio Housing Trust Public Facility Corporation; JD Hernandez –Asset Manager San Antonio Housing Trust Public Facility Corporation; Maria Bradley - Administrative Assistant, San Antonio Housing Trust Public Facility Corporation; Summer Greathouse and Jim Plummer-Bracewell LLC; Gabriel Velasquez- Applicant; Juan Valdez- Mayors office; Teresa Melendez- Mayors office

1. **DISCUSSION AND POSSIBLE ACTION REGARDING THE JOINT TRANSITION COMMITTEE'S NOMINATION OF COMMUNITY ADVISORS FOR APPOINTMENT TO THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION BY THE SAN ANTONIO CITY COUNCIL.**

   Pete briefed that the Joint Transition Committee has been meeting since approximately September of last year, working on the transition of the San Antonio Housing Trust. The approval of the realignment of the Housing Trust entities and their bodies was approved back in June 2021. The Joint Transition Committee's final task is to recommend 6 Community board members to who will be sitting on the board for the next 4 years. Once a recommendation is provided it is forwarded to San Antonio City Council.
   Pete mentioned the types of experiences that the Board should look for when selecting the community representative. The 3 Community Representative positions prior experience in housing advocacy, non-profit fundraising, policy making and/or community engagement or someone that resides in a low-income unit. The other 3 Housing Industry Experts are community members that have experience in real estate, finance, underwriting, construction, property management or other relevant housing industries.

   There was a vote taken to select the candidates for the interview process. In the Community Representative side, the board chose to proceed with Jordan Ghawi, Rachell Hathaway, Cynthia Spielman, and Eric Cooper.
   The candidates that were chosen in the Housing Industry Expert side were Richard Acosta, Paul DeManche, Shareen Radusca, and Marinella Murillo. In addition, the Joint Transition Committee elected to add Monica Cruz and Molly Cox to the recommendation list for interviews.

   MINUTES COMMISSION ACTION:

   Councilman Courage made a motion and seconded by Councilman McKee-Rodriguez invite the recommended candidates for interviews.

AYES: 5
NAYS: 0

THE MOTION PASSED.

Pete Alanis adjourned the meeting. There being no further business, the meeting adjourned at 11:08 a.m.

San Antonio Housing Trust Public Facility Corporation
Agenda Item #2

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

San Antonio Housing Trust Public Facility Corporation
Agenda Item #3

Consideration and possible action to approve the Public Facility Corporation's annual budget and to authorize the expenditures contained therein

Background:
The San Antonio Housing Trust over all four entities shall consider a $28.34 million budget which includes $1,451,599 for administrative costs (5.1% of Budget) to support the Executive Director plus five full time positions, including the Director of Operations, Director of Finance, Sr. Asset Manager, Contract Officer, and an Administrative Assistant, as well as, other professional services including legal services, 3rd party compliance auditing, 3rd party asset monitoring, bookkeeping, and maintenance needs.

SAN ANTONIO HOUSING TRUST Budget Summary FY 2022		
Budget Description		**Proposed Budget**
Sources		
Trust	$	10,645,975
Foundation		3,800,172
Public Facility Corporation		12,596,737
Finance Corporation		1,304,113
Total Sources	**$**	**28,346,997**
Uses		
Trust		
Trust Reserve Funds (Corpus)	$	10,000,000
End of FY 2022 Available Cash		645,975
Sub-total	**$**	**10,645,975**
Foundation Uses		
Total Operations	$	1,038,743
Operating Reserve		519,371
Loans Due to Trust		239,371
End of FY 2022 Available Cash		2,002,687
Sub-total	**$**	**3,800,172**
PFC Uses		
25% Contribution to Foundation	$	2,186,522
Asset Monitoring (3rd Party)		249,798
Compliance Audits (3rd Party)		150,000
Funds due to City's Affordable Housing Fund		714,762
End of FY 2022 Available Cash		9,295,656
Sub-total	**$**	**12,596,737**
FC Uses		
25% Contribution to Foundation	$	30,385
Asset Monitoring (3rd Party)		8,058
Compliance Audits (3rd Party)		5,000
End of FY 2022 Available Cash		1,260,670
Sub-total	**$**	**1,304,113**
Total Uses	**$**	**28,346,997**

Each year the San Antonio Housing Trust entities adopts a budget for the fiscal year beginning October 1 and ending September 30th. The annual budget focuses on key goals and accomplishments over the next 12-month period including improvements in operations and programmatic assistance in line with our mission. However, for FY 2022, the programmatic priorities, goals, and accomplishments will be deferred to the newly realigned board and their 5-year strategic planning process.

Housing Trust Fund

For FY 2022, the Trust Fund is estimated to have $262,430 in unreserved cash to start the Fiscal Year above the $10 million corpus. Commercial Loan revenues by the end of FY 2021 sourced from prior Trust Loans are anticipated to be approximately $345,545. These loan revenues shall be transferred to the Trust from the Foundation after the annual audit. Regarding the corpus investments, the City of San Antonio Finance Department invests Housing Trust funds, which are governed by the Texas Public Funds Investment Act. Thus, the Trust is limited to investments that preserve and maintain safety of the principal in accordance with City's Investment Policy. The estimated interest/investment revenues are projected to be $34,000, bringing the total sources by the end of FY 2022 are anticipated to be $10,645,975.

For FY 2022, although an estimated $262,430 will be immediately available above the $10M corpus and there is an end of FY 2022 balance of $10,645,975, staff is recommending no expenditures from Trust Fund and to await the new board direction along with the 5-year Strategic Planning process.

Foundation

On September 23, 2021, the Foundation Board approved a $3.8 million annual operating budget which includes a year over year 25% increase from the FY 2021 budget of $826,855 to $1.04 million for FY 2022. The operational budget increase is primarily due to cost increases for personnel services, insurance, and capital outlays associated with the addition to two staff positions including a Director of Finance. Below is a summary

- $1,038,743 for staff operations which includes a 2% COLA
- $519,371 for operating reserves
- $239,371 in Loan Revenue due to the Trust Fund
- $2,002,687 in estimated future revenue from PFC and FC 25% contributions

It is the policy of the PFC and FC to provide 25% of all revenues to the Foundation. The amount of revenue expected to the Foundation is $2.21 million. However, the Executive Director shall explore the revising this policy to transfer 100% of available funds to the Foundation for deployment back into the community, as part of the 5-year Strategic Planning process for future awards and investments.

See Foundation Budget Table on the next page:

SAN ANTONIO HOUSING TRUST FOUNDATION
FY 2022 Foundation Budget

Description	FY 2021 Mid Year Budget	FY 2021 EOY Estimate	*PROPOSED* Budget FY2022
Sources			
PFC Contribution	$ 1,965,682	$ 647,170	$ 2,186,522
FC Contribution	216,221	222,735	30,385
Loan Revenues			259,085
End of FY 2021 Estimated Cash Balance			1,324,181
Total Revenues	**$ 2,181,903**	**$ 869,906**	**$ 3,800,172**
Uses			
Personnel Services			
Salaries	$ 384,167	$ 377,972	$ 477,895
Taxes-Payroll	35,065	32,123	38,040
Insurance - Health (Bonus)	56,700	54,000	64,800
Insurance - Life	5,231	281	7,168
Retirement Plan Exp.	46,100	38,576	45,539
Leave Buyback	1,629	1,629	12,250
Taxes-Unemplyment	2,000	-	2,000
Insurance - Workmen's Comp	1,090	1,584	1,200
Auto Allowance	6,000	6,505	6,000
Phone Allowance	600	600	1,200
Travel & Training	7,065	1,723	9,000
Subtotal Personnel Services	**$ 545,647**	**$ 514,993**	**$ 665,093**
Contractual Services			
Audit	$ 16,000	$ 16,040	$ 33,000
Contract-Bookkeeping	12,000	11,400	13,500
Legal Fees	25,000	21,000	30,000
Fees to Professional	111,008	44,259	192,000
Maint. & Repairs	45,000	38,039	35,000
Rental of Equipment	3,500	4,601	3,700
Telephone and Internet	3,500	3,790	3,500
Subtotal Contractual Services	**$ 216,008**	**$ 139,129**	**$ 310,700**
Commodities			
Bind, print & reproduction	$ 200	$ -	$ 950
Mail & parcel post	750	715	750
Office Supplies	5,500	5,730	6,000
Utilites	7,500	7,480	8,000
Subtotal Commodities	**$ 13,950**	**$ 13,925**	**$ 15,700**
Insurance/Other Expenditures			
Insurance - Business package	$ 22,000	$ 12,680	$ 25,000
Advertising	12,000	15,775	10,000
Membership, Fees & Licenses	3,000	2,212	3,500
Subscriptions & Dues	3,000	3,405	3,000
Entertainment & food	250	250	750
Subtotal Insurance/Other Expenditures	**$ 40,250**	**$ 34,322**	**$ 42,250**
Capital Outlay			
Equipment purchases	$ 10,000	$ 5,037	$ 3,000
Furniture purchases	1,000	532	2,000
Subtotal Capital Outlay	**$ 11,000**	**$ 5,569**	**$ 5,000**
Total Operations	**$ 826,855**	**$ 707,938**	**$ 1,038,743**
Operating Reserve			$ 519,371
Loans Due to Trust			$ 239,371
End of FY 2022 Available Cash			$ 2,002,687
Total Uses			**$ 3,800,172**

Finance Corporation

The Finance Corporation is anticipated to have $1.18 million in cash by the end of FY 2021. During FY 2022, the Finance Corporation is estimated to earn approximately $121 thousand due to annual bond fees. Revenues are expected to be earned during the below quarters.

FY 2022 PFC and Finance Corp Revenues						
SAHT Corporation	Forecast	Q1	Q2	Q3	Q4	EOY Forecast
PFC	$ 8,746,086	$ 4,860,501	$ 847,922	$ 1,645,685	$ 1,391,979	$ 8,746,086
FC	121,540	19,080	47,820	28,080	26,560	121,540
Totals	**$ 8,867,626**	**$ 4,879,581**	**$ 895,742**	**$ 1,673,765**	**$ 1,418,539**	**$ 8,867,626**

The Finance Corporation revenue projections do not include five potential closings with Arbors, Crosswinds, Loma Vista, Country Club Village, and Cattlemen's Square. However, three of these projects have just received a reservation of bonds from the State of Texas and anticipate to close financing within 6 months. Closing revenues from these projects could yield additional substantial revenue if they close financing.

SAN ANTONIO HOUSING TRUST FY 2022 Finance Corporation Budget		
Budget Description		**FY 2022 Proposed Budget**
Sources		
FC Revenues in FY 2022	$	121,540
End of FY 2021 Estimated Cash Balance		1,181,573
Interest Income		1,000
Total Sources	**$**	**1,304,113**
Uses		
Asset Monitoring (3rd Party)	$	8,058
Compliance Audits (3rd Party)		5,000
25% Contribution to Foundation		30,385
End of FY 2022 Available Cash		1,260,670
Total Expenditures	**$**	**1,304,113**

Staff is recommending continuing to fund Asset Monitoring (TCAM) of our portfolio, as well as, outsourcing annual compliance monitoring to a 3rd party auditing firm. Staff is also recommending no expenditures from the Finance Corp until the newly appointed board provides direction based on the 5-year Strategic Planning process for future award/investments.

RECOMMENDATION:

Staff recommends the Finance Corporation approve its annual budget and authorize the expenditures contained therein

Public Facility Corporation

The PFC is anticipated to have $3.42 million in cash by the end of FY 2021. During FY 2022, the PFC is estimated to earn approximately $8.74 million due to the sale of Cevallos Lofts ($3.35M) in addition to developer fees, deferred fees, cash flow, asset management fees, origination fees, and annual bond fees. Revenues are expected to be earned during the below quarters.

FY 2022 PFC and Finance Corp Revenues						
SAHT Corporation	Forecast	Q1	Q2	Q3	Q4	EOY Forecast
PFC	$ 8,746,086	$ 4,860,501	$ 847,922	$ 1,645,685	$ 1,391,979	$ 8,746,086
FC	121,540	19,080	47,820	28,080	26,560	121,540
Totals	**$ 8,867,626**	**$ 4,879,581**	**$ 895,742**	**$ 1,673,765**	**$ 1,418,539**	**$ 8,867,626**

The PFC revenue projections do not include four potential closings with Arbors, Crosswinds, Loma Vista, and Cattlemen's Square. However, three of these projects have just received a reservation of bonds from the State of Texas and anticipate to close financing within 6 months. Closing revenues from these projects could yield additional substantial revenue if they close financing.

SAN ANTONIO HOUSING TRUST FY 2022 Public Facility Corporation Budget		
Budget Description		FY 2022 Proposed Budget
Sources		
Partnership Revenues in FY 2022	$	8,746,086
End of FY 2021 Estimated Cash Balance		3,245,650
RB Float		600,000
Interest Income		5,000
Total Sources	**$**	**12,596,737**
Uses		
25% Contribution to Foundation	$	2,186,522
Asset Monitoring (3rd Party)		249,798
Compliance Audits (3rd Party)		150,000
Funds due to City's Affordable Housing Fund		714,762
End of FY 2022 Available Cash	$	9,295,656
Total Expenditures	**$**	**12,596,737**

Staff is recommending continuing to fund Asset Monitoring (TCAM) of our portfolio, as well as, outsourcing annual compliance monitoring to a 3rd party auditing firm. Staff is also recommending no expenditures from the PFC until the newly appointed board provides direction based on the 5-year Strategic Planning process for future award/investments.

RECOMMENDATION:

Staff recommends the Public Facility Corporation approve its annual budget and authorize the expenditures contained therein.

San Antonio Housing Trust Public Facility Corporation
Agenda Item #4

Presentation and possible action to approve the audited financial statements for the fiscal year ending December 31, 2020

SUMMARY:
In October 2019, Gregory & Crutchfield, LLC was selected to conduct independent audits for the San Antonio Housing Trust Foundation, Finance Corporation, and Public Facility Corporation for a two-year period.

The purpose of a financial statement audit is to add credibility to the reported financial position and performance of an organization. The auditor seeks to gain an understanding of the environment in which the audited 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.

Additionally, in FY 2020, the PFC reached federal expenditure thresholds due to our expenditure of CDBG funds in the redevelopment of the Red Berry Estate Lake, trail, and trailhead, which required a "Single Audit". A Single Audit is an organization-wide financial statement and federal awards audit of a non-federal entity that expends $750,000 or more in federal funds in one year. It is intended to provide assurance to the Federal Government that a non-federal entity has adequate internal controls in place and is generally in compliance with program requirements.

FISCAL IMPACT:

In FY 2020, the PFC had total end of year net assets of $4,534,016. The corporation decreased net assets by $519,233 from FY 2019.

RECOMMENDATION:

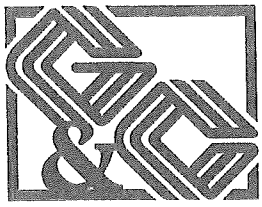
On September 21, 2021, Gregory & Crutchfield, LLC issued an **Unqualified Report** for both the Financial Statements and the Federal Awards, which means both are presented fairly in all material aspects. Staff recommends acceptance and approval of the annual audit.

DRAFT

San Antonio Housing Trust
Public Facility Corporation

Financial Statements

September 30, 2020



GREGORY & CRUTCHFIELD, LLC

CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

San Antonio Housing Trust Public Facility Corporation

Table of Contents

Independent Auditor's Report	1
Statement of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	15
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	17
Schedule of Expenditures of Federal Awards	19
Schedule of Findings and Questioned Costs	21
Summary Schedule of Prior Audit Findings	23
Comparison of Actual to Budgeted Expenses - CDBG	24

GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

Independent Auditor's Report

The Board of Directors
San Antonio Housing Trust Public Facility Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of San Antonio Housing Trust Public Facility Corporation ("SAHTPFC") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

DRAFT

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAHTPFC as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Also, the accompanying schedule on *Comparison of Actual to Budgeted Expenses – City of San Antonio CDBG Cost Reimbursement Program Agreement* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, We have also issued our report dated September 21, 2021 on our consideration of SAHTPFC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of SAHTPFC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SAHTPFC's internal control over financial reporting and compliance.

Gregory & Crutchfield, LLC

San Antonio, Texas
September 21, 2021

San Antonio Housing Trust Public Facility Corporation
Statement of Financial Position
September 30, 2020

DRAFT

Assets	
Current assets	
Cash	$ 1,497,725
Total current assets	1,497,725
Property and equipment	
Land	73,436,809
Total property and equipment	73,436,809
Other Assets	
Due from SAHTF	358,761
Due from COSA	507,087
Due from Red Berry TIRZ	110,787
Total other assets	976,635
Total assets	75,911,169
Liabilities and net assets	
Current liabilities	
Accounts payable	358,622
Prepaid deposit	24,964
Prepaid rent - Current Portion	951,026
Due to SAHTFC	3,000
Total current liabilities	1,337,612
Long-term liabilities	
Prepaid rent - Long Term Portion	70,039,541
Total long-term liabilities	70,039,541
Total liabilities	71,377,153
Net assets	
Without donor restrictions	4,534,016
Total net assets	4,534,016
Total liabilities and net assets	$ 75,911,169

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Public Facility Corporation
Statements of Activities and Changes in Net Asset
For the Year Ended September 30, 2020

DRAFT

Change in net assets without donor restrictions:	
Support and revenue	
Administrative fee income	$ 62,500
Application fee income	42,000
CDBG grant	797,684
Developer fee income	1,775,143
Land closing fee	350,000
Incentive management fee	69,135
Interest income	17,567
Distribution per cash flow	1,522,283
Rental income	843,049
Total support and revenue without donor restrictions	5,479,361
Expenses	
Administrative fees	959,657
Professional fees	2,275
COSA revenue share	250,664
Grant - Under 1 Roof	2,000,000
Grant - Risk Mitigation	2,500,000
CDBG project expenses	797,684
Rent	102,375
Total expenses without donor restrictions	6,612,655
Decrease in net assets without donor restrictions	(1,133,294)
Net assets, beginning of year	5,053,249
Net assets, prior year adjustment	614,061
Net assets, end of year	$ 4,534,016

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Public Facility Corporation
Statement of Cash Flows
For the Year Ended September 30, 2020

DRAFT

Cash flow from operating activities:	
Change in net assets	$ (519,233)
Adjustments to reconcile deficit of revenue under expenses to net cash provided by operating activities:	
(Increase) / decrease in :	
Due from SAHTFC	680,000
Due from SAHTF	(358,761)
Due from COSA	(507,087)
Due from Red Berry TIRZ	87,869
Increase / (decrease) in :	
Accounts payable	(119,452)
Prepaid deposit	(186,208)
Prepaid rent	29,844,723
Due to SAHTFC	3,000
Net cash provided by operating activities	28,924,851
Cash flow used in investing activities:	
Purchase of land	(31,199,458)
Cash flow from financing activities:	-
Net decrease in cash	(2,274,607)
Cash and cash equivalents, beginning of year	3,772,332
Cash and cash equivalents, end of year	$ 1,497,725
Supplemental disclosure:	
Interest paid	-
Taxes paid	-

The accompanying notes are an integral part of these financial statements

San Antonio Housing Trust Public Facility Corporation
Statement of Functional Expenses
For the Year Ended September 30, 2020

DRAFT

	Program	Management and General	Fundraising	Total
Administrative fees	959,657	-	-	$ 959,657
Professional fees	-	2,275	-	2,275
COSA revenue share	250,664	-	-	250,664
Grant - Under 1 Roof	2,000,000	-	-	2,000,000
Grant - Risk Mitigation	2,500,000	-	-	2,500,000
CDBG project expenses	797,684	-	-	797,684
Rent	102,375	-	-	102,375
Totals	6,610,380	2,275	-	$ 6,612,655

The accompanying notes are an integral part of these financial statements

DRAFT

Note 1 – The Organization

San Antonio Housing Trust Public Facility Corporation ("SAHTPFC") is a Texas nonprofit public facility corporation and component unit of the City of San Antonio, incorporated on December 28, 2009 under the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended ("the Act"). The organization's primary purpose is to provide for financing, acquisition, and construction of public facilities.

SAHTPFC 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.

During 2016 through 2020, SAHTPFC formed SAHT Longhorn Quarry LP, LLC, SAHT Majestic Living GP, LLC, SAHT Foster Road LP, LLC, SAHT Pedcor GP, LLC, SAHT Marquee Village GP, LLC, SAHT West End On Frio, LLC, SAHT San Pedro GP, LLC, SAHT Port SA GP, LLC, SAHT Northview GP, LLC, SAHT Friedrich LP, LLC, SAHT Echo East Manager, LLC, SAHT City Base GP, LLC, SAHT Canyon Pass GP, LLC and SAHT Hamilton Wolfe Lofts GP, LLC, all Texas limited liability companies, to be used in possible real estate development partnerships to be determined. SAHTPFC is the sole member and owner of these LLC entities.

During 2011, SAHTPFC formed Masters Living GP, LLC, a Texas limited liability company, to serve as the General Partner of Masters SA Apartments, LP a Texas limited partnership formed to develop and operate a 252 unit mixed income housing development project in San Antonio.

During 2015, SAHTPFC formed Palo Alto Apartments GP, LLC, a Texas limited liability company, to serve as the General Partner of Palo Alto Apartments Ltd, a Texas limited partnership formed to develop and operate a 322 unit affordable multi-family complex in San Antonio.

During 2015, SAHTPFC formed Ellison Hills Living GP, LLC, a Texas limited liability company, to serve as the General Partner of Freedom SA Apartments, LP, a Texas limited partnership formed to develop and operate a 252 unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Lookout LP, LLC, a Texas limited liability company, to be involved in the real estate development project with SA Creekside at Lookout MF, LP, a Texas limited partnership formed to develop and operate a 293 unit affordable multi-family complex in San Antonio.

During 2016, SAHTPFC formed SAHT Crockett Street LP, LLC, a Texas limited liability company, to be involved in the real estate development project with Crockett Street Lofts, LTD, a Texas limited partnership formed to develop and operate a 271 unit affordable multi-family complex and 503 parking spaces in San Antonio.

DRAFT

Note 1 – The Organization – *continued*

During 2016, SAHTPFC formed SAHT 222 Mitchell GP, LLC, a Texas limited liability company, to serve as the General Partner of 222 Mitchell Redevelopment, LP, a Texas limited partnership formed to develop and operate a 228 unit affordable multi-family complex in San Antonio. SAHTPFC leased the land from the Archbishop of San Antonio for 75 years and then subleased the land for 75 years to 222 Mitchell Redevelopment, LP.

During 2016, SAHTPFC formed SAHT Lord Road GP, LLC, a Texas limited liability company, to serve as the General Partner of Lord Road Apartments Ltd, a Texas limited partnership formed to develop and operate a 324 unit affordable multi-family complex in San Antonio.

During 2017, SAHTPFC formed SAHT Brookwood GP, LLC, a Texas limited liability company, to serve as the General Partner of Westover Senior P3, LP a Texas limited partnership formed to develop and operate a 197 unit affordable multi-family complex in San Antonio.

During 2017, SAHTPFC formed SAHT Copper Pointe LP, LLC, a Texas limited liability company, to be involved in the real estate development project with LDG Copper Pointe, LP, a Delaware limited partnership formed to develop and operate a 252 unit affordable multi-family complex in San Antonio.

During 2018, SAHTPFC formed SAHT Leon Creek GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR Investments-2016-CLVI, LP a Texas limited partnership formed to develop and operate a 296 unit affordable multi-family complex in San Antonio.

During 2018, SAHTPFC formed SAHT Red Berry LP, LLC, a Texas limited liability company, to serve as the General Partner of Red Berry GL, LP a Texas limited partnership formed to develop and operate a 330 unit mixed income housing development project in San Antonio.

During 2018, SAHTPFC formed SAHT Broadway Jones LP, LLC, a Texas limited liability company, to be involved in the real estate development project with Broadway Jones Apartments, LP, a Delaware limited partnership formed to develop and operate a 283 unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Alsbury GP, LLC, a Texas limited liability company, to serve as the General Partner of VDC SA-Alsbury, LP a Texas limited partnership formed to develop and operate a 240 unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Culebra Creek GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR Investments-2018-CLXIX, LP a Texas limited partnership formed to develop and operate a 312 unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Pan American GP, LLC, a Texas limited liability company, to serve as the General Partner of Steele Pan American, LP a Texas limited partnership formed to develop and operate a 100 unit affordable multi-family complex in San Antonio.

DRAFT

Note 1 – The Organization – *continued*

During 2019, SAHTPFC formed SAHT West Cevallos LP, LLC, a Texas limited liability company, to be involved in the real estate development project with West Cevallos GL, LP, a Delaware limited partnership formed to develop and operate a 323 unit affordable multi-family complex in San Antonio.

During 2019, SAHTPFC formed SAHT Mesa West GP, LLC, a Texas limited liability company, to serve as the General Partner of PEDCOR Investments-2018-CLXX, LP a Texas limited partnership formed to develop and operate a 280 unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed Luna Flats GP, LLC, a Texas limited liability company, to serve as the General Partner of Luna Flats Ltd, a Texas limited partnership formed to develop and operate a 69 unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT Parkdale GP, LLC, a Texas limited liability company, to serve as the General Partner of ARDC Parkdale Ltd, a Texas limited partnership formed to develop and operate a 196 unit affordable multi-family complex in San Antonio.

During 2020, SAHTPFC formed SAHT South Flores LP, LLC, a Texas limited liability company, to be involved in the real estate development project with SF Cevallos MF, LP, a Texas limited partnership formed to develop and operate a 292 unit affordable multi-family complex in San Antonio.

SAHTPFC is the sole member and owner of each of these aforementioned LLC's. SAHTPFC has made no capital contributions to these limited partnerships and they are all in the predevelopment stages and there are no financial amounts to consolidate in the financial statements of SAHTPFC as of September 30, 2020.

Note 2 – Summary of Significant Accounting Policies

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

Tax Exempt Status – SAHTPFC 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 – SAHTPFC 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, 2020.

Financial Statement Presentation – SAHTPFC 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.

DRAFT

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

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.

Revenue – SAHTPFC's primary source of revenue are from developer fees associated with the construction of public facilities.

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 ASU No. 2018-01, *Leases (Topic 842)* which was a new accounting pronouncement regarding lease accounting. In 2020, ASU No. 2020-05 was released which deferred the effective date for applying ASC 842 for the Organization until its year beginning January 1, 2022. 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.

Property and Equipment – Property and equipment is currently comprised of land only, which is not depreciated. Purchases of assets are recorded at cost and any donated assets would be recorded at fair market value as of the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets which range from 5 to 40 years. Expenditures for property and equipment in excess of $500 are capitalized. There were no depreciable assets as of September 30, 2020.

Prepaid Rent Liability– SAHTPFC has purchased land (*see note 4*) in transactions with multiple limited partnerships which are generally involved in real estate development and which usually will develop and build apartment buildings on the land and rent those apartments to low to moderate income families in the San Antonio area to qualify for certain low income housing tax credits. The partnerships sell the land to SAHTPFC and then in return pay to lease the land back from SAHTPFC for long terms ranging from 55 to 99 years. The partnerships will prepay the entire long term ground lease for the same amounts as the land was sold to SAHTPFC. These funds received from the partnerships are recorded as a prepaid rent liability on the balance sheet and the portion to be recovered in one year from the balance sheet date are classified as the current portion of prepaid rent. The prepaid rents received by SAHTPFC are amortized using the straight line method over the term of the lease and the rental income is recognized each year as it is earned under the terms of the leases. See Note 7 which gives more information on these leases.

Cost Reimbursement Contract – In 2018 SAHTPFC entered into a cost reimbursement agreement with the City of San Antonio as a sub-grantee of federal funds from HUD'S Community Development Block Grant Program (CDBG). CDBG funds are to be use by SAHTPFC to implement and manage the Red Berry Estate Redevelopment project. Revenue from this contract is recorded as qualifying expenses as they are incurred.

DRAFT

Note 3 – Cash Balance In Excess of FDIC Insured Limits

SAHTPFC's cash balance in excess of the federally insured limits as of September 30, 2020 is collateralized by pledged securities in accordance with the City of San Antonio's Administrative and Fiscal Contract.

Note 4 – Related Party Transactions

SAHTPFC and the San Antonio Housing Trust Foundation, Inc. ("SAHTF") shared the same Executive Director during the year ended September 30, 2020. SAHTPFC pays SAHTF 25% of developer revenues to administer their programs. SAHTPFC accrued administrative fees in the amount of $358,622 to SAHTF for the year ending September 30, 2020. An amount of $358,761 was held in agency for SAHTPFC by SAHTF as of September 30, 2020.

SAHTPFC and the San Antonio Housing Trust Finance Corporation ("SAHTFC") shared the same Executive Director during the year ended September 30, 2020. SAHTPFC returned an amount of $680,000 due to SAHTFC during the year ended September 30, 2020. SAHTPFC received funds in the amount of $3,000 meant for SAHTFC. The amount is now due to SAHTFC as of September 30, 2020.

Note 5 – Property and Equipment

A summary of the Organization's property and equipment as of September 30, 2020 is as follows:

Land – Woodlawn Ranch	3,400,400
Land – Master Ranch	1,245,000
Land – Palo Alto	880,000
Land – Freedom Hills	1,143,000
Land – Brio at Lookout	2,900,000
Land – Baldwin Crockett St	3,888,826
Land – Red Berry Lake and Trail	149,821
Land – Friedrich Lofts	6,419,558
Land – Upton at Longhorn Quarry	2,193,357
Land – Salado at Red Berry	144,896
Land – Cevallos Lofts	2,462,735
Land – ACME Road	810,000
Land – Oak Valley	925,000
Land – Montabella Pointe	800,000
Land – Lord Road	1,425,000
Land – Copper Pointe	1,870,000
Land – Brookwood	1,350,000

DRAFT

Note 5 – Property and Equipment - *continued*

Land – Trails at Leon Creek	4,025,000
Land – Alsbury Park	2,000,000
Land – Broadway Jones	5,167,664
Land – West Cevallos	11,981,813
Land – Culebra Creek	2,854,375
Land – Mesa West	3,165,364
Land – Part At 38Thirty	30,000
Land – Pan American	500,000
Land – Greenline North	485,000
Land – Luna Flats	3,820,000
Land – South Flores Lofts	7,400,000
Total	73,436,809
Accumulated depreciation	(0)
Net property and equipment	73,436,809

Note 6 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of September 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of September 30, 2020.

Financial assets at year-end	1,497,725
Less those unavailable for general expenditures within one year, due to:	
Contractual – restricted to payment of current liabilities	361,622
Contractual – restricted to payment of long-term debt	--
Financial assets available to meet cash needs for general expenditures within one year	1,136,103

DRAFT

Note 7 – Ground Leases and Prepaid Rent Liability

As owner of various land assets *(see note 5)* the Organization has entered into ground leases on each property as it is purchased. The property is leased to the tenant for the development, construction, rental and operation of a rental project. The lease amount is for the purchase price of the land and is prepaid in full by the tenant at the time of the ground lease agreement. The length of the lease is from 55 years to 99 years.

Property	Date	Lease Period	Prepaid Lease Amount	Prepaid Balance as of 9/30/20
Woodlawn Ranch	10/12/11	2011 - 2087	3,400,400	2,993,843
Masters Ranch	3/24/15	2015 - 2090	1,245,000	1,153,700
Palo Alto	7/3/15	2015 - 2090	880,000	818,400
Freedom Hills	6/1/16	2016 - 2091	1,143,000	1,076,960
Brio at Lookout	9/25/19	2019 - 2095	2,900,000	2,861,334
Baldwin Crockett St	5/9/16	2016 - 2091	3,888,826	3,661,978
Friedrich Lofts	8/7/20	2020 - 2095	6,419,558	6,405,292
Upton at Longhorn Quarry	2/26/16	2016 - 2091	2,193,357	2,052,006
Salado at Red Berry	10/22/18	2018 - 2094	144,896	141,193
Cevallos Lofts	4/6/10	2010 – 2065	2,462,735	1,993,251
ACME Road	11/1/16	2016 – 2116	810,000	777,955
Oak Valley	6/1/17	2017 – 2116	925,000	893,855
Montabella Pointe	8/31/17	2017 - 2092	800,000	767,111
Lord Road	8/24/18	2018 – 2093	1,425,000	1,385,021
Copper Pointe	7/17/18	2018 – 2093	1,870,000	1,814,939
Brookwood	5/25/18	2018 – 2093	1,350,000	1,307,655
Trails at Leon Creek	8/1/18	2018 – 2117	4,025,000	3,936,911
Alsbury Park	7/1/19	2019 – 2094	2,000,000	1,966,667
Broadway Jones	12/27/18	2019 – 2094	5,167,664	5,047,085
West Cevallos	6/14/19	2019 – 2094	11,981,813	11,775,460
Culebra Creek	7/1/19	2019 – 2118	2,854,375	2,818,335
Mesa West	9/1/19	2019 – 2118	3,165,364	3,130,726
Part At 38Thirty	6/1/20	2020 - 2095	30,000	29,867
Pan American	6/17/20	2020 – 2095	500,000	498,056
Greenline North	8/1/20	2020 – 2095	485,000	483,923
Luna Flats	6/29/20	2020 – 2095	3,820,000	3,807,266
South Flores	9/3/20	2020 - 2095	7,400,000	7,391,778
Total			73,286,988	70,990,567
Current Portion				951,026
Long term Portion				70,039,541

DRAFT

Note 8 – Litigation

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

Note 9 – Prior period adjustment

A prior period adjustment was made to record $149,821 in land and a decrease of $464,240 in prepaid rent, resulting in a net asset increase of $614,061.

Note 10 – Subsequent Events

The Company's ongoing finances may experience instability and the estimate included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19 pandemic. The duration and intensity of these impacts and resulting disruption to which these events effect the Company's activity will depend on the future developments, which are highly uncertain and cannot be predicted at this time.

GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
San Antonio Housing Trust Public Facility Corporation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of San Antonio Housing Trust Public Facility Corporation ("SAHTPFC") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, 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, and have issued our report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAHTPFC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAHTPFC's internal control. Accordingly, we do not express an opinion on the effectiveness of SAHTPFC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

16500 San Pedro Ave. Suite 280, San Antonio, Texas 78232
p: (210) 495-6776 f: (210) 495-6778

DRAFT

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAHTPFC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gregory & Crutchfield, LLC

San Antonio, Texas
September 21, 2021

GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

DRAFT

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors of
San Antonio Housing Trust Public Facility Corporation

Report on Compliance for Each Major Federal Program

We have audited San Antonio Housing Trust Public Facility Corporation's ("SAHTPFC") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SAHTPFC's major federal programs for the year ended September 30, 2020. SAHTPFC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SAHTPFC's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SAHTPFC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SAHTPFC's compliance.

Opinion on Each Major Federal Program

In our opinion, SAHTPFC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

16500 San Pedro Ave. Suite 280, San Antonio, Texas 78232
p: (210) 495-6776 f: (210) 495-6778

DRAFT

Report on Internal Control Over Compliance

Management of SAHTPFC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SAHTPFC's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SAHTPFC's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Gregory & Crutchfield, LLC

San Antonio, Texas
September 21, 2021

San Antonio Housing Trust Public Facility Corporation
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

DRAFT

Major Program:

U.S. Department of Housing and Urban Development ("HUD")
City of San Antonio
CFDA #14.218 - Community Development Block Grant
Grant No. 28-0420230
Grant Period: August 3, 2018 - July 30, 2021

Total expenditures: program and administrative expenses	797,684
Total expenditures under major programs:	797,684

Total Expenditures of Federal Awards For the Year Ended September 30, 2020	797,684

See accompanying notes to schedule of expenditures of federal awards.

DRAFT

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION (SAHTPFC) NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of SAHTPFC under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of SAHTPFC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of SAHTPFC.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Subrecipients

SAHTPFC provided no federal awards to subrecipients during the year ended September 30, 2020.

San Antonio Housing Trust Public Facility Corporation
Schedule of Findings and Questioned Costs
September 30, 2020

DRAFT

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	No
Did the audit disclose any noncompliance that is material to financial statements of San Antonio Housing Trust Public Facility Corporation?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be Reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No

Major programs:

CFDA #	Name of Federal Program
14.218	U.S. Department of Housing and Urban Development

Continued next page

DRAFT

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Summary of Auditor's Results (continued)

Did auditee qualified as a low-risk auditee?	No
Questioned Costs for Major Programs:	None

Financial Statement Findings

No matters were reported

Federal Award Findings and Questioned Costs

No matters were reported

San Antonio Housing Trust Public Facility Corporation
Summary Schedule of Prior Audit Findings
September 30, 2020

DRAFT

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None

DRAFT

Supplementary Information

San Antonio Housing Trust Public Facility Corporation
Comparison of Actual to Budgeted Expenses
City of San Antonio CDBG Cost Reimbursement Program Agreement
For the Year Ended September 30, 2020

DRAFT

	Actual	Budget	Budget Variance (Under) / Over
General Conditions	4,627	-	4,627
Water Supply and Maintenance	103,473	58,900	44,573
Lake Subsurface and Embankment	58,807	180,000	(121,193)
Drainage Spillover	28,145	113,537	(85,392)
Trailhead - Site Work	12,340	86,000	(73,660)
Trail - Site Work	116,212	160,000	(43,788)
Trail - Concrete	235,027	310,718	(75,691)
Trail - Asphalt	17,929	133,200	(115,271)
Trail - Landscaping & Irrigation	144,769	60,000	84,769
Ancillary	5,355	37,667	(32,312)
Soft Costs	71,000	-	71,000
Total	797,684	1,140,022	(342,338)

See independent auditor's report (other matters)

San Antonio Housing Trust Public Facility Corporation
Agenda Item #5

This item includes a briefing and possible action regarding a nonbinding Resolution concerning the application of ACG Cattleman Square, LP (the "Partnership") and Alamo Community Group (the "Developer") relating to the proposed financing of up to $25,000,000 of the costs of the acquisition, construction, and equipping of the Cattleman Square Lofts Apartments, to be located at 811 W Houston Street (the "Project"); and other matters in connection therewith.

SUMMARY:
On April 28, 2020, the San Antonio Housing Trust Finance Corporation approved a Resolution inducing the Project (the "Original Resolution"), which is a 138-unit multifamily, tax credit project in District 5 located at 811 W Houston Street, just to the west of downtown.

All units will be rented to individuals whose incomes average at or below 60% of median family income with at least 15% of the units reserved for residents earning below 30% of median family income. The Project will be developed by Alamo Community Group, a local nonprofit affordable housing developer, and is expected to cost approximately $30,508,029, including up to $25,000,000 in tax exempt bonds, $12,165,912 in anticipated tax credit equity and possible gap financing through City's HOME program, National Housing Trust Fund, Westside TIRZ funds, impact fee waivers and deferred fees.

The Original Resolution authorized the Partnership, the Developer and the Finance Corporation's Bond counsel to take preliminary actions, specifically, to file and/or re-file an Application for Allocation of Private Activity Bonds in the years 2020 and/or 2021. The Project has no current bond reservation, so a new resolution is needed authorize the filing and/or refiling of 2022 and/or 2023 Applications for Allocation to allow this project to the flexibility to move forward if they receive a bond reservation from the Texas Bond Review Board.

Additionally, the Original Resolution induced bonds in the amount of $15,000,000, but due to increases in construction costs, the Project now requires greater bond financing. Furthermore, bond allocation applications for housing finance corporations are presently very competitive, which is why the Developer now seeks an inducement from the Public Facility Corporation.

ALTERNATIVES:
If the San Antonio Housing Trust Public Facility Corporation board does not approve this transaction, the 138 affordable units will not be constructed.

FISCAL IMPACT:
No fiscal impact. None of these actions will be binding on the Public Facility Corporation or the City. This is not a commitment to participate in the Project. Staff anticipates returning for future approvals and/or authority to issue the bonds.

RECOMMENDATION:

Staff recommend approval of the attached Resolution to allow an application to the Texas Bond Review Board to reserve bond allocation.

ATTACHMENT:

Resolution

Cattleman Square Lofts Apartments

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility 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 October 1, 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 CONCERNING THE APPLICATION OF ACG CATTLEMAN SQUARE, LP AND ALAMO COMMUNITY GROUP RELATING TO THE PROPOSED FINANCING OF UP TO $25,000,000 OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF THE CATTLEMAN SQUARE LOFTS APARTMENTS AND OTHER MATTERS IN CONNECTION THEREWITH**

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Articles of Incorporation and the Bylaws of the Issuer.

SIGNED October 1, 2021.

_____

Pedro A. Alanis, Assistant Secretary

RESOLUTION CONCERNING THE APPLICATION OF ACG CATTLEMAN SQUARE, LP AND ALAMO COMMUNITY GROUP RELATING TO THE PROPOSED FINANCING OF UP TO $25,000,000 OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, AND EQUIPPING OF THE CATTLEMAN SQUARE LOFTS APARTMENTS AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of San Antonio, Texas (the "City"), has, pursuant to the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "Act"), approved and created the San Antonio Housing Trust Public Facility Corporation, a nonstock, nonprofit public facility corporation (the "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, ACG Cattleman Square, LP, a Texas limited partnership (the "User"), has filed an Application for financing (the "Application"), requesting that (i) the Issuer finance the acquisition, construction, and equipping of a proposed 138-unit multifamily housing facility to be located at 811 West Houston Street and to be known as Cattleman Square Lofts Apartments (the "Project"); and (ii) the Issuer file and/or refile a 2022 and/or 2023 Allocation Application (defined hereafter) and/or any carryforward applications to the Texas Bond Review Board as described herein;

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

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

WHEREAS, this Resolution shall constitute the Issuer's commitment, subject to the terms hereof, to issue Bonds, or other obligations, pursuant to the Act in an amount prescribed by the User now contemplated not to exceed $25,000,000 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" or an "Application for Carryforward for Private Activity Bonds" (together, the "Allocation Application") to the Texas Bond Review Board and adopt this Resolution authorizing the filing or refiling of the Allocation Application;

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

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

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

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

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

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

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY 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 $25,000,000;

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

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

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

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

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

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

(b) the User will (1) pay all Project costs which are not or cannot be paid or reimbursed from the proceeds of the Bonds and (2) at all times from and after the issuance of the Bonds, indemnify and hold harmless the Issuer and the City against all losses, costs,

damages, expenses, and liabilities of whatsoever nature (including but not limited to reasonable attorneys' fees, litigation and court costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the issuance, offering, sale, or delivery of the Bonds, or the design, construction, equipping, installation, operation, use, occupancy, maintenance, or ownership of the Project (other than claims arising from the gross negligence or willful misconduct of the Issuer or the City) and prior to or contemporaneously with the sale of the Bonds will agree to provide indemnification on terms satisfactory to the Issuer; and

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

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

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

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

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

Section 8. The Issuer hereby adopts this Resolution in order to satisfy the requirements of the Allocation Act pertaining to the issuance of the Bonds and authorizes any officer or designee of the Issuer to prepare and file and/or refile a 2022 and/or 2023 Allocation Application and/or any carryforward applications, together with all required attachments (including obtaining the Issuer's Certificate of Good Standing from the Comptroller of Public Accounts for the State of Texas) in the form required by the Texas Bond Review Board.

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

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

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

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

Section 13. Based upon representations from the User, the Issuer reasonably expects to reimburse the Expenditures with proceeds of the Bonds in a principal amount that will not exceed $25,000,000. This Resolution shall constitute a declaration of official intent under the Treasury Regulation Section 1.150-2.

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

Section 15. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 16. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

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

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

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

* * *

San Antonio Housing Trust Public Facility Corporation
Agenda Item #6

This item includes a briefing and possible action regarding a nonbinding Resolution concerning the application of Prospera Housing Community Services and Versa Development, LLC (together, the "Developer") relating to the proposed financing of up to $35,000,000 of the costs of the acquisition, rehabilitation, construction, and equipping of the Country Club Village Apartments, located at approximately 3500 Magic Drive (the "Project"); and other matters in connection therewith.

SUMMARY:
On July 29, 2020, the Finance Corporation approved a Resolution inducing the Project (the "Original Resolution"), which is a 269-unit senior housing, tax credit project in District 7 located at approximately 3500 Magic Drive and consists of 82 existing units to be rehabilitated and an additional 187 units to be constructed. All units will be rented to individuals meeting the age restrictions and whose incomes average at or below 60% of median family income. The 82 rehabilitated units will continue with a direct HUD Section 8 Project-Based Contract.

Prospera Housing Community Services, an affordable housing nonprofit, and Versa Development, LLC, will partner to develop the Project, which is expected to cost approximately $59.3 million, including up to $35,000,000 in tax exempt bonds and approximately $24 Million in anticipated tax credit equity.

The Original Resolution authorized the Developer and the Finance Corporation's Bond counsel to take preliminary actions, specifically, to file and/or re-file an Application for Allocation of Private Activity Bonds in the years 2020 and/or 2021. The Project has received no bond reservation, so a new resolution to authorize the filing and/or refiling of 2022 and/or 2023 Applications for Allocation to allow this project to the flexibility to move forward if they receive a bond reservation from the Texas Bond Review Board. Additionally, the Original Resolution induced bonds in the amount of $30,000,000, but due to increases in construction costs, the Project now requires greater bond financing. Furthermore, bond allocation applications for housing finance corporations are presently very competitive, which is why the Developer now seeks an inducement from the Public Facility Corporation.

ALTERNATIVES:
If the San Antonio Housing Trust Public Facility Corporation board does not approve this transaction, the 270 affordable senior units will not be constructed and/or rehabilitated.

FISCAL IMPACT:
No fiscal impact. None of these actions will be binding on the Public Facility Corporation or the City. This is not a commitment to participate in the Project. Staff anticipates returning for future approvals and/or authority to issue the bonds.

RECOMMENDATION:

Staff recommend approval of the attached Resolution to allow an application to the Texas Bond Review Board to reserve bond allocation.

ATTACHMENT:

Resolution

Country Club Village Apartments

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility 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 October 1, 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 CONCERNING THE APPLICATION OF PROSPERA HOUSING COMMUNITY SERVICES AND VERSA DEVELOPMENT, LLC RELATING TO THE PROPOSED FINANCING OF UP TO $35,000,000 OF THE COSTS OF THE ACQUISITION, REHABILITATION, CONSTRUCTION, AND EQUIPPING OF THE COUNTRY CLUB VILLAGE APARTMENTS AND OTHER MATTERS IN CONNECTION THEREWITH**

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Articles of Incorporation and the Bylaws of the Issuer.

SIGNED October 1, 2021.

_____

Pedro A. Alanis, Assistant Secretary

RESOLUTION CONCERNING THE APPLICATION OF PROSPERA HOUSING COMMUNITY SERVICES AND VERSA DEVELOPMENT, LLC RELATING TO THE PROPOSED FINANCING OF UP TO $35,000,000 OF THE COSTS OF THE ACQUISITION, REHABILITATION, CONSTRUCTION, AND EQUIPPING OF THE COUNTRY CLUB VILLAGE APARTMENTS AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the City Council of the City of San Antonio, Texas (the "City"), has, pursuant to the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the "Act"), approved and created the San Antonio Housing Trust Public Facility Corporation, a nonstock, nonprofit public facility corporation (the "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, PV Country Club Village, LP, a Texas limited partnership (the "User"), has filed an Application for financing (the "Application"), requesting that (i) the Issuer finance the acquisition, rehabilitation (82 existing units) and construction (188 new units), and equipping of a proposed 270-unit multifamily housing facility to be located at approximately the 3500 Magic Drive and known as the Country Club Village Apartments (the "Project"); and (ii) the Issuer file and/or refile a 2022 and/or 2023 Allocation Application (defined hereafter) and/or any carryforward applications to the Texas Bond Review Board as described herein;

WHEREAS, the User has advised the Issuer that a contributing factor that would further induce the User to proceed with providing for the acquisition, rehabilitation, 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, rehabilitation, construction, equipping, and improvement of the Project be completed at the earliest practicable date after satisfactory preliminary assurances from the Issuer that the proceeds of the sale of the Bonds, or other obligations, of the Issuer in an amount necessary to pay the Development Costs of the Project, will be made available to finance the Project;

WHEREAS, this Resolution shall constitute the Issuer's commitment, subject to the terms hereof, to issue Bonds, or other obligations, pursuant to the Act in an amount prescribed by the User now contemplated not to exceed $35,000,000 and to expend the proceeds thereof to pay Development Costs including costs of acquisition, rehabilitation, 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" or an "Application for Carryforward for Private Activity Bonds" (together, 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, rehabilitation, 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 PUBLIC FACILITY 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 $35,000,000;

(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, rehabilitation, 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, rehabilitation, 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, rehabilitation, construction, equipping, and improvement of the Project, as requested by the User and within then applicable limitations; and

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

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

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

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

(b) the User will (1) pay all Project costs which are not or cannot be paid or reimbursed from the proceeds of the Bonds and (2) at all times from and after the issuance

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

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

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

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

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

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

Section 8. The Issuer hereby adopts this Resolution in order to satisfy the requirements of the Allocation Act pertaining to the issuance of the Bonds and authorizes any officer or designee of the Issuer to prepare and file and/or refile a 2022 and/or 2023 Allocation Application and/or any carryforward applications, together with all required attachments (including obtaining the

Issuer's Certificate of Good Standing from the Comptroller of Public Accounts for the State of Texas) in the form required by the Texas Bond Review Board.

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

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

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

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

Section 13. Based upon representations from the User, the Issuer reasonably expects to reimburse the Expenditures with proceeds of the Bonds in a principal amount that will not exceed $35,000,000. This Resolution shall constitute a declaration of official intent under the Treasury Regulation Section 1.150-2.

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

Section 15. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 16. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

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

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

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

* * *

San Antonio Housing Trust Public Facility Corporation
Agenda Item #7

Consideration and possible action approving a Resolution for a Loan Modification for the Brookwood Senior Apartments to lower the interest rate from 4.05% to an estimated 3.05%, thus increasing the net cash flow return to the PFC

SUMMARY:

In May 2018, a partnership was formed between the PFC, Mission DG, and Affordable Housing Partners to develop, construct, own and maintain the Brookwood Senior Apartments, a 197-unit 4% LIHTC project located at 9015 Ingram Road in Council District 6. A $24,310,000 loan was originally financed for 480 months at 4.05% interest rate.

As of August 31, 2021, the project will have a $23,955,216 outstanding balance at a 4.05% interest rate for the remaining term of the loan. The partnership is seeking a modification to lower the interest rate from 4.05% to approximately 3.05% through Berkadia Commercial Mortgage, LLC, for a new term of 479 months.

This modified mortgage will not take on additional debt, but simply allow the partnership to take advantage of the low interest rate environment.

FISCAL IMPACT:
The partnership is anticipated to see a $156 thousand annual savings (over $6 million through the remaining term of the loan). Thus, results in the PFC will see an estimated $670 thousand increase in revenues through 2034.

RECOMMENDATION:
Staff recommends approving the attached Resolution authorizing the loan modification for the Brookwood Senior Apartments.

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 October 1, 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 MODIFICATION OF THE LOAN FROM BERKADIA COMMERCIAL MORTGAGE LLC TO WESTOVER SENIOR P3, LP TO LOWER THE INTEREST RATE APPLICABLE TO SUCH LOAN; AUTHORIZING THE EXECUTION OF ANY DOCUMENTS IN CONNECTION THEREWITH; AND OTHER MATTERS IN CONNECTION THEREWITH

(the "Resolution") was duly introduced for the consideration of the Board and discussed. It was then duly moved and seconded that the Resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the Resolution, prevailed and carried by a majority vote of the Board.

2. A true, full, and correct copy of the Resolution adopted at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting; and the Meeting was held and conducted in accordance with the Bylaws of San Antonio Housing Trust Public Facility Corporation.

SIGNED October 1, 2021.

_____

Pedro A. Alanis, Assistant Secretary

RESOLUTION NO._____

RESOLUTION AUTHORIZING THE MODIFICATION OF THE LOAN FROM BERKADIA COMMERCIAL MORTGAGE LLC TO WESTOVER SENIOR P3, LP TO LOWER THE INTEREST RATE APPLICABLE TO SUCH LOAN; AUTHORIZING THE EXECUTION OF ANY DOCUMENTS IN CONNECTION THEREWITH; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Westover Senior P3, LP (the "Partnership") owns and operates the Brookwood Senior Apartments (the "Project") in partnership with San Antonio Housing Trust Public Facility Corporation ("SAHTPFC"), which is the sole member of the general partner of the Partnership;

WHEREAS, in connection with the Project, the Partnership obtained a loan in the original principal amount of $24,310,000 from Berkadia Commercial Mortgage LLC (the "Lender");

WHEREAS, the Partnership made an application to Lender for a loan modification of the Loan (the "Loan Modification") to lower the interest rate to approximately 3.25%, such rate to be set at the rate lock upon the satisfaction by the Partnership of certain conditions set forth by Lender ("Rate Lock");

WHEREAS, the Loan Modification will significantly decrease interest-related expenses of the Partnership;

WHEREAS, the Board of Directors of SAHTPFC (this "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 transactions to consummate the Loan Modification;

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

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

Section 1. The Loan Modification to reduce the interest paid on the Loan from its current rate to approximately 3.25%, with such rate to be confirmed, finalized and approved by the Executive Director of SAHTPFC at Rate Lock, is hereby authorized and approved.

Section 2. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are hereby authorized to execute any and all documentation required to achieve the foregoing purposes, whether on behalf of SAHTPFC or the general partner of the Partnership.

Section 3. 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 4. The officers of this Board, or any of them, are authorized to take any and all action necessary to carry out and consummate the transactions described in or contemplated by the documents approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.

Section 5. The officers of this Board hereby approve the selection of Bracewell LLP as counsel to SAHTPFC for this transaction.

Section 6. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 7. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 8. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

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

Section 10. This Resolution shall be in force and effect from and after its passage.