AGENDA

A Regular Board Meeting for:
SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
will be held at Municipal Plaza B Room
114 W Commerce St., San Antonio, TX 78205
and virtually via ZOOM:
https://us02web.zoom.us/j/88078055538?pwd=dkM1UU9ZWGhjK3BpT292c25LdHNqZz09
DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 880 7805 5538 PASSWORD: 492878
On Friday, May 19, 2023, beginning at 3:00 p.m.

NOTICE: *A quorum of the board of directors will be physically located at 114 W Commerce St., San Antonio, TX 78205 at 3:00 p.m. One or more of the Directors may attend this meeting by video conference pursuant to the requirements set forth in the Texas Open Meetings Act. An electronic copy of the agenda packet may be accessed at the San Antonio Housing Trust website under the CALENDAR/Board Meeting date page prior to the meeting.*

NOTICE: *This meeting of the Board, being held for the reasons listed below, is authorized in accordance with the Texas Government Code, Sections 551.001 - 551.146. Verification of Notice of Meeting and Agenda are on file in the Office of the Executive Director.*

1. Call to Order and Roll Call.
2. Discussion and possible action to approve minutes of April 21, 2023.
3. Public Comment – Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters.
4. Briefing and possible action to approve a resolution authorizing the **Caroline at Salado Creek Apartments** transaction, including the execution of all documentation necessary to carry out the transaction; authorizing the purchase of the land for the transaction and the lease of such land for the transaction; and authorizing San Antonio Housing Trust Public Facility Corporation to serve as the general contractor; and other matters in connection therewith.
5. Briefing and possible action to approve a resolution authorizing the **Caroline at Sonterra Apartments** transaction, including the execution of all documentation necessary to carry out the transaction; authorizing the purchase of the land for the transaction and the lease of such land for the transaction; and authorizing San Antonio Housing Trust Public Facility Corporation to serve as the general contractor; and other matters in connection therewith.
6. Briefing and possible action to approve a resolution inducing the **Palladium San Antonio Apartments** transaction; and authorizing all filings and agreements with Texas Department of Housing and Community Affairs in connection with applications for Low Income Housing Tax Credits; and authorizing the negotiation and execution of a memorandum of understanding; and other matters in connection therewith.

7. Briefing, discussion and possible action regarding an amended and restated resolution concerning the application of Winston Roselawn Apartments LP relating to the proposed financing of up to $30,000,000 of the costs of the acquisition, rehabilitation, construction and equipping of the **Winston Square/Roselawn Apartments**; and other matters in connection therewith.

8. Briefing, discussion and possible action regarding an amended and restated resolution concerning the application of Spanish Pecan Apartments LP relating to the proposed financing of up to $32,000,000 of the costs of the acquisition, rehabilitation, construction and equipping of the **Pecan Manor/Spanish Spur Apartments**; and other matters in connection therewith.

9. Briefing and possible action to approve a Resolution authorizing the payment of $40,500 from available San Antonio Housing Trust Public Facility Corporation funds to reimburse **Villas at Echo East,** LP for delinquent property taxes.

10. Adjournment.

***Executive Session**

The San Antonio Housing Trust Public Facility Corporation reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on the posted agenda, above, as authorized by the Texas Government Code, Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), 551.074 (personnel matters), 551.076 (deliberations about security devices), and 551.087 (economic development). *ANY ITEM DISCUSSED IN EXECUTIVE SESSION MAY BE ACTED ON IN OPEN SESSION*

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), Jane Paccione, Jordan Ghawi

Attendance by Other Elected or Appointed Officials: It is possible that members City boards, commissions and/or committees may attend the open meeting in numbers that may constitute a quorum. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of any other boards, commissions and/or committees of the City, whose members may be in attendance in numbers constituting a quorum. These members of other City boards, commissions, and/or committees may not deliberate or take action on items listed on the agenda. [Attorney General Opinion – No. GA-0957 (2012)].

This facility is wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretative services must be made 48 hours prior to this meeting. Please contact Nicole Collazo, for concerns or requests, at (210) 735-2772 or FAX (210) 735-2112.

San Antonio Housing Trust Public Facility Corporation
Agenda Item 2

This item includes the approval of minutes from the **April 21, 2023**, meeting.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION
OFFICIAL MEETING MINUTES

DATE: April 21, 2023

TIME AND PLACE: The Public Facility Corporation met in session at 2:00 p.m., via Zoom and in person at 114 W Commerce, San Antonio, TX 78205.

PRESENT: Councilwoman Adriana Rocha, Antoinette Brumfield, Mark Carmona, Eric Cooper, Councilwoman Teri Castillo, Councilwoman Phyllis Viagran, Jordan Ghawi, Rachell Hathaway, Councilman John Courage, Councilman Jalen McKee-Rodriguez, Jane Paccione, and Marinella Murillo.

ABSENT: None.

STAFF/VISITORS PRESENT:
Pedro Alanis- Executive Director San Antonio Housing Trust Foundation.; Nicole Collazo- Director of Operations San Antonio Housing Trust Foundation; Susan Snowden- Financial Director
San Antonio Housing Trust; Tom Roth- Director of Development San Antonio Housing Trust Foundation; Jessica Kuehne- Director of Asset Management San Antonio Housing Trust Foundation.; John Hernandez- Senior Asset Manager San Antonio Housing Trust Foundation; Ruben Lizalde- D3; Edward Muniga- D4; Justin Renteria- D5; Derek Roberts- D9; Summer Greathouse- Attorney Bracewell; Clarissa Rodriguez- Attorney DNRBZ; Allison Beaver- NHSD; Mirla Lopez- SEFLA Languages Interpreter

1. **CALL TO ORDER AND ROLL CALL:** The meeting was called to order by President Adriana Rocha Garcia and
roll call was called by Nicole Collazo

2. **DISCUSSION AND POSSIBLE ACTION TO APPROVE MINUTES OF MARCH 17, 2023.**
Councilman Mckee-Rodriguez motioned, and Jordan Ghawi seconded for approval of the March 17, 2023. **AYES: 6 NAYS:**
ABSTAINED:
THE MOTION PASSED.

3. **CITIZENS TO BE HEARD-INTERESTED SPEAKERS WILL HAVE 3 MINUTES EACH TO ADDRESS THE BOARD ON AGENDA ITEMS OR HOUSING POLICY RELATED MATTERS; A TOTAL OF 15 MINUTES WILL BE PROVIDED.**

NONE.
NO ACTION WAS TAKEN.

4. **DISCUSSION AND POSSIBLE ACTION TO APPROVE A RESOLUTION AUTHORIZING AN AMENDMENT TO THE RED BERRY MASTER AGREEMENT TO**

INCREASE THE FUNDING FROM THE CITY OF SAN ANTONIO IN THE AMOUNT NOT TO EXCEED $250,000 TO COMPLETE THE RED BERRY HIKE AND BIKE TRAIL
CONNECTION TO SALADO CREEK, EXTENDING TIME TO COMPLETE PROJECT
AND AUTHORIZING THE ASSISTANT SECRETARY TO NEGOTIATE OTHER MATTERS IN CONNECTION THEREWITH.

Pete Alanis briefed the board on the proposed amendments for the Red Berry Master Agreement to increase the funding to complete the Red Berry Hike and Bike Trail and to extend the time to complete the project.

MINUTES COMMISSION ACTION:
Jordan Ghawi motioned, and Councilman Courage seconded to approve Item #4 for the Red Berry Hike and Bike Trail. **AYES: 6 NAYS:**
ABSTAINED:
THE MOTION PASSED.

NO ACTION TAKEN.

5. EXECUTIVE SESSION: THE SAN ANTONIO HOUSING TRUST WILL BE MEETING IN EXECUTIVE SESSION PURSUANT TO TEXAS GOVERNMENT CODE SECTIONS
551.072 REAL ESTATE AND 551.071 CONSULTATION WITH ATTORNEY TO RECEIVE ADVICE ON PENDING LITIGATION MATTERS AND DELIBERATE AND DISCUSS THE ACQUISITIONS OF PARCELS OF PROPERTY AS FOLLOWS:

A. CAUSE NUMBER 2023CI06754 IN BEXAR COUNTY DISTRICT COURT, *WEIBRACHT V. MISSION Dg, LTD.*

B. UPDATE ON LAND ACQUISITIONS AND NEGOTIATIONS FOR PURPOSE OF FUTURE AFFORDABLE, SUSTAINABLE MULTIFAMILY DEVELOPMENT

RECOVENE INTO OPEN SESSION AND POSSIBLE ACTION RELATED TO ANY MATTERS AS DISCUSSED IN EXECUTIVE SESSION.

President Adriana Rocha Garcia convened the SAHT PFC Meeting into Executive Session at 2:10 p.m. to discuss Item Number 5.

Executive Session. The San Antonio Housing Trust reserves the right to adjourn into Executive Session at any time during the course of this meeting to discuss any of the matters listed on the posted agenda, above, as authorized by the Texas Government Code, Sections 551.071 (consultation with attorney), 551.072 (deliberations about real property), 551.073 (deliberations about gifts and donations), and 551.087 (economic development). ANY ITEM DISCUSSED IN THE EXECUTIVE SESSION MAY BE ACTED ON IN OPEN SESSION.

President Adriana Rocha Garcia reconvened the SAHT PFC Meeting into Open Session at 2:25 p.m. No action was taken place during the Executive Session.

NO ACTION TAKEN.

6. ADJOURNMENT

President Adriana Rocha Garcia adjourned the meeting. There being no further business, the meeting adjourned at 2:25 p.m.

San Antonio Housing Trust Public Facility Corporation
Agenda Item 3

Public Comment

Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters; a total of 15 minutes will be provided.

To sign up for Public Comment please call 210-735-2772 24 hours prior to this meeting to place your name on the list.

Los oradores interesados tendrán 3 minutos cada uno para dirigirse a la Junta sobre temas de la agenda o asuntos relacionados con la política de vivienda; Se proporcionará un total de 15 minutos.

Para inscribirse en Comentario Público, llame al 210-735-2772 24 horas antes de esta reunión para incluir su nombre en la lista.

San Antonio Housing Trust Public Facility
Agenda Item 4

Briefing and possible action to approve a resolution authorizing the Caroline at Salado Creek Apartments transaction.

Background

The Morgan Group has applied for a mixed income conventionally structured PFC partnership to develop a new $72 million apartment community at the site of the former Republic Golf Course adjacent to the future Arboretum project in City Council District 3.

The 359-unit development will include a mix of one, two, and three-bedroom apartment units, and several townhome units. Of the 359 total units, 18 units (5%) will be restricted for those households earning up to 50% AMI, 37 units (10%) will be restricted for those households earning up to 60% AMI; 126 units (35%) will be restricted for those households earning up to 80% AMI; and 178 (50%) of the units will be market rate. See the below targeted unit mix and bedroom sizes.

Unit Mix & Affordability					
	50% AMI	60% AMI	80% AMI	Mkt	Total
1 Bedroom	12	24	81	114	231
2 Bedroom	6	11	38	53	108
3 Bedroom	0	1	5	6	12
Townhome	0	1	2	5	8
Total	**18**	**37**	**126**	**178**	**359**

The 50%, 60% and 80% AMI units would be both income and rent restricted based on the annual rent and income limits published by the Texas Department of Housing and Community Affairs (TDHCA).

Site Information

The property is located on 18 acres of vacant land on the south side of Southeast Military Drive between Interstate 10 and interstate 410 on the site of the former Republic Golf course in southeast San Antonio. The project is currently zoned MF 33. The project is well located on major and secondary roads. The site is 15 minutes from downtown, 20 minutes to the airport and 15

minutes from the Texas A&M campus. Major retail centers and restaurants are located at City Base Landing which is 1.4 miles west of Caroline at Salado Creek.

Property Information

The development is located on a portion of the former Republic golf course and will consist of twelve 3 story walk-up buildings, and two townhome buildings. The developer intends to use the former club house and pavilion as the leasing office and club house. Amenities will include a resort style swimming pool, state of the art fitness center, business center, dog park and pet washing station. Parking will consist of surface parking and tucked under garages. The property will be enclosed with a 6-foot wrought iron fence with controlled access gates. Access to the site will be via S.E Military Drive. Adjacent to the site is the proposed 170-acre arboretum which is slated for completion in 2025.

The development will be constructed in accordance with The National Green Building standards (NGBS) "Bronze Standards" which have specified design standards for the following components:

- Energy Efficiency Water Efficiency
- Resource Efficiency
- Lot Development
- Operation & Maintenance
- Indoor Environmental Quality

Additionally, the Morgan Group has agreed to the following conditions which will benefit the residents:

1. Additional built out Accessible Units (10%/4%)
2. Contribute $271,500 to SAHT TEAM Program
3. Comply with SAHT Tenant Protection Policy
4. New Partners with SA Ready to Work Program
5. Registering with the *Housing Base San Antonio*

Development Team

The Caroline at Salado Creek is a joint venture partnership between Morgan Group Development, LLC and Bitterblue, Inc. The Morgan group has been in existence for 60 years and has built 28,000 multifamily units at a cost of $5.8 billion. The development will be managed by Morgan's in-house property management affiliate. Their management company has been in existence for 50 years and manages 15,000 units over 5 states. Bitterblue is San Antonio's premier land development company and has been in existence for 70 years. They have also identified the following professionals for this project:

Architect: Davies Collaborative
Civil Engineer: Pape Dawson
Legal: Locke Lord

Financial Considerations:

The initial proposal was initially rejected by the Finance & Audit Committee in April 2023, however staff was able to negotiate both additional affordable units and more competitive financial terms. This resulted in an estimated $5.63M increase to SAHT PFC over the initial 20-year period $7.23M to $12.02M. Additionally, we negotiated a revised unit mix to include 5% of units at 50% AMI.

Total development cost of $71,974,000 ($200,500 per unit) will be funded with a $39,586,000 construction loan and $32,388,000 in equity provided by Morgan Group and Bitterblue. The developer has agreed with SAHT PFC on the following terms:

- SAHT Origination fee of $250,000
- SAHT Rebate of 25% of the Sales Tax Savings
- Annual payment equal to 12% of the real estate taxes based upon 60% of development cost at the milage rate of 2.3560% per $100 of value with an annual escalator of 2%.
- At the first sale and any subsequent sales the annual payment will be based on 15% of the real estate taxes based on the assessed value calculated at 80% of the sales price at the milage rate of 2.2.3560% per $100 of value with an annual escalator of 2%.
- At the time of the first sale, SAHTPFC will receive a payment of 15% of the net sale proceeds which exceed 16 limited partner internal rate of return (IRR)
- 2% of the gross sales price after the initial sale

The projected monetary benefit over the first 20 years is estimated at **$12,017,512** as follows:

- $250,000 at closing
- $369,293 between year 1-2
- $269,250 Tenant Emergency Assistance Matters Program
- $677,494 at initial sale year #3
- $5,616,052 (15% of est. real estate tax savings over 17 years, average $312k per year)
- $2,168,476 (est. sale proceeds in year #9)
- $2,666,952 (est. sale proceeds in year #16)
- The land and the improvements at the end of the 99-year ground lease

Recommendation:

The Finance Committee recommends approving a Resolution authorizing the Caroline at Salado Creek Apartments transaction.

Attachments: Resolution

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility Corporation, a Texas nonprofit corporation created pursuant to the laws of the State of Texas ("SAHTPFC") hereby certifies as follows:

In accordance with its bylaws, the Board of Directors of SAHTPFC (the "Board") held a meeting on May 19, 2023, (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 CAROLINE AT SALADO CREEK APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AUTHORIZING THE PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO SERVE AS THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

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

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

SIGNED May 19, 2023.

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Pedro A. Alanis, Assistant Secretary

RESOLUTION AUTHORIZING THE CAROLINE AT SALADO CREEK APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AUTHORIZING THE PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO SERVE AS THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, a to-be-formed limited partnership (the "Partnership") will be formed to acquire and construct a 359-unit multifamily housing facility (the "Housing Facility") to be located on a tract of land located on the site of the former Republic Golf Course in San Antonio, Texas (the "Land," together with the Housing Facility, the "Project") pursuant to a Development Agreement (the "Development Agreement") between the Partnership and the Morgan Group (the "Developer") and the San Antonio Housing Trust Public Facility Corporation ("SAHTPFC");

WHEREAS, at the request of the Partnership, SAHTPFC has agreed to (i) acquire the Land and own the Project and lease it to the Partnership pursuant to a Lease Agreement (the "Lease") and Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), and (ii) to enter into an agreement to serve as the general contractor for the Project;

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

WHEREAS, in connection with the financing of the Project, the Partnership will enter into a loan transaction in the approximate amount of $40,000,000 (the "Loan");

WHEREAS, in connection with the execution of the Loan, SAHTPFC will be required to enter into certain agreements, including, but not limited to joinders to deeds of trust, consents, various assignments and certificates or other similarly named documents (collectively, the "Loan Documents");

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

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

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

Section 1. The Project, the Lease, the Development Agreement, the Regulatory Agreement, the Construction Documents and the Loan Documents for the Partnership are hereby authorized and approved on the terms presented to the Board, when such documents are approved by the officers signing them.

Section 2. The President, any Vice President, the Secretary, the Treasurer, or any Assistant Secretary, or any of them, are hereby authorized to execute any and all documentation required for the financing and construction of the Project, including, but not limited to, the Lease, the Development Agreement, the Regulatory Agreement, the Construction Documents, and the Loan Documents covering the Land or the Project, and all other documents relating to the development of the Project to which SAHTPFC is a party.

Section 3. The purchase of the Land, the lease of the Land, and the role of SAHTPFC as the general contractor for the Project are approved and the President, any Vice President, the Secretary, the Treasurer, and any Assistant Secretary, or any of them, are hereby authorized to execute the documents required to be executed by SAHTPFC in order to effect such transactions.

Section 4. The President, any Vice President, the Secretary, the Treasurer, and any Assistant Secretary, or any of them, and, if required by the form of the document, the Secretary and any Assistant Secretary, or any of them, of SAHTPFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHTPFC, and any and all certificates and other instruments necessary to carry out the intent thereof and hereof. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are authorized to negotiate and approve such changes in, or additions to, the terms of any of the documents, including amendments, renewals, and extensions, as such officers shall deem necessary or appropriate upon the advice of counsel to SAHTPFC, and approval of the terms of any of the documents by such officers and this Board shall be conclusively evidenced by the execution and delivery of such documents.

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

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

Section 7. The Board intends for this Resolution to be an "approval" for purposes of determining law applicable to the Project pursuant to Chapter 303 Texas Local Government Code (the "Act") and the grandfathering provisions of any legislative proposals to amend the Act, including House Bill 2071 and Senate Bill 1278 or any other legislation being proposed before the 88th legislative session, including any special sessions.

Section 8. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 9. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 10. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

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

Section 12. This Resolution shall be in force and effect from and after its passage.

San Antonio Housing Trust Public Facility
Agenda Item 5

Briefing and possible action to approve a resolution authorizing the Caroline at Sonterra transaction.

Background

The Morgan Group has applied for a mixed income conventionally structured PFC partnership to develop a new $72 million apartment community on 9 acres of vacant land along E. Sonterra Boulevard in City Council District 9.

The 301-unit development will include a mix of one, two, and three-bedroom apartment units, and several townhome units. Of the 301 total units, 15 units (5%) will be restricted for those households earning up to 50% AMI,31 units (10%) will be restricted for those households earning up to 60% AMI; 105 units (35%) will be restricted for those households earning up to 80% AMI; and 150 (50%) of the units will be market rate. See the below targeted unit mix and bedroom sizes.

Unit Mix & Affordability					
	50% AMI	60% AMI	80% AMI	Mkt	Total
1 Bedroom	10	20	70	100	200
2 Bedroom	5	10	31	45	91
3 Bedroom	0	1	4	5	10
Total	**15**	**31**	**105**	**150**	**301**

The 50%, 60% and 80% AMI units would be both income and rent restricted based on the annual rent and income limits published by the Texas Department of Housing and Community Affairs (TDHCA).

Site Information

The property is located on 9 acres of vacant land on the south side of East Sonterra Boulevard, west of the Highway 281 intersection. The land is currently zoned MF 40. The project is well located in the Far North Central San Antonio submarket. Highway 281 has undergone substantial updates to improve the north south flow of traffic. Additionally, when the project is complete there will be direct access to the Via Stone Oak Park and ride. The site is near major retail and services located at The Village at Marshall Road, The Village at Stone Oak, and Stone Ridge Market. Major employers in the area include USAA, Valero, UTSA, and JP Morgan.

Property Information

The development is located on the south side of East Sonterra Boulevard west of the Highway 281 intersection and will consist of twelve 4 story elevatored building with an attached two-story parking structure containing 191 spaces, and additional surface parking. Amenities will include a resort style swimming pool, state of the art fitness center, business center, dog park and pet washing station, outdoor grilling stations, and a movie lawn. The property will be enclosed with a 6-foot wrought iron fence with controlled access gates. Access to the site will be via a lighted intersection at the northeast corner of the site. Secondary access will be a shared-access drive on the south side of the property.

The development will be constructed in accordance with The National Green Building standards (NGBS) "Bronze Standards" which have specified design standards for the following components:

- Energy Efficiency / Water Efficiency
- Resource Efficiency
- Lot Development
- Operation & Maintenance
- Indoor Environmental Quality

Additionally, the Morgan Group has agreed to the following conditions which will benefit the residents:

1. Additional built out Accessible Units (10%/4%)
2. Contributing $225,750 to SAHT TEAM Program
3. Complying with SAHT Tenant Protection Policy
4. New Partnership with SA Ready to Work Program
5. Registering with the Housing Base San Antonio

Development Team

The Caroline at Sonterra is a joint venture partnership between Morgan Group Development, LLC and Bitterblue, Inc. The Morgan group has been in existence for 60 years and has built 28,000 multifamily units at a cost of $5.8 billion. The development will be managed by Morgan's in-house property management affiliate. Their management company has been in existence for 50 years and manages 15,000 units over 5 states. Bitterblue is San Antonio's premier land development company and has been in existence for 70 years. They have also identified the following professionals for this project:

Architect: Davies Collaborative
Civil Engineer: Pape Dawson
Legal: Locke Lord

Financial Considerations:

Total development cost of $76,768,726 ($255,046 per unit) will be funded with a $42,222,799 construction loan and $34,545,927 in equity provided by Morgan Group and Bitterblue. The developer has agreed with SAHT PFC on the following terms:

- SAHT Origination fee of $250,000
- SAHT Rebate of 25% of the Sales Tax Savings
- Annual payment equal to 12% of the real estate taxes based upon 60% of development cost at the milage rate of 2.3560% per $100 of value with an annual escalator of 2%.
- At the first sale and any subsequent sales the annual payment will be based on 15% of the real estate taxes based on the assessed value calculated at 80% of the sales price at the milage rate of 2.2.3560% per $100 of value with an annual escalator of 2%.
- At the time of the first sale, SAHTPFC will receive a payment of 15% of the net sale proceeds which exceed 16 limited partner internal rate of return (IRR)
- 2% of the gross sales price after the initial sale

The projected monetary benefit over the first 20 years is estimated at **$12,276,276** as follows:

- $250,000 at closing
- $387,098 between year 1-2
- $225,750 Tenant Emergency Assistance Matters Program
- $226,175 at initial sale year #3
- $6,140,758 (15% of est. real estate tax savings over 17 years, average $341k per year)
- $2,263,131 (est. sale proceeds in year #9)
- $2,783,365 (est. sale proceeds in year #16)
- The land and the improvements at the end of the 99-year ground lease

Recommendation:

The Finance Committee recommends approving a resolution authorizing the Caroline at Sonterra Apartments transaction.

Attachments:

Resolution

CERTIFICATE FOR RESOLUTION

The undersigned officer of the San Antonio Housing Trust Public Facility Corporation, a Texas nonprofit corporation created pursuant to the laws of the State of Texas ("SAHTPFC") hereby certifies as follows:

In accordance with its bylaws, the Board of Directors of SAHTPFC (the "Board") held a meeting on May 19, 2023, (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 CAROLINE AT SONTERRA APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AUTHORIZING THE PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO SERVE AS THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

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

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

SIGNED May 19, 2023.

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Pedro A. Alanis, Assistant Secretary

RESOLUTION AUTHORIZING THE CAROLINE AT SONTERRA APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AUTHORIZING THE PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO SERVE AS THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, a to-be-formed limited partnership (the "Partnership") will be formed to acquire and construct a 301-unit multifamily housing facility (the "Housing Facility") to be located on a tract of land located on the south side of East Sonterra Boulevard west of the Highway 281 intersection in San Antonio, Texas (the "Land," together with the Housing Facility, the "Project") pursuant to a Development Agreement (the "Development Agreement") between the Partnership and the Morgan Group (the "Developer") and the San Antonio Housing Trust Public Facility Corporation ("SAHTPFC");

WHEREAS, at the request of the Partnership, SAHTPFC has agreed to (i) acquire the Land and own the Project and lease it to the Partnership pursuant to a Lease Agreement (the "Lease") and Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), and (ii) to enter into an agreement to serve as the general contractor for the Project;

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

WHEREAS, in connection with the financing of the Project, the Partnership will enter into a loan transaction in the approximate amount of $43,000,000 (the "Loan");

WHEREAS, in connection with the execution of the Loan, SAHTPFC will be required to enter into certain agreements, including, but not limited to joinders to deeds of trust, consents, various assignments and certificates or other similarly named documents (collectively, the "Loan Documents");

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

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

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

Section 1. The Project, the Lease, the Development Agreement, the Regulatory Agreement, the Construction Documents and the Loan Documents for the Partnership are hereby authorized and

approved on the terms presented to the Board, when such documents are approved by the officers signing them.

Section 2. The President, any Vice President, the Secretary, the Treasurer, or any Assistant Secretary, or any of them, are hereby authorized to execute any and all documentation required for the financing and construction of the Project, including, but not limited to, the Lease, the Development Agreement, the Regulatory Agreement, the Construction Documents, and the Loan Documents covering the Land or the Project, and all other documents relating to the development of the Project to which SAHTPFC is a party.

Section 3. The purchase of the Land, the lease of the Land, and the role of SAHTPFC as the general contractor for the Project are approved and the President, any Vice President, the Secretary, the Treasurer, and any Assistant Secretary, or any of them, are hereby authorized to execute the documents required to be executed by SAHTPFC in order to effect such transactions.

Section 4. The President, any Vice President, the Secretary, the Treasurer, and any Assistant Secretary, or any of them, and, if required by the form of the document, the Secretary and any Assistant Secretary, or any of them, of SAHTPFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHTPFC, and any and all certificates and other instruments necessary to carry out the intent thereof and hereof. The President, any Vice President, the Secretary, the Treasurer, any Assistant Secretary, or any of them, are authorized to negotiate and approve such changes in, or additions to, the terms of any of the documents, including amendments, renewals, and extensions, as such officers shall deem necessary or appropriate upon the advice of counsel to SAHTPFC, and approval of the terms of any of the documents by such officers and this Board shall be conclusively evidenced by the execution and delivery of such documents.

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

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

Section 7. The Board intends for this Resolution to be an "approval" for purposes of determining law applicable to the Project pursuant to Chapter 303 Texas Local Government Code (the "Act") and the grandfathering provisions of any legislative proposals to amend the Act, including House Bill 2071 and Senate Bill 1278 or any other legislation being proposed before the 88th legislative session, including any special sessions.

Section 8. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 9. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 10. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

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

Section 12. This Resolution shall be in force and effect from and after its passage.

San Antonio Housing Trust Public Facility
Agenda Item 6

Briefing and possible action to approve a resolution inducing the Palladium San Antonio Apartments transaction.

In September 2022, the PFC board approved a non-binding bond inducement resolution for the Palladium SA Military Apartment's Texas Bond Review Board (TBRB) application for up to $43M in private activity bonds. The $65.3M project, being developed by the Palladium Group, received its TBRB bond reservation and is coming back to the PFC board to consider partnership terms. The PFC Boards approval is necessary to complete the LIHTC application through TDHCA.

Property Information

As currently proposed, the development will include a mix of one-, two-, and three bedroom apartment homes for low to moderate income families. Of the 288 total apartment homes, 32 units (11%) will be restricted for those households earning up to 30% AMI; 199 units will be restricted for those households earning up to 60% AMI; 25 units will be restricted for those households earning up to 70% AMI; 32 units will be restricted for those households earning up to 80% AMI. See the below targeted unit mix and bedroom sizes.

Unit Mix & Affordability					
	<30% AMI	60% AMI	70% AMI	80% AMI	Total
1 Bedroom	19	27	3	5	54
2 Bedroom	10	109	11	14	144
3 Bedroom	3	63	11	13	90
Total	**32**	**199**	**25**	**32**	**288**

The unit mix will assist the City in meeting SHIP goals and SAHT affordability targets for 30% and 60% AMI Unit. The Palladium SA at Military Apartments will include a resort style swimming pool, dog park, basketball court, clubhouse with Community Room, fitness center, uber/lyft pickup area, and EV charging stations. Residential services an array of social services based on Texas Department of Housing and Community Affairs (TDHCA) requirements and programs will be provided onsite free of charge including a scholarship program for high school seniors. The property will feature sustainability features such as Energy Star Appliances, LED Lighting, and EV charging stations.

Development Team

The Palladium Group is based in Italy and has offices in six different countries. Palladium USA in its capacity as owner, general partner, and developer has developed over 5,800 market rate and workforce housing units for families and seniors in the State of Texas. Palladium USA has approximately 1,700 units being constructed, and another 1,500 units being planned for development. The project will utilize their in-house property management company, Palladium Management, as Property Manager who has 35 years' experience in affordable housing in the Texas market with over 5,000 units managed. They have also identified Cross Architects, PLLC, a multi-family focused Texas Architectural Firm. The Engineering firm, Accounting Firm, and General Contractor will be selected later. The attorney team is Shackelford, Bowen, McKinley & Norton, LLP.

Site Information

The property is located within the Port San Antonio Regional Center on 18 acres of vacant land, south of Joint Base San Antonio currently zoned C-3MR. The MR designation will have building height limitations. Two CPS electric easements run through the property imposing design constraints on developable acreage. There are also two detention ponds required on the site. Due to these limitations, the property will need to be designed with 12 separate buildings built to 3 stories maximum.

The *Port San Antonio Area Regional Center* is forecast to grow by 13,500 to 15,500 households from 2010 to 2040. Since 2010, the Regional Center is estimated to have grown by just over 100 units per year, which is a *slower rate than forecasted for the area* since the completion of the plan.

The Port San Antonio Area Regional Center is forecast to grow by 23,800 to 27,000 new jobs from 2010 to 2040.

The site is supported by frequent Via Transit along the #614 Route just 8 minutes from the Kel-Lac Transit Center and is in walking distance to Pearsall Park. The site is near the Pearsall Trail, Dog Park, Sport Soccer Complex, South San HS, Alan B. Shepard MS, and IDEA Brackenridge Academy & College Preparatory and other commercial neighborhood assets.

Partnership Terms

The project has an initial projected $3.5M gap. The developer has applied for $3.5M of funding in the 2nd round of CoSA housing bonds. Staff recommend increasing the deferred development fee in combination with Housing Bond funding. The PFC has negotiated a draft MOU which summarizes the following financial terms:

- 1% Bond Issuance Fee (est. $430,000)
- 40% of Development/Deferred fee (est. $2,290,514)
- $50/unit Annual bond Fee
- 25% of the sales tax savings
- Right of First Refusal at Year 15
- Tenant Protection Policy
- Tenant Assistance Fund ($405,000)
- 50% of project cash flow after deferred fees

Recommendation:

The Finance Committee recommends approving a PFC Tax Credit Partnership Inducement Resolution with the Palladium Group for the Palladium SA Military Apartment Project

Attachments:

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 May 19, 2023 (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

> RESOLUTION INDUCING THE PALLADIUM SAN ANTONIO APARTMENTS TRANSACTION; AND AUTHORIZING ALL FILINGS AND AGREEMENTS WITH TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS IN CONNECTION WITH APPLICATIONS FOR LOW INCOME HOUSING TAX CREDITS; AND AUTHORIZING THE NEGOTIATION AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING; AND OTHER MATTERS IN CONNECTION THEREWITH

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

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

SIGNED May 19, 2023.

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Pedro A. Alanis, Assistant Secretary

RESOLUTION INDUCING THE PALLADIUM SAN ANTONIO APARTMENTS TRANSACTION; AND AUTHORIZING ALL FILINGS AND AGREEMENTS WITH TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS IN CONNECTION WITH APPLICATIONS FOR LOW INCOME HOUSING TAX CREDITS; AND AUTHORIZING THE NEGOTIATION AND EXECUTION OF A MEMORANDUM OF UNDERSTANDING; AND OTHER MATTERS IN CONNECTION THEREWITH

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

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

WHEREAS, Palladium San Antonio, Ltd., a Texas limited partnership (the "Partnership"), and SAHT Palladium Military GP, LLC, a Texas limited liability company and its general partner (the "General Partner"), have been formed to acquire and construct an approximately 288-unit multifamily housing facility (the "Housing Facility") to be located at approximately 4770 Military Drive West, San Antonio, Texas (the "Land," together with the Housing Facility, the "Project");

WHEREAS, at the request of the Partnership, SAHTPFC has agreed to (i) serve as the sole member of the General Partner of the Partnership in connection with the financing of the Project, (ii) acquire the Land and lease it to the Partnership pursuant to a Ground Lease, and (iii) serve as the general contractor for the
Project;

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

WHEREAS, SAHTPFC and the Partnership or an affiliate or affiliates thereof will define their mutual relationship in a Memorandum of Understanding (the "MOU");

WHEREAS, the Partnership has also requested that SAHTPFC issue its Multifamily Housing Revenue Bonds (Palladium San Antonio Apartments) Series 2023 (the "Bonds") to finance the Project (the "Bond Financing");

WHEREAS, Palladium USA International, Inc. (the "Developer"), on behalf of the Partnership, has applied or will simultaneously herewith apply for low-income housing tax credits (the "LIHTCs") from the Texas Department of Housing and Community Affairs ("TDHCA");

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

WHEREAS, the Partnership will contribute equity to the construction of the Project, which will be contributed by a limited partner to be determined at a later date (the "Equity Financing");

WHEREAS, in order to provide additional funding for the Project, the Partnership may enter into one or more subordinate loans ("Subordinate Loans");

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

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

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

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

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

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

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

Section 3. The President, any Vice President, the Secretary, the Treasurer, the Executive Director, any Assistant Secretary, or any of them, and, if required by the form of the document, the Secretary and any Assistant Secretary, or any of them, of SAHTPFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHTPFC, and any and all certificates and other instruments necessary to carry out the intent thereof and hereof, including, without limitation, the TDHCA Documents and all filings or other actions required by the TDHCA in connection with the LIHTCs. The President, any Vice

President, the Secretary, the Treasurer, the Executive Director, any Assistant Secretary, or any of them, are authorized to negotiate and approve such changes in, or additions to, the terms of any of the documents, including amendments, renewals, and extensions, as such officers shall deem necessary or appropriate upon the advice of counsel to SAHTPFC, and approval of the terms of any of the documents by such officers and this Board shall be conclusively evidenced by the execution and delivery of such documents.

Section 4. It is understood by SAHTPFC and the Partnership and Developer have represented to SAHTPFC, that in consideration of SAHTPFC's adoption of this Resolution, and subject to the terms and conditions hereof, that the Partnership and Developer have agreed that

(a) the Partnership and Developer will (1) pay all Project costs that are not or cannot be paid or reimbursed from the proceeds of any debt and (2) indemnify and hold harmless SAHTPFC and the City against all losses, costs, damages, expenses and liabilities of whatsoever nature (including but not limited to reasonable attorneys' fees, litigation and courts costs, amounts paid in settlement, and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to the Project, or the design, construction, equipping, installation, operation, use, occupancy, maintenance or ownership of the
Project (other than claims arising from the gross negligence or willful misconduct of SAHTPFC or the City).

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

Section 6. The Board authorizes the negotiation and execution by any officer(s) of the Board of the MOU setting forth the details of the Project.

Section 7. 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 8. The officers of this Board hereby approve the selection of Bracewell LLP as counsel to the General Partner and SAHTPFC for this transaction.

Section 9. 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 and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 10. 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 11. 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 12. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 13. This Resolution shall be in force and effect from and after its passage.

San Antonio Housing Trust Public Facility
Agenda Item 7

Briefing, discussion and possible action regarding an amended and restated resolution concerning the application of Winston Roselawn Apartments LP relating to the proposed financing of up to $30,000,000 of the costs of the acquisition, rehabilitation, construction and equipping of the Winston Square/Roselawn Apartments; and other matters in connection therewith.

***Winston/*Roselawn**

Pico Union is a non-profit community-based organization seeking to partner with SAHT PFC through a bond inducement to combine and rehabilitate the 208 total units between the two properties through a combined 4% LIHTC structure to target low-income families. The *Winston Square/Roselawn Apartments* will be affordable for households whose incomes are at both 30% (32 units) and 60% (176 units) of area median income (AMI).

On September 16, 2022, The SAHTPFC board approved a resolution for the inducement of $25,000,000 in private activity bonds to be issued by SAHTPFC to be used to fund a portion of the acquisition and redevelopment of the subject property. The project was awarded a $25,000,000 reservation with a required closing date of July 17, 2023.

Since receiving the award, Pico has retained a contractor to clean and scope the sewer lines at the property. Final bids have not been received, but it is anticipated that the sewer repairs/replacements will significantly impact the renovation budget and financing gap on this project. After consulting with Pico and our bond counsel, it was determined that the original bond reservation should be surrendered and that a new bond application for $30,000,000 should be submitted.

Recommendation:
It is recommended that the SAHTPFC board approve a new inducement resolution in the amount of $30,000,000. Failure to secure increased bond funding will put the transaction at risk or require a reduced scope of work for the rehabilitation project in order to cover the sewer repairs.

Attachment:
Resolution

Winston Square/Roselawn 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 May 19, 2023 (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

> **AMENDED AND RESTATED RESOLUTION CONCERNING THE APPLICATION OF WINSTON ROSELAWN APTS LP RELATING TO THE PROPOSED FINANCING OF UP TO $30,000,000 OF THE COSTS OF THE ACQUISITION, REHABILITATION, CONSTRUCTION AND EQUIPPING OF THE WINSTON SQUARE/ROSELAWN 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 May 19, 2023.

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Pedro A. Alanis, Assistant Secretary

AMENDED AND RESTATED RESOLUTION CONCERNING THE APPLICATION OF WINSTON ROSELAWN APTS LP RELATING TO THE PROPOSED FINANCING OF UP TO $30,000,000 OF THE COSTS OF THE ACQUISITION, REHABILITATION, CONSTRUCTION AND EQUIPPING OF THE WINSTON SQUARE/ROSELAWN 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, Winston Roselawn Apts LP, a Texas limited partnership or another affiliate of the developer (the "User"), has filed an Application for financing (the "Application"), requesting that (i) the Issuer finance the acquisition, rehabilitation, construction and equipping of a 208-unit multifamily housing facility located on the south side of Roselawn Road at the intersection of S. General McMullen Drive and known as the Winston Square/Roselawn Apartments (the "Project"); and (ii) the Issuer file and/or refile a 2023 and/or 2024 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, on September 16, 2022, the Board approved a resolution (the "Original Resolution") authorizing the inducement of the Bonds for the Project in an amount not to exceed $25,000,000;

WHEREAS, the Board desires to amend and restate the Original Resolution as set forth herein to increase the maximum amount of Bonds it may issue;

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 $30,000,000 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 $30,000,000;

(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, 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 2023 and/or 2024 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 $10,000 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 $30,000,000. 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, or Assistant Secretary of the Issuer 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
Agenda Item 8

Briefing, discussion and possible action regarding an amended and restated resolution concerning the application of Spanish Pecan Apartments LP relating to the proposed financing of up to $32,000,000 of the costs of the acquisition, rehabilitation, construction and equipping of the Pecan Manor/Spanish Spur Apartments; and other matters in connection therewith.

Pecan Manor/Spanish Spur

Pico Union is a non-profit community-based organization seeking to partner with SAHTPPFC through a bond inducement to combine and rehabilitate the 256 total units between the two properties through a combined 4% LIHTC structure to target low-income families. The *Pecan Manor/Spanish Spur Apartments* will be affordable for households whose incomes are at both 30% (39 units) and 60% (217 units) of area median income (AMI).

On September 16, 2022, The SAHTPFC board approved a resolution for the inducement of $25,000,000 in private activity bonds to be issued by SAHTPFC to be used to fund a portion of the acquisition and redevelopment of the subject property. The project was awarded a $25,000,000 reservation with a required closing date of July 23, 2023.

Since receiving the award, Pico has retained a contractor to clean and scope the sewer lines at the property. Final bids have not been received, but it is anticipated that the sewer repairs/replacements will significantly impact the renovation budget and financing gap on this project. After consulting with Pico and our bond counsel, it was determined that the original bond reservation should be surrendered and that a new bond application for $32,000,000 should be submitted.

Recommendation:
It is recommended that the SAHTPFC board approve a new inducement resolution in the amount of $32,000,000. Failure to secure increased bond funding will put the transaction at risk or require a reduced scope of work for the rehabilitation project in order to cover the sewer repairs.

Attachment:
Resolution

Pecan Manor/Spanish Spur Apartments

CERTIFICATE FOR RESOLUTION

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

3. In accordance with the bylaws of the Issuer, the Board of Directors of the Issuer (the "Board") held a meeting on May 19, 2023 (the "Meeting") of the duly constituted officers and members of the Board, at which a duly constituted quorum was present. Whereupon among other business transacted at the Meeting, a written

> **AMENDED AND RESTATED RESOLUTION CONCERNING THE APPLICATION OF SPANISH PECAN APTS LP RELATING TO THE PROPOSED FINANCING OF UP TO $32,000,000 OF THE COSTS OF THE ACQUISITION, REHABILITATION, CONSTRUCTION AND EQUIPPING OF THE PECAN MANOR/SPANISH SPUR 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.

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

SIGNED May 19, 2023.

_____

Pedro A. Alanis, Assistant Secretary

AMENDED AND RESTATED RESOLUTION CONCERNING THE APPLICATION OF SPANISH PECAN APTS LP RELATING TO THE PROPOSED FINANCING OF UP TO $32,000,000 OF THE COSTS OF THE ACQUISITION, REHABILITATION, CONSTRUCTION AND EQUIPPING OF THE PECAN MANOR/SPANISH SPUR 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, Spanish Pecan Apts LP, a Texas limited partnership or another affiliate of the developer (the "User"), has filed an Application for financing (the "Application"), requesting that (i) the Issuer finance the acquisition, rehabilitation, construction and equipping of a 256-unit multifamily housing facility for located at approximately 6835 and 6840 Pecan Valley Drive and known as the Pecan Manor/Spanish Spur Apartments (the "Project"); and (ii) the Issuer file and/or refile a 2023 and/or 2024 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, on September 16, 2022, the Board approved a resolution (the "Original Resolution") authorizing the inducement of the Bonds for the Project in an amount not to exceed $25,000,000;

WHEREAS, the Board desires to amend and restate the Original Resolution as set forth herein to increase the maximum amount of Bonds it may issue;

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 $32,000,000 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 $32,000,000;

(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, 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 2023 and/or 2024 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 $10,000 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 $32,000,000. 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, or Assistant Secretary of the Issuer 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
Agenda Item 9

Briefing and possible action to approve a Resolution authorizing the payment of $40,500 from available San Antonio Housing Trust Public Facility Corporation funds to reimburse Villas at Echo East, LP for delinquent property taxes.

Background

In April 2021, the San Antonio Housing Trust Public Facility Corporation partnered with George Gervin Youth Center and Atlantic Pacific on a 192-unit 4% Low Income Housing Tax Credit multi-family development, Villages at Echo East. As part of the development the PFC ground leased approximately 7 acres of the property to the tax credit partnership to expedite the project. The original 10.77-acre tract of land was conveyed to the PFC from the City to expedite the construction of the affordable apartment community. However, after closing, it was discovered that a delinquent tax amount was still owed on the 10.77 acres stemming from a deed in lieu of foreclosure with the former owner. At that time, there was an oversight in ensuring the taxes at the time were resolved.

When this tax issue was discovered, the delinquent taxes and resulting interest/penalties totaled $156,677. As required by law, the replat of the project could not be approved until this issue was resolved. This placed in jeopardy developers' ability to attain a certificate of occupancy and thus meet lender/investor conditions. While the City requested the developer withhold the payment to the Bexar County Appraisal District, the developer paid the $156,677 out of pocket to avoid a detrimental condition of default.

Title Insurance Process

Our attorney team had over 30 communications and engagements with First American Insurance to process the insurance claim. The initial claim was filed on September 28, 2022. The developer paid the outstanding taxes and penalties on October 10th. In December, First American Insurance denied the claim based on the fact the taxes were paid in full and as a result there was "no defect triggering coverage". Our counsel provided a response 3-days later outlining our concerns to First American Insurance that the payment of the taxes did not prejudice SAHT's rights by becoming the reason for denial. In fact, this only served to reduce assessed penalties.

On January 12, 2023, First American Insurance denied the claim for a second time stating that Villas at Echo East, LP does not fall within the definition of an insured under the terms and conditions of the Policy. They also claimed that Bexar County Tax Assessor-Collector and the Bexar County Appraisal District no taxes due or being enforced against the Property due to the ownership by the Insured. As a result, the 2010-2013 taxes did not trigger coverage under the Policy. Furthermore, they stated the conveyance of the Property to the Insured from the City of San Antonio could result

in enforcement of the taxes, this matter would be excepted from coverage. Our attorneys have drafted a complaint to the *Texas Department of Insurance* based on:

1. failure by the senior claims counsel to respond timely to claim.
2. continued difficulty in obtaining responses and receiving communication from senior claims counsel throughout the claim review;
3. misapplication of policy coverage and scope to insured, resulting in denial.

Fiscal Impact

The City continued meeting with the Tax Assessor to see if there was a resolution to correct the issue and return payment to the developer. The city has been successful at resolving $77,507 but the remaining $81,000 is needed to reimburse the developer. The city is respectfully requesting the San Antonio Housing Trust pay half of the remaining balance of $40,500. Note the tax delinquency resolution paid by the developer also impacted the remaining 3 acres still owned by the Public Facility Corporation.

Recommendation

The Finance Committee recommends authorizing the payment of $40,500 from available PFC funds to reimburse the Echo East Development Partner to resolve all remaining tax issues at the site.

Attachments:

Resolution

RESOLUTION NO. PFC23-0519-7

A RESOLUTION AUTHORIZING THE REIMBURSEMENT OF $40,500.00 FROM AVAILABLE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION FUNDS TO VILLAS AT ECHO EAST, LP, FOR THE PAYMENT OF DELINQUENT PROPERTY TAXES AND ACRRUED INTEREST APPLICABLE TO THE PROPERTY LOCATED AT 301 SPRIGGSDALE AVENUE.

WHEREAS, In April 2021, the San Antonio Housing Trust Public Facility Corporation ("SAHTPFC") agreed to partner with the George Gervin Youth Center ("Gervin") and Atlantic Pacific on a 192-unit, 4% Low Income Housing Tax Credit multi-family development, to be known as the Villages at Echo East (the "Project"); and

WHEREAS, to implement the Project, the City of San Antonio ("City") transferred 10.77 acres of real property located at 301 Spriggsdale to the SAHTPFC, upon which the Project would be constructed; and

WHEREAS, due to the discovery of delinquent and outstanding property taxes and penalties pertaining to the Property from 2010-2013, the Project could not commence until the issue of the delinquent taxes was resolved; and

WHEREAS, on October 10, 2022, the Project developer, Villas at Echo East, LP, elected to pay the delinquent taxes and penalties, which totaled $156,677, in order to cap the continued accrual of penalties and increased costs attributable to the Property; and

WHEREAS, the City has since been successful at resolving $77,507 of the delinquent property taxes and penalties, leaving $81,000 of the outstanding taxes and penalties as a remaining balance; and

WHEREAS, the City has agreed to reimburse half of the remaining balance--$40,500—to the developer, and has requested the SAHTPFC reimburse the other half of the remaining balance; and

WHEREAS, given the totality of the circumstances, the SAHTPFC finds that the reimbursement of $40,500 to the developer will allow the Project to move forward and address the great need for affordable housing in the community;

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

Section 1. The above Recitals are true and correct and are a material part of this Resolution and are incorporated herein for all purposes.

Section 2. The Board of Directors for the San Antonio Housing Trust Public Facility Corporation does hereby approve the reimbursement of $40,500 to Villas at Echo East, LP, for the October 10, 2022 payment of delinquent and outstanding ad valorem taxes and penalties applicable to the Property.

Section 3. If any section, subsection, clause, phrase or provision of this Article, or any application thereof to any person or circumstance, shall to any extent be held by a court of competent jurisdiction to be invalid, void, or unconstitutional, the remaining sections, subsections, clauses, phrases and provisions of this Article, or any application thereof to any person or circumstance, shall remain in full force and effect and shall in no way be affected, impaired, or invalidated.

Section 4. That it is officially found, determined and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 5. This Resolution shall take effect immediately from and after its passage and the publication of the caption hereof, as provided by law.

PASSED and APPROVED this the ___day of May 2023.

SIGNED:

_____

Councilwoman Adriana Rocha Garcia
President

ATTEST:

_____

Jordan Ghawi, Secretary