

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/83944090718?pwd=ZUtVSmtEK2ZoWW4zQ1pLL3JOSUVkUT09>

DIAL-IN NUMBER: 1-346-248-7799 MEETING ID: 839 4409 0718 PASSWORD: 070996

On Friday, June 30, 2023, beginning at 11:00 a.m.

NOTICE: *A quorum of the board of directors will be physically located at 114 W Commerce St., San Antonio, TX 78205 at 11:00 a.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. Public Comment – Interested speakers will have 3 minutes each to address the Board on agenda items or housing policy related matters.
3. Resolution authorizing the **Palladium Crestway 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 the creation of SAHT Palladium Crestway GP, LLC and its admission as the General Partner of Palladium San Antonio II, LTD.; and authorizing the financing for such transaction; and authorizing the San Antonio Housing Trust Public Facility Corporation to serve as the General Contractor; and other matters in connection therewith.
4. 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**

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**

Final authorizations to close the Palladium at Crestway Apartments.

Background

In September 2022, the PFC board approved a non-binding inducement resolution for the 4% LIHTC project Palladium at Crestway Apartments. The project was awarded a \$43M allocation of private activity bonds by the Texas Bond Review Board. In February 2023, the PFC board approved a non-binding resolution authorizing the filing of a tax credit application with TDHCA and authorizing the negotiation and execution of a memorandum understanding for the transaction. The project has received a tax credit award from TDHCA and will need to close on the financing by July 28, 2023

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 271 total apartment homes, 30 units (11%) will be restricted for those households earning up to 30% AMI; 187 units (69%) will be restricted for those households earning up to 60% AMI; 18 units (7%) will be restricted for those households earning up to 70% AMI; 36 units (13%) will be restricted for those households earning up to 80% AMI. The unit mix will assist the city in meeting SHIP goals and SAHT affordability targets for 30% and 60% AMI Unit. See the below targeted unit mix and bedroom sizes.

Unit Mix & Affordability					
	<30% AMI	60% AMI	70% AMI	80% AMI	Total
1 Bedroom	18	62	0	0	80
2 Bedroom	8	112	8	16	144
3 Bedroom	4	13	10	20	47
Total	30	187	18	36	271

The Palladium SA Crestway 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.

Site Information

The property is located on 10.1 acres of vacant land near Windcrest and about .4 miles from Randolph Park and Ride. The project is currently zoned C-2 and MF 33. The project is within proximity to the I-35 corridor in the northeast portion of San Antonio which has traditionally been the industrial employment center of the city. This regional activity center, located at the intersection of I-35 and the I-410 Loop, is the confluence of several types of employment and community-serving retail. Industrial development and distribution employment has begun to shift to the southeast portion of the city and further north along the I-35 corridor, leaving this area with the opportunity for infill redevelopment of the older industrial areas. This evolving regional center will benefit from coordinated land use planning to leverage existing infrastructure and support new types of development.

The site is not supported by frequent Via Stop along Crestway, however the Randolph Park and Ride is a short 2-minute drive. The Park and Ride services the 8, 17, 21, 502, 505, 509, 552, 629, 630, 632 bus routes. The property is .5 miles from Takas City Park, and within .5 – 1.5 miles of Roosevelt H.S., Windcrest Elementary, and White Middle School.

Financial Considerations:

The project is anticipated to cost \$64.2 million (\$236k per unit). The project was awarded a \$43 million reservation through the Texas Bond Review Board to be eligible for the 4% Low Income Housing Tax Credit Program through TDHCA. The transaction will be funded with private activity bonds issued by SAHT PFC, and 4% LIHTCs issued by TDHCA. The project will also require a 100% Sales and Property Tax Exemption through the PFC being part of the Tax Credit Partnership. The project will be financed as follows:

\$31,564,490	Mortgage Tax Exempt Debt
26,700,036	Tax Credit Equity
5,719,173	Deferred Developer Fee
<u>212,510</u>	Earnings on Bond Funds
\$64,196,792	Total

The project previously had a \$2M funding gap identified at our last board meeting. After this board meeting voted to table this project, SAHT worked with the developer to reduce costs

through value engineering (\$530k), extend the deferred development fee period year 13 (\$490K), increase debt through interest rate savings both on the tax-exempt debt and equity bridge loan (\$1.45M).

To meet the developer threshold needs, SAHT agreed to adjusting the developer fee to 80% (Palladium) / 20% (PFC) split through stabilization with the deferred developer fee generating a 20% (Palladium) / 80% (PFC) split to accelerate SAHT PFC back to the 60%/40% developer fee split. This is expected to resume in Operating Year 4.

Developer may continue to seek other public sources to reduce risk at cash flow risk, however they agreed not to request additional funding from the City of San Antonio other than what they may be eligible under City's Impact Fee Waiver Program.

SAHT is anticipated to receive \$4,726,752 over the next 15 years as follows:

- 1% Bond Issuance Fee (\$315,644)
- \$30/unit Annual bond Fee (Est. \$121,950)
- 40% of Developer/Def Fee (Est. \$2,976,892)
- 50% of Cash Flow after Def Fee (Est. \$952,760)
- 25% of the sales tax savings (Est. \$359,506)

Other:

- Project will adhere to SAHT's Tenant Protection Policy
- Tenant Emergency Assistance Matters (TEAM) (\$406k from sales tax rebate & dev fees)
- Project will participate in the SA Ready to Work Program
- Project will register affordable units with COSA's Housing Base San Antonio

Recommendation

Staff recommends authorizing a Resolution for the Palladium at Crestway Apartments Transaction, including the execution of all documentation necessary to carry out the transaction; including the purchase of the land and the lease for the transaction as well as creating of SAHT Palladium Crestway GP, LLC and its admission as the General Partner of Palladium San Antonio II, LTD; authorizing the financing for the transaction; and authorizing the PFC to serve as the General Contractor.

Attachments:

Resolution

PALLADIUM CRESTWAY

CERTIFICATE FOR RESOLUTION

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

1. In accordance with its bylaws, the Board of Directors of SAHTPFC (the “Board”) held a meeting on June 30, 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 PALLADIUM CRESTWAY 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 THE ACQUISITION OF ALL OF THE MEMBERSHIP INTEREST OF SAHT PALLADIUM CRESTWAY GP, LLC AND ITS ADMISSION AS THE GENERAL PARTNER OF PALLADIUM SAN ANTONIO II, LTD.; AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING THE 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.

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

SIGNED June 30, 2023.

Pedro A. Alanis, Assistant Secretary

RESOLUTION AUTHORIZING THE PALLADIUM CRESTWAY 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 THE ACQUISITION OF ALL OF THE MEMBERSHIP INTEREST OF SAHT PALLADIUM CRESTWAY GP, LLC AND ITS ADMISSION AS THE GENERAL PARTNER OF PALLADIUM SAN ANTONIO II, LTD.; AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING THE SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION TO SERVE AS THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Palladium San Antonio II, Ltd., a Texas limited partnership (the “Partnership”), and SAHT Palladium Crestway GP, LLC, a Texas limited liability company and its general partner (the “General Partner”), have been formed to acquire and construct an approximately 270-unit multifamily housing facility (the “Housing Facility”) to be located at approximately 5319 Crestway Road in San Antonio, Texas (the “Land,” together with the Housing Facility, the “Project”);

WHEREAS, at the request of the Partnership, the San Antonio Housing Trust Public Facility Corporation (“SAHTPFC”) has agreed to (i) serve as the sole member of 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 (the “Ground Lease”) and (iii) to serve as the general contractor for the Project;

WHEREAS, the Partnership has requested that SAHTPFC issue its Multifamily Housing Revenue Bonds (Palladium Crestway Apartments) Series 2023 (the “Bonds”) to finance the Project (the “Bond Financing”);

WHEREAS, SAHTPFC will issue the Bonds in an amount not to exceed \$43,000,000 and loan such proceeds to the Partnership;

WHEREAS, in connection with the Bond Financing, the Partnership, the General Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to the Indenture, Loan Agreement, Promissory Note, the Regulatory Agreement and Declaration of Restrictive Covenants, the Tax Exemption Certificate and Agreement and a Ground Lease (collectively, the “Bond Documents”);

WHEREAS, in connection with the financing, the Partnership will also enter into a loan transaction with Cedar Rapids Bank and Trust Company for a loan in the approximate amount of \$31,564,490 (the “Loan”);

WHEREAS, in connection with the execution of the Loan, the Partnership, the General Partner, and/or SAHTPFC will be required to enter into certain agreements, including, but not limited to, a Disbursing Agreement, a Continuing Covenants Agreement, a Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing, a Replacement

Reserve and Security Agreement, an Operating Reserve and Security Agreement, an Account Pledge and Control Agreement, an Assignment of Partnership Interest and Capital Contributions Agreement, an Assignment of Contracts, Agreements, License and Permits, an Assignment of Development Agreement and Developer Fee Subordination Agreement, an Assignment and Subordination of Property Management Agreement, an Environmental and ADA Indemnity Agreement, and various other ancillary agreements, assignments, documents and certificates relating to or required in connection with the Loan (collectively, the “Loan Documents”);

WHEREAS, the developer, on behalf of the Partnership, has applied 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 Partnership, 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, in connection with the financing for the Project, the Partnership, the General Partner, and/or SAHTPFC will be required to enter a bridge loan from PNC Bank, National Association (the “Bridge Loan”), including, but not limited to, a loan in the approximate amount of \$21,500,000, which will be documented in certain agreements, including, but not limited to, a Bridge Loan and Security Agreement, a Bridge Loan Promissory Note, an Assignment of Capital Contributions, a Guaranty and Suretyship Agreement, a Pledge and Security Agreement, a Bridge Loan Certification, a Borrower’s Certificate, a Transaction Administration Letter and various other ancillary agreements, assignments, documents and certificates relating to or required in connection with the Bridge Loan (collectively, the “Bridge Loan Documents”);

WHEREAS, in order to obtain additional funds for the construction of the Project, the Partnership may enter into such other subordinate loan transactions as it deems necessary (collectively, the “Subordinate Loans”);

WHEREAS, in connection with the Subordinate Loans, the Partnership, the General Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to, loan agreements, promissory notes, deeds of trust, restrictive covenants, security agreements, pledge agreements, intercreditor and subordination agreements, and various other ancillary agreements, assignments, documents and certificates relating to or required in connection with the Subordinate Loans (collectively, the “Subordinate Loan Documents”);

WHEREAS, the Partnership will contribute approximately \$27,100,000 of equity to the construction of the Project, which will be raised from the sale of tax credits (the “Equity Financing”);

WHEREAS, in connection with the Equity Financing, the Partnership, the General Partner, and/or SAHTPFC will be required to enter into certain agreements, including but not limited to an Amended and Restated Agreement of Limited Partnership, including the documents

attached as exhibits thereto, the Development Agreement, the Master Agreement, [the Guaranty Agreement](#), and closing certificates (collectively, the “Equity Documents”);

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

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

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

Section 1. The Project, the various forms of financing contemplated for the Project, including but not limited to the Bond Financing, the Loan, the Bridge Loan, the Subordinate Loans and the Equity Financing and the terms of the Bond Documents, the Loan Documents, the Bridge Loan Documents, the Subordinate Loan Documents, the TDHCA Documents, the Construction Documents and the Equity Documents, are hereby authorized and approved when such documents are executed by the officers provided below.

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

Section 3. The purchase of the Land, the lease of the Land, the acquisition of the membership interest in the General Partner by SAHTPFC and its admission as the general partner of the Partnership, 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, 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 the Board shall be conclusively evidenced by the execution and delivery of such documents.

Section 5. The officers of the Corporation, 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 the Corporation hereby approve the selection of Bracewell LLP as counsel to the General Partner and SAHTPFC for this transaction.

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

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

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

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

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