



SAN ANTONIO HOUSING FACILITY CORPORATION MEETING

NOV. 7
2019



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HOUSING AUTHORITY
Opportunity Lives Here





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BOARD OF DIRECTORS

Morris A. Stribling, DPM
Chairman

Jessica Weaver
Vice Chair

Charles Clack
Director

Jo-Anne Kaplan
Director

Sofia A. Lopez
Director

Marie R. McClure
Director

SAN ANTONIO HOUSING FACILITY CORPORATION
***BOARD MEETING**

818 S. Flores St., San Antonio, TX 78204
1:00 p.m., Thursday, November 7, 2019

MEETING CALLED TO ORDER

1. The Board of Directors may hold a closed meeting pursuant to Texas Government Code § 551.071-076 for consultation concerning attorney-client matters, real estate, litigation, personnel, and security matters. The Board reserves the right to enter into closed meeting at any time during the course of the meeting.

PUBLIC COMMENT

2. Public Comment - Citizens are provided three minutes each to speak to any agenda items.

MINUTES

3. Minutes
 - Approval of the October 17, 2019, San Antonio Housing Facility Corporation Meeting minutes

OPERATIONS

4. Consideration and approval regarding Resolution 19FAC-10-03, authorizing the entering into a partnership with Post Investment Group (Post) to acquire Arroyo Seco Apartments located in San Antonio, TX, and authorizing the President and CEO, and his designated staff to: negotiate the terms of the acquisition agreement; submit application for financing; create any legal entities; execute contracts for conveyance of land; retain legal counsel; and any and all actions required to consummate the transaction (Ed Hinojosa, Chief Financial Officer; Thomas Roth, Director of Asset Management)
5. Consideration and approval regarding Resolution 19FAC-10-17, authorizing the Majestic Ranch Apartments transaction, including the execution of all documentation necessary to carry out the 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 purchase of the land for the transaction and the lease of such land for the transaction; and authorizing the acquisition of the membership interest in SAHT Majestic Living GP, LLC; and authorizing the financing for such transaction; and authorizing a bridge loan from San Antonio Housing Authority in an amount up to \$2,000,000.00 in Moving to Work Funds (or other available funds) to the Partnership; and authorizing San Antonio Housing Facility Corporation to serve as a joint venturer in the general contractor; and other matters in connection therewith (Timothy E. Alcott, Real Estate and Legal Services Officer; Lorraine Robles, Director of Development Services and Neighborhood Revitalization)
6. Adjournment

*Note: Whenever the Texas Open Meetings Act (Section 551.001 et seq. of the Texas Government Code) provides for a closed meeting in matters concerning legal advice, real estate, contracts, personnel matters, or security issues, the Board may find a closed meeting to be necessary. For the convenience of the citizens interested in an item preceded by an asterisk, notice is given that a closed meeting is contemplated. However, the Board reserves the right to go into a closed meeting on any other item, whether it has an asterisk, when the Board determines there is a need and a closed meeting is permitted.

“Pursuant to § 30.06, Penal Code, (trespass by holder license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a concealed handgun.”

“Pursuant to § 30.07, Penal Code, (trespass by holder license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not attend this meeting with a handgun that is carried openly.

MINUTES
SAN ANTONIO HOUSING FACILITY CORPORATION
October 17, 2019

SCHEDULED: 2:00 p.m. at the Charles Andrews Apartments, 4060 Medical Dr., San Antonio, TX, 78229

DIRECTORS PRESENT:

Morris A. Stribling, DPM, Chair
 Jessica Weaver, Vice Chair
 Jo-Anne Kaplan, Director
 Sofia A. Lopez, Director
 Marie R. McClure, Director

DIRECTORS ABSENT:

Charles Clack, Director

COUNSEL: Doug Poneck, Escamilla & Poneck, LLP

STAFF:

David Nisivoccia, President and CEO
 Ed Hinojosa, Chief Financial Officer
 Muriel Rhoder, Chief Administrative Officer
 Jo Ana Alvarado, Director of Innovative Technology
 Kristi Baird, Director of Beacon Communities
 Diana Kollodziej Fiedler, Director of Finance and Accounting
 Domingo Ibarra, Director of Security
 Aiyana Longoria, Director of Internal Audit
 Adrian Lopez, Director of Community Development Initiatives
 Hector Martinez, Director of Construction Services and Sustainability

Richard Milk, Director of Policy and Planning
 Steven Morando, Director of Procurement and General Services
 Brandee Perez, Director of Federal Housing Programs
 Michael Reyes, Director of Communications and Public Affairs
 Lorraine Robles, Director of Development Services and Neighborhood Revitalization
 Janie Rodriguez, Director of Human Resources
 Thomas Roth, Director of Asset Management

Item 1: Meeting called to order

Morris A. Stribling, DPM, Chair, called the meeting to order at 3:37 p.m.

Item 2: Public Comment

Public Comment - Citizens are provided three minutes each to speak to any agenda items. There were no citizens that requested to speak.

Item 3: Minutes

- Approval of the September 5, 2019, San Antonio Housing Facility Corporation Meeting minutes

Motion: Director Lopez moved to approve the September 5, 2019, meeting minutes. Vice Chair Weaver seconded the motion. Approved.

Member	Aye	Nay	Absent At Time of Vote	Abstained
Morris A. Stribling, DPM, Chair	X			

Jessica Weaver, Vice Chair	X			
Jo-Anne Kaplan, Director	X			
Sofia A. Lopez, Director	X			
Marie R. McClure, Director	X			

OPERATIONS

Item 4: Consideration and appropriate action regarding Resolution 19FAC-10-03, authorizing the entering into a partnership with Post Investment Group (Post) to acquire Arroyo Seco Apartments located in San Antonio, TX, and authorizing the President and CEO, and his designated staff to: negotiate the terms of the acquisition agreement; submit application for financing; create any legal entities; execute contracts for conveyance of land; retain legal counsel; and any and all actions required to consummate the transaction

Resolution 19FAC-10-03 corresponds with San Antonio Housing Authority Resolution 5972. Mr. Ed Hinojosa, Chief Financial Officer, and Mr. Thomas Roth, Director of Asset Management, introduced Post representatives, Mr. John Jeeter and Mr. Matt Avital. Mr. Hinojosa reported that in August of 2019, SAHA was approached by a representative of Post about a potential business opportunity involving the acquisition of Arroyo Seco, a 200 unit market rate apartment complex located at 12311 Culebra Road in San Antonio, TX. The transaction does not require a financial commitment from SAHA. However, it does provide an opportunity for future acquisitions with a new development partner. Additionally, SAHA will receive the following financial benefits:

- Payment at closing of \$250,000.00
- Annual asset management fee of \$25,000.00
- Projected cumulative cash flow payments of \$1,676,000.00 (assuming a ten year hold period)
- Projected net sale proceeds of \$4,883,000.00 (assuming a sale at the end of the ten year hold period)
- A right to acquire the property in year ten at its fair market value

Mr. Roth additionally reported that representatives from SAHA's Asset Management team have visited the site and surrounding area. The property, which was built in 2016, contains 144 one bedroom/one bath units (634 square feet), and 56 two-bedroom/2-bath units (858 square feet). The projected acquisition cost of \$21,259,000.00 (purchase price plus transaction costs) equates to an attractive per unit price of \$106,295.00. Current Bexar County regulations would enable the project to achieve a 100% tax exemption, if either of the following affordability conditions are met: 20% of the units are reserved for families making 50% or less of AMI or 50% of the units are reserved for families making 80% or less of AMI. After extensive negotiations, it was agreed that 10% of the units would be set aside for families making 60% or less AMI, and 40% of the units to be set aside for families making 80% of AMI or less. The property currently does not have any income restrictions or set asides in place, and the proposed structure exceeds the current Bexar County affordability requirements necessary for a full tax exemption. Therefore, this structure will create and preserve 100 new affordable housing units in a high opportunity area of the city. The ownership structure, the financing structure, the acquisition/closing costs, fees, cash flow participation, capital event/sale proceeds participation, property management and compliance guarantees were also reported.

Mr. Hinojosa, Mr. Roth, and representatives from Post Investment Group were on hand to answer various questions and concerns from the Board of Directors.

Motion: Director Kaplan moved to approve Resolution 19FAC-10-03. Vice Chair Weaver seconded the motion. Approved.

Member	Aye	Nay	Absent At Time of Vote	Abstained
Morris A. Stribling, DPM, Chair	X			
Jessica Weaver, Vice Chair	X			
Jo-Anne Kaplan, Director	X			
Sofia A. Lopez, Director		X		
Marie R. McClure, Director	X			

Item 5: **Consideration and appropriate action regarding Resolution 19FAC-10-17, authorizing the Majestic Ranch Apartments transaction, including the execution of all documentation necessary to carry out the 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 purchase of the land for the transaction and the lease of such land for the transaction; and authorizing the acquisition of the membership interest in SAHT Majestic Living GP, LLC; and authorizing the financing for such transaction; and authorizing a bridge loan from San Antonio Housing Authority in an amount up to \$2,000,000.00 in Moving to Work Funds (or other available funds) to the Partnership; and authorizing San Antonio Housing Facility Corporation to serve as a joint venturer in the general contractor; and other matters in connection therewith**

Resolution 19FAC-10-17 corresponds with San Antonio Housing Authority Resolution 5977. Ms. Lorraine Robles, Director of Development Services and Neighborhood Revitalization, reported that on February 7, 2019, the Board approved and SAHA selected Hogan Properties Company, Inc. dba Homespring Realty Partners to develop the Majestic Ranch Apartments, a new 288-unit multifamily project located at 4862 Callaghan Road and 118 Woodside Drive. The project is expected to cost approximately \$46,084,260.00 and will be a 4% tax credit project with all of the units leased to families at or below 60% of the area median income. The San Antonio Housing Facility Corporation (SAHFC) will receive 25% of the developer fee (\$1,175,000.00) and 90% of the cash flow from this project (approximately \$200,000.00 per year).

Ms. Robles further reported that SAHA is now asking the Board to authorize SAHFC'S participation in the project. SAHFC will create a limited liability company to serve as the general partner in the tax credit partnership, which will construct and own the project. SAHFC will also own the land and lease it to the tax credit partnership. Finally, they will serve as a joint venturer in the contractor for the project, which will enable the project to obtain a sales tax exemption.

SAHFC will have the option to acquire the project at the end of the 15-year compliance period for a price equal to the outstanding debt, exit taxes and other amounts owed to the limited partners under the partnership agreement.

The project will be financed with \$23,000,000.00 of tax exempt bonds issued by the San Antonio Housing Trust Finance Corporation, because they received a volume cap application for this project almost three years ago. Permanent financing will be provided by Bellwether Capital pursuant to a HUD loan in the amount of approximately \$29,200,000.00. The tax credits will be sold to CREA Real Estate for approximately \$15,286,199.00. In order to facilitate the project, SAHA previously authorized a bridge loan to the project in an amount not to exceed \$2,000,000.00 in Moving to Work Funds or other available funds. The loan will be

secured by the partnership interests in the partnership and is anticipated to be paid back prior to the completion of construction.

Motion: Director Kaplan moved to approve Resolution 19FAC-10-17. Vice Chair Weaver seconded the motion. Approved.

Member	Aye	Nay	Absent At Time of Vote	Abstained
Morris A. Stribling, DPM, Chair	X			
Jessica Weaver, Vice Chair	X			
Jo-Anne Kaplan, Director	X			
Sofia A. Lopez, Director	X			
Marie R. McClure, Director	X			

Item 6: Adjournment

With no objections, Chair Stribling, DPM, adjourned the meeting at 3:41 p.m.

ATTEST:

Morris A. Stribling, DPM
Chair, Board of Directors

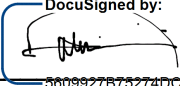
Date

David Nisivoccia
Secretary/Treasurer

Date

SAN ANTONIO HOUSING FACILITY CORPORATION**November 7, 2019****BOARD OF DIRECTORS**

RESOLUTION 19FAC-10-03, AUTHORIZING THE ENTERING INTO A PARTNERSHIP WITH POST INVESTMENT GROUP (POST) TO ACQUIRE ARROYO SECO APARTMENTS LOCATED IN SAN ANTONIO, TX, AND AUTHORIZING THE PRESIDENT AND CEO, AND HIS DESIGNATED STAFF TO: NEGOTIATE THE TERMS OF THE ACQUISITION AGREEMENT; SUBMIT APPLICATIONS FOR FINANCING; CREATE ANY LEGAL ENTITIES; EXECUTE CONTRACTS FOR CONVEYANCE OF LAND; RETAIN LEGAL COUNSEL; AND ANY AND ALL ACTIONS REQUIRED TO CONSUMMATE THE TRANSACTION

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David Nisivoccia
President and CEO

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Ed Hinojosa
Chief Financial Officer

REQUESTED ACTION:

Consideration and approval regarding Resolution 19FAC-10-03, authorizing the entering into a partnership with Post Investment Group (Post) to acquire Arroyo Seco Apartments located in San Antonio, TX, and authorizing the President and CEO, and his designated staff to: negotiate the terms of the acquisition agreement; submit applications for financing; create any legal entities; execute contracts for conveyance of land; retain legal counsel; and any and all actions required to consummate the transaction.

FINANCIAL IMPACT:

The transaction does not require a financial commitment from SAHA. However, it does provide an opportunity for future acquisitions with a new development partner. Additionally, SAHA will receive the following financial benefits:

- Payment at closing of \$250,000.00
- Annual asset management fee of \$25,000.00
- Projected cumulative cash flow payments of \$1,676,000.00 (assuming a ten year hold period)
- Projected net sale proceeds of \$4,883,000.00 (assuming a sale at the end of the ten year hold period)
- A right to acquire the property in year ten at its fair market value

SUMMARY:

In August of 2019, SAHA was approached by a representative of Post about a potential business opportunity involving the acquisition of Arroyo Seco, a 200 unit market rate apartment complex located at 12311 Culebra Road in San Antonio, TX.

Post Investment Group has been in operation for twelve years and specializes in affordable multifamily assets. Since its inception, Post has acquired over \$1 billion in assets encompassing more than 20,000 units located in 13 states. They currently have ownership interests in sixteen affordable housing developments in Texas, totaling 4,090 units.

SAN ANTONIO HOUSING FACILITY CORPORATION**November 7, 2019**

Representatives from SAHA's Asset Management team have visited the site and surrounding area. The property, which was built in 2016, contains 144 one bedroom/one bath units (634 square feet), and 56 two-bedroom/2-bath units (858 square feet). The projected acquisition cost of \$21,259,000.00 (purchase price plus transaction costs) equates to an attractive per unit price of \$106,295.00.

Current Bexar County regulations would enable the project to achieve a 100% tax exemption, if either of the following affordability conditions are met:

20% of the units are reserved for families making 50% or less of AMI

or

50% of the units are reserved for families making 80% or less of AMI

During our negotiations with Post, we requested a higher level of affordability be included in the deal structure. After extensive negotiations, it was agreed that 10% of the units would be set aside for families making 60% or less AMI, and 40% of the units to be set aside for families making 80% of AMI or less. The property currently does not have any income restrictions or set asides in place, and the proposed structure exceeds the current Bexar County affordability requirements necessary for a full tax exemption. Therefore, this structure will create and preserve 100 new affordable housing units in a high opportunity area of the city. After several meetings with staff and representatives from Post, the following deal structure was agreed to in principal (subject to SAHA Board approval):

Ownership Structure: A new limited partnership or limited liability company (LLC) would be created to acquire the property. A SAHA related entity would serve as the general partner or managing member, and a Post related entity would serve as the limited partner or non-managing member. A SAHA related entity would acquire title to the properties and simultaneously lease back the property to the limited partnership or LLC.

Financing Structure: The purchase price and related transaction costs are estimated at \$21,259,000.00 (\$106,295.00 per unit). Post will invest approximately \$4,250,000.00 in equity, which represents 20% of the acquisition and closing costs. Mortgage financing of approximately \$17,100,000.00 will be provided by either FHA, Fannie Mae or Freddie Mac, which represents approximately 80% of the purchase price. SAHA would invest \$0 to cover the acquisition or future operational costs.

Acquisition/closing costs: Covered 100% by Post, but SAHA will pay its portion of legal fees.

Fee: SAHA would be paid a one time fee of 250,000.00 payable at closing, and an annual asset Management fee of \$25,000.00.

Cash flow participation: After payment of operating expenses, reserves, and debt service, the equity investor would receive an 8% preferred return on their equity investment. Any remaining

SAN ANTONIO HOUSING FACILITY CORPORATION**November 7, 2019**

cash flow would be split 75%/25% between Post and SAHA. SAHA's participation in the cash flow would be the greater of 25% of current annual real estate tax liability (based on the 2018 BCAD assessed value and applicable tax rate), with a 3% escalation factor annually, or 25% of the cash flow (after payment of operating expenses, debt service, and preferred return of 8% to equity investor). Any remaining funds would go towards repayment of the equity investor. Once the equity investor is fully repaid (estimated at year seven), SAHA would receive 30% of the cash flow.

Capital event/sale proceeds participation: SAHA would be entitled to receive 25% of the net sale proceeds or refinance proceeds after payment of existing debt, equity investment, and closing costs. This amount would increase to 30% once the equity investor was repaid. Additionally, SAHA would have the option to purchase the property at the fair market value. It is not anticipated that a sale or refinance event would occur before year ten.

Property Management: The properties would be managed by a third party management firm approved by Post and SAHA.

Guarantees: Post and/or its principals will provide compliance guarantees, and any and all carve out guarantees for the new non-recourse FHA, Fannie Mae or Freddie Mac agency debt.

STRATEGIC GOAL:

Strategically expand the supply of affordable housing.

ATTACHMENTS:

Resolution 19FAC-10-03

Site map and photos

CERTIFICATE FOR RESOLUTION

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

1) In accordance with its bylaws, the Board of Directors of SAHFC (Board) held a meeting on November 7, 2019 (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 19FAC-10-03, AUTHORIZING THE ENTERING INTO A PARTNERSHIP WITH POST INVESTMENT GROUP (POST) TO ACQUIRE ARROYO SECO APARTMENTS LOCATED IN SAN ANTONIO, TX, AND AUTHORIZING THE PRESIDENT AND CEO, AND HIS DESIGNATED STAFF TO: NEGOTIATE THE TERMS OF THE ACQUISITION AGREEMENT; SUBMIT APPLICATIONS FOR FINANCING; CREATE ANY LEGAL ENTITIES; EXECUTE CONTRACTS FOR CONVEYANCE OF LAND; RETAIN LEGAL COUNSEL; AND ANY AND ALL ACTIONS REQUIRED TO CONSUMMATE THE TRANSACTION

(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 SAHFC.

SIGNED AND SEALED this 7th day of November, 2019.



David Nisivoccia
Secretary/Treasurer

**San Antonio Housing Authority
Resolution 19FAC-10-03**

RESOLUTION 19FAC-10-03, AUTHORIZING THE ENTERING INTO A PARTNERSHIP WITH POST INVESTMENT GROUP (POST) TO ACQUIRE ARROYO SECO APARTMENTS (PROJECT) LOCATED IN SAN ANTONIO, TX, AND AUTHORIZING THE PRESIDENT AND CEO, AND HIS DESIGNATED STAFF TO: NEGOTIATE THE TERMS OF THE ACQUISITION AGREEMENT; SUBMIT APPLICATIONS FOR FINANCING; CREATE ANY LEGAL ENTITIES; EXECUTE CONTRACTS FOR CONVEYANCE OF LAND; RETAIN LEGAL COUNSEL; AND ANY AND ALL ACTIONS REQUIRED TO CONSUMMATE THE TRANSACTION

WHEREAS, Post has proposed a public private partnership with the San Antonio Housing Facility Corporation (SAHFC) to acquire Arroyo Seco Apartments located at 12311 Culebra Road, San Antonio, TX; and

WHEREAS, SAHFC has agreed to (i) acquire the Land for the Project and lease them to development partnership (Partnership), pursuant to a seventy-five year Ground Lease (Ground Lease), and (ii) serve as either the sole member of the general partner, or managing member of the limited liability company of the to be formed single asset entities, which will own the aforementioned Project; and

WHEREAS, the Ground Lease will require lease payments to SAHFC; and

WHEREAS, in connection with the financing of the Project, the Partnerships or limited liability companies will enter into loan transactions for an aggregate loan in the amount of approximately \$17,100,000.00 (Loan); and

WHEREAS, in connection with the execution of the Loan, the Partnership, or limited liability company and/or SAHFC will be required to enter into certain agreements, including but not limited to, a promissory note, a loan agreement, a deed of trust, together with a joinder of deed of trust and various assignments and certificates (Loan Documents); and

WHEREAS, Post will raise and contribute approximately \$4,250,000.00 of equity to acquire the Project and fund closing costs (Equity Financing); and

WHEREAS, in connection with the Equity Financing, the Partnership or limited liability company will have SAHFC as the sole member of the general partner or managing member of the limited liability company, which will be required to enter into certain agreements, including but not limited to, a limited partnership agreement or limited liability company agreement, and closing certificates (Equity Documents); and

WHEREAS, Post and SAHFC have negotiated the terms in the Board Memo governing their relationship and the terms for acquiring the Project; and

WHEREAS, the Board of Directors 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 or limited liability company may enter into the Project; and

WHEREAS, staff requests that the Board of Directors authorize the President and CEO, or designee, to execute all documents necessary to consummate such transactions; and

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

WHEREAS, this Board of Directors has reviewed the foregoing and 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.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of SAHFC hereby approves:

- 1) The Project, the various forms of financing contemplated for the Project, including, but not limited to, the Equity Financing, the Loan, and the terms of the Equity Documents, the Ground Lease and Development Agreement, the terms for acquiring the Project, and the Loan Documents, are hereby authorized and approved, when such documents are approved by the officers signing them.
- 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 of the Project, including, but not limited to, the Equity Documents, the Ground Lease and Development Agreement, the Loan Documents, the Land or the Project, and all other documents relating to the Equity Financing, the terms for acquiring the Project, and the Loan to which the Partnership, the General Partner, and/or SAHFC is a party.
- 3) The purchase of the Land, the lease of the Land, and the acquisition of the general partnership interest or managing member interest in a limited liability company by SAHFC, are approved and the President, any Vice President, the Secretary, the Treasurer, the Executive Director, and any Assistant Secretary, or any of them, are hereby authorized to execute the documents required to be executed by SAHFC in order to effect such transaction.
- 4) The President, any Vice President, Secretary, 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 SAHFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHFC, 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 SAHFC, 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.

- 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 transaction described in or contemplated by the documents approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.
- 6) The officers of this Board hereby approve the selection of Norton Rose Fulbright as counsel to the general partner or managing member of the limited liability company, and SAHFC for this transaction.
- 7) If any section, paragraph, clause, or provision 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.
- 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.
- 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.
- 10) This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
- 11) This Resolution shall be in force and effect from and after its passage.

Passed and approved the 7th day of November 2019.

Morris A. Stribling, DPM
Chair, Board of Directors

Attested and approved as to form:


David Nisivoccia
Secretary/Treasurer

MAP - ARROYO SECO




12311 Culebra Road


Legend




12311 Culebra Rd




Alamo Sportsplex




Feature 1



Homes




KCYY-FM San Antonio




MD Automotive



School



Stillwater Ranch Residential Community



The National Shooting Complex

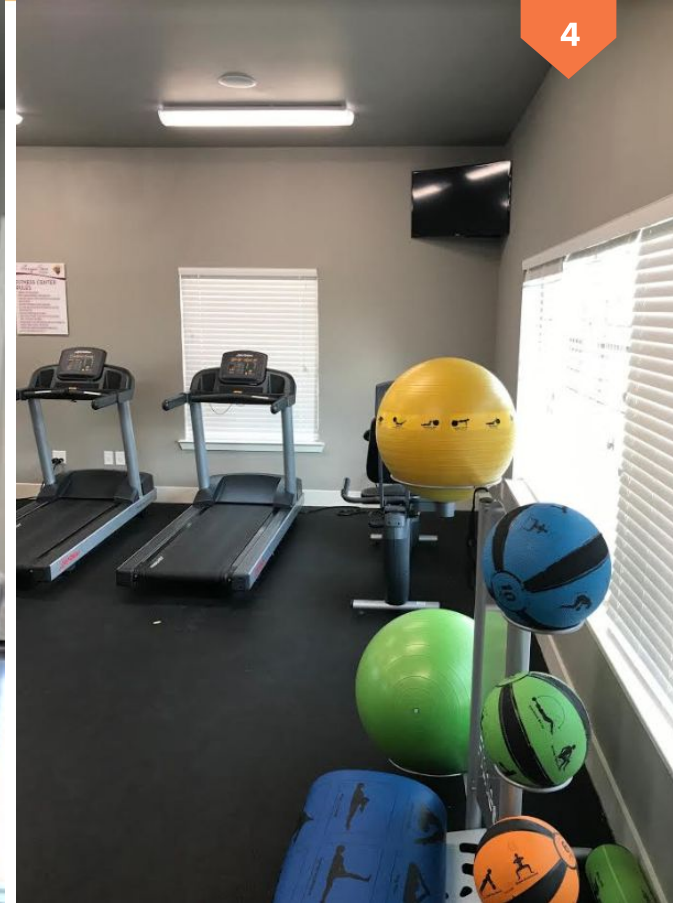
EXTERIOR

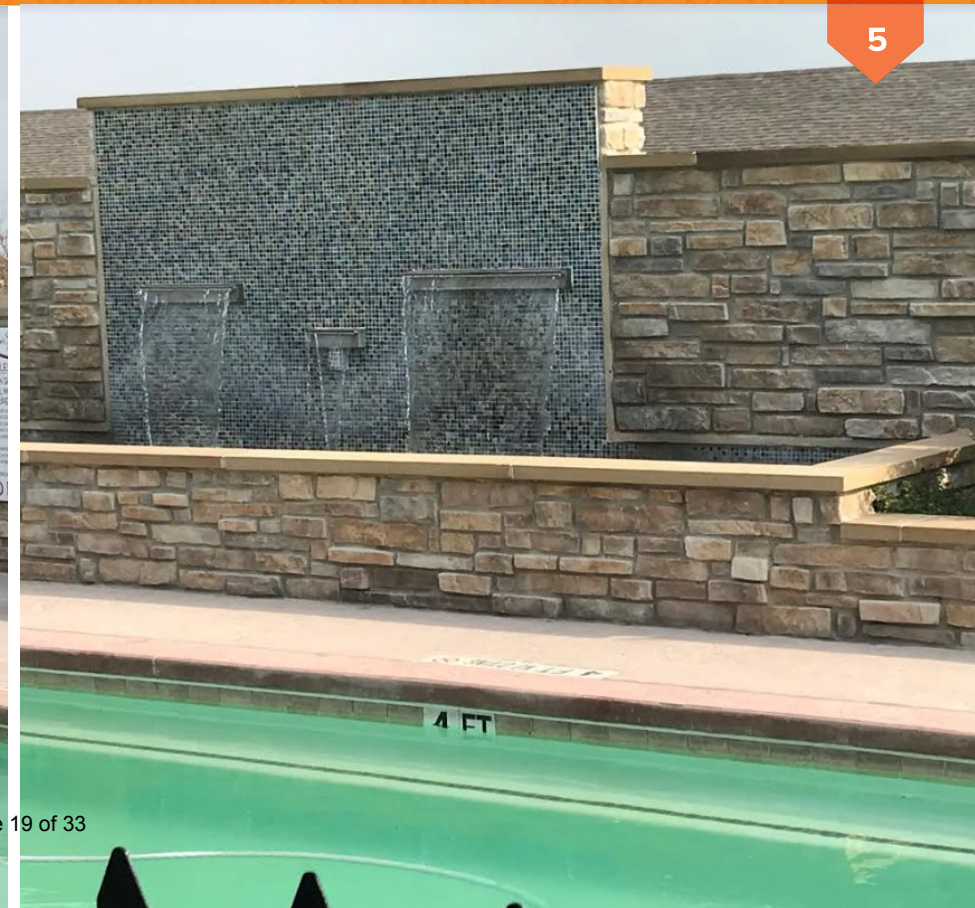
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COMMUNITY ROOM + GYM

4





EXTERIOR

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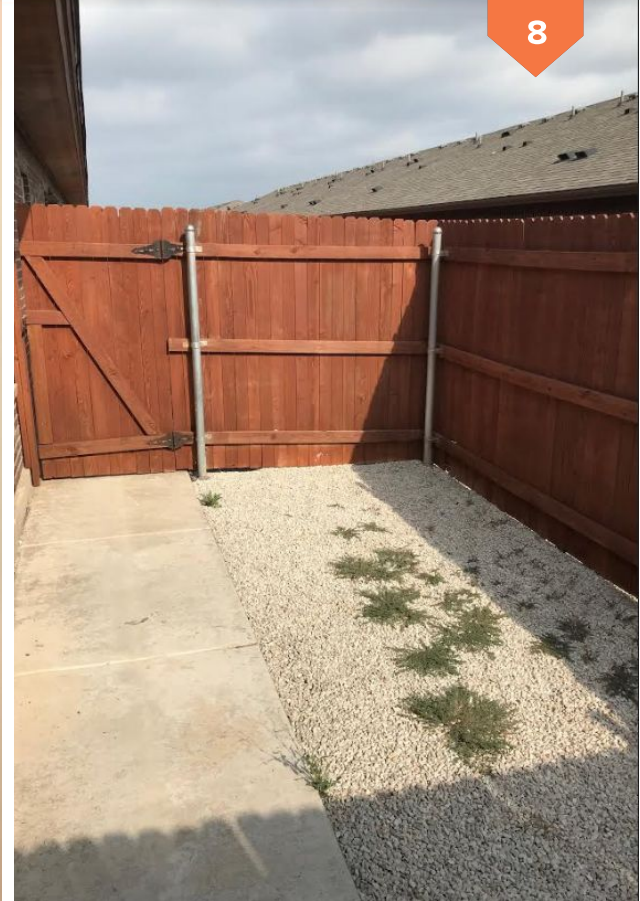
INTERIOR

7



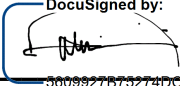
LAUNDRY + RESTROOM + EXTERIOR

8



SAN ANTONIO HOUSING FACILITY CORPORATION**November 7, 2019****BOARD OF DIRECTORS**

RESOLUTION 19FAC-10-17, AUTHORIZING THE MAJESTIC RANCH APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE 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 PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING THE ACQUISITION OF THE MEMBERSHIP INTEREST IN SAHT MAJESTIC LIVING GP, LLC; AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING A BRIDGE LOAN FROM SAN ANTONIO HOUSING AUTHORITY IN AN AMOUNT UP TO \$2,000,000.00 IN MOVING TO WORK FUNDS (OR OTHER AVAILABLE FUNDS) TO THE PARTNERSHIP; AND AUTHORIZING SAN ANTONIO HOUSING FACILITY CORPORATION TO SERVE AS A JOINT VENTURER IN THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

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David Nisivoccia
President and CEO

DocuSigned by:

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Timothy E. Alcott
Real Estate and Legal Services Officer

REQUESTED ACTION:

Consideration and approval regarding Resolution 19FAC-10-17, authorizing the Majestic Ranch Apartments transaction, including the execution of all documentation necessary to carry out the 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 purchase of the land for the transaction and the lease of such land for the transaction; and authorizing the acquisition of the membership interest in SAHT Majestic Living GP, LLC; and authorizing the financing for such transaction; and authorizing a bridge loan from San Antonio Housing Authority in an amount up to \$2,000,000.00 in Moving to Work Funds (or other available funds) to the Partnership; and authorizing San Antonio Housing Facility Corporation to serve as a joint venturer in the general contractor; and other matters in connection therewith.

FINANCIAL IMPACT:

The San Antonio Housing Facility Corporation (SAHFC) will receive 25% of the developer fee (\$1,175,000.00) and 90% of the cash flow from this project (approximately \$200,000.00 per year).

SUMMARY:

On February 7, 2019, this Board approved and SAHA selected Hogan Properties Company, Inc. dba Homespring Realty Partners to develop the Majestic Ranch Apartments, a new 288-unit multifamily project located at 4862 Callaghan Road and 118 Woodside Drive. As is our process, we informed the Board that we would bring this agenda item back to the Board once the financing was in place. The project is expected to cost approximately \$46,084,260.00 and will be

SAN ANTONIO HOUSING FACILITY CORPORATION**November 7, 2019**

a 4% tax credit project with all of the units leased to families at or below 60% of the area median income.

Rents on the project will be restricted to the following amounts:

Number of Bedrooms	Number of Units	Size (square feet)	Rent
1BR/1BA	24	761	\$798
1BR/1BA	24	761	\$798
1BR/1BA	48	761	\$798
1BR/1BA	4	778	\$798
2BR/2BA	156	982	\$958
3BR/2BA	32	1,202	\$1,107

These rents will be adjusted annually to reflect 30% of 60% of the area median income. The rent and income restrictions will remain in place for the next 30 years.

We are now asking the Board to authorize SAHFC'S participation in the project. SAHFC will create a limited liability company to serve as the general partner in the tax credit partnership, which will construct and own the project. SAHFC will also own the land and lease it to the tax credit partnership. Finally, they will serve as a joint venturer in the contractor for the project, which will enable the project to obtain a sales tax exemption.

SAHFC will have the option to acquire the project at the end of the 15-year compliance period for a price equal to the outstanding debt, exit taxes and other amounts owed to the limited partners under the partnership agreement.

The project will be financed with \$23,000,000.00 of tax exempt bonds issued by the San Antonio Housing Trust Finance Corporation, because they received a volume cap application for this project almost three years ago. Permanent financing will be provided by Bellwether Capital pursuant to a HUD loan in the amount of approximately \$29,200,000.00. The tax credits will be sold to CREA Real Estate for approximately \$15,286,199.00.

In order to facilitate the project, SAHA previously authorized a bridge loan to the project in an amount not to exceed \$2,000,000.00 in Moving to Work Funds or other available funds. The loan will be secured by the partnership interests in the partnership and is anticipated to be paid back prior to the completion of construction.

The Board of Directors is authorizing the financing for this project and execution of all of the documents necessary for the project.

STRATEGIC GOAL:

Strategically expand the supply of affordable housing.

ATTACHMENTS:

Resolution 19FAC-10-17

Map of Project Location

Project Renderings

CERTIFICATE FOR RESOLUTION

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

1) In accordance with its bylaws, the Board of Directors of SAHFC (Board) held a meeting on November 7, 2019 (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 19FAC-10-17, AUTHORIZING THE MAJESTIC RANCH APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE 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 PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING THE ACQUISITION OF THE MEMBERSHIP INTEREST IN SAHT MAJESTIC LIVING GP, LLC; AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING A BRIDGE LOAN FROM SAN ANTONIO HOUSING AUTHORITY IN AN AMOUNT UP TO \$2,000,000.00 IN MOVING TO WORK FUNDS (OR OTHER AVAILABLE FUNDS) TO THE PARTNERSHIP; AND AUTHORIZING SAN ANTONIO HOUSING FACILITY CORPORATION TO SERVE AS A JOINT VENTURER IN 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 SAHFC.

SIGNED AND SEALED this 7th day of November, 2019.



David Nisivoccia
Secretary/Treasurer

**San Antonio Housing Authority
Resolution 19FAC-10-17**

RESOLUTION 19FAC-10-17, AUTHORIZING THE MAJESTIC RANCH APARTMENTS TRANSACTION, INCLUDING THE EXECUTION OF ALL DOCUMENTATION NECESSARY TO CARRY OUT THE 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 PURCHASE OF THE LAND FOR THE TRANSACTION AND THE LEASE OF SUCH LAND FOR THE TRANSACTION; AND AUTHORIZING THE ACQUISITION OF THE MEMBERSHIP INTEREST IN SAHT MAJESTIC LIVING GP, LLC; AND AUTHORIZING THE FINANCING FOR SUCH TRANSACTION; AND AUTHORIZING A BRIDGE LOAN FROM SAN ANTONIO HOUSING AUTHORITY IN AN AMOUNT UP TO \$2,000,000.00 IN MOVING TO WORK FUNDS (OR OTHER AVAILABLE FUNDS) TO THE PARTNERSHIP; AND AUTHORIZING SAN ANTONIO HOUSING FACILITY CORPORATION TO SERVE AS A JOINT VENTURER IN THE GENERAL CONTRACTOR; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, Majestic SA Apartments, LP, a Texas limited partnership (Partnership), and SAHT Majestic Living GP, LLC, a Texas limited liability company and its general partner (General Partner), have been formed to acquire and construct a 288-unit multifamily housing facility (Housing Facility) to be located at 4862 Callaghan Road and 118 Woodside, San Antonio, Texas (Project); and

WHEREAS, at the request of the Partnership, San Antonio Housing Facility Corporation (SAHFC) 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 (Ground Lease), and (iii) serve as a joint venturer of the general contractor for the Project; and

WHEREAS, the Partnership has requested that the San Antonio Housing Trust Finance Corporation (Issuer) issue its Multifamily Housing Revenue Bonds (Majestic Ranch Apartments Project) Series 2019 or 2020 (Bonds) to finance the Project (Bond Financing); and

WHEREAS, the Issuer will issue the Bonds in an amount not to exceed \$23,000,000.00 and loan such proceeds to the Partnership; and

WHEREAS, in connection with the Bond Financing, the Partnership, the General Partner, and/or SAHFC will be required to enter into certain agreements, including but not limited to, a Trust Indenture, Loan Agreement, a Note, a Regulatory Agreement and Declaration of Restrictive Covenants, a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing together with Ground Lessor Subordination and Joinder, a Ground Lease, an Official Statement, a Bond Purchase Agreement, and Remarketing Agreement (Bond Documents); and

WHEREAS, in connection with the financing, the Partnership will also obtain a loan from Bellwether Enterprise, as lender, secured by the United States Department of Housing and Urban Development pursuant to Section 221(d)(4) of the National Housing Act (HUD Loan) in an amount not to exceed \$29,200,000.00; and

WHEREAS, in connection with the execution of the HUD Loan, the Partnership, the General Partner, and/or SAHFC will be required to enter into certain agreements, including but not limited to, a Firm Commitment, a Note, a Multifamily Deed of Trust, Assignment of Rents and Security Agreement together with a Ground Lessor Subordination and Joinder, a Regulatory Agreement, a Replacement Reserve Agreement, Certificates of Borrower, and a Subordination Agreement (collectively, the HUD Documents); and

WHEREAS, the Developer, on behalf of the Partnership, has applied for approximately \$15,286,199.00 in low income housing tax credits (LIHTCs) from the Texas Department of Housing and Community Affairs (TDHCA); and

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

WHEREAS, the Partnership will contribute approximately \$15,286,199.00 of equity to the construction of the Project, which will be raised from the sale of tax credits to CREA Majestic Ranch Apartments, LLC or an affiliate of such entity (Equity Financing); and

WHEREAS, in connection with the Equity Financing, the Partnership, the General Partner, and/or SAHFC will be required to enter into certain agreements, including but not limited to, an Amended and Restated Agreement of Limited Agreement, a Development Agreement, Incentive Management Agreement, Property Management Agreement, a Right of First Refusal Agreement, and closing certificates (Equity Documents); and

WHEREAS, in order to provide additional funding for the Project, the Partnership may enter into one or more subordinate loans, including but not limited to, a Community Development Block Grant loan from the City of San Antonio in the amount of \$1,250,000.00 (Subordinate Loans); and

WHEREAS, in connection with the Subordinate Loans, the Partnership, the General Partner, and/or SAHFC will be required to enter into certain agreements, including but not limited to, a CDBG Program Agreement, a CDBG Real Estate Lien Note, a CDBG Deed of Trust, a CDBG Assignment of Leases and Rentals and a CDBG Declaration of Restrictive Covenant and any other ancillary agreements (Subordinate Loan Documents); and

WHEREAS, in order to provide additional funding for the Project, SAHA has authorized a bridge loan to the Partnership in an amount up to \$2,000,000.00 with an interest rate of 3.5% in Moving to Work funds (or other available funds) (Bridge Loan) for the Project; and

WHEREAS, in connection with the Bridge Loan, the Partnership, the General Partner, SAHA and/or SAHFC will be required to enter into certain agreements, including but not limited to, loan agreements, partnership interest pledge agreements, assignments, notes, and subordination agreements (Bridge Loan Documents); and

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

WHEREAS, the members of the Board of Directors of SAHFC (Board) and their respective offices are as follows:

<u>Name of Board/Officer</u>	<u>Position</u>
Morris A. Stribling	President and Director
Jessica Weaver	Vice President and Director
Charles Clack	Director
Jo-Anne Kaplan	Director
Sofia A. Lopez	Director
Marie R. McClure	Director
David Nisivoccia	Secretary/Treasurer
Timothy E. Alcott	Assistant Secretary
Ed Hinojosa	Assistant Secretary
Muriel Rhoder	Assistant Secretary

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; and

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

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of SAHFC hereby approves:

Section 1. The Project, the various forms of financing contemplated for the Project, including but not limited to, the Bond Financing, the Equity Financing, the Subordinate Financing, the Bridge Loan and the HUD Loan, and the terms of the Bond Documents, the Equity Documents, the Subordinate Loan Documents, the Construction Documents, the Bridge Loan Documents and the HUD Documents, are hereby authorized and approved.

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 any and all documentation required for the financing and construction of the Project, including, but not limited to, the Bond Documents, the Equity Documents, the Subordinate Loan Documents, the Construction Documents, the Bridge Loan Documents, the HUD Documents, the Lease covering the Land, and all other documents relating to the Bond Financing, HUD Loan, the Equity Financing and the Subordinate Financing and the Bridge Loan to which the Partnership, the General Partner, SAHA and/or SAHFC is a party.

Section 3. The purchase of the Land, the lease of the Land, the acquisition of membership interest in the General Partner by SAHFC, and the role of SAHFC as a joint venturer of the general contractor for the Project are approved and the President, any Vice President, the Secretary, the Treasurer, the Executive Director, and any Assistant Secretary, or any of them, are

hereby authorized to execute the documents required to be executed by SAHFC in order to effect such transactions.

Section 4. The President, any Vice President, the Secretary, the Treasurer, and 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 SAHFC are authorized and directed to modify, execute and deliver any of the documents to be signed by or consented to by SAHFC, 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, 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 SAHFC, 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. If any section, paragraph, clause, or provisions of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

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

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

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

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

Passed and approved the 7th day of November 2019.

Morris A. Stribling, DPM
Chair, Board of Directors

Attested and approved as to form:

David Nisivoccia
Secretary/Treasurer

MAJESTIC RANCH - MAP



MAJESTIC RANCH - CLUBHOUSE



MAJESTIC RANCH - UNITS



MAJESTIC RANCH - SITE RENDERING

