



SUNSHINE PLAZA APARTMENTS, INC. MEETING NOV. 5, 2020



BOARD OF DIRECTORS

Dr. Ana "Cha" Guzmán Chair	Jessica Weaver Vice Chair	Charles Clack Director	Jo-Anne Kaplan Director	Olga Kauffman Director	Ignacio Perez Director	Ruth Rodriguez Director
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SUNSHINE PLAZA APARTMENTS, INC.
***BOARD MEETING**
TELECONFERENCE

Call In Phone Number: (346) 248-7799
Meeting ID: 93839434337# Passcode: 654170#
1:00 p.m., Thursday, November 5, 2020

The Board of Directors will convene for a Board meeting via teleconference for discussion on the following matters:

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. Citizens wishing to speak to items posted on the agenda should access Phone Number: **(346) 248-7799** and enter Meeting ID: **93839434337#** and Passcode: **654170#**, prior to 1:00 p.m.

Now is the time for public comments. The Board asks the public to address concerns related to SAHA matters and policy and not include statements that may be considered defamatory of any individual. The Board encourages members of the public to direct specific concerns or problems to SAHA staff for more prompt resolution.

OPERATIONS

3. Consideration and appropriate action regarding Resolution 20SP-10-22, approving the issuance of Sunshine Plaza Apartments, Incorporated's Promissory Note to Frost Bank in an amount not to exceed \$4,000,000.00 to be secured by a mortgage lien on Sunshine Apartments. Loan proceeds will be used to finance immediate and long term capital repairs and improvements at Sunshine Apartments; authorizing the President and CEO or designee to execute all documentation necessary to carry out the transaction; and other matters in connection therewith (Thomas Roth, Director of Asset Management)
4. 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.

BOARD OF DIRECTORS

RESOLUTION 20SP-10-22, APPROVING THE ISSUANCE OF SUNSHINE PLAZA APARTMENTS, INCORPORATED'S PROMISSORY NOTE TO FROST BANK IN AN AMOUNT NOT TO EXCEED \$4,000,000.00 TO BE SECURED BY A MORTGAGE LIEN ON SUNSHINE APARTMENTS. LOAN PROCEEDS WILL BE USED TO FINANCE IMMEDIATE AND LONG TERM CAPITAL REPAIRS AND IMPROVEMENTS AT SUNSHINE APARTMENTS; AUTHORIZING THE PRESIDENT AND CEO OR DESIGNEE TO EXECUTE ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AND OTHER MATTERS IN CONNECTION THEREWITH

David Nisivoccia
President and CEO

Ed Hinojosa
Chief Financial Officer

REQUESTED ACTION:

Consideration and approval regarding Resolution 20SP-10-22, approving the issuance of Sunshine Plaza Apartments, Incorporated's Promissory Note to Frost Bank in an amount not to exceed \$4,000,000.00 to be secured by a mortgage lien on Sunshine Apartments. Loan proceeds will be used to finance immediate and long term capital repairs and improvements at Sunshine Apartments; authorizing the President and CEO or designee to execute all documentation necessary to carry out the transaction; and other matters in connection therewith.

SAHA has received a letter of intent from Frost Bank to provide a loan amount equal to the lesser of \$4,000,000.00 or 75% of the appraised value of the property. The financing can be structured at either a fixed rate or variable interest rate with an option to fix the rate with an interest rate contract. Current indicative rates are 2.67% for a fixed rate loan and 2.62% with the floating-to-fixed interest rate contract. The actual rate will be set at closing for a term of ten years with a twenty-five year amortization rate. The property will serve as collateral for the loan. The loans are being underwritten as bank qualified tax exempt debt. SAHA staff also evaluated financing options through FHA and Freddie Mac; however, the interest rates and transaction related costs were considerably higher than those offered under the Frost Bank proposal.

FINANCIAL IMPACT:

The property is currently unencumbered. However, the proposed refinance will provide low cost funds to finance much needed capital repairs to the property which will preserve this asset and extend its useful life expectancy. The proposed loan terms require a conservative loan to value of 75% and a debt service coverage ratio of 1.20.

SUMMARY:

Sunshine Apartments is a 100 unit, multi-family asset built in 1979 and located at 455 E Sunshine Road, San Antonio, Texas. The property is part of the Beacon Communities portfolio and managed by SAHA staff. The property has a long term HUD Project Based Assistance (PBA), Section 8 contract in place for 100% of the units. The property is age restricted for residents 62.5 years of age or older.

The property was built in 1979, and many of the building components at 41 years of age are at, or have exceeded, their estimated useful life. The five-year plan for the Beacon Communities Portfolio identified this asset as a candidate for refinancing and reinvestment in capital repairs/replacements to extend the useful life of this affordable housing asset.

SAHA'S Procurement Department has issued an RFP solicitation to secure a qualified contract to perform the following renovations to the property:

1. Replace existing window A/C and wall gas heaters, with an energy efficient split system to provide heat and A/C to each unit.
2. Install energy efficient vinyl windows and metal exterior doors.
3. Repair and repaint exterior stucco and siding.
4. Repair and paint metal railings throughout.
5. Upgrade elevator mechanicals, controls, and cabs.
6. Repair/replace damaged sidewalks and concrete in parking lots.

The estimated cost of the renovation project is \$1.9 million to \$2.2 million. No residents will be displaced during the renovation.

STRATEGIC GOAL:

Preserve and improve existing affordable housing resources and opportunities.

ATTACHMENTS:

Resolution 20SP-10-22

Map and Site Plan

CERTIFICATE FOR RESOLUTION 20SP-10-22

The undersigned officer of the Sunshine Plaza Apartments, Incorporated (the "Corporation"), a 501(c)(3) organization created pursuant to the laws of the State of Texas, hereby certifies as follows:

1. In accordance with Chapter 551, Texas Government Code, as amended (the "Open Meetings Act"), and the bylaws of the Corporation, the Board of Directors of the Corporation (the "Board") held a meeting on November 5, 2020, (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 20SP-10-22, APPROVING THE ISSUANCE OF SUNSHINE PLAZA APARTMENTS, INCORPORATED'S PROMISSORY NOTE TO FROST BANK IN AN AMOUNT NOT TO EXCEED \$4,000,000.00 TO BE SECURED BY A MORTGAGE LIEN ON SUNSHINE APARTMENTS. LOAN PROCEEDS WILL BE USED TO FINANCE IMMEDIATE AND LONG TERM CAPITAL REPAIRS AND IMPROVEMENTS AT SUNSHINE APARTMENTS; AUTHORIZING THE PRESIDENT AND CEO OR DESIGNEE TO EXECUTE ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; 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 Open Meetings Act and the Bylaws of the Corporation.

SIGNED this 5th day of November 2020.

David Nisivoccia
Secretary/Treasurer

Sunshine Plaza Apartments, Incorporated
Resolution 20SP-10-22

RESOLUTION 20SP-10-22, APPROVING THE ISSUANCE OF SUNSHINE PLAZA APARTMENTS, INCORPORATED'S PROMISSORY NOTE TO FROST BANK IN AN AMOUNT NOT TO EXCEED \$4,000,000.00 TO BE SECURED BY A MORTGAGE LIEN ON SUNSHINE APARTMENTS. LOAN PROCEEDS WILL BE USED TO FINANCE IMMEDIATE AND LONG TERM CAPITAL REPAIRS AND IMPROVEMENTS AT SUNSHINE APARTMENTS; AUTHORIZING THE PRESIDENT AND CEO OR DESIGNEE TO EXECUTE ALL DOCUMENTATION NECESSARY TO CARRY OUT THE TRANSACTION; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the Housing Authority of the City of San Antonio, Texas ("SAHA"), 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 Facility Corporation, a nonstock, nonprofit public facility corporation (the "Issuer"); and

WHEREAS, SAHA and the Issuer approved on November 5, 2020, a tax-exempt loan from Frost Bank ("Frost") to finance the rehabilitation and improvement of a 100-unit multifamily housing facility located at 455 E Sunshine Road, San Antonio, Texas, known as Sunshine Plaza Apartments (the "Project"); and

WHEREAS, the tax-exempt loan will be made pursuant to a Loan Agreement between Sunshine Plaza Apartments, Incorporated and/or the San Antonio Housing Facility Corporation and Frost dated December 1, 2020, and a Promissory Note (the "Promissory Note") in the original principal amount not to exceed \$4,000,000.00 payable to Frost, which will be secured by a Deed of Trust, Security Agreement – Financing Statement, and various closing documents, such as a Replacement Reserve and Security Agreement, Arbitration and Notice of Final Agreement and a Private Placement Letter (collectively, the "Loan Documents"); and

WHEREAS, proceeds of the tax-exempt loan will be given to Sunshine Plaza Apartments, Incorporated (the "Corporation"), a 501(c)(3) organization created pursuant to the laws of the State of Texas, by the Issuer in accordance with the Loan Documents; and

WHEREAS, the Promissory Note may be issued in a fixed rate or variable rate format and sold to Frost upon the terms and conditions outlined in the term sheet submitted by Frost; and

WHEREAS, in the event a variable rate Promissory Note is executed, it will be swapped to a fixed rate pursuant to an ISDA Master Agreement and other associated documents entered into with Frost (the "Swap Documents"); and

WHEREAS, Frost is requiring the Board of Directors of the Corporation (the "Board") to specifically approve the Loan Documents and, if necessary, the Swap Documents and requiring the Board to hire a financial advisor regarding the Swap; and

WHEREAS, if necessary, the Board will select Hilltop Securities ("Hilltop") as its financial advisor for the Swap based upon its prior relationship with Hilltop; and

WHEREAS, the Corporation is authorized to borrow proceeds received pursuant to the Promissory Note, the Issuer is authorized to issue the Promissory Note, SAHA has approved the issuance of the Promissory Note in accordance with the Act; and

WHEREAS, the Board hereby authorizes the Corporation to borrow proceeds pursuant to the Promissory Note in an amount not to exceed \$4,000,000.00 for the purpose of providing funds for the Project, and paying the costs of issuing the Promissory Note, all pursuant to and in accordance with the terms and conditions provided under the Loan Documents; and

WHEREAS, the Promissory Note is a special, limited obligation of the Issuer and the obligations of the Issuer shall never constitute an indebtedness, an obligation, or a loan of credit of the State of Texas, SAHA, the County of Bexar, Texas, the City of San Antonio, Texas, or any other political subdivision of the State of Texas, with the meaning of any constitutional provisions or statutory limitations; and

WHEREAS, this Board of Directors has reviewed the foregoing and determined that the action herein authorized is in furtherance of the corporate purposes of the Corporation and that the terms and conditions of the Promissory Note and the above-described instruments, including without limitation the dates, interest rates, maturities, redemption terms and sales price of the Promissory Note and the manner of disbursing the proceeds thereof are advisable; and

BE IT THEREFORE RESOLVED BY THE BOARD OF DIRECTORS OF SUNSHINE PLAZA APARTMENTS, INCORPORATED, THAT:

1. The terms of the Loan Documents, and if applicable, the Swap Documents are hereby approved.
2. The issuance of the Promissory Note, the Swap Documents, the Loan Documents are hereby authorized and approved, and the President, any Vice President, the Secretary/Treasurer, any Assistant Secretary/Treasurer or any of them, of the Corporation, are hereby authorized and directed to execute (to the extent required to be executed or acknowledged by the Corporation) and deliver (or to accept, as the case may be), the Swap Documents, Loan Documents, and any and all certificates (including tax certificates) and other instruments described therein upon the conditions therein described or necessary or desirable in connection with the issuance of the Promissory Note, all upon the terms herein approved, and the executing officer is authorized to negotiate and approve such changes in the terms of each such instrument as such officer shall deem necessary or appropriate upon the advice of counsel to the Corporation, and approval of the terms of each such instrument by such officer and this Board shall be conclusively evidenced by the execution and delivery of such documents. The Corporation is authorized to hire Hilltop Securities as its financial advisor regarding the Swap.
3. The Promissory Note in the principal amount not to exceed \$4,000,000.00 in substantially the form and substance set forth in the Loan Documents, is hereby approved, and the President, the Vice President, the Secretary/Treasurer and each Assistant Secretary/Treasurer, or any of them, are hereby authorized and directed, for and on behalf of the Corporation, to execute the Promissory Note or have their

facsimile signatures placed upon it, and the signatures of such officers are hereby authorized and directed to be affixed or placed in facsimile on the Promissory Note.

4. All action not inconsistent with provisions of this Resolution heretofore taken by this Board of Directors and the officers of the Corporation directed toward the financing of the Project and the issuance of the Promissory Note shall be and the same hereby is ratified, approved and confirmed. 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 instruments approved hereby or otherwise to give effect to the actions authorized hereby and the intent hereof.
5. After the Promissory Note are issued, this Resolution shall be and remain irrevocable until the Promissory Note or interest thereon shall have been fully paid or provisions for payment shall have been made pursuant to the Indenture.
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.
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.
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.
9. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.
10. This Resolution shall be in force and effect from and after its passage.

Passed and approved the 5th day of November 2020.

Ana M. "Cha" Guzman
Chair, Board of Directors

Attested and approved as to form:

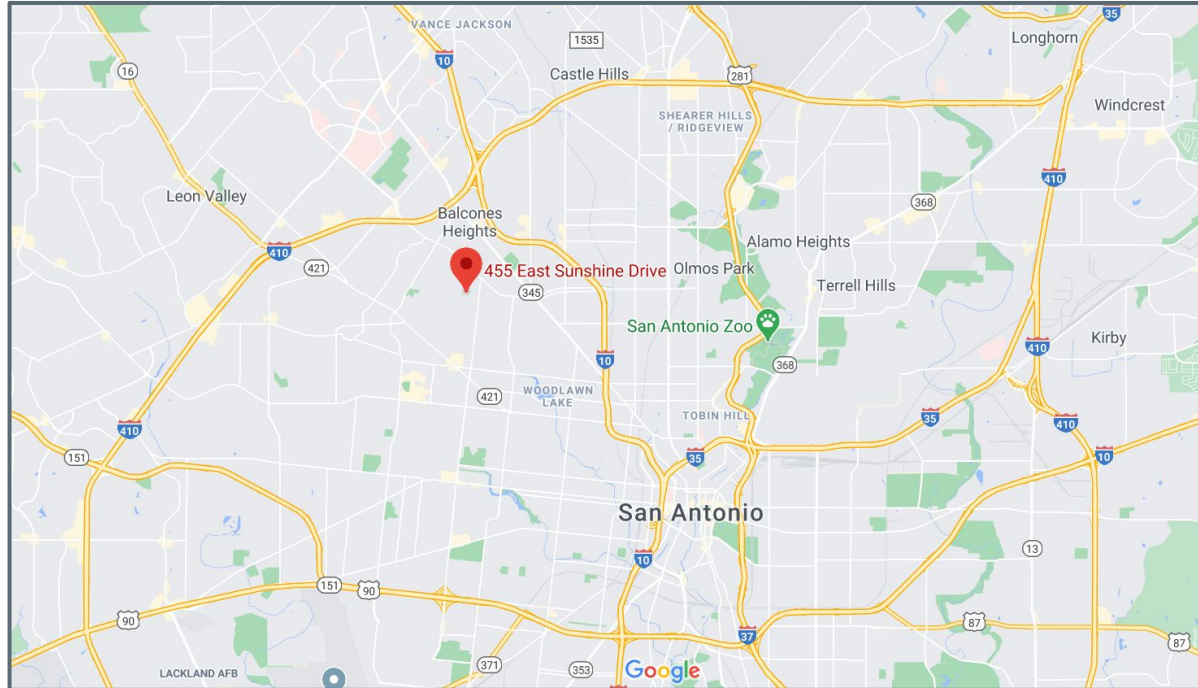
David Nisivoccia
Secretary/Treasurer



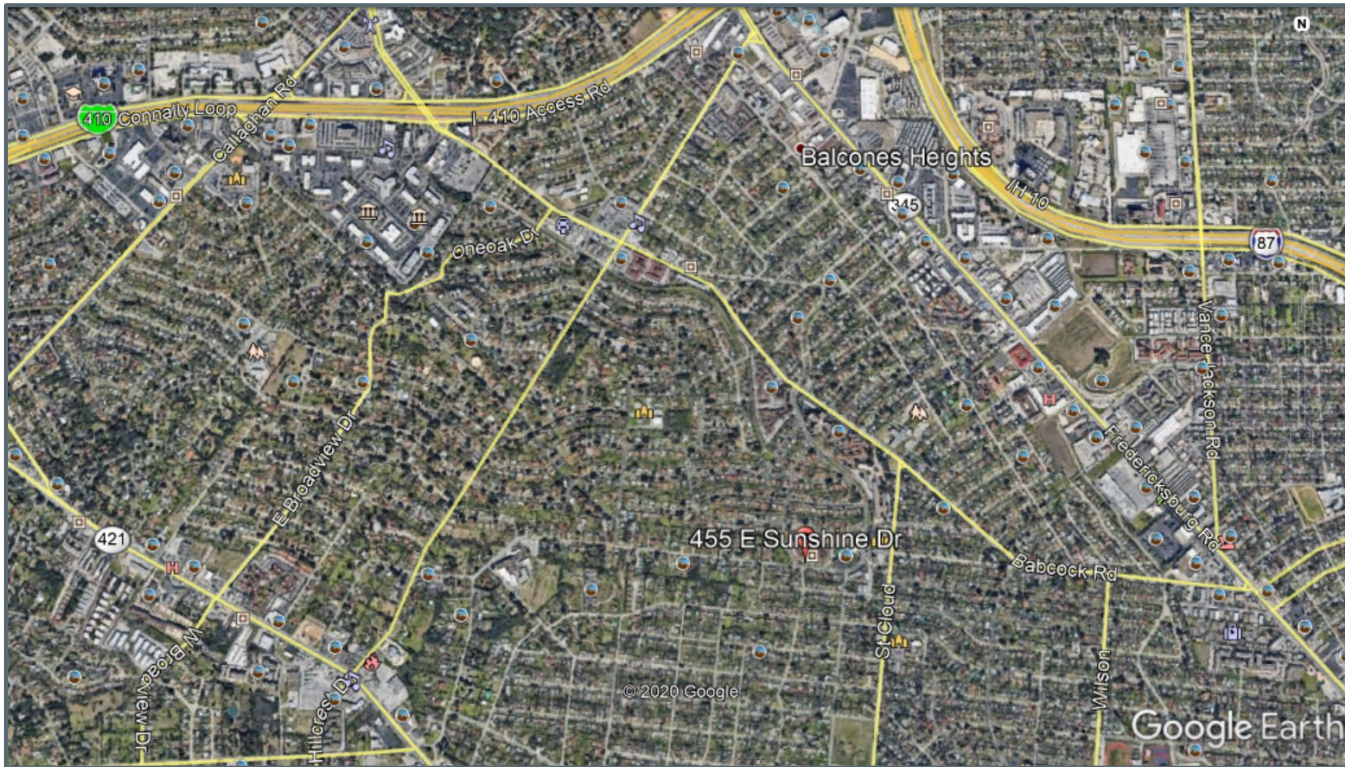
Sunshine Plaza Apartments

November 05, 2020

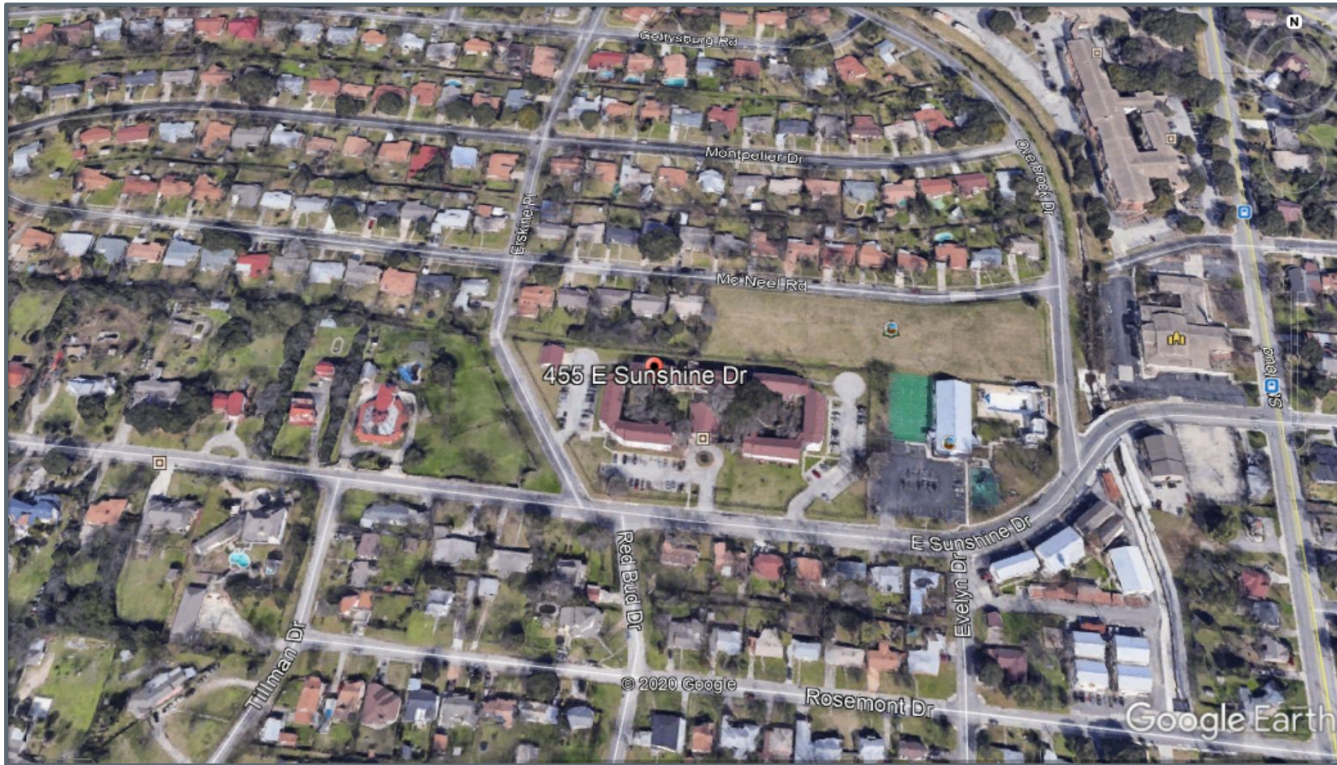
Sunshine Plaza Apts. Location to Major Highways



Sunshine Plaza Apartments - Aerial View



Sunshine Plaza Apartments - Site Location



Sunshine Plaza Apartments - Monument Sign



Sunshine Plaza Apartments - Building Exterior



Sunshine Plaza Apartments - Building Exterior



Sunshine Plaza Apartments - Building Courtyard



QUESTIONS?