

**THIS IS A DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED RESOLUTION ADOPTED BY THE CITY OF SAN ANTONIO, TEXAS MUNICIPAL FACILITIES CORPORATION.**

**A RESOLUTION**

**AUTHORIZING THE EXECUTION OF A LOAN AGREEMENT BY THE CITY OF SAN ANTONIO, TEXAS MUNICIPAL FACILITIES CORPORATION, PURSUANT TO WHICH THE CORPORATION WILL RECEIVE A LOAN FROM A QUALIFIED FINANCIAL INSTITUTION IN THE AMOUNT NOT TO EXCEED \$6,070,000 TO PAY CERTAIN COSTS RELATED TO FINANCING PROJECTS AT BROOKS CITY BASE; AUTHORIZING THE EXECUTION OF A FINANCE AGREEMENT BETWEEN THE CORPORATION AND THE CITY OF SAN ANTONIO, TEXAS, PURSUANT TO WHICH CERTAIN REVENUES WILL BE ASSIGNED BY THE CITY TO THE CORPORATION AS SECURITY FOR THE LOAN AGREEMENT; RESOLVING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE**

\* \* \* \* \*

**WHEREAS**, the City of San Antonio, Texas (the *City*) previously created the City of San Antonio, Texas Municipal Facilities Corporation (the *Corporation*), a valid and existing local government corporation duly organized under Subchapter D of Chapter 431 Texas Transportation Code, as amended (the *Act*), for the purpose of aiding and acting on behalf of the City to accomplish certain governmental purposes of the City, including the acquisition, construction, equipping, financing, operation, and maintenance of land and other municipal facilities for the City; and

**WHEREAS**, the City Council (the *Council*) of the City of San Antonio, Texas (the *City*), the board of directors of Brooks Development Authority (the *Authority*), a political subdivision of the State of Texas created under Chapter 379B, Texas Local Government Code, as amended, and the board of directors of Tax Increment Reinvestment Zone Number Sixteen (Brooks City-Base TIRZ), City of San Antonio, Texas (the *TIRZ*, and collectively with the Council and the Authority, the *Contract Parties*) has, pursuant to the authority cited therein, entered into an Economic Development Interlocal Agreement (the *Agreement*) pursuant to which the Contract Parties, among other related matters, agreed to undertake construction, including major renovations, to the property specifically identified within the Agreement and generally referred to as Brooks Buildings 167 and 176 (together, the *Project Property*) located at Brooks City Base, a mixed-use development site at the former Brooks Air Force base (collectively, *Brooks*) for the purpose of generating economic development to attract employers or expansion of current Brooks' tenants to the Project Property (the *Project Goals*), as more fully described in the Agreement; and

**WHEREAS**, due to a shortage of funds available to the TIRZ to complete the Project Goals, the City, pursuant to the terms of the Agreement, is obligated to issue debt obligations in

amount of not to exceed \$6,000,000 (excluding costs of issuance), for transfer to the Authority to improve the Project Property in accordance with the Project Goals; and

**WHEREAS**, in order for the City to meet its obligations as set forth in the Agreement, the Corporation, as a special purpose entity historically utilized to undertake and finance projects at Brooks, will assume the financial obligation of the City as required by the Agreement; and

**WHEREAS**, the Corporation desires to obtain a loan, in an amount not to exceed \$6,070,000 (the *Loan*), to (i) finance the costs of construction, including major renovations and improvements to the Project Property, to prospectively lease such facilities to private entities for commercial activity (collectively, the *Project*), and (ii) pay legal and fiscal fees in connection with such Project; and

**WHEREAS**, to obtain the Loan, the Corporation intends to enter into a Loan Agreement, dated as of October 17, 2019 (but effective as of October 29, 2019, the date of Loan closing) (the *Loan Agreement*), with \_\_\_\_\_ (the *Bank*), pursuant to which the Bank will make the Loan to the Corporation, who will use the proceeds therefrom for the purposes specified herein; and

**WHEREAS**, the City, pursuant to a finance agreement, dated as of October 17, 2019 (but effective as of October 29, 2019) (the *Finance Agreement*) with the Corporation, will assign certain revenues (as further described herein) to the Corporation for the purpose of paying the obligation created under the Loan Agreement; and

**WHEREAS**, the Corporation is now approving this Resolution to authorize the issuance of a non-negotiable promissory note, styled “City of San Antonio, Texas Municipal Facilities Corporation Contract Revenue Notes, Taxable Series 2019 (Brooks Development Authority Project)” (the *Promissory Note*); the Corporation’s execution of the Loan Agreement, the Finance Agreement, and all documentation necessary or incidental thereto (including the Corporation’s execution of the Promissory Note evidencing its repayment obligation under the Loan Agreement; such documentation, as further respectively defined in the Loan Agreement and the Finance Agreement, and as used herein, the *Borrower Documents*); and to accept the assignment of Pledged Revenues (defined herein) as security for the repayment of the Loan; and

**WHEREAS**, the Board of Directors of the Corporation (the *Board*) hereby finds and determines the adoption of this Resolution is in the best interests of the residents of the City served by the Corporation; NOW, THEREFORE,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF SAN ANTONIO, TEXAS MUNICIPAL FACILITIES CORPORATION THAT:**

**SECTION 1. Authorization to Enter into Loan Agreement, Execute a Promissory Note, and Accept Loan.** As authorized by and pursuant to the provisions of the Constitution and general laws of the State of Texas, including Section 1502.059, Texas Government Code, as amended, the Act, Subchapter A of Chapter 1509, Texas Government Code, as amended, and Chapter 22, Texas Business Organizations Code, as amended (collectively, *Applicable Law*), the Board hereby approves (i) the Corporation’s acceptance of the Loan from the Bank and, in

connection therewith, the Corporation's issuance of the Promissory Note; (ii) execution of the Loan Agreement (in substantially the form attached hereto as Exhibit A), the Finance Agreement (in substantially the form attached hereto as Exhibit B), and the other Borrower Documents; and (iii) authorizes any action deemed necessary by a hereinafter-defined Authorized Official to effectuate the provisions of this Resolution, including the execution and approval of any other document, certificate, or instrument to facilitate the transactions contemplated hereunder, each in accordance with Applicable Law.

**SECTION 2. Authorization to Execute Documentation.** The President, Vice President, Secretary, and Treasurer of the Board, or a designee of any of the foregoing (each, an *Authorized Official*) are hereby individually authorized to execute, on behalf of and as the act and deed of the Corporation, any and all documentation identified in Section 1 hereof (which documentation shall be in substantially the form presented to the Board at the meeting at which this Resolution is considered and adopted). Each Authorized Official, after consultation with Norton Rose Fulbright US LLP, as special counsel to the Corporation, is authorized to approve any technical modifications or amendments to such documentation to effectuate the transactions thereunder contemplated without further action of the Board being necessary or required.

**SECTION 3. Pledge and Subsequent Assignment of Pledged Revenues.** Pursuant to the Loan Agreement, the Corporation will pledge, as security for the Loan, all money derived solely from those net revenues of City Public Service (*CPS*), the City's municipally-owned electric and gas utility systems (the *Utility Systems*), that are transferred by CPS to the City, and then assigned by the City to the Corporation in accordance with the terms of the Finance Agreement between the parties. The transfer of revenues will not to exceed 14% of the gross revenues of the Utility Systems less the value of gas and electric services of the Utility Systems used by the City for municipal purposes and the amounts expended for additions to the street lighting system, that remain after amounts due and owing (i) by the City to the City of San Antonio, Texas Starbright Industrial Development Corporation (*Starbright*) pursuant to the Economic Development Contract, dated as of June 19, 2003, between such parties (and the proceeds received by Starbright under which such revenues are pledged as security for the repayment of the City of San Antonio, Texas, Starbright Industrial Development Corporation Contract Revenue Refunding Bonds, Taxable Series 2013 (Starbright Project)), and (ii) by the City pursuant to the Loan Agreement between the City and JPMorgan Chase Bank, N.A., dated as of June 18, 2015 (but effective as of June 25, 2015), amended from time to time, under which such revenues are pledged for the repayment of the promissory note evidencing the foregoing obligation, each subject to the flow of funds and other more specific terms of the City's ordinances authorizing bonds, notes, public securities and credit agreements payable from the net revenues of the Utility Systems (such funds, the *Pledged Revenues*). The Board hereby accepts the assignment of the pledge of, and pledges, the Pledged Revenues as security for the Loan, as prescribed in the Loan Agreement and assigned pursuant to the terms of the Finance Agreement.

**SECTION 4. Inconsistent Provisions.** All resolutions and ordinances, 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 5. Governing Law.** This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

**SECTION 6. Severability.** If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid by a court of competent jurisdiction, 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 7. Incorporation of Preamble Recitals.** The recitals contained in the preamble hereof are hereby found to be true, and such recitals and other statements therein 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. Public Meeting.** 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, Texas Government Code, as amended.

**SECTION 9. Effective Date.** This Resolution shall be in force and effect from and after its passage on the date shown below.

*[The remainder of this page intentionally left blank]*

NRF  
10/17/19  
Item No. \_\_

**PASSED AND APPROVED** by the Board of Directors of the City of San Antonio, Texas Municipal Facilities Corporation this 17<sup>th</sup> day of October, 2019.

CITY OF SAN ANTONIO, TEXAS  
MUNICIPAL FACILITIES  
CORPORATION

\_\_\_\_\_  
President, Board of Directors

**ATTEST:**

\_\_\_\_\_  
Secretary, Board of Directors

NRF  
10/17/19  
Item No. \_\_

**EXHIBIT A**  
LOAN AGREEMENT

See Tab \_\_

NRF  
10/17/19  
Item No. \_\_

**EXHIBIT B**  
FINANCE AGREEMENT

See Tab \_\_