

RESOLUTION NO. MFC 2019-10-17-0001R

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 OF UP TO \$6,100,000 TO PAY CERTAIN COSTS RELATED TO FINANCING PROJECTS AT BROOKS CITY BASE; AUTHORIZING THE EXECUTION OF A FINANCING AGREEMENT BETWEEN THE CORPORATION AND THE CITY OF SAN ANTONIO, TEXAS, PURSUANT TO WHICH CERTAIN REVENUES WILL BE PLEDGED BY THE CITY TO THE CORPORATION FOR FURTHER PLEDGE BY THE CORPORATION AS SECURITY FOR THE AFOREMENTIONED LOAN; RESOLVING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE

* * * * *

WHEREAS, the City Council (the *Council*) of 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 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*) have, pursuant to the respective authority cited therein, entered into an Economic Development Interlocal Agreement (the *Agreement*) pursuant to which the Contract Parties, among other related matters, agreed to facilitate construction, including major renovations (collectively, the *Improvements*), 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 in the form of attracting 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 an amount 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 for the City, including (specifically) at Brooks, will assume the City's financial obligation under the Agreement to deliver proceeds to finance the costs of the Improvements (the *Assumed Obligation*); and

WHEREAS, the Corporation desires to obtain a loan, in an amount of \$6,065,000 (the *Loan*) to satisfy the Assumed Obligation, the proceeds from which Loan will be used 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 obtaining the Loan; 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; such agreement, in the form attached hereto as Exhibit A, the *Loan Agreement*), with Frost Bank, San Antonio, Texas (the *Bank*), pursuant to which the Bank will make the Loan to the Corporation, who will use the proceeds therefrom for the purposes specified therein; and

WHEREAS, the City, by ordinance of the Council adopted on the date hereof (the *City Ordinance*), has authorized (i) the City's pledge and assignment to the Corporation of the Pledged Revenues (which pledge and assignment is memorialized in the Financing Agreement, dated as of October 17, 2019 (but effective as of October 29, 2019; such agreement, in the form attached hereto as Exhibit B, the *Financing Agreement*) between the City and the Corporation) for further pledge by the Corporation as security for the repayment of the Loan; (ii) such further pledge of Pledged Revenues by the Corporation as security for the repayment of the Loan; and (iii) the Corporation's incurrence of the Loan, acceptance of the proceeds therefrom, and use of such proceeds to satisfy the Assumed Obligation; and

WHEREAS, the Corporation is now approving this Resolution to authorize its (i) execution of and entering into the Loan Agreement with the Bank pursuant to which it will accept the Loan and execute a non-negotiable promissory note (the *Promissory Note*) evidencing its obligation under the Loan Agreement and all other documentation necessary or incidental thereto (collectively, the *Borrower Documents*); (ii) execution of and entering into the Financing Agreement with the City (which includes acceptance of the assignment and pledge of Pledged Revenues) and all documentation necessary or incidental thereto; (iii) use of proceeds of the Loan to satisfy the Assumed Obligation; and (iv) the creation of necessary accounts in which to receive, deposit, and pay the Assumed Obligation; and

WHEREAS, the Board of Directors of the Corporation (the *Board*) hereby finds and determines that 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 Accept Loan and Execute Loan Documents; Directive to Use Proceeds. 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 the Corporation's (i) acceptance of the Loan from the Bank; (ii) execution of and entering into the Loan Agreement, the Corporation's execution of the Promissory Note as evidence of its obligations arising under the Loan Agreement (including the Loan), and any other Borrower Documents; and (iii) use of Loan proceeds in satisfaction of the Assumed Obligation by transferring to Brooks, as soon as reasonably practicable after settlement of the Loan, such proceeds pursuant to and in accordance with the provisions of the Agreement.

SECTION 2. Authorization to Execute Financing Agreement and to Pledge Pledged Revenues as Security for the Loan. As authorized by and pursuant to the provisions of *Applicable Law*, the Board hereby approves the Corporation's entering into and execution of the Financing Agreement. In connection with the foregoing, the Corporation hereby authorizes the Corporation's pledge of Pledged Revenues received by the Corporation pursuant to the Financing Agreement made by the Corporation in the Loan Agreement for the benefit of the Bank and as security for the repayment of the Corporation's obligation thereunder and as evidenced by the Promissory Note.

SECTION 3: Creation of Accounts.

(a) *General.* The Corporation hereby creates and establishes, and authorizes each Authorized Official or the designee thereof (on behalf and as the act and deed of the Corporation) to take such action as may be necessary to effectuate such creation and establishment with an authorized depository bank of the Corporation, the following accounts:

- (1) the Note Proceeds Account, and
- (2) the Note Payment Account.

The foregoing accounts shall be maintained at a depository bank of the Corporation for so long as required, as hereafter specified.

(b) *Note Proceeds Account.* The Note Proceeds Account shall serve as the account into which Loan proceeds shall be deposited by the Bank at the time of closing of the Loan, as specified by the Loan Agreement. Each Authorized Official is hereby authorized to withdraw Loan proceeds from the Note Proceeds Account and to utilize such proceeds in any manner determined by such Authorized Official to satisfy the Assumed Obligation pursuant to the Agreement and to pay necessary costs of incurring the Loan. Upon withdrawal of all amounts from the Note Proceeds Account and application thereof in the manner hereinbefore described, the Note Proceed Account shall be closed.

(c) *Note Payment Account.* The Note Payment Account shall serve as the account into which Pledged Revenues are deposited by the City at the times and in the amounts specified in the Financing Agreement, which Pledged Revenues shall be withdrawn and applied by an Authorized Official to satisfy the Corporation's obligations under the Loan Agreement, when and as due. Each Authorized Official or the designee thereof is hereby authorized and directed to deposit, as received, Pledged Revenues and to apply the same, in the amounts and at the times specified in the Loan Agreement in satisfaction of the Corporation's obligations thereunder against which Pledged Revenues are applied. Upon satisfaction and discharge of all obligations of the Corporation under the Loan Agreement, and receipt of written evidence from the Bank of such satisfaction and discharge, as well as the Bank's release of the lien on Pledged Revenues securing the Corporation's obligations under the Loan Agreement, any amounts remaining in the Note Payment Account shall be returned to the City and the Note Payment Account shall be closed.

SECTION 4. Authorization to Execute Documentation. The Board hereby authorizes its President, Vice President, or Secretary, and Treasurer, as well as any City Manager of the City, the City Secretary of the City, and the City's Chief Financial Officer (each, an *Authorized Official*) to execute, on behalf of and as the act and deed of the Corporation, the Financing Agreement, the Loan Agreement, the Promissory Note, and any Borrower Document, any other document, instrument, or certificate to evidence, provide notice of, or perfect the pledge of Pledged Revenues as security for the Loan, any approvals, consents, certificates, notices, or other instruments pertaining to the Corporation's entering into the Loan Agreement with and accepting the Loan from the Bank, and amendments to any of the foregoing determined by Authorized Official to be in the best interests of the City and/or the Corporation, and any other documentation determined by an Authorized Official to be necessary or incidental to any matter that is the subject of this Resolution. Each Authorized Official, from time to time and after consultation with Norton Rose Fulbright US LLP (as special counsel to the City), is authorized to approve any modifications or amendments to such documentation to effectuate the transactions hereunder or thereunder contemplated without further action of the Council being necessary or required.

SECTION 5. Defined Terms. Capitalized terms used herein without definition, including Pledged Revenues, shall have the respective meanings ascribed therein Section 5 of the City Ordinance (which defined terms are herein incorporated by reference as though reproduced herein).

SECTION 6. Amendments. For so long as the Corporation's obligations under the Loan Agreement remain outstanding and unpaid, the Corporation shall not amend or modify the terms and provisions of this Resolution or the Financing Agreement without receipt of the prior written consent of the Bank.

SECTION 7. 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 8. 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 9. 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 10. 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 11. 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 12. Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

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

CITY OF SAN ANTONIO, TEXAS
MUNICIPAL FACILITIES
CORPORATION



President, Board of Directors

ATTEST:



Secretary, Board of Directors

Agenda Item:	22B (in consent vote: 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22A, 22B, 23A, 23B, 23C)
Date:	10/17/2019
Time:	10:17:53 AM
Vote Type:	Motion to Approve
Description:	Resolution of the City of San Antonio, Texas Municipal Facilities Corporation Board of Directors approving 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 an amount not to exceed \$6,100,000.00, to pay costs related to financing projects at Brooks City Base; approving a finance agreement between the Corporation and the City of San Antonio, Texas, pursuant to which certain revenues will be pledged by the City to the Corporation for further pledge by the Corporation as security for the aforementioned loan.
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x				x
Jada Andrews-Sullivan	District 2		x			x	
Rebecca Viagran	District 3		x				
Adriana Rocha Garcia	District 4		x				
Shirley Gonzales	District 5		x				
Melissa Cabello Havrda	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

EXHIBIT A
LOAN AGREEMENT

See Tab 3

EXHIBIT B
FINANCING AGREEMENT

See Tab 5

CERTIFICATE OF SECRETARY

THE STATE OF TEXAS §
 §
COUNTIES OF BEXAR, §
COMAL, AND MEDINA §
 §
CITY OF SAN ANTONIO, TEXAS §
MUNICIPAL FACILITIES §
CORPORATION §

THE UNDERSIGNED HEREBY CERTIFIES that:

1. On the 17th day of October, 2019, the Board of Directors (the *Board*) of the City of San Antonio, Texas Municipal Facilities Corporation (the *Issuer*) held a special meeting (the *Meeting*), at the duly designated place therefor, and the roll was called of the members of the Board, to-wit:

Ron Nirenberg	President
Roberto C. Treviño	Director
Jada Andrews-Sullivan	Director
Rebecca J. Viagran	Director
Dr. Adriana Rocha Garcia	Director
Shirley Gonzales	Director
Melissa Cabello Havrda	Director
Ana Sandoval	Director
Manny Pelàez	Director
John Courage	Director
Clayton Perry	Director

Non-Director Officers

Erik Walsh	Executive Director
Leticia M. Vacek	Secretary
Ben Gorzell	Treasurer

All members of the Board were present, except the following _____
thus constituting a quorum. Whereupon, among other business, the following was transacted at
said Meeting:

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 OF UP TO \$6,100,000 TO PAY CERTAIN COSTS RELATED TO FINANCING PROJECTS AT

BROOKS CITY BASE; AUTHORIZING THE EXECUTION OF A FINANCING AGREEMENT BETWEEN THE CORPORATION AND THE CITY OF SAN ANTONIO, TEXAS, PURSUANT TO WHICH CERTAIN REVENUES WILL BE PLEDGED BY THE CITY TO THE CORPORATION FOR FURTHER PLEDGE BY THE CORPORATION AS SECURITY FOR THE AFOREMENTIONED LOAN; RESOLVING OTHER MATTERS INCIDENT AND RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE


(the *Resolution*) was duly introduced for the consideration of the Board and reviewed in full. 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 the following vote:

AYES: All NOES: None ABSTAIN: None

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 pertaining to the adoption of the Resolution; 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 in accordance with the Bylaws, and that the Resolution would be introduced and considered for adoption at the Meeting; each of such officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public, and public notice of the time, place, and purpose of the Meeting was given, and the subject of the Resolution, all as required by Chapter 551, Texas Government Code, as amended.

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SIGNED AND SEALED this 17th day of October, 2019.


Secretary, Board of Directors

(SEAL)

