

**THIS IS A DRAFT AND WILL BE REPLACED BY THE FINAL, SIGNED ORDINANCE OR RESOLUTION ADOPTED BY THE CITY COUNCIL.**

**AN ORDINANCE**

**AUTHORIZING PARTIAL NEIGHBORHOOD STABILIZATION PROGRAM LOAN FORGIVENESS FOR THE GILLETTE SQUARE APARTMENTS.**

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**WHEREAS**, on January 15, 2009, the City of San Antonio (“City”) was awarded Neighborhood Stabilization Program (“NSP”) funds authorized and appropriated under the Housing and Economic Recovery Act of 2008; and

**WHEREAS**, the City utilized the NSP funds for various affordable housing initiatives, which included the acquisition and rehabilitation of the Gillette Square Apartments, a 43 unit multi-family development, located at 642 Gillette Boulevard in Council District 3; and

**WHEREAS**, in Ordinance 2009-12-10-0996, the City approved funding up to \$2,571,134.70 to San Antonio Alternative Housing Corporation No. 17 (“SAAHC No. 17”) for the Gillette Square Apartments; and

**WHEREAS**, the City made two (2) loans to SAAHC No. 17 for the Gillette Square Apartments in the amounts of \$1,699,838.00 (the “First Loan”) and \$818,000.00 (the “Second Loan”), respectively (collectively, the First Loan and the Second Loan are referred to herein as the “Loans”); and

**WHEREAS**, each of the Loans is secured by a separate deed of trust recorded against the subject real property in the Official Public Records of Bexar County, Texas; and

**WHEREAS**, in addition to the other consideration provided for in the subject loan documents for making the Loans, two (2) covenants were recorded in the Official Public Records of Bexar County, Texas, to ensure the continued affordability of the Gillette Square Apartments; and

**WHEREAS**, the Second Loan matures on December 1, 2017; and

**WHEREAS**, SAAHC No. 17 has requested the City partially forgive the Second Loan due to its inability to service the debt and maintain the continued affordability of the Gillette Square Apartments; and

**WHEREAS**, as of October 18, 2017, the balance due on the Second Loan was \$736,487.69, with interest continuing to accrue thereon according to the terms of the subject loan documents; and

**WHEREAS**, SAAHC No. 17 has offered to pay the lump sum of \$600,000.00 to settle the amount owed on the Second Loan and of this amount, the sum of \$450,000.00 will be borrowed from a related entity and secured by a second lien against the subject property and the sum of \$150,000.00 will be contributed by a related entity; and

**WHEREAS**, the City Council desires to ensure the continued affordability of the Gillette Square Apartments by partially forgiving the Second Loan; and

**WHEREAS**, the City Council approves the compromise of the Second Loan provided that said compromise does not release or otherwise impair the First Loan or either of the existing affordability covenants recorded in the Official Public Records of Bexar County related to the Gillette Square Apartments; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The City Manager or her designee, or the Director of the Neighborhood and Housing Services Department (“NHSD”) or her designee, is hereby authorized to execute a loan forgiveness and release of lien agreement with Gillette Apartments No. 17, Inc. A copy of said agreement is on file with NHSD.

**SECTION 2.** Contingent upon receipt of the \$600,000.00 lump sum payment, Council approves the terms and conditions of the loan forgiveness and release of lien agreement.

**SECTION 3.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

**SECTION 4.** This Ordinance is effective immediately upon the receipt of eight (8) affirmative votes; otherwise, it is effective ten (10) days after passage.

**PASSED AND APPROVED** this 9<sup>th</sup> day of November, 2017.

**M A Y O R**  
Ron Nirenberg

**ATTEST:**

**APPROVED AS TO FORM:**

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Leticia M. Vacek, City Clerk

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Andrew Segovia, City Attorney