



SEGUIN PUBLIC FACILITY CORPORATION

James P. Plummer
Partner
Bracewell
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Authority

- City created a public facility corporation pursuant to Chapter 303 of Texas Local Government Code
- For purpose of owning and financing public facilities
- Gated apartment complex is public facility so long as available on non-discriminatory basis, except income set a sides
- A public nonprofit corporation acting on behalf of the City
- Same Board Members as City Council or any other appointees you choose

Purpose

- Vaquero has proposed the construction of a 272 unit apartment project with an estimated cost of \$58,071,814
- Principal purpose of PFC is to own the project and lease it to the development partnership
- Insulates the City from any liability
- Allows for property to be tax exempt if 50% of units leased to people at or below 80% of median income (\$66,320)
- The other 50% would be listed at market rate.

Developer Rights and Responsibility

- Developer will assume all financial risks
- Developer will bring proprietary capital stack to project
- They will guaranty construction completion, costs and operations
- They will set rent, budgets and policies
- They will manage day-to-day operations

Benefits

- Provides Workforce Housing
 - 50% at 80%
 - Adjusted for family size and bedroom size
 - Rents capped
 - Income
 - 1 person \$46,480
 - 2 people \$53,120
 - 3 people \$59,760
 - 4 people \$66,320
 - Rent
 - Efficiency \$1,162
 - 1 Bedroom \$1,245
 - 2 Bedroom \$1,494
 - 3 Bedroom \$1,725

Benefits (continued)

- Enables Class A apartments
 - Current comparable rents don't allow financing for Class A project
 - Project would have a \$_____ gap without PFC
 - With tax exemption, you can finance Class A
- Allows for input into:
 - Location
 - Design
 - Tenant selection criteria
- Provides housing for business recruitment

Benefits (continued)

- Proposed Financial:
 - \$250,000 at closing
 - 25% of sales tax savings
 - Annual rent equal to 25% of tax savings
 - Allows PFC to receive 15% percent of sales proceeds upon sale of project after payment of debt and return of capital
 - Developer will want right to force sale or refinancing with no approval of buyer

Risks

- If project not successful:
 - Seguin PFC won't make projected profits but will have no investment
 - Seguin PFC may be removed upon foreclosure and lose control, but then they pay taxes
 - Seguin PFC may get sued and have to defend even though it should have no liability; will have insurance and indemnity
 - Because Seguin PFC is a political body, it could have people show up at Council meetings

Seguin - Structure



