



Rowlett

Housing Finance Corporation

4113 Main Street, Suite 105  
Rowlett, TX 75088  
rowlethfc.org

Board of Directors Meeting  
Tuesday, September 12th 2023 at 2:30 p.m.  
4000 Main St., Rowlett, TX 75088

**AGENDA**

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the RHFC legal counsel on any agenda item herein. The Board of Directors reserves the right to reconvene, recess or realign the Regular meeting agenda or called Executive Session or order of business at any time prior to adjournment.

1. **Call to order.**
2. **Public Input:**  
The Board of Directors may receive public input on any of the agenda items listed below.
3. **Approval of Minutes:**  
Consider and take action to approve the minutes of the August 3rd, 2023 RHFC Board of Directors meeting.
4. **July and August 2023 financial report.**
5. **Consider and act on approval of \$3,000 application fee refund request to Opportunity Housing Group**
6. **Discuss and act on Memoranda of Understanding per Board of Director's request:**
  - a. "REVEAL ON THE LAKE"
  - b. "JEFFERSON MERRITT PARK – PHASE I"
  - c. "ENCLAVE ON MAIN APARTMENTS"
7. **Hear Update on Lakeview Pointe**
8. **Hear Update on TX Homebuyer Program**
9. **Hear Update n on TRIO program**
10. **Consider and possibly take action on professional liability insurance through the Texas Municipal League Intergovernmental Risk Pool.**

11. **Consider and possibly take action on a travel expense reimbursement policy.**
12. **Hear presentation and consider and possibly take action on TALHFA-Texas Association of Local Housing Finance Agencies Annual Conference in Fort Worth, October 18-20, 2023.**
13. **Items of Community Interest, Topics for future agenda: Members of the Board may request topics to be placed on an agenda for a subsequent meeting. Any deliberation or decision shall be limited to a proposal to place the topic on the agenda for a subsequent meeting.**



4113 Main Street, Suite 105  
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Board of Directors Special Meeting  
Thursday, August 3, 2023 at 4:00 p.m.  
4000 Main St., Rowlett, TX 75088

### MINUTES

**Board Members Present:** Vice President Jeff Winget, Secretary Debra Shinder, and Board member Elise Bowers.

**Joining via conference call:** President Blake Margolis and Board member Michael Schupp.

**Also present:** Legal counsel David Berman and Executive Director Peter Urrutia

1. **Call to order.**

Vice President Jeff Winget called the meeting to order at 4:02 p.m.

2. **Public Input:**

There was no public input.

3. **Approval of Minutes:**

**MOTION** by Board member Bowers, second by Secretary Shinder to approve the minutes of the July 24, 2023 meeting of the Board of Directors. Carried unanimously.

4. **Current development projects and MOUs:**

a. **Presentation by Vista North Shore development team**

Joel Pollack of Streamline Advisory Partners and Brandon Smith of Cypress Equity Investments presented a development summary for a 286-unit attainable multifamily housing project at 9310 Merritt Road and requested that the RHFC hold a TEFRA hearing and issue \$35 million in tax-exempt bond funding to finance the project, and enter into a Limited Partnership Agreement with the developer, who would negotiate a PILOT for city taxes.

b. **Executive Director to provide documentation and detailed information on all other current projects and MOUs**

President Margolis requested that the Board consider suspending two current MOUs for multifamily projects.

**MOTION** by Secretary Shinder, second by President Margolis to table the item until later in the meeting to give Executive Director Urrutia time to find requested information. Carried unanimously.

**c. Review, discuss, and take any necessary action regarding Rowlett Housing Finance Corporation current projects.**

**CONSENSUS:** Following discussion by the Board, it was the unanimous consensus of the Board not to move forward with the Vista North Shore project.

**CONSENSUS:** Returning to item (b), it was the unanimous consensus of the Board to bring the other current multifamily MOUs back to the next meeting for consideration.

**5. Registered agent:**

**CONSENSUS:** It was the unanimous consensus of the Board to continue using the current registered agent for service of process, GoGency Global.

**6. Bylaws:**

The Board discussed the amended Bylaws as presented in the agenda packet, and the changes suggested via email by former Board member Brian Galuardi. Secretary Shinder requested that language be added to Article III, Directors, for clarification purposes. It was the consensus of the Board to accept the addition.

**MOTION** by Secretary Shinder, second by Board member Bowers to approve the Bylaws with the added language as discussed. Carried unanimously.

**7. Topics for future agenda:**

- a. President Margolis requested that action to suspend the current multifamily MOUs be considered at the next meeting.
- b. Board member Bowers requested that need for Directors and Officers (D&O) professional liability insurance be discussed at the next meeting.

**8. Meeting adjourned at 5:16 p.m.**

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Blake Margolis, President

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Debra Shinder, Secretary

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Date approved

# Rowlett Housing Finance Corporation Profit & Loss Budget vs. Actual

January through July 2023

	<u>Jan - Jul 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>Ordinary Income/Expense</b>			
<b>Income</b>			
40000 · Bond Issuance Related Income			
40120 · Bond Annual Issuer Fee	21,875.00		
<b>Total 40000 · Bond Issuance Related Income</b>	<u>21,875.00</u>		
43000 · Other Income			
43300 · Interest Income			
43310 · TexPool	5,647.94		
43320 · LOGIC Pool	16,386.96		
<b>Total 43300 · Interest Income</b>	<u>22,034.90</u>		
43000 · Other Income - Other	3,014.05		
<b>Total 43000 · Other Income</b>	<u>25,048.95</u>		
<b>Total Income</b>	<u>46,923.95</u>		
<b>Expense</b>			
60000 · Payroll Expenses			
60100 · Salary & Wages	60,783.34	53,200.00	7,583.34
60101 · Bonus	0.00	397.81	-397.81
60110 · FICA Taxes	4,728.85		
60120 · SUTA Taxes	38.14	4,121.25	-4,083.11
60130 · FUTA Taxes	84.00		
<b>Total 60000 · Payroll Expenses</b>	<u>65,634.33</u>	<u>57,719.06</u>	<u>7,915.27</u>
61000 · Professional Services			
61100 · Monthly Accounting Services	21,703.50	29,166.62	-7,463.12
61101 · Annual Compilation Service	12,269.50	8,750.00	3,519.50
61000 · Professional Services - Other	105.00		
<b>Total 61000 · Professional Services</b>	<u>34,078.00</u>	<u>37,916.62</u>	<u>-3,838.62</u>
62000 · Administrative & Operating Exp.			
62100 · Memberships and Dues	4,185.58	3,791.62	393.96
62102 · Office Rent	3,850.00	3,850.00	0.00
62110 · Postage, Mailing Service	0.00	58.31	-58.31
62120 · Printing and Copying	0.00	437.50	-437.50
62130 · Supplies	859.72	291.62	568.10
62150 · Advertising	1,612.88	875.00	737.88
62160 · Computer Internet	2,220.32	1,458.31	762.01
62170 · Bank Fee	48.66	87.50	-38.84
62190 · Property Tax Expense	0.00	43.75	-43.75
62191 · Contribution Expense	795.00		
<b>Total 62000 · Administrative &amp; Operating Exp.</b>	<u>13,572.16</u>	<u>10,893.61</u>	<u>2,678.55</u>
63000 · Insurance Expenses			
63100 · Liability Insurance	1,510.73	1,458.31	52.42
<b>Total 63000 · Insurance Expenses</b>	<u>1,510.73</u>	<u>1,458.31</u>	<u>52.42</u>

	<u>Jan - Jul 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>
<b>64000 · Director Related Expense</b>			
64120 · Other Event Gathering	300.00	175.00	125.00
<b>Total 64000 · Director Related Expense</b>	<u>300.00</u>	<u>175.00</u>	<u>125.00</u>
<b>65000 · Travel and Meetings</b>			
65100 · Conference, Convention, Meeting	2,015.00	5,366.62	-3,351.62
65105 · Employee Training	433.25	583.31	-150.06
65110 · Travel (Air, Hotel, Car)	6,232.86	9,625.00	-3,392.14
65115 · Meals and Entertainment	869.24	1,050.00	-180.76
<b>Total 65000 · Travel and Meetings</b>	<u>9,550.35</u>	<u>16,624.93</u>	<u>-7,074.58</u>
<b>66000 · Community Support</b>	<u>1,000.00</u>	<u>2,916.62</u>	<u>-1,916.62</u>
<b>Total Expense</b>	<u>125,645.57</u>	<u>127,704.15</u>	<u>-2,058.58</u>
<b>Net Ordinary Income</b>	<u>-78,721.62</u>	<u>-127,704.15</u>	<u>48,982.53</u>
<b>Net Income</b>	<u><u>-78,721.62</u></u>	<u><u>-127,704.15</u></u>	<u><u>48,982.53</u></u>

**Rowlett Housing Finance Corporation**  
**Profit & Loss Budget vs. Actual**  
 January through July 2023

6:41 PM

09/09/2023

Accrual Basis

**% of Budget**

Ordinary Income/Expense

Income

40000 · Bond Issuance Related Income  
     40120 · Bond Annual Issuer Fee  
 Total 40000 · Bond Issuance Related Income  
 43000 · Other Income  
     43300 · Interest Income  
         43310 · TexPool  
         43320 · LOGIC Pool  
     Total 43300 · Interest Income  
     43000 · Other Income - Other  
 Total 43000 · Other Income

Total Income

Expense

60000 · Payroll Expenses	
60100 · Salary & Wages	114.25%
60101 · Bonus	0.0%
60110 · FICA Taxes	
60120 · SUTA Taxes	0.93%
60130 · FUTA Taxes	
Total 60000 · Payroll Expenses	<u>113.71%</u>
61000 · Professional Services	
61100 · Monthly Accounting Services	74.41%
61101 · Annual Compilation Service	140.22%
61000 · Professional Services - Other	
Total 61000 · Professional Services	<u>89.88%</u>
62000 · Administrative & Operating Exp.	
62100 · Memberships and Dues	110.39%
62102 · Office Rent	100.0%
62110 · Postage, Mailing Service	0.0%
62120 · Printing and Copying	0.0%
62130 · Supplies	294.81%
62150 · Advertising	184.33%
62160 · Computer Internet	152.25%
62170 · Bank Fee	55.61%
62190 · Property Tax Expense	0.0%
62191 · Contribution Expense	
Total 62000 · Administrative & Operating Exp.	<u>124.59%</u>
63000 · Insurance Expenses	
63100 · Liability Insurance	<u>103.6%</u>
Total 63000 · Insurance Expenses	<u>103.6%</u>

	<u>% of Budget</u>
<b>64000 · Director Related Expense</b>	
64120 · Other Event Gathering	171.43%
<b>Total 64000 · Director Related Expense</b>	<u>171.43%</u>
<b>65000 · Travel and Meetings</b>	
65100 · Conference, Convention, Meeting	37.55%
65105 · Employee Training	74.27%
65110 · Travel (Air, Hotel, Car)	64.76%
65115 · Meals and Entertainment	82.79%
<b>Total 65000 · Travel and Meetings</b>	<u>57.45%</u>
<b>66000 · Community Support</b>	<u>34.29%</u>
<b>Total Expense</b>	<u>98.39%</u>
<b>Net Ordinary Income</b>	<u>61.64%</u>
<b>Net Income</b>	<u><u>61.64%</u></u>



Consider and act on approval of \$3,000 application fee refund request to Opportunity Housing Group



July 11, 2023

Sent by EMAIL: [purrutia@rowlettthfc.com](mailto:purrutia@rowlettthfc.com)

Mr. Peter Urrutia  
Rowlett Housing Finance Corporation  
4113 Main St, Suite 105  
Rowlett, TX 75088

Dear Mr. Urrutia,

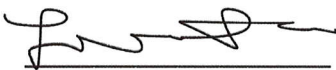
On May 16, 2023, Opportunity Housing Group ("**OHG**") submitted an application to the Rowlett Housing Finance Corporation ("**RHFC**") for the acquisition of "Reveal on the Lake", a multifamily asset located at 1600 President George Bush Hwy, Rowlett, TXC 75088 (the "**Property**").

As part of this application, OHG submitted a check for \$3,000.00 (three thousand and 00/100) dollars dated 5/16/2023 to the order of Rowlett Housing Finance Corporation (the "**Application Fee**").

Given that the application is not being processed by the RHFC, we are kindly requesting a refund of the Application Fee in the amount of \$3,000.00 (three thousand and 00/100) dollars. The refund can be made by returning the original check if it has not been cashed or by sending a check to the order of Opportunity Housing Group, LLC, located at 550 Hartz Ave, Suite 200, Danville, CA 94526.

Best regards,

Opportunity Housing Group, LLC

By:   
Lauren Seaver  
Its: President

cc: Mr. Bradley P. Griggs, Manager, Opportunity Housing Group  
Mr. Doug Praw, Holland & Knight

DATE:05/16/2023 CK#:254 TOTAL:\$3,000.00\*\*\* BANK:Opportunity Housing Group LLC(ohgllcch)  
PAYEE:Rowlett Housing Finance Corporation(row01)

Property Address - Code	Invoice - Date	Description	Amount
Opportunity Housing Group LLC - o 20230516 - 05/16/2023			3,000.00
			<hr/> 3,000.00

**Opportunity Housing Group LLC**  
550 Hartz Avenue, Suite 200  
Danville, CA 94526  
(925) 272-0917

Heritage Bank of Commerce  
300 Main Street  
Pleasanton, CA 94566-7325  
(888) 494-4599  
90-4228-1211

254

PAY \*\*\*\*\* THREE THOUSAND AND 00/100 DOLLARS

05/16/2023 \$3,000.00\*\*\*

TO THE  
ORDER OF

Rowlett Housing Finance Corporation  
4113 Main Street, Suite 105  
Rowlett, TX 75088



⑈000254⑈ ⑆121142287⑆ 523018042⑈

DATE:05/16/2023 CK#:254 TOTAL:\$3,000.00\*\*\* BANK:Opportunity Housing Group LLC(ohgllcch)  
PAYEE:Rowlett Housing Finance Corporation(row01)

Property Address - Code	Invoice - Date	Description	Amount
Opportunity Housing Group LLC - o 20230516 - 05/16/2023			3,000.00
			<hr/> 3,000.00

RE: Rowlett HFC- Reveal on the Lake

David Berman <Dberman@njdhs.com>

Fri 8/18/2023 5:10 PM

To: Peter Urrutia <purrutia@rowletthfc.org>

Peter, so sorry. Yes, I did receive your email but I was looking for an attachment that wasn't there, I did not scroll down to see the email thread.

The Board needs to discuss and consider this request. That said, my take on this is that Lauren is right: the application fee is intended to compensate the HFC for the time and expense incurred in *processing* the application. If the application was simply rejected because multifamily projects are not currently being considered by the HFC (a global rejection), then the application was not processed. It was rejected without being processed. It doesn't matter if the application instructions says that the fee is nonrefundable; that doesn't change the basic fairness/unfairness of the situation.

My suggestion would ordinarily be that you send her an email letting her know that the matter will be considered by the Board, but it looks like you have already correctly done that.

David M. Berman

**NICHOLS | JACKSON**

Direct: 214-665-3369

Cell: 214-636-8186

Email: [dberman@njdhs.com](mailto:dberman@njdhs.com)

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**From:** Peter Urrutia <purrutia@rowletthfc.org>

**Sent:** Friday, August 18, 2023 11:49 AM

**To:** David Berman <Dberman@njdhs.com>

**Cc:** Peter Urrutia <purrutia@rowletthfc.org>

**Subject:** Fw: Rowlett HFC- Reveal on the Lake

David,

**I do not know if you received this or not. Here is my communication with Lauren Seaver, President, Opportunity Housing Group, requesting the application fee refund.**

**Peter D. Urrutia**

**Interim Executive Director**

**Rowlett Housing Finance Corporation**

**214-906-3014**

**[purrutia@rowletthfc.org](mailto:purrutia@rowletthfc.org)**

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**From:** Peter Urrutia <[purrutia@rowletthfc.org](mailto:purrutia@rowletthfc.org)>

**Sent:** Wednesday, August 16, 2023 11:06 AM

**To:** David Berman <[DBerman@coppelltx.gov](mailto:DBerman@coppelltx.gov)>

I enjoyed the conference, and I am so sorry we were not able to meet up and make an introduction to each other in person.

Regarding the requested application fee refund for the project Reveal on the Lake, the Rowlett HFC will not issue a refund as noted in the **Article IV. Fees and Costs**.

**If you review the *Application for Financing Qualified Residential Rental Projects, Instructions and Application Form* on our website, you will note Article IV, Fees and Costs as copied below:**

ARTICLE IV. FEES AND COSTS

*Application Fee.* A nonrefundable fee of \$3,000 for a private activity bond issue or for a 501(c)(3) Applicant (the "Application Fee") for the Corporation staff review of the application (by check made payable to the Corporation). In connection with private activity bond issues, \$2,000 must be paid as compensation to Bond Counsel (the "Bond Counsel Review Fee") for preparing and filing the application with the Texas Bond Review Board (by check made payable to Chapman and Cutler LLP). In addition, an Applicant applying for a private activity bond issue must submit a check for the Texas Bond Review Board filing fee in the amount of \$5,000 payable to the Texas Bond Review Board with its application (the "Bond Review Board Filing Fee"). If the Corporation does not adopt a resolution of official intent for the Applicant's project, the Corporation will return the Bond Review Board Filing Fee and the Bond Counsel Review Fee. The \$3,000 Application Fee owed to the Corporation is not refundable whether or not the Corporation adopts an official intent resolution.

Thank you, Lauren and please feel free to contact me if you have any questions.

**Peter D. Urrutia**  
**Interim Executive Director**  
**Rowlett Housing Finance Corporation**  
**214-906-3014**  
[purrutia@rowletthfc.org](mailto:purrutia@rowletthfc.org)

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**From:** Lauren Seaver <[lseaver@blakegriggs.com](mailto:lseaver@blakegriggs.com)>  
**Sent:** Monday, August 7, 2023 6:05 PM  
**To:** Peter Urrutia <[purrutia@rowletthfc.org](mailto:purrutia@rowletthfc.org)>  
**Cc:** Bradley Griggs <[bgriggs@blakegriggs.com](mailto:bgriggs@blakegriggs.com)>  
**Subject:** RE: Rowlett HFC- Reveal on the Lake

Hi Peter-

Hope you enjoyed the conference- sorry I missed you there. I wanted to follow up regarding our Reveal application and when our fee can be refunded? Thanks,

Lauren

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**From:** Lauren Seaver  
**Sent:** Monday, July 17, 2023 8:50 AM  
**To:** Peter Urrutia <[purrutia@rowletthfc.org](mailto:purrutia@rowletthfc.org)>  
**Cc:** Bradley Griggs <[bgriggs@blakegriggs.com](mailto:bgriggs@blakegriggs.com)>  
**Subject:** RE: Rowlett HFC- Reveal on the Lake

**MOU**  
**"ENCLAVE ON MAIN APARTMENTS"**

EXECUTION COPY

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**ROWLETT HOUSING FINANCE CORPORATION**

**AND**

**OPPORTUNITY HOUSING GROUP, INC.**

**"REVEAL ON THE LAKE"**

THIS MEMORANDUM OF UNDERSTANDING (this "*MOU*") is between the Rowlett Housing Finance Corporation (the "*Rowlett HFC*"), a public, nonprofit housing finance corporation organized under Chapter 394 of the Texas Local Government Code, as amended, and Opportunity Housing Group, Inc. (the "*Developer*"), a California corporation, and is dated and effective as of June 14, 2023.

The Developer is a developer and asset manager of affordable housing in the State of Texas. The Rowlett HFC is a public, nonprofit housing finance corporation whose mission is to provide safe, decent and sanitary housing for persons of low and moderate income. The Developer and the Rowlett HFC hereby agree to work cooperatively to acquire, own, operate and manage affordable housing at the following location, in accordance with the terms of this MOU:

Reveal on the Lake, being an existing 484-unit development located at 1600 President George Bush Highway in the City of Rowlett, Dallas County, Texas (the "*Project*"), financed with tax-exempt governmental purpose bonds to be issued by the Rowlett HFC (the "*Bonds*").

In order to accomplish this purpose, the parties agree as follows:

**AGREEMENTS**

**A. OWNERSHIP STRUCTURE**

1. The Rowlett HFC will form a Texas limited liability company named Reveal on the Lake Owner, LLC (the "*Company*") for the purpose of borrowing the proceeds of the Bonds from the Rowlett HFC and owning the Project.

2. The Developer or an affiliate thereof will serve as asset manager (the "*Asset Manager*") of the Project and will enter into an asset management agreement (the "*Asset Management Agreement*") with the Company. Pursuant to the Asset Management Agreement, the Asset Manager will, among other things:

(i) monitor and report to the Company with respect to the compliance and performance of the Property Manager (as hereinafter defined) with the Property Manager's duties under the Management Agreement (as hereinafter defined);

(ii) monitor and take all commercially reasonable steps necessary to cause the Property Manager to comply with the Rowlett HFC's and the Company's tenant selection policies as set forth in the Regulatory Agreement (as hereinafter defined) and to otherwise verify the Project's continued compliance in all material respects with the Regulatory Agreement, including income verification and reporting requirements thereunder and all reporting requirements set forth in *Exhibit A* hereto;

(iii) prepare and file (or cause the Property Manager to prepare and file) all necessary forms relating to the maintenance and operation of the Project required by all applicable laws;

(iv) in consultation with its counsel, coordinate and manage the process of entering into any required deposit account control agreements with the cooperation of the Company and its counsel;

(v) cooperate with the Company and any accountants engaged on the Company's behalf regarding applicable income or other tax returns and filings;

(vi) cooperate with the Company and the Rowlett HFC and its counsel in connection with any communications with appraisers or taxing districts necessary to obtain and maintain an ad valorem tax exemption with respect to the Project;

(vii) cooperate with Company to obtain and maintain insurance for the Project and acquaint itself with all terms and conditions of all insurance policies applicable to the ownership, operation, management and maintenance of the Project;

(viii) in consultation with the Property Manager, promptly investigate and provide a written report to the Company as to all alleged accidents and/or alleged claims for damages related to the ownership, operation, management and maintenance of the Project (including any personal injury or property damage) and the estimated cost of repair and forward such information to the applicable insurance carrier, when appropriate;

(ix) to the extent within the control of the Asset Manager, monitor and verify that the Project is being operated in compliance with all requirements of the Bond documents, including without limitation, compliance with all notice requirements thereunder;

(x) direct the Property Manager to obtain and keep in full force and effect all real estate and business licenses and governmental authorizations (including qualifications to do business) as may be necessary for the proper performance of the Property Manager's duties and obligations under the Management Agreement;

- (xi) oversee the Property Manager's efforts to advertise, promote and market the Project;
- (xii) cooperate with the Company with respect to the Company's provision of social services at the Project;
- (xiii) notify the Company in a timely manner of any occurrence, event, condition or circumstance known to the Asset Manager that could reasonably be expected to have a material adverse effect on the business or operations of the Project;
- (xiv) coordinate with the Property Manager for submission to the Company of annual operating and capital budgets; and
- (xv) monitor compliance with any debt service coverage requirements required in connection with the Bonds.

The Company may terminate the Asset Management Agreement at any time; *provided*, that in the event of such termination, the Asset Manager or its affiliates will be entitled to retain ownership of the subordinate bond.

#### B. DUE DILIGENCE

As a condition to the Rowlett HFC's participation in the Project, the Developer will provide the Rowlett HFC with all reasonably requested due diligence information on the Project and its proposed financing and operations.

#### C. FINANCING

The acquisition of the Project will be financed through the issuance of the Bonds. It is expected that the Bonds will be sold by Citigroup Global Markets Inc., or an affiliate thereof, pursuant to a limited offering. The Rowlett HFC will issue the bonds in minimum authorized denominations of \$100,000 (in maturity value for Capital Appreciation Bonds) and will initially be sold only to investors who deliver an investor letter acceptable to the Rowlett HFC. The Rowlett HFC may issue to the Asset Manager or an affiliate thereof a subordinate bond in minimum authorized denominations of \$500,000, which will be issued in physical form and be transferable only upon delivery to the Rowlett HFC of an investor letter acceptable to the Rowlett HFC.

The proceeds of the Bonds will be loaned to the Company to enable the acquisition of the Project. Certain terms relating to the Bonds and the financing of the Project are set forth in the term sheet attached as *Exhibit A* hereto and made a part hereof.

D. MANAGEMENT AND OPERATION

1. GREP Texas, LLC shall serve as the property manager (the “*Property Manager*”) for the Project, which will be memorialized in a management agreement with the Company (the “*Management Agreement*”), which is subject to the approval of the Rowlett HFC.

2. The Management Agreement will be terminable at the discretion of the Company upon 30 days’ written notice.

E. COMMUNITY SUPPORT

The Developer shall be primarily responsible for interfacing with the local governmental officials in connection with support for the Project and the Rowlett HFC shall provide reasonable cooperation in connection with such matters. The parties will consult with each other and coordinate the response to any media inquiries and/or public opposition to the Project that may arise.

F. AD VALOREM TAX EXEMPTION

The ownership structure and the rental restrictions contemplated herein are expected to generate an ad valorem tax exemption (the “*Exemption*”) for the Project. The Rowlett HFC, on behalf of the Company, shall work with the Developer and the Dallas Central Appraisal District to obtain confirmation of the availability of such Exemption in the form of a pre-determination letter, to the extent such letter can be obtained.

G. SUMMARY OF TERMS

Certain financial terms and other information with respect to the Bonds and the Project are set forth in the summary of terms attached hereto as *Exhibit A* and made a part hereof.

H. REGULATORY RESTRICTIONS

In addition to restrictions that may be required in connection with the Bonds, the Developer and the Rowlett HFC agree that (i) at least 5% of the units in the Project will be restricted for occupancy by individuals and families earning less than 60% of the area median income, (ii) at least 45% of the units in the Project will be restricted for occupancy by individuals and families earning less than 80% of the area median income, (iii) at least 40% of the units in the Project will be restricted for occupancy by individuals and families earning less than 140% of area median income and (iv) not more than 10% of the units in the Project will be unrestricted. The income and rent limits will be adjusted for family size and calculated by using the Calculator (as hereinafter defined) without application of a utility allowance. The Rowlett HFC is expected to record a Regulatory Agreement and Declaration of Restrictive Covenants at closing in the Dallas County



land records that will set forth the income restrictions and describe the methodology for income verification and reporting.

As used herein, “*Calculator*” means the Novogradac Rent and Income Limit Calculator for the applicable year, under the “Other Federal, State, or Local Program” category for Dallas, TX HUD Metro FMR Area with rent calculations based on: “60%”, “80%” or “140%” and Imputed Persons Per Bedroom for Rent Limited Calculations set to “1.5 Person/1 Bedroom” and the applicable family size selected for the respective housing leasing a particular unit. In the event such tool is not available, applicable rent and income limits shall be calculated using a reasonable substitute tool as agreed to by the parties hereto.

I. MISCELLANEOUS

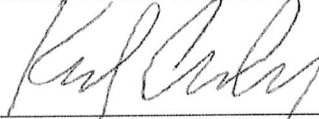
1. This MOU is a letter of intent only. This MOU will have no binding effect and may be terminated at any time by either party for any reason. Upon termination of this MOU, neither party shall have any ongoing obligation to the other with respect to this MOU or the Project.

2. The parties acknowledge that the Company, the Rowlett HFC and its affiliates will be represented in this transaction by Chapman and Cutler LLP (“*Rowlett HFC Counsel*”) in a legal capacity and Hilltop Securities Inc. in a financial advisory capacity (“*Financial Advisor*”). The Developer and its affiliates will be represented by separate legal counsel and will not be entitled to rely on Rowlett HFC Counsel for legal representation in this matter and acknowledges that no financial advisory relationship will exist among the Developer and its affiliates and the Financial Advisor.

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EXECUTED to be effective as of the date above shown.

ROWLETT HOUSING FINANCE CORPORATION

By 

Karl Crawley  
President

OPPORTUNITY HOUSING GROUP, INC.

By 

Blake Griggs  
Managing Partner

**EXHIBIT A**

**TERM SHEET**

[Attached]



# OPPORTUNITY HOUSING GROUP

## Workforce Housing Program

### Term Sheet

June 8, 2023

#### Project Specifications:

**Project:** Reveal on the Lake (the “Project”), a 484-unit multifamily property completed in 2019 and located at 1600 President George Bush Hwy., Rowlett, TX 75088

#### Financing Participants:

**Issuer:** Rowlett Housing Finance Corporation (“RHFC”) or other affiliate (collectively referred to as “RHFC”)

**Borrower and Project Owner:** RHFC Reveal on the Lake Apartments, LLC, a Texas limited liability company whose sole member is RHFC, or other affiliate of RHFC (“Owner”)

**Sponsor/Project Administrator:** Opportunity Housing Group or other affiliate (“OHG”)

**Property Manager:** Greystar

**Bond Counsel:** TBD

**RHFC Co-Financial Advisors:** Hilltop Securities, Inc. and Estrada Hinojosa & Company, Inc.

**RHFC General Counsel:** Chapman and Cutler LLP

**Bond Underwriter:** Citigroup Global Markets, Inc.

**Bond Underwriter’s Counsel:** Norris George & Ostrow PLLC

**Sponsor’s Counsel:** Holland & Knight LLP

#### Financing Summary:

OHG is proposing to assist RHFC in the acquisition of the Project. RHFC will issue governmental purpose tax-exempt bonds to finance the acquisition. OHG will act as the Project Administrator to negotiate, with input from RHFC, the Purchase and Sale Agreement (“PSA”), provide the required deposits, assemble third party reports and perform other front-end due diligence and “sponsorship” functions. At the closing, OHG will assign the PSA to the Owner, which will borrow the proceeds of the Bonds from the RHFC to purchase the Project. Following the closing, OHG will stay on in an asset management role to work with the Property Manager in the administration of the Project, oversight of affordability compliance, operational management and in providing information on Project performance to Bond Purchasers on behalf of RHFC. At closing, income restrictions on the Project will be implemented to further RHFC’s mission of providing quality affordable housing to qualified tenants and qualify the Project for real estate tax exemption. Owner will be sole owner of the Project, including the land and improvements. Following the retirement of the bonds, Owner will own the Project free and clear of any bond-related encumbrances.

#### Deal Summary/Timeline

1. **Purchase Agreement:** OHG (or its affiliate) has an agreement with the current owner to enter into the PSA for the Project:
  - i. PSA purchase price \$128,500,000 (the “PSA Purchase Price”)
  - ii. **Estimated Closing Date: October 2023**
  - iii. At closing, OHG will assign the PSA to the Owner.
    1. The Owner borrows the proceeds of the Bonds and pays the PSA Purchase Price to 550 Hartz Avenue, Suite 200, Danville, CA 94526 • [www.opportunityhousinggroup.com](http://www.opportunityhousinggroup.com)

seller under the PSA at closing (funded by Investor Bonds, which may include one or more series of senior lien and subordinate lien bonds)

2. In exchange for assignment of the PSA, RHFC will deliver the \$5 million Sponsor Bonds, which are to be directly issued to the OHG or its affiliate in physical form, and not publicly offered to potential bond purchasers.

2. **Bonds:** RHFC will issue governmental purpose tax-exempt bonds to finance the acquisition of the Project:

- a. Investor Bond Terms (estimate only, to be finalized at issuance of bonds)
  - i. Total tax-exempt amount approximately \$169 million
  - ii. Interest and Principal to be paid solely by the Project's cash flow
  - iii. 35-45 year term bond whereby principal is only paid down based on available cash flow
  - iv. May be structured in one or more series of senior lien and subordinate lien bonds, with the potential use of both Current Interest Bonds and Capital Appreciation Bonds; Current Interest Bond pricing estimated at 6.00-6.50% for senior lien and 6.50-8.00% for subordinate lien as of June 8, 2023
  - v. Authorized denominations of \$100,000 and integral multiples of \$5,000 in excess thereof (provided Bonds may be redeemed in integral multiples of \$5,000)
- b. Sponsor Bond Terms (estimate only, to be finalized at issuance of bonds)
  - i. Total tax-exempt amount \$5,000,000
  - ii. Estimated coupon and yield not to exceed 10.00%.
  - iii. Issued to Project Administrator or its affiliate in exchange for assignment its right, title and interest in the PSA to Owner
  - iv. Subordinate to all Investor Bonds and paid with available cash flow after debt service on Investor Bonds are paid, subordinated fees are paid and reserves are funded
  - v. Authorized denominations of \$500,000 and integral multiples of \$5,000 in excess thereof

3. **Rent and Income Restrictions**

- a. Middle Income Regulatory Agreement will be recorded at Sale:
  - a. 5% of the units will be restricted to households earning less than 60% of Area Median Income ("AMI") (adjusted for family size)
  - b. 45% of the units will be restricted to households earning less than 80% of Area Median Income ("AMI") (adjusted for family size)
  - c. 90% of the units will be restricted to tenants earning not more than 140% of AMI (inclusive of the units rented to individuals and families earning less than 80% of the area median income)
  - d. The remaining 10% of units will be unrestricted

4. **Reserves** (all funded by Investor Bonds)

- a. Capital Reserves: Initial deposit of approximately \$750,000, ongoing reserve deposits starting at \$145,200/year with annual increases.
  - i. Funds up-front property improvements as needed and provides a reserve for future needs. Property Condition Report to determine final budget for up-front needs and long-term projection.
- b. Debt Service Reserves: Approx. \$10.1 million or 3 years of Maximum Annual Debt Service (est.)
  - i. Represents approximately 36 months of debt service payments for Investor Bonds
  - ii. Capitalized Interest Reserve and Coverage Reserve are held until the project achieves 1.2x

DSCR. Debt Service Reserve is retained until the Investor Bond principal is fully repaid

- c. Operating and Other Reserves: Approximately \$3.7 million (est.)
  - i. Represents 6 months of projected operating expenses. Not expected to be needed but is a “reserve fund” for any unforeseen expenses. This also includes a reserve of approximately \$3.2 million for payment of Project Administration Fees. The Subordinated Fee Reserve is available to fund subordinated ongoing fees to the Project Administrator.

## 5. Fees

- a. **RHFC Fee** (paid as an Administrative Expense from project income)
  - i. Ongoing RHFC Asset Management Fee of 0.5% per year of effective gross income of the Project.
- b. **Upfront Project Administrator Acquisition Fee** (paid from bond proceeds)
  - i. Aggregate \$2 million payable to OHG for services rendered through closing, including the assumption of risk in fronting all pursuit costs totaling approximately \$3 million, and performing all due diligence on the Project and the underlying transaction. The Upfront Project Administrator Fee is funded by the Investor Bonds.
- c. **Ongoing Project Administration Fee** (paid from cash flow, subordinate to Investor Bond interest)
  - i. \$500/unit/year increased by 3.0% per year for the annual administration of the Project, payable to the Project Administrator. This covers OHG’s expense in administering the project.
  - ii. Project Administration responsibilities include: Asset management and oversight of Property Manager; Annual and Quarterly Financial reporting to RHFC and Bond Trustee; Oversight of third party accountant(s) and Annual Audited Financial Statements and Tax Returns for RHFC and Bond Trustee; Coordination with Property Manager for annual development and submittal of Operating Plan and Budget, Capital Budget, Marketing Plan, and Rent/Fee Schedule; Coordination of Quarterly Budget Updates (if required); Annual preparation on behalf of the RHFC from Property Manager for Certificate of Program Compliance and filing of the Annual Report; Quarterly Report of Continuing Disclosure; Onsite Physical inspections; Inventory management of FF&E; Bond Documents Compliance; Supervision of all Books and Records, Business Licenses, Capital Expenses, Insurance and claims, etc.
  - iii. Term of Project Administration Agreement: This agreement will be for successive one-year terms.
- d. **Property Management Fee** to third-party property management company:
  - i. 2.25% of effective gross income of the Project, plus a monthly to be negotiated Fixed Fee in consideration of the Manager providing certain technology, administrative, and strategic marketing products, affordable compliance services, and other services that are essential to the operation of the property in a professional, efficient and competitive manner.
  - ii. Property Management fee paid by the Property’s cash flow and considered an operating expense.
  - iii. Term of Project Management Agreement: This agreement will be for successive one-year terms.

## 6. Distributions:

- a. Net Cash shall be distributed monthly as follows:
  - i. First, the interest due with respect to the Investor Bonds for the current interest accrual period;
  - ii. Second, accrued and unpaid interest on the Investor Bonds from prior interest accrual periods;
  - iii. Third, to payment of subordinated fees including the Sponsor Project Administration Fee;
  - iv. Fourth, accrued and unpaid interest on the Sponsor Bonds;
  - v. Of the remaining funds, 100% will go towards a soft sinking fund (turbo structure) to pay off the Investor Bonds, followed by the Sponsor Bonds

- vi. **Following repayment of all bonds, Owner owns the Project free and-clear of any bond-related encumbrances.**
  - vii. "Net Cash": The Project's gross income (consisting primarily of rental income) minus its operating expenses including the property management fee and capital expenditures.
- b. Capital Proceeds upon a sale or refinance shall be distributed as follows:
- i. First, to the accrued and unpaid Investor Bond Interest;
  - ii. Second, to the accrued and unpaid Sponsor Bond Interest;
  - i. Third, to the unpaid Investor Bond Principal;
  - ii. Fourth, to the unpaid Sponsor Bond Principal;
  - iii. Fifth, to the RHFC, all remaining proceeds.

# MOU

JEFFERSON MERRITT PARK – PHASE I

EXECUTION COPY

## MEMORANDUM OF UNDERSTANDING

BETWEEN

ROWLETT HOUSING FINANCE CORPORATION

AND

JPI MERRITT 190 DEVELOPMENT, LLC

“JEFFERSON MERRITT PARK – PHASE I”

THIS MEMORANDUM OF UNDERSTANDING (this “*MOU*”) is between the ROWLETT HOUSING FINANCE CORPORATION (the “*Rowlett HFC*”), a nonprofit public housing finance corporation organized under Chapter 394 of the Texas Local Government Code, and JPI MERRITT 190 DEVELOPMENT, LLC (the “*Developer*”), a Delaware limited liability company and is dated and effective as of January 31, 2022.

The Developer is a developer of low and moderate income housing in the State of Texas. The Rowlett HFC is a nonprofit public housing finance corporation whose mission is to finance or to provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing and placement in service of public facilities. The Developer and the Rowlett HFC hereby agree to work cooperatively to finance and develop an approximately 355-unit multifamily housing development, Phase I, to be located in the City of Rowlett, Dallas County, Texas (the “*Project*”), in accordance with the terms of this MOU.

In order to accomplish this purpose, the parties agree as follows:

### AGREEMENTS

#### A. OWNERSHIP STRUCTURE

1. The Developer will form a limited partnership named Jefferson Merritt 190, L.P. (or similar name) (the “*Partnership*”) for the purpose of owning the Project. A single-purpose entity that is wholly-owned by the Rowlett HFC or a nonprofit affiliate of the Rowlett HFC will be admitted into the Partnership as the sole General Partner (the “*General Partner*”).

2. The Developer may designate an affiliate to serve as a special limited partner of the Partnership (the “*Special LP*”), with certain oversight and approval rights. Any such rights must be agreed to by the Rowlett HFC and may not, in the opinion of Partnership Counsel (as hereinafter defined), result in the Special LP being deemed a General Partner for exercising its rights under the Partnership Agreement (as hereinafter defined).



3. The duties of the General Partner and the Special LP shall be set forth in a partnership agreement (the “*Partnership Agreement*”) to be entered into among the General Partner, the Special LP and an equity investor as the limited partner (the “*Investor LP*”).

The General Partner’s execution of the Partnership Agreement shall be subject to the following terms:

(i) The General Partner’s representations shall be limited to those within the General Partner’s actual knowledge and in no case shall due inquiry be required, it being understood and agreed that the General Partner will not be looked upon by the Special LP or the Investor LP to conduct Project-related diligence, and any such diligence conducted by the Rowlett HFC is solely for its own benefit;

(ii) The General Partner shall be indemnified by TDI Consolidated, LLC, an affiliate of the Developer, and the Partnership for any liabilities incurred under the Partnership Agreement, except for liabilities incurred as a result of the General Partner’s gross negligence or willful misconduct and in no event shall such indemnification be contingent upon a ruling of a court of law;

(iii) The General Partner shall not be required to covenant to undertake actions or obligations that the Special LP will be required to take under the Partnership Agreement; and

(iv) The Partnership Agreement shall contain a provision wherein the Special LP and Investor LP acknowledge that the obligations of the General Partner under the Partnership Agreement are obligations solely of the General Partner and not the owner of the General Partner.

The Developer agrees that it will provide an executed copy of this MOU to the Investor LP prior to executing an equity letter of intent or similar document (an “*LOI*”) and, as set forth in Paragraph C.2. below, agrees to provide the LOI to the Rowlett HFC for review and comment prior to execution.

4. Title to the land for the Project shall be taken in the name of a subsidiary of the Rowlett HFC (the “*Ground Lessor*”), and the Ground Lessor shall then enter into a long-term ground lease (the “*Ground Lease*”) with the Partnership, as tenant, holding an interest in the improvements that constitute the Project. Upon termination of the Ground Lease, ownership of the improvements constituting the Project shall revert to the Rowlett HFC. In the event that the Project is sold, the Ground Lease shall provide for a transfer of title to the land to a purchaser upon payment of a nominal cost.

5. The Special LP may have the right to assign its interests in the Partnership with the prior written consent of the General Partner, which may be granted or withheld in the General Partner’s sole discretion.

B. DUE DILIGENCE

As a condition to the Rowlett HFC's participation in the financing and ownership of the Project, the Rowlett HFC requires the Developer to provide due diligence information on the Project and its proposed financing and operations pursuant to the due diligence checklist (the "*Checklist*") attached hereto as *Exhibit A*. The Developer shall deliver the due diligence items on the Checklist at the times stated on the Checklist. Failure of the Developer to deliver to the Rowlett HFC due diligence items acceptable to the Rowlett HFC shall be grounds for the Rowlett HFC to terminate this MOU in its discretion.

C. FINANCING

1. The Developer will apply for construction and permanent financing (the "*Loan*") on behalf of the Partnership. The Developer shall be responsible for selecting the lender and negotiating the loan terms on behalf of the Partnership; *provided*, that the Rowlett HFC shall have the right to review and approve the financing arrangements and the terms and conditions of any Loan documents.

2. On behalf of the Partnership, the Developer will facilitate and negotiate the terms of an equity investment in the Project (the "*Equity*"); *provided*, that the Rowlett HFC shall have the right to review and approve the identity of the Investor LP, the financing arrangements and the terms and conditions of any Equity financing documents. The Equity financing documents are expected to include the Partnership Agreement.

3. The Developer shall pay all costs and fees associated with applying for the Loan and facilitating the Equity investment, which costs, along with all other pre-development costs incurred by the Developer (to the extent included within the approved budget), may be reimbursed at Closing (as defined herein) from the proceeds of the Loan and Equity. In the event this MOU is terminated or the transaction fails to close as contemplated herein, the Developer shall be solely responsible for all costs described above and the Rowlett HFC and its affiliates shall have no responsibility for payment or reimbursement of such costs.

4. The Developer shall provide any guarantees of construction completion that may be required in conjunction with the Loan or the Equity financing. NEITHER THE ROWLETT HFC, THE GENERAL PARTNER NOR ANY OF THEIR AFFILIATES WILL PROVIDE ANY GUARANTEES OR INDEMNITIES IN CONNECTION WITH THE FINANCING OF THE PROJECT.

D. DESIGN AND CONSTRUCTION

1. The Developer shall provide comprehensive development services to the Partnership pursuant to a Development Agreement to be entered into by the Partnership and Developer.

2. The Developer shall prepare and promptly provide the Rowlett HFC a detailed development budget for the Project.

3. The Developer shall be responsible for obtaining the services of design professionals for the design of the site plan and design of the Project. The Rowlett HFC will be provided copies of the final plans and specifications for the Project, including all construction contracts. The Rowlett HFC will have the right to review, comment and approve such plans, specifications and contracts at least five (5) business days prior to the execution of the contracts.

4. In order to secure an exemption from state sales tax for the acquisition of building materials, the Rowlett HFC Foundation (the "*Contractor*"), shall serve as the general contractor in connection with the construction of the Project. In connection with the participation of the Contractor as described in the previous sentence, the Contractor shall be entitled to a fee equal to \$550,838.43, half of which fee shall be payable at Closing and half of which fee shall be payable upon completion of construction of the Project. TDI CONSOLIDATED, LLC, AN AFFILIATE OF THE DEVELOPER, AND THE PARTNERSHIP SHALL PROVIDE INDEMNIFICATION TO THE CONTRACTOR FOR ALL LIABILITIES INCURRED BY THE CONTRACTOR IN CONNECTION WITH THE PROJECT EXCEPT THOSE CAUSED BY THE CONTRACTOR'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

5. The Developer shall be responsible for obtaining all governmental approvals and permits needed in order to construct and operate the Project.

6. The Project shall be constructed so as to comply with ADA and Section 504 requirements, as applicable under federal and state law.

#### E. MANAGEMENT AND OPERATION

1. ZRS Management, LLC shall serve as the property manager (the "*Manager*") for the Project, which will be memorialized in a management agreement (the "*Management Agreement*") if form and substance acceptable to the Rowlett HFC. Developer reserves the right to replace the Manager as it deems necessary, subject to Rowlett HFC prior approval, which shall not be unreasonably withheld, delayed, or conditioned.

2. Notwithstanding anything to the contrary, the Management Agreement will automatically renew upon its scheduled termination unless either party gives ninety (90) days' notice to renegotiate the terms or terminate the Management Agreement.

#### F. COMMUNITY SUPPORT

The Rowlett HFC and the Developer shall be jointly responsible for interfacing with the local governmental officials in connection with support for the Project. The parties will consult with each other and coordinate the response to any media inquiries and/or public opposition to the Project that may arise.

G. AD VALOREM PROPERTY TAX EXEMPTION

The ownership structure contemplated herein is expected to generate ad valorem tax exemption for the Project. The Rowlett HFC, on behalf of the Partnership, shall work with the Dallas Central appraisal district to obtain confirmation of the availability of such exemption in the form of a pre-determination letter. At Closing, the Developer shall cause an opinion of counsel to be delivered, in form and substance acceptable to the Rowlett HFC, with respect to the ad valorem tax exemption, which opinion will also cover the exemption from state sales taxation.

H. FEES AND EXPENSES

1. The Developer shall be entitled to receive a development fee (the “*Development Fee*”) for its services in developing the Project, which will be shared with the Rowlett HFC. At the Closing, Rowlett HFC shall be paid an amount equal to 20% of the projected Development Fee to be paid Developer.

2. The Partnership contemplates a PILOT payment to the City of Rowlett, and the General Partner shall be entitled to an annual payment of any net tax savings approved by the Rowlett City Council (the “PILOT fee”). In addition to any PILOT fee that may be owed to the General Partner, the General Partner shall be entitled to a base payment of \$100,000 per year, which payment shall increase by 2.5% annually.

3. The General Partner shall be entitled to receive a share equal to 10% of net cash flow generated from a sale or refinancing, subordinate to Investor LP first receiving a return of all capital and a preferred return of 8%. All fees, distributions or sale or refinancing proceeds payable to the General Partner pursuant to the terms of the Partnership Agreement, shall be retained by the General Partner and the General Partner shall not be required, under any circumstance, to share any such fees, distributions or sale or refinancing proceeds with the Developer.

4. The General Partner shall be entitled to receive a Partnership Management Fee in the amount of \$10,000 per year for its services in connection with Management of the Partnership, which fee shall increase by 3% annually and accrue without interest if cash flow is insufficient to pay such fee in any year. Developer or its affiliate will provide asset management services to the Partnership, and Developer shall be paid a maximum of 35 basis points of project cost per annum, paid monthly through stabilization, and \$150,000 per year after stabilization.

5. Neither party shall enter into any contractual relationship or agreement relating to the Project that would cause either financial or legal liability to the other, without the other party’s prior written consent.

6. All expenses incurred by the Rowlett HFC in connection with this MOU, including but not limited to costs for staff time to review the proposed Project, third-party reports, the Rowlett HFC’s legal counsel, counsel to the General Partner and the Partnership, special real estate

counsel, financial advisor and other expenses incurred by the Rowlett HFC in connection with the proposed Project (the “*Costs*”), shall be included in the Project’s development budget and reimbursed by the Partnership to the Rowlett HFC concurrently with the closing on the Loan (the “*Closing*”). Rowlett HFC expects to incur costs for its counsel in the amount of \$100,000 and for its financial advisor in the amount of \$100,000, which fees are in addition to fees set forth in the immediately succeeding paragraph.

In addition to the fees set forth above and as a precondition for the Rowlett HFC proceeding with the financing of the Project, upon execution and delivery of this MOU, the Developer shall pay the amount of \$25,000 to each of Hilltop Securities Inc. and Chapman and Cutler LLP. Such fees are nonrefundable.

I. PURCHASE OPTION/RIGHT OF FIRST REFUSAL

In order to secure the ad valorem property tax exemption, the General Partner or the Rowlett HFC shall have a right of first refusal to acquire the Project for a price equal to the purchase price offered by an arms-length third party from which the Partnership receives a bona fide purchase offer for the Project. In addition, the General Partner, as of the Closing shall have an option to acquire the interests of the Investor LP and the Special LP and an option to acquire the Project for fair market value, plus the following: all of the investors’ unreturned capital and preferred return, taxes arising from the sale, outstanding indebtedness on the Property, repayment of partner loans, the present value of the anticipated cash flow for the remainder of the term of the ground lease following the date of the sale, using a discount rate of 10% and all costs and expenses of the transaction, including reasonable attorneys’ fees.

J. REGULATORY RESTRICTIONS

The Developer and the Rowlett HFC agree that at least (i) 51% of the units in the Project will be restricted for rent to individuals and families earning no more than 80% of the area median income (as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended) and the Project will be subject to any such other restrictions as shall be required by the Rowlett HFC. Income shall be verified by the Developer pursuant to a review of the tenants’ federal income tax returns or other commercially reasonable method acceptable to the Rowlett HFC. The Developer and the Rowlett HFC will enter into a Regulatory Agreement at Closing to be recorded in the applicable county land records that will set forth the income restrictions and describe the methodology for income verification and reporting.

K. MISCELLANEOUS

1. This MOU reflects the entire understanding between the parties and may only be amended in writing, signed by both parties. This MOU is a contract and not merely an “agreement to agree.”

2. Each party hereto is prohibited from assigning any of its interests, benefits or responsibilities hereunder to any third party or related third party, without the prior written consent of the other party, such consent not to be unreasonably withheld, conditioned, or delayed.

3. The parties agree to execute such documents and do other such reasonable things as may be necessary or appropriate to facilitate the development of the Project and the consummation of the agreements set forth herein.

4. This MOU may be executed in several counterparts, each of which shall be deemed to be an original and all of which together shall constitute one contract binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart

5. THIS MOU SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUSIVE OF CONFLICT OF LAWS PRINCIPLES.

6. In case any one or more of the provisions contained in this MOU for any reason is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provision hereof, and this MOU will be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

7. The parties hereto submit exclusively to the jurisdiction of the state and federal courts of Dallas County, Texas, and venue for any cause of action arising hereunder shall lie exclusively in the state and federal courts of Dallas County, Texas.

8. Should any party employ an attorney or attorneys to enforce any of the provisions hereof, to protect its interest in any manner arising under this MOU, or to recover damages for the breach of this MOU, the non-prevailing party in any action pursued in courts of competent jurisdiction (the finality of which is not legally contested) agrees to pay to the prevailing party all reasonable costs, damages and expenses, including specifically, but without implied limitation, attorneys' fees, expended or incurred by the prevailing party in connection therewith.

9. The subject headings contained in this MOU are for reference purposes only and do not affect in any way the meaning or interpretation hereof.

10. This MOU shall continue until terminated upon the occurrence of any one of the following conditions:

- (a) The Rowlett HFC and the Developer sign a mutual consent to terminate this MOU;
- (b) Loan and Equity financing for the Project are not closed by December 31, 2022;

(c) If the terms of the Loan and Equity financing for the Project are unacceptable to the Rowlett HFC, in its sole discretion, and the Rowlett HFC provides the Developer notice of such fact and a 30-day opportunity to provide financing terms that are acceptable to the Rowlett HFC and the Developer, but the Developer does not do so;

(d) The Rowlett HFC's Board of Directors takes action to disapprove of the participation of the Rowlett HFC in the financing of the Project as described in this MOU at any time prior to the Closing;

(e) Either party breaches its obligations under this MOU, the non-breaching party provides the breaching party notice of such fact and a 15-day opportunity to cure, and the breaching party fails to do so; or

(f) Either party files for bankruptcy protection, makes an assignment for the benefit of creditors, has a receiver appointed as to its assets, or generally becomes insolvent.

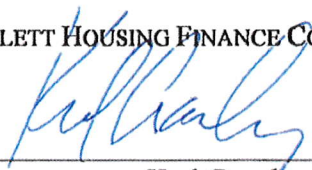
Upon termination of this MOU for any of the reasons cited above, neither party shall have any ongoing obligation to the other with respect to this MOU nor the Project. In addition, the provisions of this MOU with respect to the Project will be terminated when the General Partner is admitted to the Partnership and the Rowlett HFC and the Developer and their affiliates, as applicable, enter into definitive agreements with respect to the governance of the Partnership and the development, construction, financing, and operation of the Project as contemplated herein.

11. The parties acknowledge that the Partnership, the General Partner, the Rowlett HFC and its affiliates will be represented in this transaction by Chapman and Cutler LLP ("*Partnership Counsel*") in a legal capacity and Hilltop Securities Inc. in a financial advisory capacity ("*Hilltop Securities*"). The Developer, the Special LP and their affiliates will be represented by separate counsel and will not be entitled to rely on Partnership Counsel for representation in this matter and acknowledges that no financial advisory relationship will exist among the Developer, the Special LP and their affiliates and Hilltop Securities.

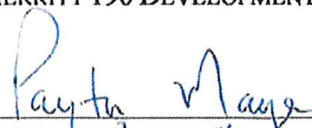
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EXECUTED to be effective as of the date above shown.

ROWLETT HOUSING FINANCE CORPORATION

By   
Karl Crawley  
President

JPI MERRITT 190 DEVELOPMENT, LLC

By   
Name: Payton Mayes  
Title: Authorized Representative



**EXHIBIT A**

ROWLETT HOUSING FINANCE CORPORATION  
CHECKLIST OF DUE DILIGENCE

<b>PROPERTY ITEMS</b>			
RECEIVED	ITEM	DEADLINE	NOTES
	Project Description, including number of units, unit sizes, and amenities		
	Site Location information, with map		
	Proposed Rent Schedule, with tenant income restrictions		
	Site Plan		
	Market Study		
	Appraisal		
	Phase I Environmental		
	Soils Report		
	Evidence of site control		
	Evidence of zoning		
	Title commitment with all exceptions		
	Survey		
	Physical needs analysis (for rehabilitation projects)		
<b>DEVELOPMENT ITEMS</b>			
RECEIVED	ITEM	DEADLINE	NOTES
	Detailed Development Budget		
	Sources and Uses		
	Statement of Developer's experience, including evidence of net worth		
	Resume of Master Subcontractor, with evidence of experience		
	Plans and Specifications		
	Resume of Architect, with evidence of experience		

<b>FINANCING ITEMS</b>			
RECEIVED	ITEM	DEADLINE	NOTES
	15-year Pro Forma		
	Debt financing commitment		
	Equity financing commitment		
	Description of all other sources of financing		
	Application for debt financing		
<b>OPERATIONAL ITEMS</b>			
RECEIVED	ITEM	DEADLINE	NOTES
	Resume of property management company, with evidence of experience		
	Description of social services to be provided and information regarding social services provider		
	Proposed Rent Schedule, with tenant income restrictions		
	Current rent roll (if applicable)		
<b>ORGANIZATIONAL ITEMS</b>			
RECEIVED	ITEM	DEADLINE	NOTES
	Organizational documents for limited partnership		

**RIDER**  
to  
**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**ROWLETT HOUSING FINANCE CORPORATION**  
**AND**  
**JPI MERRITT 190 DEVELOPMENT, LLC**  
**“JEFFERSON MERRITT PARK – PHASE I”**

THIS RIDER (“Rider”) dated effective as of May 20, 2022 (the “*Effective Date*”), supplements and modifies that certain Memorandum of Understanding dated January 31, 2022 (the “*MOU*”) by and between the ROWLETT HOUSING FINANCE CORPORATION (the “*Rowlett HFC*”), a nonprofit public housing finance corporation organized under Chapter 394 of the Texas Local Government Code, and JPI MERRITT 190 DEVELOPMENT, LLC (the “*Developer*”), a Delaware limited liability company. Capitalized terms used herein and not otherwise defined shall have the meanings give to such term in the MOU. In the event of any conflict between the terms of this Rider and the MOU, the terms of this Rider shall control.

**RECITALS**

WHEREAS, in an effort to understand the requirements of Rowlett HFC related to the Partnership Agreement to be entered into between Developer and Rowlett HFC, Developer has reviewed that certain Limited Partnership Agreement of Enclave Rowlett, LP, a Texas limited partnership, dated June 18, 2021, executed by Rowlett HFC related to a multifamily development known as “Enclave on Main” (the “*HFC Precedent LPA*”);

WHEREAS, in order to further its efforts to take down the land and otherwise capitalize the Project, Developer is requesting some flexibility and clarity regarding certain provisions as stated in the HFC Precedent LPA;

WHEREAS, Developer and Rowlett HFC desire to enter into this Rider to further clarify certain terms and conditions related to the Partnership and the development of the Project.

WHEREAS, in order to accomplish this purpose, the parties hereto agree as follows:

**AGREEMENTS**

1. Units. The Project will have 594 units.
2. Indemnifications. BRB Consolidated, LLC, an affiliate of Developer, shall provide the indemnifications listed in the MOU, where such indemnification is not provided by Partnership as set forth in the HFC Precedent LPA. For the avoidance of doubt, TDI Consolidated LLC will not provide any guaranties or indemnities in connection with the Project (including, without limitation, the indemnifications listed in the MOU).

3. In order to secure an exemption from state sales tax for the acquisition of building materials, the Rowlett HFC Foundation (the "*Contractor*"), shall serve as the general contractor in connection with the construction of the Project. In connection with the participation of the Contractor as described in the previous sentence, the Contractor shall be entitled to a fee equal to 1% of hard costs which is equal to \$1,025,658.00, half of which fee shall be payable at Closing and half of which fee shall be payable upon completion of construction of the Project.

4. Investor's Preferred Return. The General Partner shall be entitled to receive a share equal to 10% of net cash flow generated from a sale or refinancing, subordinate to Investor LPs first receiving a return of all capital and a preferred return of 8%.

5. Guarantees. The Developer, or an entity affiliated with Developer, shall provide any guarantees of construction completion. It is currently anticipated that BRB Consolidated, LLC will provide any such guaranties of construction completion.

6. PILOT Fee. The Partnership contemplates a PILOT payment to the City of Rowlett, and the General Partner shall be entitled to an annual payment of any net tax savings approved by the Rowlett City Council (the "PILOT fee"). In addition to any PILOT fee that may be owed to the General Partner, the General Partner shall be entitled to a base payment of \$200,000 per year, which payment shall increase by 2.5% annually.

7. Construction Contract. The Construction Contract used with regards to the Project will not be on an AIA form, rather the Construction Contract will be JPI's standard form of construction management agreement, to be negotiated and agreed upon by JPI and Contractor.

8. Ground Lease. The term of the ground lease to be entered into between Rowlett HFC and the Partnership shall be ninety-nine (99) years.

9. Investor Limited Partner Transfer. It is currently anticipated that an affiliate of Developer will act as both Special Limited Partner and Investor LP (although, at Developer's option, the Investor LP may be a third-party investor selected by Developer). Notwithstanding anything to the contrary in the MOU or the HFC Precedent LPA (including but not limited to Section 4.5, 4.7, 7.4, 7.18, 10.1 and 10.2 of the HFC Precedent LPA), Investor LP will have unrestricted transfer rights on its membership interests in Investor LP and/or its interests in the Partnership (whether direct or indirect) and no consent shall be required from any party with respect thereto (and no right of first offer or right of first refusal or option in favor of the General Partner will be applicable with respect thereto).

10. Payoff of Third Party Capital. Notwithstanding anything to the contrary in the MOU or the HFC Precedent LPA, all third-party capital (e.g., the Loan or the Equity) must be fully repaid (and all associated JPI-related guaranties or indemnities released) as a condition of the exercise of any right of first refusal, right of first offer or other option in favor of the General Partner in the Partnership Agreement.

11. Right to Review. The parties hereto recognize and agree that any partnership agreement entered into will be subject to comments from Limited Partners and subject to the ultimate business terms agreed to by the parties.

12. Counterparts. This Rider may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

13. Severability. Each provision of this Rider shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Rider is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Rider which are valid.

14. Parties Bound. This Rider shall be binding upon and inure to the benefit of the heirs, executors, administrators, legal representatives and permitted successors and assigns of the parties hereto. Except as amended hereby, the Memorandum of Understanding remains unchanged and in full force and effect and the parties hereto hereby ratify, confirm, and reaffirm the terms of the Memorandum of Understanding, as hereby amended.

15. Further Actions. The Partners shall execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purposes of this Rider.

16. Texas Law to Apply. This Rider shall be construed and enforced in accordance with the laws of the State of Texas.

17. Capitalized Terms. Capitalized terms not expressly defined hereinbelow shall have the same meaning as set forth in the Memorandum of Understanding.

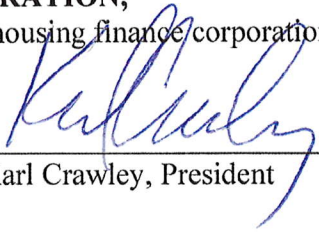
*[SIGNATURES ON FOLLOWING PAGE]*

EXECUTED to be effective as of the date above shown.

**ROWLETT HOUSING FINANCE CORPORATION,**

a Texas housing finance/corporation

By

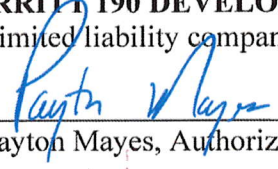
  
\_\_\_\_\_

Karl Crawley, President

**JPI MERRITT 190 DEVELOPMENT, LLC**

a Texas limited liability company

By

  
\_\_\_\_\_

Payton Mayes, Authorized Representative

# **EXPENSE REIMBURSEMENT POLICY**



## **1. Purpose**

*The Board of Directors of the Rowlett Housing Finance Corporation (herein "RHFC") recognizes that board members, officers, and employees ("Personnel") of RHFC may be required to travel or incur other expenses from time to time to conduct organizational business and to further the mission of the RHFC as defined in the Articles of Incorporation and Corporate Bylaws. The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) to provide a uniform and consistent approach for the timely reimbursement of authorized expenses incurred by Personnel. It is the policy of RHFC to reimburse only reasonable and necessary expenses actually incurred by Personnel. When incurring business expenses, RHFC expects Personnel to:*

- *Exercise discretion and good business judgment with respect to those expenses;*
- *Be cost conscious and spend RHFC'S money as carefully and judiciously as the individual would spend his or her own funds; and*
- *Report expenses, supported by required documentation, as they were actually spent.*

## **2. General Expense Policies**

**A. Expense Reports.** *All travel expenses and requests for reimbursements of travel-related expenses shall be submitted in an approved Expense Report (see Appendix A). Expense Report detail must include both expenses incurred on a HFC-issued credit card as well as reimbursement of personal funds. Any reimbursement of personal funds will not be issued until travel is complete and a valid expense report is provided, which must include receipts. Expense reports shall be produced within two weeks of the completion of travel. To be valid, an Expense Report must be approved by the Executive Director (for budgeted travel expenses) or President of the Board of Directors (for unbudgeted or emergent travel expenses, or expenses requiring reimbursement to the Executive Director).*

**B. Necessity of Travel.** *In determining the reasonableness and necessity of travel expenses, Personnel shall consider the ways in which RHFC will benefit from the travel and weigh those benefits against the anticipated costs of the travel. The same considerations shall be taken into account in deciding whether a particular individual's presence on a trip is necessary. In determining whether the benefits to RHFC outweigh the costs, less expensive alternatives, such as participation by telephone or video conferencing, or the availability of local programs or training opportunities, shall be considered.*

- C. Personal and Spousal Travel Expenses.** Individuals traveling on behalf of RHFC may incorporate personal travel or business with their RHFC -related trips; however, Personnel shall not arrange RHFC travel at a time that is less advantageous to RHFC or involving greater expense to RHFC in order to accommodate personal travel plans. Any additional expenses incurred as a result of personal travel, including but not limited to extra hotel nights, additional stopovers, meals or transportation, are the sole responsibility of the individual and will not be reimbursed by RHFC. Expenses associated with travel of an individual's spouse, family or friends will not be reimbursed by RHFC.

### **3. Receipts**

Receipts are required for all expenditures billed directly to RHFC such as airfare and hotel charges. No expense in excess of \$25.00 will be reimbursed to Personnel unless the individual requesting reimbursement submits with the Expense Report written receipts from each vendor (not a credit card receipt or statement) showing the vendor's name, a description of the services provided (if not otherwise obvious), the date, and the total expenses, including tips (if applicable).

### **4. Air Travel**

- A. General.** Air travel reservations should be made as far in advance as possible in order to take advantage of reduced fares. RHFC will reimburse or pay only the cost of the lowest coach class fare actually available for direct, non-stop flights from the airport nearest the individual's home or office to the airport nearest the destination.
- B. Saturday Stays.** Personnel traveling on behalf of RHFC are not required to stay over Saturday nights in order to reduce the price of an airline ticket. An individual who chooses to stay over a Saturday night shall be reimbursed for reasonable lodging and meal expenses incurred over the weekend to the extent the expenses incurred do not exceed the difference between the price of the Saturday night stay ticket and the price of the lowest price available ticket that would not include a Saturday night stay. To receive reimbursement for such lodging and meal expenses, the individual must supply, along with the Expense Report, documentation of the amount of the difference between the price of the Saturday stay and non-Saturday stay airline tickets.
- C. Frequent Flyer Miles and Compensation for Denied Boarding.** Personnel traveling on behalf of RHFC may accept and retain frequent flyer miles and compensation for denied boarding for their personal use. Individuals may not deliberately patronize a single airline to accumulate frequent flyer miles if less expensive comparable tickets are available on another airline.

### **5. Lodging**

Personnel traveling on behalf of RHFC may be reimbursed at the single room rate for the reasonable cost of hotel accommodations. Convenience, the cost of staying in the city in which the hotel is located, and proximity to other venues on the individual's itinerary shall be considered in determining reasonableness. Personnel shall make use of available discount rates for hotels. "Deluxe" or "luxury" hotel rates will not be reimbursed unless no alternative exists.



## 6. **Out-Of-Town Meals**

Personnel traveling on behalf of RHFC are reimbursed for the reasonable and actual cost of meals (including tips) subject to a maximum per diem meal allowance of \$75 per day. In addition, reasonable and necessary gratuities that are not covered under meals may be reimbursed.

## 7. **Ground Transportation**

Personnel are expected to use the most economical ground transportation appropriate under the circumstances and should generally use the following, in this order of desirability:

- **Courtesy Cars:** Many hotels have courtesy cars, which will take you to and from the airport at no charge. The hotel will generally have a well-marked courtesy phone at the airport if this service is available. Personnel should take advantage of this free service whenever possible.
- **Airport Shuttle or Bus:** Airport shuttles or buses generally travel to and from all major hotels for a small fee. At major airports such services are as quick as a taxi and considerably less expensive. Airport shuttle or bus services are generally located near the airport's baggage claim area.
- **Taxis:** When courtesy cars and airport shuttles are not available, a taxi is often the next most economical and convenient form of transportation when the trip is for a limited time and minimal mileage is involved. A taxi may also be the most economical mode of transportation between an individual's home and the airport.
- **Rental Cars:** Car rentals are expensive so other forms of transportation should be considered when practical. Personnel will be allowed to rent a car while out of town provided that advance approval has been given by the individual's supervisor and that the cost is less than alternative methods of transportation.

## 8. **Personal Cars**

Personnel are compensated for use of their personal cars when used for RHFC business. When individuals use their personal car for such travel, including travel to and from the airport, mileage will be allowed at the currently approved IRS rate per mile. In the case of individuals using their personal cars to take a trip that would normally be made by air, e.g., Dallas to El Paso, mileage will be allowed at the currently approved IRS rate; however, the total mileage reimbursement will not exceed the sum of the lowest available round trip coach airfare.

## 9. **Parking/Tolls**

Parking and toll expenses, including charges for hotel parking, incurred by Personnel traveling on RHFC business will be reimbursed. The costs of parking tickets, fines, car washes, valet service, etc., are the responsibility of Personnel and will not be reimbursed. On-airport parking is permitted for short business trips. For extended trips, Personnel should use off-airport facilities.

## **10. Entertainment and Business Meetings**

*Reasonable expenses incurred for business meetings or other types of business-related entertainment will be reimbursed only if the expenditures are approved in advance by the President of the Board of Directors of RHFC and qualify as tax deductible expenses. Detailed documentation for any such expense must be provided, including:*

- *date and place of entertainment.*
- *nature of expense.*
- *names, titles and corporate affiliation of those entertained.*
- *a complete description of the business purpose for the activity including the specific business matter discussed.*
- *vendor receipts (not credit card receipts or statements) showing the vendor's name, a description of the services provided, the date, and the total expenses, including tips (if applicable).*

## **11. Non-Reimbursable Expenditures**

*RHFC maintains a strict policy that expenses in any category that could be perceived as lavish or excessive will not be reimbursed, as such expenses are inappropriate for reimbursement by a nonprofit charitable organization. Expenses that are not reimbursable include, but are not limited to:*

- *Travel insurance.*
- *First class tickets or upgrades.*
- *When lodging accommodations have been arranged by RHFC and the individual elects to stay elsewhere, reimbursement is made at the amount no higher than the rate negotiated by RHFC. Reimbursement shall not be made for transportation between the alternate lodging and the meeting site.*
- *Limousine travel.*
- *Movies, liquor or bar costs.*
- *Membership dues at any country club, private club, athletic club, golf club, tennis club or similar recreational organization.*
- *Participation in or attendance at golf, tennis or sporting events, without the advance approval of the chairperson of the board or his designee.*
- *Spa or exercise charges.*
- *Clothing purchases.*
- *Business conferences and entertainment which are not approved by a [designated officer or director] of the RHFC.*
- *Valet service.*
- *Expenses for spouses, friends or relatives. If a spouse, friend or relative accompanies Personnel on a trip, it is the responsibility of the Personnel to determine any added cost for double occupancy and related expenses and to make the appropriate adjustment in the reimbursement request.*

## **12. REVIEW OF POLICY**

*This policy will be reviewed at least every two years and recommendations for amendments will be approved by the Board of Directors.*

DRAFT

