MEETING MINUTES ROWLETT HOUSING FINANCE CORPORATION Board of Directors Meeting Wednesday, December 13, 2017, 1:00pm Rowlett City Hall Conference Room 4000 Main Street, Rowlett, TX 75088

1. Call to order

The meeting was called to order at 1:03pm. Present were Rick Sheffield, Barbara Holst, Dusty Clem, Bruce Hargrave, David Berman, Mark Malveaux, Ryan Bowen, and Tim Nelson. Stephen McPherson joined the meeting in progress. Patty Said was absent.

2. Consider and take action to approve the minutes of the October 12, 2017 meeting.

Motion was made by Dusty to accept the minutes as presented; second by Barbara. The Motion passed unanimously.

3. Presentation of Treasurer's report.

Dusty distributed copies of the current bank balances showing pending expense report payments. The application check for NuRock Companies had not yet been deposited and was given to Rick to deposit in the bank. There was discussion about the need to open accounts for the General Partner LLC and Co-Developer LLC entities in preparation for possible deposits on December 22, 2017, assuming that the Rowlett City Council approves the zoning change for Savannah at Lakeview Senior Living. Ryan Bowen took the action to apply for EIN's for the two entities and deliver those, along with all relevant paperwork to Rick so the accounts can be opened next week.

4. Discussion on HFC attorney representation and pricing.

This item had been requested by Patty. The Board determined that the issue was moot for the present given the fact that the Developer is responsible for paying the HFC attorney fees, not the HFC (assuming the project is approved). The Board briefly discussed the hourly billing rate, noting that it was low in comparison to industry standards.

5. Review and take action on engagement letter from Jessica Chen for our accounting work.

Dusty gave a brief presentation for the Board and then made a Motion to accept Ms. Chen's services; seconded by Barbara. The Motion passed unanimously. Rick will sign the engagement letter and return to Ms. Chen.

6. Review and take action on engagement letter from Charles Paul, CPA for our annual audit.

Rick gave a brief overview the services provided and gave a list of references of other HFC's in the area for which Mr. Paul provides auditing services. There was some discussion as to Mr. Paul's initial unresponsiveness when contacted about performing the work for the HFC. However, given the relatively small pool of accounting firms familiar with the work that HFCs perform, it was felt that the Board should try this arrangement for the first year and see how well the business relationship works. If it is not a positive experience, the Board can revisit the issue for the 2018 audit. Motion made by Bruce to engage Mr. Paul's services; second by Barbara. The Motion passed unanimously. Rick will sign the engagement letter and return to Mr. Paul.

7. Review and take action on authorizing the bond sale for Savannah at Lakeview Senior Living.

Mark Malveaux informed the Board that this action was to approve the Bond Resolution for the sale of private activity bonds for this development. He stated that all paperwork is nearly completed; the Texas Attorney General is currently reviewing the documents and it is understood that everything is moving at a fast pace to meet the necessary deadline of closing on December 22, 2017. Motion was made by Dusty to approved the resolution authorizing the bond sale; second by Barbara. The Motion passed unanimously.

8. Discussion on the next steps with RISE.

Tim Nelson and Ryan Bowen helped lead the discussion. The HFC, acting as the General Partner will need to be responsible for signing tax returns, engagement letters, and the Limited Partner Agreement (LPA). In addition, will need to oversee construction, approve draws, and any changes to construction. Acting as the Co-Developer, the HFC will share in the developer fee. Billing for construction, attorneys, etc., is covered under developer billing. The bottom line is to know the LPA. Ryan Bowen will set up a call for Rick and any of the Board members that want to join to go through the LPA in detail to ensure a baseline understanding.

9. Discussion on what to do with the funds received at closing and beyond (programs, etc.).

The Board had a good discussion on this item and came up with several ideas, to include:

- Down Payment Assistance Programs
- Mortgage Credit Certificate Programs
- Single Family Affordable Living Projects
- Mortgage Origination Programs
- Infill Programs
- Home Buyer Education Programs

It was agreed that the HFC should look to other HFCs in the state in order to replicate their ideas. Southeast Texas Housing Finance Corporation was mentioned as a good example of programs, some of which Rowlett could partner in. The Board needs to weigh the cost of programs going forward as there is only on multifamily deal on the table and we need to judiciously manage those funds. 10. Discussion regarding plans for website and social media.

The Board discussed ideas for its website, such as adding the multifamily application for developers to download, listing its investment policy, audit results, available programs, a link to the Savannah at Lakeview site, as well as to TALHFA, NALFHA. All agreed that some sort of online home buyer education would be a great addition to the site. With respect to Social Media, this could be a good tool to promote the new senior living development to garner local interest by seniors in keeping with a "Rowlett First" mentality.

11. Discussion on future staffing and what we will need as we grow.

The Board discussed this item but felt that it was too preliminary to give consideration to at this time. The HFC will have access to its partnership and financial advisor counsels to assist with its current needs.

12. New/Other Business

David Berman brought up the fact that the City wants to negotiate a payment in lieu of taxes (PILOT) with RISE Residential given the fact that the HFC, as land owner, is exempt from ad valorem taxes. RISE has agreed to the PILOT and is working out the details in order for Rick to sign prior to the Council meeting on December 19, 2017.

Tim Nelson distributed to the Board a copy of the G-42 Regulatory Disclosure Regarding Municipal Advisory Agreement for Hilltop Securities.

Barbara brought up that it would be a good idea for the HFC to become a member of the Rowlett Chamber of Commerce. Other HFCs in the area partner with their local chambers. Rick offered to reach out to the Chamber President to start the application process. Additionally, the HFC should look into being included as an entity for citizens to learn about via the City Academy and Leadership Rowlett.

Rick brought up the idea of having a holiday dinner for the Board and their spouses in recognition of all of the hard work since August. Given everyone's schedule, it was decided we should try to do this the week between Christmas and New Year's. Rick will follow up with everyone to coordinate a date and location.

13. Adjourn

Rick adjourned the meeting at 3:25pm.

Rick Sheffield, President

Patty Said, Secretary

Date approved: <u>January 24, 2018</u>