

Rowlett Housing Finance Corporation

Board of Directors' Meeting Minutes: July 15, 2020, 9:00 a.m. Video Conference

Board Members:

Present by Zoom Conference: President Barbara Holst, Dan Pence, Karl Crawley, and Rick Sheffield, Past President and Executive Director,

Absent: Bruce Hargrave, Riki Harper

Quorum present? Yes

Others Present via conf: Tim Nelson, Hilltop Securities; Ryan Bowen, Chapman Cutler

1. Call to order.

The meeting was called to order at 9:02 a.m. by President Barbara Holst.

2. Consider action to approve the June 24, 2020 meeting minutes.

The motion passed by unanimous consent.

3. Hear presentation on 2019 Annual Compilation from Brown, Graham & Company, P.C.

Jessica Chen, Vice President and Shareholder, presented the compilation to the Board. Assets increased significantly this year from the work that Trio has done in the lease to own market. The properties that the HFC hold deed to increased assets by over \$8M to a total of \$11,320,809. The overall cash and cash equivalents for the year decreased by \$67,298. Mrs. Chen is still finalizing the accounting reports for Trio and expects them to be completed by 7/24/20. She will again brief the Board on the final compilation at the August 2020 Board of Directors' meeting.

4. Hear presentation on HFC financials for the first half of the year.

Staff presented the budgeted versus actual expenditures for the first two quarters of FY2020. Travel and meal expenses were well under budget as a result of the current pandemic. Community support exceeded the budgeted amount as funds were diverted from travel expenses to provide donations to Life Message, Senior Citizens Of Rowlett, and Operation Community Outreach for their continued operations during the coronavirus pandemic. Overall, expenses were just under 87% of the budget for the first half of FY2020.

5. Consider action to create a 501(c)(3) entity for the HFC.

Staff, along with Ryan Bowen and Tim Nelson briefed the Board on the benefits of creating the 501(c)(3) for the General Partner and General Contractor roles involved in multi-family development deals. One of the main benefits that is attractive to investors

is the ability to accelerate depreciation of the building. It also reduces the cost of borrowing and increases the tax credit pricing. Having the entity is a requirement of any HUD deals, and finally, it creates an additional layer of liability protection for the HFC.

The entire process would take between six and nine months to complete. There would be annual filing requirements which would increase accounting services between \$1,000 and \$2,000 to maintain the 501(c)(3) status. Staff indicated that the fee to create the entity would be \$15,000 and that Chapman Cutler would do the work. The HFC has a bond issuer fee in the amount of \$37,500 due from RISE Residential for 2020. Staff proposed that, if the Board approves the entity creation, funds from the received fee could be used to pay for Chapman Cutler’s work.

Dan Pence made the motion to approve the creation of the 501(c)(3) entity and to use a portion of the bond issuer fee to pay for its creation. The motion was seconded by Karl Crawley and passed unanimously by those Board members present.

6. New/Other Business

Staff reviewed the results of the P&Z meeting for the requested zoning change required for the Bonner Carrington project. In addition, discussion was held regarding the status of other potential developments.

Tim Nelson informed the Board that the final closing costs for the bonds relating to the NuRock development were past due. The Board instructed staff to pay the amount due (\$5,527.00) and bill NuRock for repayment.

7. Adjourn

The meeting adjourned at 10:23 a.m.

DocuSigned by:
Barbara Holst
Barbara Holst, President

DocuSigned by:
Rick Sheffield
Rick Sheffield, Secretary

Date approved: 8/19/2020