

Rowlett Housing Finance Corporation

Board of Directors' Meeting Minutes: August 19, 2020, 9:00 a.m. Video Conference

Board Members:

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

Absent: Riki Harper

Quorum present? Yes

Others Present via conf: Tim Nelson, Hilltop Securities; Ryan Bowen, Chapman Cutler, Kenneth Fambro, Integrated Real Estate Group (joined for item #6).

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 July 15, 2020 meeting minutes.

The motion passed by unanimous consent.

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

Jessica Chen, Vice President and Shareholder, presented the final, signed compilation to the Board. Mrs. Chen outlined the additional revenue, assets, and liabilities associated with the Trio lease to own program.

4. Discussion on City's requirement of the HFC to perform an annual audit for FY2019.

Jessica Chen and staff reviewed the catalyst for the change as being the additional assets added to the books through the Trio lease to own program. This made the HFC a major fund in relation to the City. Major funds are those whose revenues, expenditures/expenses, assets, or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds.

The HFC will share the same auditor as the City, thereby reducing costs. The audit will take place in December 2020 with a flat rate of \$5,000. The invoice will not be due until January 2021 so that will enable the HFC to budget for the expense in FY21.

5. Hear presentation on July 2020 financials.

Staff presented the operating cash flows for the month of July 2020. Revenues were received from the Trio 2Q20 home purchases and the 2019 bond issuer fee for Lakeview Pointe Senior Living. Expenses were minimal, with salary being the largest expenditure.

6. Consider action to approve an amended Memorandum of Understanding (MOU) with Integrated Real Estate Group (IREG) for the Enclave on Main St.

Staff, along with Ryan Bowen and Tim Nelson briefed the Board IREG's desire to increase the upper income limit from 125% AMI to 140% AMI. Market changes, along with additional infrastructure work were driving forces behind the request. 140% AMI is common in the industry for an upper standard for tax exempt deals.

The other issue the Board was briefed on was adding language to the MOU that requires the developer and the HFC to work with the City to determine an appropriate PILOT amount to pay the City its portion of the ad valorem taxes due. Kenneth Fambro joined the call at that time, indicating that he would prefer to complete the site plan approval process before engaging the City. Also, it would still need to be determined who will be responsible for the payment, the HFC, the developer, or some split between the two.

Bruce Hargrave made a motion to approve the changes to the MOU as presented; Dan Pence seconded the motion, which passed unanimously by those Board members present.

7. New/Other Business

Bruce Hargrave announced to the Board that he is in the process of putting his house up for sale and will be moving to Quinlan, TX but would still like to be involved with the HFC. Local government code 394 however states that Board members of an HFC must reside within that HFC's jurisdiction. Mr. Hargrave will tender his resignation and the Board will request that the City post for a replacement.

Staff provided a general update for all development activities. In addition, the Board was informed that the application for its new 501 (c)(3) entity, the Rowlett HFC Foundation, had been approved by the Secretary of State. Formal Bylaws and formation documents will be on the September meeting agenda for the Board to consider.

8. Adjourn

The meeting adjourned at 10:36 a.m.

DocuSigned by:

Barbara Holst

Barbara Holst, President

DocuSigned by:

Rick Sheffield

Rick Sheffield, Secretary

Date approved: 9/16/2020