



Rowlett

Housing Finance Corporation

**Board of Directors Meeting Minutes
Monday, August 26, 2024, at 4:00PM
5720 Rowlett Rd., Rowlett TX 75089**

1. Call to order:

President Winget called the meeting to order at 4:00pm with a quorum present (Directors Winget, Kull, Schupp and Holston). Director Dunnican was absent. Also in attendance were Bill and Mellisa Fisher with Lakeview Pointe Seniors, Ryan Bowen with Chapman and Cutler, Elise Bowers, Rowlett City Council Member and Claire Lastrapes with Hilltop Securities by phone.

2. Public Input:

City Council Member Bowers expressed appreciation for the HFC Board and the important work the HFC undertakes to improve affordable housing options for the Citizens of Rowlett. There were no other public comments.

3. Approval of Minutes

Consider and take action to approve the July 30, 2024, minutes of the RHFC Board of Directors Meeting. Director Schupp made a motion to approve the July 30, 2024, Minutes as submitted, Director Holston seconded the motion, and it passed unanimously.

4. Executive Session:

Before moving on to the next agenda item, President Winget read the rules pertaining to Executive Sessions and asked to please clear the Board room so the HFC Board could go into Executive Session with Attorney Bowen to discuss ongoing litigation at 4:03pm. The Executive Session was concluded, and the HFC Board Meeting resumed at 4:31pm, with no Executive Session action taken.



Rowlett

Housing Finance Corporation

5. JPI Merrit Update:

Attorney Bowen said at our last meeting we agreed to keep the original agreement with JPI unchanged concerning their ability to sell this project on their terms. He now feels his firm and JPI are coming to an agreement on language that addresses our Concerns. He believes he will be able to bring a proposal to the next Board meeting that will meet with our approval. Executive Director Urrutia said JPI would like to close on September 20th, if everything is done by early September, we could have a special Board meeting around September 5th or sixth to approve this resolution. This could allow scheduling JPI on the September 17th City Council meeting. Attorney Bowen said he feels they are close to drafting something they could recommend for approval. President Winget expressed concern that this timeline was too ambitious and asked if we could deal with this at our regular Board meeting in late September. He felt we should slow down, not feel under pressure to meet someone else's timeline as we too often are and asked if this resolution deals with their effort to refinance. Attorney Bowen said yes, and they have included guard rails in the document to address this. Director Schupp said he wants the documents well before the meeting set to discuss them and not at the last minute. President Winget said we would deal further with this item when the documents are available to review, and since there were no other questions, we would move on to Agenda Item 6.

6. Update/Discussion on Lakepoint Seniors

Executive Director Urrutia inquired if Claire Lastrapes with Hilltop Financial was available on the phone for this discussion, and she affirmed she was. President Winget said the Fishers are asking the Board to reconsider their proposal to apply for a ten-million-dollar bond package to meet IRS requirements which we tabled for future consideration at our last meeting. He added the project is now on better financial footing, based on information provided in the Board



Rowlett

Housing Finance Corporation

packet. Executive Director Urrutia reminded the Board that this application cannot go forward to the state with any real expectation of approval without the HFC and City Council approval. Attorney Bowen reviewed the financial aspects of the proposal and pointed out there are no other sources for this funding, Mr. Fisher said this proposal has resulted from the fire damages and the resulting delays in completing the project which have substantially altered the financial structure originally contemplated, that is, IRS requires more than fifty percent of the project be funded by bonds. Since construction costs have increased beyond the original plans, it is now necessary to increase the proportion of bonds to achieve the fifty plus percentage requirement. Director Holston asked how this project Benefits the Rowlett Community. Mr. Fisher said this project caters to mid to low, income Rowlett residents who want to continue living in Rowlett and could not afford to do that if this project was not available. He said this proposal is subject to many steps before funding, not just HFC and Council approval, and our approval is simply preserving our options going forward. Mr. Fisher also mentioned the costs to the HFC are Lawyers' fees and our bond issuing fees. Director Holston asked for the original cost of the project. Mr. Fisher said approximately fifty million dollars, which required thirty million in bonds, and now costs are expected to be substantially more than sixty-eight million dollars, hence the need for an additional ten million to supplement the original thirty million. Director Holston and Director Schupp asked if we do not approve this, will the project default, and Mr. Fisher said yes it likely would. Director Schupp said we did not appear to have any choice but to approve this request but cautioned it must be carefully presented to the City Council along the lines that this is a bond but not like bonds approved before. The explanation must be short, clear and to the point of getting this over the finish line, it must be clear how this benefits the city. Mr. Fisher said more information about the fire claim should be available by the time this goes to Council which could help the process. Director Schupp said this should not be presented tied to any other aspect of this project, it should be a stand-alone presentation with just the facts of this request.

President Winget asked if there were any more questions, there being none, Director Schupp made a motion to approve this request, Director Holston made a motion, and it passed unanimously. Attorney



Rowlett

Housing Finance Corporation

Bowen then reviewed the process that will follow this approval, including the City Council serving as the required public hearing.

7. One90 Main Update:

President Winget said he had not heard from Kenneth Fambro, and Executive Director Urrutia said he had not either. He said he understood the complex that is completed is 29% full. Director Holston asked for specific payment and project completion dates. President Winget asked Executive Director Urrutia to follow up with Mr. Fambro for this update information.

No action was taken on this item.

8. Update on HFC Insurance

Executive Director Urrutia said he spoke to Robbie Ryan, the agent who manages the only policy the HFC has, which covers the small rental HFC office. He provided a memo in the Board packet outlining this discussion. This provided information that years ago the HFC investigated GLC insurance, but found it was too expensive and decided not to purchase the policy. It was decided the HFC is not a builder or developer and therefore it would be unusual for an HFC to buy GLC coverage. Attorney Bowen said they rely on the insurance the developers have to get for their projects, and it is unusual for HFCs, in his experience, to have this coverage. He said it was hard for him to imagine a scenario where the HFC would be liable for something the other insurance would not cover. Director Holston said he wanted to know whether the HFC Board is covered either by the City policy or our own and thought we had asked for clarification and assurance of this at our last meeting. Director Schupp said he thought we were told we have City policy coverage but was not sure. Executive Director Urrutia said he emailed the City Manager for clarification on this question but had not heard back to date. President Winget said he believed the HFC was covered by the City, but also was not sure. Director Holston said he was not comfortable with this situation of having to guess if Officers and Directors are covered or not. He said as a director he is concerned about getting sued, and every Board he serves on, he always finds out what coverage he has. He said he



Rowlett

Housing Finance Corporation

wants something in writing from the City Manager that we are covered as Directors of this Board, or he will not be able to continue as a Board member. President Winget said that might be exceedingly difficult to secure, so he thought the best direction was to contact Mr. Ryan again and find out what coverage he would offer, and he would also look into what coverage he could find as well. Director Holston added that in the case of us getting sued for negligence of some kind, which caused a developer to lose a project, we obviously could not rely on their insurance policy to cover us, that is why he feels it is so important to have our own coverage policy.

No action was taken on this item.

9. Vision/Mission Statement:

Director Holston circulated a draft copy of a mission statement he created for Board consideration. He was thanked and further discussion of this item was tabled for future discussion.

No action was taken on this item.

10. Items of Community Interest, Items for Future Agenda:

Director Holston wanted to offer help in presenting the Lakeview Pointe Seniors Proposal to the City Council. President Winget said it would be helpful for Board Members to attend that Council meeting. That would show unanimous support for this recommendation. President Winget also mentioned that Executive Director Urrutia can email Council Members with back story information, or whatever he feels would be helpful to get this approved.

The next meeting date was set for Thursday, September 26, 2024, at 4:00pm. The Board was also alerted again to the possibility of a need for a special Board meeting earlier in September, if necessary. President Winget said the insurance



Rowlett

Housing Finance Corporation

matter and our three projects will continue to be on our future agendas.

There being further questions or discussion, the meeting was adjourned at 5:49pm.

Adjournment:

There being no further business, the meeting adjourned at 6:36PM.

Approved on 9/16/, 2024.

Jeff Winget 2024 President

Richard Kull 2024 Secretary