



Rowlett

Housing Finance Corporation

## **Board of Directors Meeting Minutes**

**Tuesday, April 30, 2024, at 4:00PM**

**5720 Rowlett Rd., Rowlett TX 75089**

**1. Call to order:**

**President Winget called the meeting to order at 4:01PM with a quorum present (Directors Winget, Holston, Dunnican, Kull and Schupp). Also present were Kellie McKee, Bill Fisher with Savannah at Lakeview, and Ryan Bowen with Chapman and Cutler**

**2. Public Input:**

**There was no public input.**

**3. Approval of Minutes**

**Consider and take action to approve the March 28, 2024, minutes of the HFC Board of Directors Meeting. Director Holston moved to approve the March 28, 2024, minutes as submitted. Director Dunnican seconded the motion and it passed unanimously.**

**4. March 2024 Financial Report:**

**Executive Director Urrutia reviewed the financial accounts receivables/ expenditures through March 24, 2024 (attached). He indicated if all goes according to plan, the HFC should get first payment(s) by the first of the year. Director Holston asked about a deposit mentioned at the last Board meeting from One 90 Main. Executive Director Urrutia said that the deposit was directed to the City and he would have to check with City staff for an update. Director Schupp asked about a \$50,000 Payment to the HFC Foundation, and how do we access those funds? Executive Director Urrutia said the Foundation is a separate entity and a separate Board meeting would be required to take**



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up Foundation matters. Director Schupp then asked if there were restrictions on how that money could be spent. Attorney Bowen said as long as the funds were spent for “generally government purposes” there were no restrictions. President Winget read a statement regarding a one-time \$45,000 payment that HFC Foundation donated to the Garland Habitat organization in 2022 for a project in Rowlett. Director Holston asked about the status of a \$50,000 deposit Mr. Fambro mentioned going to the HFC Foundation. President Winget recommended a Special HFC Foundation Board meeting to go into these matters. Director Dunnican said we need to have someone meet with us on how TRIO, local realtors, and the HFC interface as we get into affordable single-family housing. Director Holston said he wanted more complete financial reporting, especially on income, fund(s) balances, and the HFC Foundation. He then made a motion to approve the March 2024 financial statement. Director Dunnican seconded the Motion, and it passed unanimously.

#### 5. JPI Merrit Update:

President Winget asked Executive Director Urrutia what our next steps should be. Executive Director Urrutia said the project is moving forward, there are no more impediments to their progress. He said no funds from the HFC will be paid. Director Schupp asked if all legal issues have been resolved and Attorney Bowen said yes, and shortly they will be working on finalizing documents with a goal of closing by July 1st. These documents will be forwarded to the HFC Board for approval and anticipate no further delays. President Winget said several concerns brought to his attention have been addressed: there are no land use issues, no approval required by the City, Articles of Incorporation, Section 11.01 E do not apply to this Project (HFC is not spending money on this project), and water availability issues have been addressed. No action was taken on this item.





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**President Winget called for a short 7-minute recess before moving to Agenda Item 6. The HFC Board meeting returned to regular session at 4:55PM**

**6. Update/Discussion on Lakepoint Seniors**

**Attorney Bowen updated the Board by saying there were changes to the loan documents that he is comfortable with. The concerns the Board articulated at previous meetings have been addressed to his satisfaction. President Winget asked about a proposed extension of the original 2023 loan and wanted to know what the original loan documents say. Executive Director Urrutia said we would have to look at the original loan documents, which we do not have, and Attorney Jensen (with Chapman and Cutler) has said the original loan was approved by the former HFC Board. Director Holston asked if this original loan is in good standing. Bill Fisher with Savannah Seniors said Attorney Jensen was asked to verify that these loans were in good standing, and he assured the Board they are. Attorney Bowen agreed that Attorney Jensen verified the loans are in good standing. President Winget asked, therefore, were the HFC Board Members ready to move forward with a motion on the loan extension. Director Dunnican made a motion to approve the original 2023 loan extension through 2025 in the amount of 3.446 million Dollars. Director Kull seconded the motion and it passed unanimously. President Winget asked if the Board was ready to discuss the second, or new, loan proposed by Savannah Seniors. Director Kull stated that a review of the previous Board minutes and information contained in the Board Packet indicated Savannah has affirmatively addressed the concerns the Board has had about this new loan. President Winget reminded the Board this loan will need to be approved by the City Council. Director Holston asked for an Executive Session prior to discussing Agenda Item 6. President Winget read the Texas Code language authorizing Executive Sessions with Council. The HFC Board recessed into Executive Session with Attorney Bowen for legal counsel on Agenda Item 6 at 5:17PM. The HFC Board returned to regular session at 5:29PM**



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President Winget said we concluded the Executive Session with no action taken and had questions for Mr. Fisher regarding the Litigation fillings we were made aware of. Mr. Fisher said there is no active arbitration at this time, and when construction is finished the Bank and Investor will have to pay all outstanding obligations. President Winget asked if it was correct to say that the new loan, if approved, would allow this project to be brought to conclusion. Mr. Fisher said yes. President Winget asked for an update on litigation. Mr. Fisher said Oncor is in discovery gathering information from third parties on whether work was done in compliance with plans. Insurance claims are being coordinated among the several companies involved, they have a 40-million-dollar builder's risk policy which will cover the entire fire loss, the several Insurance Companies involved are just being typically slow to pay on Savannah's legitimate claim. Oncor acknowledged in front of many witnesses the subcontractor improperly wired the transformer and failed to install a required safety device. The Insurance Company is supposed to pay the claim and then go after the "wrong doer", but in this case Savannah is suing Oncor to recover damages the Insurance eventually doesn't pay, which has delayed the normal process. This is the first insurance claim the company has made in 22 years, and fully expect the insurance will be forthcoming. President Winget asked Attorney Bowen to verify that no property is listed in the new loan documents as collateral for this new loan. Attorney Bowen said that is correct, no property is listed as collateral. Mr. Fisher also said no property collateral is involved, and he agreed to provide the Board with regular progress updates on this project. Director Schupp asked what happens if, in the worst case, no litigation or insurance funds are paid. Mr. Fisher said equity in the transaction would cover outstanding loans and added that finishing and converting on the loan causes the first proceeds to go to a catch-up PILOT Payment to the City of \$600,000, which is on record as first priority. Mr. Fisher said there are no other contingencies, like additional bonds, that would adversely affect the PILOT payment. There being no further questions or discussion, Director Kull made a motion to approve the new 2024 loan as presented and recommend approval to City Council. Director Dunnican seconded the motion, and it passed unanimously. President Winget said there was a second part to this Agenda Item, approval of an arbitration agreement. Director Schupp made a motion to accept the arbitration agreement as presented in the packet, with fees paid by the





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**Partnership, for President Winget's signature on behalf of the HFC Board/Partnership. Director Holston seconded the motion and it passed unanimously. 7. 8. 9. Discuss Ryan Bowen (Chapman and Cutler) Contract, including a Letter of Engagement Signed by Both Parties**

**7. Discuss Ryan Bowen (Chapman and Cutler) Contract, including a letter of Engagement Signed by Both Parties:**

**President Winget read the Chapman and Cutler letter of engagement After a short discussion, Director Dunnican made a motion to accept the Letter of Engagement with Ryan Bowen (Chapman and Cutler) as presented in the Board Packet. Director Schupp seconded the motion and it passed unanimously.**

**8. Update From Chapman and Cutler on Vista North Shore:**

**Attorney Bowen described the process they were undertaking. to dissolve the Vista North Shore Entities, which no longer exist, at a cost of \$1,500 to prepare and file the necessary documents. This was an update on an already approved procedure, therefore. No additional action was taken on this Agenda Item.**

**9. Update on 190/Main:**

**President Winget said he felt it was not necessary for Mr. Fambro, Chief Operating Officer with 190/Main, to attend this meeting. He would provide this update. He told the Board that about two weeks earlier, Mr. Fambro called President Winget asking for help. The project was in a position to have tenants move in within days, but City Officials were holding up issuing a Certificate of Occupancy (CO) for, in Mr. Fambro's opinion, an insignificant reason. There was a relatively insignificant road repair that had been delayed by weather but did not adversely affect the forthcoming move-ins. President Winget and City Manager Hall visited the project site, and after inspecting the road repair in question, arranged for the CO to be delivered. This resulted in two buildings being opened and are now occupied. The project is now back to meeting their move-in goals, and President Winget is not aware of any additional issues at this**



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**time. Director Schupp asked if there was an update on a PILOT Payment from this organization. Executive Director Urrutia said he would look into this and report back to the Board. President Winget said he expected the PILOT Payment before the end of the year. There was no action taken on this Agenda Item**

- 10. Items of Community Interest, Topics for Future Agenda(s):  
The next HFC Board Meeting is scheduled for May 29, 2024 at 4PM. Future agendas should include Affordable Single Family Housing Programs. Future Agendas should include an Independent Financial Audit**

**Adjournment:**

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

Approved on May 29, 2024.

Jeff Winget 2024 President

Richard Kull 2024 Secretary