



Rowlett

Housing Finance Corporation

Board of Directors Meeting Minutes

Thursday, February 29, 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, Schupp, Dunnican and Kull). Also Present was Attorney Berman, Kellie McKee, Laurie Galuardi, Claire Lastrapes with Hilltop Securities and Rachael Jensen with Chapman and Cutler.

2. Public Input:

There was no public input.

3. Approval of Minutes

Consider and take Action to approve the Minutes. Director Holston made a Motion to Approve the minutes of February 14, 2024, as submitted. Director Schupp seconded the motion, and the motion was approved unanimously. Executive Director Urrutia recommended that the HFC Board recess into Executive Session before taking up Agenda Item 4, to discuss Agenda Item 6 with Legal Counsel, and to take up item 6 before item 4.

The Board went into Executive Session and adjourned at 4:36PM.

4. Update/Discussion on Lakeview Pointe Seniors (Contracts/Agreements):

The regular HFC Board meeting continued with Bill and Melissa Fisher in attendance as well as Kellie McKee, Laurie Galuardi, Ms. Lastrapes, and Ms. Jensen. President Winget asked the Fishers to explain their understanding of the terms of the loan extension the HFC Board is being asked to approve, and he said the City Council and HFC Board understood only tax credits would be required for collateral for the loan extension now under consideration. It now appears from the loan documents we have received for review that may not be the case. Mr. Fisher said he told the



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IBC Bank and their lawyers that property would not be collateral, and if the Bank has indicated otherwise, our attorney should contact the Bank. Attorney Berman pointed out the loan documents he reviewed seem to indicate everything was collateral, property, litigation proceeds, insurance settlements, tax credits and much more. President Winget asked Ms. Fisher if any or all of the litigation proceeds would go to RISE, the Project Developer. Mr. Fisher said if litigation proceeds were forthcoming in a check, all parties would be required to sign. President Winget asked, Mr. Fisher to explain the ongoing litigation, and how it was filed without HFC participation. Mr. Fisher said they faced a deadline to file for damages claim. The lawsuit is against Oncor, their Insurance Company, several other insurance carriers, and several sub-contractors. Since it was for their damages, it had to be filed by them. Director Dunnican asked if the lawsuit was intended to release funds being held by the Insurance Company. Mr. Fisher said the Insurance Company has paid some of the claim but is not paying the rest pending the outcome of the lawsuits against some thirteen other entities. Director Dunnican then asked if the loan now being considered was an extension of another loan. Mr. Fisher said they originally estimated.

needing seven million dollars to repair damages and complete the project. The IBC Bank agreed to a loan based on the likely successful settlements. But they only released half of the total loan, or three million dollars, which has now been exhausted, so they are requesting the remaining half now in order to continue/complete construction and thereby lease units to generate income. He also said there was no balloon payment due on the existing loan (the first half of the total loan IBC originally approved) and if the new loan is not forthcoming construction would stop. However, he said the bank really is obligated to complete the project, and it is totally in their best interests to do so. President Winget pointed out that since this is an extension of an existing loan, and we have not seen the original loan documents, it is essential that our legal advisors obtain those documents for their review before going further in this process.

President Winget asked the HFC Board if they would agree to input from a meeting guest, who is an insurance litigator, Kellie McKee. After her comments, Ms. Fisher said they have sued Oncor for twelve million dollars, but Oncor has only agreed to 7.5 million dollars and have paid only half of



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that to date. Mr. Fisher said he recommended that our attorneys advise us on how to proceed. Ms. Fisher said they hope to finish this project by April 2024. Mr. Fisher said the City would receive a \$600,000 PILOT payment before any other funds were dispersed. He then explained how the HFC, the city, Developer and investors would be paid. President Winget asked why they needed to purchase more bonds, and Mr. Fisher said that was an IRS requirement. Director Schupp reiterated the City Council will want to review the original loan documents, among other items. Mr. Fisher said he had already sent the original loan document to Executive Director Urrutia. Executive Director Urrutia said all issues, questions and concerns will need to be resolved before we go forward with approval and/or recommendation to the City Council. Mr. Fisher said he would provide everything required in order to proceed. There being no further questions, President Winget said we would move on to item 4 on the agenda. No action was taken on this item.

5. Discuss and take any necessary action on Proposal by JPI for a Development in the North Shore Area:

This portion of the meeting was attended by Miller Sylvan and Scott Turner with JPI, and Claire Lastrapes with Hilltop Securities. President Winget addressed a revised MOU from JPI and said nothing material changed in dollar amount from the previously reviewed MOU, but the 50/50 split between the City and HFC has been changed per directions from our last meeting. He also added they had met with the Rowlett City Manager and Mayor and felt they were happy with the revised MOU. Ms. Lastrapes presented the revised MOU in spreadsheet format.

She reviewed the dollar amounts and related distributions in detail. The revised MOU will be attached as part of these minutes. [Attached a screen shot of the spreadsheet]. Mr. Sylvan said there were no calculations for the single-family part of this project since that was a different development. He also said the property tax line included all property taxes, not just the City property taxes. Director Dunnican asked if there are any spending restrictions on the funds going to the City. Director Schupp and Attorney Berman said funds going to the City are unrestricted, and funds going to the HFC are subject to HFC rules. Ms. Lastrapes said the total value of this project is 186 million dollars. President Winget asked if HB 2071 applies to the MOU and Ms. Lastrapes said it did not. President Winget asked if JPI would commit to a one-time, up-front payment of \$50,000 to the HFC Foundation, and Mr.



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Sylvan and Mr. Turner agreed they would do that. President Winget repeated that the revised MOU will still need City Council approval. Mr. Sylvan said they have all the building permits, everything they need to begin construction. Executive Director Urrutia said that we are not approving this project, the project is going to happen, we are approving benefits from the project going to the City and HFC. President Winget said this may be the last real opportunity the HFC has to secure resources in order to focus on our real mission to help lower income people purchase affordable single-family houses. Director Dunnican said we are not approving more multi-family housing by approving this MOU, since this project has already been approved by P&Z and the City, we are approving an opportunity to help first time home buyers. Director Holston observed this is a better deal for the City because it will generate more income than City property Taxes on this project would. President Winget asked if there were more questions or were we ready for a motion on this agenda item with three changes: Section H, Part 4, Section C leave \$940,000, Section 5 leave one up front/one-time payment of \$50,000 to the HFC Foundation and adjust the Partnership Management fee by \$10,000 per year with a 3% per year increase. Director Dunnican made a motion to approve the revised MOU with the three changes. Director Holston seconded the motion, with the additional change that the valuation of 1.1 million dollars be locked in so it cannot be changed. Director Dunnican agreed to this amendment to her motion, and the motion passed as amended unanimously.

6. January 2024 Financial Report:

President Winget said there was operating revenue of \$10,028, and an operating loss of \$20,721, with a total net operating loss for the month of January, 2024 of \$10,603. There was an end of year net position of 1.73 million dollars. Executive Director Urrutia said he would like further direction on the HFC Board request for an audit. Director Schupp said a forensic audit was not necessary, since no malfeasance was suspected to be involved, but just need an outside third party look at the financial record we inherited from the previous HFC Board. President Winget said he thought it was a good idea to have a third party look at our operation, especially if it is done by an organization familiar with HFC complexities. Executive Director Urrutia said he would pursue this and report back to the Board.

No action was taken on this agenda item.



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7. Discuss and take any necessary action on Vista North Shore:

Attorney Bowen has advised the HFC Board there is no longer a need for any entities that were created by Vista North Shore, since that development was discontinued. He offered to help with any legal issues that may be necessary to dissolve those entities. The Board indicated it might be important to have Attorney Bowen advise us if any action is necessary after he looks further into this matter.

No action was taken on this agenda item.

8. Discuss and take any necessary action on securing Legal Services from Ryan Bowen with Chapman and Cutler LLP and/or David Berman with Nichols Jackson:

President Winget said the HFC Board has received letters of engagement from both firms, and he suggested that Attorney Berman could be our day-to-day council, while Attorney Bowen could handle real estate matters, he has experience and expertise in. President Winget then said Attorney Bowen could be our primary council, with Attorney Berman serving to support Attorney Bowen. Director Holston made a motion to accept the letter of engagement from Chapman and Cutler provided their fee is reduced to \$750. Director Dunnican seconded the motion, and the motion passed unanimously.

9. Items of Community Interest, Topics for Future Agendas:

Director Dunnican asked about a retainer for Attorney Bowen. Ms. Jensen said she would check with him on that. President Winget said the next agenda should include follow up discussion on the status of the requested audit, a report from Attorney Bowen on any necessary action to dissolve the Vista North Shore entities, a presentation from ONE90 Main, and work on a statement defining the HFC mission.

The next meeting of the HFC Board is scheduled for March 28.

10. Adjournment:

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

Approved on 3-28, 2024.

President

Richard Kull 2024 Secretary

Jeff Winget 2024