



Rowlett

Housing Finance Corporation

Board of Directors Meeting Minutes

Tuesday, July 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, Dunican, Kull and Schupp). Also present were City Council Member Bowers and Ryan Bowen with Chapman and Cutler by phone.

2. Public Input:

There was no public input.

3. Approval of Minutes

Consider and take action to approve the June 27, 2024, Minutes of the HFC Board of Directors Meeting. Director Schupp moved to approve the June 27, 2024; Minutes as submitted. Director Dunnican seconded the motion, and it passed unanimously.

4. JPI Update:

This update was provided by Attorney Bowen by phone. He said there is one major issue, it is the ability of JPI to assign its interest in this project to another developer. In order to protect the General Partner's interests, in this case the RHFC, It is customary to ask for our consent, which assures the project/deal structure stays the same, as originally agreed to, upon sale/transfer to a new developer. What JPI is asking RHFC to agree to is there would not be any unreasonable objection(s) if or when a sale or transfer of their interests were to occur. Chapman and Cutler have maintained that HFC approval is required and that we have sole discretion on any transfer of ownership. JPI has



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responded with a proposal to add assurance to the partnership agreement that no sale/transfer would be considered which might in any way diminish or jeopardize the project. In consideration, the HFC would agree to not unreasonably deny a transfer, if and when that should occur. Attorney Bowen pointed out all parties involved understand any such agreement is subject to City Council approval. He also said Chapman and Cutler would bring any alteration to the partnership agreement back to the HFC and City Council for approval before finalized.

Director Holston suggested considering adding a provision that the entity taking over this project be of equal financial standing to JPI, and a timeline that no sale may occur during the first year of this agreement. He also feels unreasonable" is hard to define. Director Dunnican asked if this is standard practice or if JPI really wants to get out of the deal. Attorney Bowen said he believes JPI wants to construct the project and then after approximately five years sell their interest and move on to another project. Director Dunnican asked if this is a request to amend our agreement, and Attorney Bowen responded we are in the process of finalizing our JPI agreement. This would be a modification of our original memorandum of understanding. President Winget said the HFC should stay with the original language in the memorandum of understanding. Director Dunnican agreed that our agreement is with JPI, and not with another entity buying the project that we do not know about. Director Holston repeated the idea of compromise by saying we could stipulate any sale has to be to an entity equal to JPI. Attorney Bowen reminded the Board that JPI has the ability to walk away from the partnership right now or build a market rate project and sell to anyone they want to, however he does not think JPI is signaling that this is what they want to do at this time. Attorney Bowen asked if the Board would agree to having him prepare a proposal reflecting the concerns voiced during this discussion for further consideration at a future special meeting. He also pointed out we do not have a contract with JPI, it is a memorandum of understanding still being



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negotiated by both parties. President Winget and Director Holston said they thought the sense of the Board was not to compromise but asked if Attorney Bowen had already prepared a proposal for the Board to look at. He said yes and would send that to Peter to distribute to the HFC members. Director Holston asked if there are any other issues for the HFC Board to address at this time, and Attorney Bowen said not of which he was aware. Director Kull asked if anyone saw a downside to considering the proposal Attorney Bowen has prepared in this matter. President Winget said only the timeline of getting these negotiations done. Executive Director Urrutia said, based on his discussions with JPI, they sincerely want to get a deal worked out with the RHFC and get this project done. Director Dunnican said we cannot know what the multifamily Market will be like in four to five years from now, so she would not want to give up our already agreed position on this issue, therefore would not like to change the agreement now in place. President Winget said he heard members state that our position will be to keep the original agreement language in the memo of understanding, and asked Attorney Bowen to convey that to JPI.

There was no action taken on this agenda item.

Director Schupp asked if we have a timeline or next steps on moving forward from here with this project. Attorney Bowen said once we reach agreement, it could be concluded in ten days to two weeks, including getting on the City Council Agenda. President Winget said the earliest he believed this could be finalized would be September. There being no further questions on this item, he moved to Agenda Item 5.



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5. Update/Discussion on Lakepoint Seniors

President Winget pointed out the board packet included an application from Lakepoint Seniors for a \$10 million bond package that needs HFC Board approval to move forward. Attorney Bowen said this additional funding would allow Lakepoint Seniors to meet certain IRS guidelines regarding their tax-exempt status. In essence, fifty percent of this project must be financed by tax exempt bonds, and approval of this item will accomplish that. He said this additional infusion of bond capital has become necessary because the unexpected increase in project costs, due to the issues we are familiar with at this site, have altered the required proportion of bond to private equity capital. He also pointed out that this is the first step in a very long process involving multiple state level approvals, as well as City Council approval. Director Schupp said he thought it would be difficult to get City Council approval of this application. Attorney Bowen said this happened due to changes in the tax law during the course of this project, and neither the HFC nor the City would be liable or adversely affected if the state agreed to issue these bonds to Lakepoint Seniors, and approval of the “Host City” would enhance likelihood of state approval. President Winget asked what the implications are if the HFC does not approve this request. Attorney Bowen said that would have significant/severe financial consequences for the developer. In addition, he said if the HFC did not approve this item, the developer would have to apply directly to the state, but without local approval the process becomes much more difficult and less likely to get funded. He reassured the Board members that this bond money comes with many expenditure safeguards and expenditures must be well documented under the tax code. Finally, he said if the HFC/City does not approve this application, the developer will likely miss the 2024 bond funding cycle and must apply again in 2025, and, again, with financial consequences. President Winget asked for clarification on exactly what action the HFC Board needs to take on this Agenda Item. Attorney Bowen said he would need a resolution passed by the HFC Board/City Council to move forward with this bond application. President Winget said the Board needs to see the resolution before acting. Attorney Bowen said he would forward the text to the Board Members.



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Director Holston asked why this had to be done today and expressed concern about receiving complex issues at the last minute and having to make decisions without adequate time to study the matter. Attorney Bowen said he regretted this, but the developer is under a time constraint to file this application for 2024 consideration. President Winget asked if we do not approve this resolution today, will Savannah still have time to apply to the state. Attorney Bowen said probably not for this year, they would have to try again in 2025. President Winget asked, if there are no more questions on this Agenda Item, is there a motion to approve this resolution. There being no further questions, or a motion, this Agenda Item was tabled for future consideration.

There was no action taken on this Agenda Item.

President Winget said there was one additional issue concerning Lakepoint Seniors that should be addressed in executive session with Attorney Bowen. President Winget asked to clear the room and called the HFC Board of Directors into Executive Session at 5:31 PM.

6. One90 Main Update:

Executive Director Urrutia said he has not received anything from One90 Main on a payment schedule. President Winget asked if forty-nine units were leased or available. Executive Director Urrutia said he did not know. President Winget said he was impressed by driving through the development at how nice it looks and how it is really beginning to come together. Executive Director Urrutia said he was not aware of any issues or problems with this development. President Winget said we should get a schedule of payments from these developers, so we invoice for payments and not miss a payment because we did not ask in a timely manner. There being no other questions or discussion on this item, President Winget moved to Agenda Item 7.

No action was taken on Agenda Item 6.



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7. RHFC Mission Statement:

President Winget asked for a report from those working on a mission statement. Director Kull circulated a proposed sample of several mission statements compiled from those of other similar local HFCs. After a brief discussion it was decided to resume discussion of an RHFC Mission Statement at a future meeting.

No action was taken on Agenda Item 7.

Director Dunnican mentioned she will be training on how down payment assistance programs work and asked to be on the next HFC Agenda in order to share that information with the Board members.

8. Items of Community Interest, Topics for Future Agenda:

Director Holston again asked for a discussion/review of the HFC insurance program(s) to be on the next HFC Agenda. President Winget said it is his understanding the HFC is included for coverage under the City TML policy.

The next HFC meeting is scheduled for Monday, August 26, 2024.

There being no further business, the meeting was adjourned at 6:18 PM.

Adjournment:

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

Approved on August 26, 2024.



Jeff Winget 2024 President



Richard Kull 2024 Secretary