



Rowlett

Housing Finance Corporation

Board of Directors Meeting Minutes

Wednesday, May 29, 2024, at 4:00PM

5720 Rowlett Rd., Rowlett TX 75089

1. Call to order:

President Winget called the meeting to order at 4:06 PM with a quorum preset (Directors Winget, Dunnican, Schupp and Kull). Also present were Melissa Fisher with Savannah at Lakeview, Shannon M. Andre', CPA, CFE; Vice President; Brown, Graham & Company, P.C. and Kenneth Fambro with One90 Main.

2. Public Input:

There was no public input.

3. Approval of Minutes

Consider and take action to approve the April 30, 2024 Minutes of the HFC Board of Directors Meeting. Director Dunnican moved to approve the April 30, 2024, minutes as submitted. Director Schupp seconded the motion and it passed unanimously.

4. March 2024 Financial Report:

President Winget recognized Accountant Andre' and asked her to present this report. She began by saying the HFC has cash equivalents of approximately \$199,000 and investments of approximately \$ 587,000. This is not cash on hand, but "accounting money", that is, land deeded to the HFC in exchange for tax exemptions that appears as deferred inflow on the books. Actual cash flow will occur with application fees and future construction project proceeds. Additional fees come from TRIO, which has slowed down recently and small amounts from investments. So, where we see "Capital Assets" it's really land at this time. The HFC is



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currently operating with a net loss of approximately \$20,000 by accessing cash reserves, but this will change when projects like JPI and Savannah are completed.

Director Schupp asked when we will see revenue from these projects, six months to a year from now? Executive Director Urrutia said he didn't expect that to occur until early 2025. Mr. Fambro said One90 Main paid up-front fees of \$150,000 and \$178,000 in June 2021 to the HFC (before the City took over the HFC). He said their first PILOT payment is scheduled for October 2025.

Director Kull said the HFC Board has discussed the possible need for a forensic audit of the HFC, given we are all new to the Board. Accountant Andre' said the HFC is currently audited as part of the City audit and did not see a need to pay for a separate forensic audit at this time. She assured the Board that if they saw anything inappropriate, they would bring that to the Board's attention immediately.

President Winget summarized the financial position of the HFC and asked Accountant Andre' if the HFC expenses were in line with acceptable standards and she said yes. He then said if there are no additional questions he would like to move on to Item 6, Update on Lakeview Pointe Seniors.

No action was taken on this item.

6. Update on Lakeview Pointe Seniors.

Executive Director Urrutia said this Item is scheduled to be on the City Council Agenda in June. He said the Council may have one or two questions to be addressed. President Winget recognized Melissa Fisher from Lakeview Pointe Seniors said they would attend the City Council meeting to respond to questions. Director Schupp recommended they attend the Monday Work Session in addition to the Council Meeting, and make a very concise presentation. President Winget asked for specific approval to sign the resolution for the New Savannah loan. Director Schupp made a motion to authorize President Winget to sign the resolution for the new Savannah loan. Director Dunnican seconded the motion and it passed unanimously. President Winget said he felt that



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everything was now in place for this project to move forward. Director Schupp asked Ms Fisher if they were able to continue working on the project, and she said yes. Director Kull asked for an update on litigation and insurance claims and Ms Fisher said there had been no new progress to report.

President Winget asked when the Savannah project PILOT payment would be made and Ms Fisher said she wasn't sure but thought it is scheduled for January 30th. President Winget said they should be prepared to answer questions at the City Council meeting, but not make a presentation, since he felt it would be most appropriate if Executive Director Urrutia make a short, concise presentation for this project.

There being no further questions, President Winget said he would like to move on to Agenda Item 9, the One90 Main update.

9. Update/Discussion on One90 Main:

President Winget recognized Kanneth Fambro with One90 Main.

Mr. Fambro said there have been many frustrations moving forward, but they are actively leasing and now have 44 leases in place. Director Kull asked Mr. Fambro if he knew what the current occupancy rates are for Rowlett, and he said no. He did say the Dallas-Ft Worth area currently has an oversupply of units.

President Winget said a new Community Development Director has been hired, which should alleviate many if not all the frustrations mentioned before. Executive Director Urrutia briefed the Board on buildings completed to date, and President Winget asked Mr. Fambro for the project completion date. Mr. Fambro said he would be better able to provide an up-to-date answer after June 1st. Mr. Fambro said their goal was to lease 30 units per month. there being no further questions, President Winget said he would like to move on to Agenda Item 5, Update/Discussion on JPI Merrit. There was no action taken on Agenda Item 9.

**7. Updated Letter of Engagement from Chapman and Cutler
On JPI Development:**

President Winget said he thought he already signed off on this and it was already handled. Executive Director Urrutia agreed.



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President Winget reminded the Board that letter specifically states any fees are paid by the developer, not the HFC. He then said he would like to move on to Agenda Item 8, Update From Chapman and Cutler on Vista North Shore. No action was taken on Agenda Item 7.

- 8. Update From Chapman and Cutler on Vista North Shore: Executive Director Urrutia said we're waiting on the Comptroller's confirmation that this is done. No action was taken on Agenda Item 8. Director Dunnican recommended sending the One90 Main E-mail to the new Community Development Director. President Winget said he would do that. He then said he would like to move on to Agenda Item 10, Discussion of Single Family Homebuyer Programs.**

10. Discussion of Single-Family Homebuyer Programs:

Director Dunnican said the best way for the HFC to contribute to single family development is through a first-time buyer program. An opportunity could be the proposed single-family portion of the JPI Development. Executive Director Urrutia said he has had conversations with some Developers about this, but until the HFC receives additional funds from existing projects, we're limited in what we can do in this area. Director Schupp said although the Board is interested in looking into this, he would like to avoid tax abatement programs. Director Dunnican agreed, and said she was thinking about houses in the \$400,000 to \$500,000 range and suggested inviting a TRIO representative to an HFC meeting to discuss new programs. The TRIO program doesn't require funding, just promotion among Rowlett realtors, who can list homes with Home Partners of America. After additional discussion of various options/programs/grants in this area, Director Kull recommended additional education.



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Executive Director Urrutia said he had a report to present to the Board concerning JPI that might require an Executive Session. After describing the nature of the report, President Winget said he didn't believe an Executive Session was appropriate. Executive Director Urrutia then told the Board that he had been made aware of communication between a community member and the President of the bank providing loan(s) to the JPI Development, which was, according to his understanding, very negative and disparaging of this project. He continued that although he has not seen the contents of this communication, it is his understanding the communication was untruthful, and damaging to the HFC and the project. He then asked for guidance on how the Board would like to proceed. Before dealing with that issue,

Executive Director Urrutia advised the Board that JPI has a closing date of June 21st. and the Board has to sign off on the closing documents. This would require a special Board meeting around the 18th, and it was suggested we could meet an hour prior to the City Council Meeting on that date, if necessary. However, we don't have the documents to review yet. President Winget said he would need clarification on the necessity to bring these documents to Council since the project has already been approved by the Board and Council. If President Winget can be assured by the City Attorney this doesn't require Council approval, then he would be comfortable with the Board signing these documents on the 18th.

Director Dunnican then said she wanted to return to the negative communication matter. She asked if responding to this situation would be helpful, or would it be best to ignore it. Executive Director Urrutia said he wasn't sure anything could be done, but he would attempt to get a copy of the communication and could then better determine what further action might be necessary. Director Schupp said unless there is something legally we can do, there doesn't appear we have any recourse, and it doesn't appear this is having any impact in the community. Director Kull asked if we should at least try to correct any inaccuracies regards the HFC or the project, and President Winget said unless JPI wants to pursue it, he thinks unless City Council becomes involved it probably should be ignored for now. Director Schupp suggested



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we could ask the HFC lawyer to contact the Bank President to determine what if any response we should make. President Winget asked Executive Director Urrutia to contact the HFC lawyer to decide on any further action.

President Winget then asked for clarification on what now needs to be scheduled to go before the City Council. Executive Director Urrutia said if all the JPI documents are forthcoming, and it's determined they need to go to Council for approval, we will need to meet again on the 18th for that to happen. President Winget said we also have the new Savannah loan proposal to go to Council, but not the already approved existing loan extension. President Winget requested clarification on the difference between our requirement to get approval from City Council for the Savannah loan and not for the JPI loan. Director Schupp said he believes the language is that if a debt instrument is issued then it requires City Council approval, but this is not by definition a debt instrument because that would involve issuing a bond.

There being no further discussion of these items, President Winget recommended moving on to Agenda Item 7, Updated Letter of Engagement from Chapman and Cutler on JPI Development. President Winget reminded the Board that letter specifically states any fees are paid by the developer, not the HFC. He then said he would like to move on to Agenda Item 8, Update From Chapman and Cutler on Vista North Shore. No action was taken on Agenda Item 7.

Adjournment:

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

Approved on 6-27-, 2024.


Jeff Winget 2024 President


Richard Kull 2024 Secretary