

**CITY OF DALLAS HOUSING FINANCE CORPORATION
BOARD OF DIRECTORS MEETING**

Tuesday, April 10, 2018 at 12:00 Noon

**Dallas City Hall (Green Elevators) – L1EN, Conference Room D
1500 Marilla, Dallas, Texas 75201**

Present:

Sherman Roberts, President	Trent Hughes, Director	Joe Carreon, Director
Marcy Helfand, Secretary	James Armstrong III, Director	Jim Harp, Director
Clint V. Nolen, Vice President	Ryan Garcia, Director	Eric Anderson, Director
	Brad Nitschke, Director	

Absent:

Andrew Moore, Treasurer

1. Call to Order – Sherman Roberts, President

With a quorum of the Board of Directors present, President Roberts called the meeting to order at 12:02 p.m. for the City of Dallas Housing Finance Corporation (DHFC) on Tuesday, April 10, 2018, in L1EN, Conference Room D, 1500 Marilla Street, Dallas, Texas 75201.

2. Approval of the Minutes of March 15, 2018 Sherman Roberts, President

Motion was made by Secretary Helfand to approve the minutes subject to corrections to the language regarding the Flora Street Lofts condominium fees being listed in the profroma. The motion was seconded by Director Nitschke to approve the March 15, 2018 minutes with the amended language provided by Secretary Helfand. The motion passed 9-0. (Treasurer Moore and Director Hughes absent)

Director Hughes arrived at 12:06 p.m.

3. Consideration and Determination of Retainer Services versus Non-Retainer Services related to Legal Services Contract - Sherman Roberts, President

Joe Nathan Wright, General Counsel for the DHFC, discussed what he characterized as unacceptable delays by the City Staff and City Attorney's Office in processing and paying his invoices for retainer and non-retainer services. Mr. Wright stated that, following staff changes in 2017, for the first time since 1984, when he was first appointed General Counsel, review of his invoices has been sent to the City Attorney's Office for approval. Mr. Wright pointed out that he did not work for the City Attorney's Office, that the City Attorney's Office did not send him work, that the City Attorney's Office did not supervise his work and that the City Attorney's Office did not approve his work. Yet, the City Attorney's Office had intervened to reduce his fees. Currently, there are unpaid invoices for non-retainer services and retainer services submitted months ago. Mr. Wright provided a status chart of invoices which included disputed invoices.

Mr. Wright noted that in 2 letters, each dated December 1, 2017, City Staff had invited Mr. Wright to request a meeting to discuss the fee reductions. Mr. Wright requested such a meeting by letters dated December 20, 2017. However, the meeting had not been held or scheduled by City Staff.

Director Nitschke asked if Mr. Wright had distributed the correspondence from the City to the DHFC Board. Mr. Wright indicated he had not. However, Mr. Wright had a hard copy of the 2 December 1, 2017 letters from City Staff, and Mr. Wright's December 20, 2017 responses, and Mr. Wright handed them to Mr. Nitschke.

President Roberts asked for the City's point of view. Ms. Chaisson referred to the Board packet which included the unexecuted contract and the status chart of invoices. Ms. Chaisson explained to the Board City staff's point about items being invoiced as non-retainer that many of the line items were unclear. Ms. Chaisson also state the purpose of the agenda was item for the Board to decide with respect to if the service is an actual non-retainer service based on the contract.

Director Anderson asked if the services provided for partnership deals were a part of the retainer services. Mr. Wright responded with no, these services are paid at closing and he keeps track of time dedicated. Director Anderson followed with another question: Are these fees a set fee or hourly? Mr. Wright stated these are a set fee.

Director Harp expressed concern with City staff reviewing invoices on behalf of the Board without the Board requesting this and that City staff should make a recommendation to the Board.

President Roberts stated the Board should consider having a retreat to determine if need to increase the retainer, what falls under this service, and establish retainer amount.

Director Armstrong asked Mr. Wright the following questions: 1) Is there separate fee for third party closings; what is the rate? Mr. Wright provided the example of the Artisan Ridge approval consent to transfers services include review of documents and financials for new guarantor and the rate is \$7,500.00.; 2) How much is the amount of outstanding charges? Mr. Wright pointed to the status chart amount of \$15,177.50; 3) Was there an item on the agenda to review Mr. Wright's contract? There was not any record of this taking place during the meeting.

President Roberts asked if someone was present from the City Attorney's Office and Ms. Marichelle Samples, Senior Assistant Attorney, provided clarification stating Housing and Neighborhood Revitalization Department reviews the invoices and send invoices to City Attorney's Office for opinion and much of the response were questions. After send back to the Housing and Neighborhood Revitalization staff, there was no further action on behalf City Attorney's Office as they did not determine what was paid or if it was considered retainer versus non-retainer.

Director Nitschke asked; to move forward, if Mr. Wright, for disputed time entries, can go back and provide clarification on what occurred. For non-disputed invoices, Mr. Wright request that these be paid within 30 days especially retainer invoices.

Secretary Helfand asked what the process would be going forward. If staff, would still review. President Roberts suggested a retreat to sort through the process.

Director Armstrong expressed concern with City staff overreaching its role about recommendations and taking advantage of the termination of the Manager. Also, expressed concern with payments to cover City staff salaries.

David Noguera, Director of Housing and Neighborhood Revitalization, discussed issues with transparency because of the lack of or record of an executed contract. Mr. Wright explained that the prior staff person for the DHFC and President agreed the contract provided was agreed upon and executed. President Roberts stated if we don't have a signed contract then the contract should be signed. Ms. Samples stated it's the Board's decision whether to execute the contract with the term as is or renegotiate new terms.

Mr. Noguera responded to Director Armstrong's comments regarding staff overstepping boundaries. Mr. Noguera said it's hard for staff to sit back and not intervene when we hear issues regarding the Board.

Motion was made by Director Nitschke to pay undisputed and retainer invoices and that the General Counsel, Joe Nathan Wright submit a response to the disputed invoices entry by entry by the next Board meeting to staff for review and provide comments side by side with final resolution deadline of September 1, 2018, in order to move payments forward. In doing so, the contract needs to be reprinted and executed. The contract can be revisited, with a definite contract term, work out of the scope of services, and to move forward with all payments at a future Board meeting or retreat. The motion was seconded by Director Armstrong. The motion passed 10-0. (Treasurer Andrew Moore absent)

4. Consideration and Determination of Payment of Services Performed Outside of Scope of Contract related to Compliance Monitoring for Tenant Services and Martha's Vineyard Place Liaison – Sherman Roberts, President

Ms. Chaisson referred to the memo in the Board packet and explained that staff reviews the invoices and that payments were withheld on services not covered in the executed contract.

Director Harp responded that the contract signed by Mike Harling and reviewed by Joe Nathan Wright was to conduct supportive service audits, and the Board asked him to specifically handle Providence at Mockingbird and other properties owned in specific areas. Director Harp feels it's a problem if staff changes the contract terms.

Ms. Chaisson explained that this is a Board decision and the item could be cured simply by amending the contract to include the other properties.

President Roberts asked if staff was holding up money and Director Harp said, yes.

Director Nitschke stated that the contract never came to the Board for consideration and that the former President may have engaged Director Harp on behalf of the Board. President Roberts stated the job was previously handled by Randle Parker.

Director Anderson explained there are asset managers for these properties and that the responsibility or role could be covered by the asset manager and that the Board should be getting periodic reports. Director Harp stated his role was to audit if the properties were providing the social services as required by the bond covenants. President Roberts provided an example of Serenity for the work Director Harp performs.

Director Armstrong stated the previous contract came before the Board for consideration. President Roberts stated there was discussion by the Board on that contract.

Original motion was made by Director Armstrong to pay outstanding invoices, then review the contract, and bring forward the contract for Board consideration. An amendment to the motion was made by Director Nitschke to treat this transaction exactly like the Board handling of the legal services contract payment request. Seconded by Director Armstrong. The motion passed 9-0. (Treasurer Moore absent; Director Harp recused himself)

5. Consideration and Adoption of a Supplemental Inducement Resolution Declaring Intent to Issue Bonds for the Flora Street Lofts Multifamily Residential Development to be Located at 2121 Flora Street – George Rodriguez, Corporation Bond Counsel, Bracewell LLP

George Rodriguez explained the need for the resolution is due to the 1-year deadline to submit an application to the Texas Bond Review Board from the date of the original authorization. Due to the fact the deadline has passed, the DHFC Board is required to approve a supplemental inducement resolution on the reservation. The Board asked the developer why there was a delay. Developer stated the underwriting was taking time.

Motion was made by Director Harp to adopt the resolution declaring intent to issue bonds for Flora Street Lofts Multifamily Residential Development. Seconded by Secretary Helfand. The motion passed 9-0. (Treasurer Moore absent and Director Nitschke recused himself)

(Director Nitschke returned to the Board meeting)

6. Briefing on City of Dallas' Financial Disclosure Report Deadline – Avis Chaisson, Assistant Director, Housing and Neighborhood Revitalization

Ms. Chaisson briefed the Board regarding the importance of keeping current their financial disclosure report. She informed them that the City Secretary's Office has a notary on staff if the Board wanted to go ahead and get their document notarized. The City Secretary's Office is located on the 5th Floor of City Hall, (Red Elevator) Suite 5DN if any Board member was interested in getting their paperwork filed. Ms. Chaisson stated she would inform the Board of their status with regard to submitting the form.

There was no action taken on this item; it was for informational purposes.

President Roberts skipped item 6 on the agenda and moved to number 7; agenda item 7 was heard as item 6.

7. Consideration and Approval of a Consent and all Other Actions Necessary to Complete the Transfer of the Artisan Ridge Apartments Located at 5480 Preakness Lane a Residential Development Financed by the Corporation's Multifamily Housing Revenue Bonds (GNMA Collateralized Mortgage Loan - Preakness Ranch Apartments) Series 2003 – Avis Chaisson, Assistant Director, Housing and Neighborhood Revitalization

Ms. Chaisson briefed the Board on request for the Board to consent to the transfer of the Artisan Ridge Apartment. Ms. Chaisson informed the Board that the bonds associated with the project have been paid off and that the owner is interested in selling the property. Additionally, she stated the regulatory agreement remains in effect for 2 years.

Director Nitschke asked the rent restrictions for the property. Ms. Chaisson stated that the rents are restricted to 60% and below of Area Median Income.

Director Harp asked if there were fees associated with the transfer. Ms. Chaisson stated that the fees were for bond counsel, general counsel, financial advisors, and assumption fee payable to the DHFC totaling \$35,500.00 to be paid at closing.

Director Nitschke asked if this was an opportunity to keep affordable units after 2 years. The seller's representative stated there is an extended Land Use Restriction Agreement to ensure affordability on the property for another 15 years.

Motion was made by Director Harp to move to approve the consent and all other actions necessary to complete the transfer of the Artisan Ridge Apartments. Seconded by Director Anderson. The motion passed 10-0. (Treasurer Moore absent)

8. **Consideration and Approval of \$10,500.00 for Registration, Room, and Travel for the 2018 National Association of Local Housing Finance Agencies (NALHFA) Annual Conference – Avis Chaisson, Assistant Director, Housing and Neighborhood Revitalization**

Ms. Chaisson briefed the board on the upcoming NALHFA Conference that will take place on May 9-12, 2018, in New Orleans, Louisiana. The Board was recommended a cap of \$10,500 on conference spending and that each Board member has a spending allowance of \$2,058 for the trip. With the \$10,500 spending cap in place for the conference, only 5 members may attend. Director Nitschke expressed concern with every Board member attending the conference and proposed a motion to keep the budget for 5 members only and that Board members that attend the NALHFA Conference get reimbursed by the City. Director Nitschke said the value would be realized if attendees should come back and share information. The motion was declined.

At the time of the meeting, it was mentioned that 6 members wanted to attend. However, the Board decided that any member may attend. Vice President Nolen stated that an email should be sent calling for attendees prior to the early bird deadline. Members will only get reimbursed by the City for \$2,058. Ms. Chaisson stated that staff will assist the Board in making travel arrangements.

Motion was made by Secretary Helfand to approve any Board member to attend and cap reimbursement at up to \$2,058 per person. Seconded by Director Armstrong. The motion passed 10-0. (Treasure Moore absent)

9. **Request for Future Agenda Items – Sherman Roberts, President**

- a. **Consideration and Adoption of the Corporation's Fiscal Year 2018 Budget**
- b. **Amended and Restated Articles of Incorporation and Bylaws for the Corporation**
- c. **Presentations on Operational Budgets from Property Managers of Properties the Corporation**

has an Ownership Interest

The Board discussed holding a retreat in July to review and get clarification on the following:

- Discuss outstanding issues such as contracts and retainer services, recommendations of subcommittee in July
- Account expenditures and detailed list of transactions for staff salaries
- A review of the Corporation's bylaws in draft form
- Briefing on how Corporation fits into the new Comprehensive Housing Policy
- Any other pertinent information that staff needs to share with the board

8. Adjourn – Sherman Roberts, President

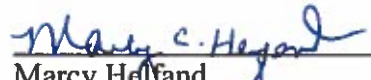
With no further discussion, President Roberts adjourned the meeting of the City of Dallas Housing Finance Corporation at 1:09 p.m. on Tuesday, April 10, 2018.

These minutes were approved by the City of Dallas Housing Finance Corporation Board of Directors on the 8th day of May, 2018.

APPROVE:

ATTEST:


Sherman Roberts
President


Marcy Helfand
Secretary

A closed executive session may be held if the discussion of any of the above agenda items concerning one of the following:

- 1) Contemplated or pending litigation or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meeting Act.
- 2) The purchase, exchange, lease or value of real property, if the deliberation in any open meeting would have a detrimental effect on the position of the city in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
- 3) A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
- 4) Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
- 5) The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
- 6) Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meetings Act.

- 7) Deliberations of security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. Section 551.089 of the Texas Open Meetings Act.