

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

**Tuesday, March 5, 2019 at 12:00 Noon
City Hall – Briefing Room, 5ES
1500 Marilla Street, Dallas, Texas 75201**

1. Call to Order – Clint Nolen, Vice President

Without a quorum of the Board of Directors present, Assistant General Manager Chaisson advised the Board can listen to presentations, but not deliberate or ask questions until quorum is met. Vice President Nolen called the meeting to order for the City of Dallas Housing Finance Corporation (DHFC) at 12:10 p.m. on Tuesday, March 5, 2019, in 5ES, Briefing Room, 1500 Marilla Street, Dallas, Texas 75201.

2. Roll Call – Avis F. Chaisson, Assistant General Manager

Present:

Clint V. Nolen, Vice President Ryan Garcia, Director Marcy Helfand, Secretary
Juan J. Garcia, Director Brad Nitschke, Director

Joe Carreon, Director and Jim Harp, Director arrived after Roll Call

Absent:

Sherman Roberts, President, Trent Hughes, Director, James Armstrong III, Director, and Eric Anderson, Director

3. Approval of the Minutes for January 25, 2019 Meeting

There were no minutes provided for January 25, 2019 meeting, proceeded to item 4.

4. Adoption of 2019 Property Management Operational Budget and Briefing on Quarterly Operational Budget Report for the Providence at Mockingbird Located at 1852 West Mockingbird Lane– Pam Cornett, Compliance Manager/Regional Manager, CF Real Estate Services LLC and Holly Siems, Property Manager

Vice President Nolen called the meeting to order for the DHFC Providence at Mockingbird, LLC at 12:15 p.m. on Tuesday, March 5, 2019, in 5ES, Briefing Room, 1500 Marilla Street, Dallas, Texas 75201.

Ms. Chaisson introduced the item and the presenters: Pam Cornett and Holly Siems.

Ms. Siems proceeded to explain the 2019 Operational Budget and how the money will go towards maintenance to the facility, fixing the AC units and parking lots, and area surrounding the property such as border replacement, tree trimmings while the Board looked through the 2019 budget.

During the presentation, Director Harp arrived at the meeting and the Board had quorum.

Ms. Siems later introduced their Regional Service Director, Jesse Davila, to help explain further maintenance to the AC units.

Director Harp wanted clarification on why maintenance for AC units were not fixed last year, when the Board approved the budget, which was an estimated \$168,000. Ms. Cornett explained that they have been working on units for months and they were able to fix two units and there is a \$100,000 difference at the top of the original budget from last year. Mr. Davila also explained that the AC units are not designed for the application they are put in and they are not performing properly. They were looking into a different brand of units from two different manufacturers. One company, which was used for the original bid, sold their units for \$328,000 each, while the other one was \$470,000 each, so the developers had to double the bid.

A discussion was held by the Board about the equipment not matching what was needed in the proposals by Trane and Johnson Control and the Board recommended hiring an engineer for design and to develop a scope of work.

Director Harp interjected the conversation to ask if the budget is only for the 3 units or more and if they were able to fix the leak in one of the rooms, which resulted in a tenant vacating the area. Ms. Siems stated that they had several contractors inspect the leak but were unable to find the cause of it.

Director Nitschke expressed his issues with the property having incomplete repairs/replacements from last year and how the Board does not have a firm sense on what the proposed budget is. Vice President Nolen suggested that the developers file for primary insurance to get a solution on the AC units. Director Nitschke also wanted to know when the units would be ready, to which Mr. Davila, answered with 2 months. Ms. Siems specified that they need \$350,000 for HVAC improvements.

Vice President Nolen made a motion to approve the \$350,000 for HVAC improvements. The motion was seconded by Director Nitschke. Item was approved unanimously 6-0.

Director Nitschke suggested that when you come back in April that you ask the Board to give them a final checkmark on what you need to go move forward with the plans, since the budget is their top priority. Ms. Cornett and Ms. Siems agreed.

Director Harp also wanted to know if the Board was going to follow the same procedure for when they approved the original budget and highlighted the AC unit expenditure and negative cash flow that was showcased in their Board packets. The Board went over the budget that was in their packet. Ms. Siems mentioned that they have \$625,000 in operation reserve account and wanted

clarifications if they should use that to pay GP management fee. Director Harp stated that it was approved to solve repair problems. The Board also agreed to pay the GP management fee from reserves.

Secretary Helfand stated that she did not want to approve the budget unless it contained updated and accurate information. Ms. Siems stated that she will update the information and provide the information that was requested by the Board.

At 12:35 p.m., quorum was lost and at 12:37 p.m. quorum was retained.

Vice President Nolen made a motion to postpone approval of the operating budget, so the property manager can come back next month with the 2018 operational budget along with the revised 2019 budget including the narrative on the DHFC's approved financial reporting form. The motion was seconded by Secretary Helfand. Item was approved unanimously 6-0.

Vice President Nolen made another motion to adjourn Providence at Mockingbird. Director Harp asked for the date of the next meeting, which is April 9th.

7. Update on U.S. Securities and Exchange Commission (SEC) Amended SEC Rule 15c2-12 Covering Continuing Disclosure Obligations for Public and Nonprofit Issuers of Debt - George Rodriguez, Bracewell LLP, Bond Counsel, Tim Nelson, Managing Director, Hilltop Securities Inc. and Claire Merritt, Analyst

Vice President Nolen moved item 7 in the place of item 5.

Mr. Tim Nelson presented the changes to 15c2-12. The SEC want to make sure that the DHFC is responsible as an issuer to supply ongoing disclosure to the market. The two upcoming multifamily deals are publicly offered, so they will have a disclosure requirement.

Secretary Helfand asked if the DHFC will have an obligation if they serve as the general partner, since the rule speaks to obligations of the issuer. Mr. Rodriguez stated the DHFC will not perform a disclosure agreement, because the borrower will. The DHFC will be responsible for insuring that borrower complies with their continuing disclosure. If it's a single-family deal and public, then the DHFC is responsible for the disclosure.

Director Nitschke wanted to know who was going to make sure DHFC would adhere to this requirement.

Mr. Nelson suggested that the Board retain a third-party firm to assist them with disclosures. Secretary Helfand asked if they're putting down in their documents that the borrower has to provide these disclosures. Mr. Rodriguez stated that there will be a disclosure agreement that the borrower must execute.

Mr. Rodriguez recommended that the Board that they begin proceedings to engage someone for the disclosures such as Hilltop Securities.

5. Consideration and Adoption of the Corporation's 2019 Annual Budget – Avis F. Chaisson, Assistant General Manager

Ms. Chaisson provided an overview and presentation for the 2019 budget and explained that they are still working on audits for 2017 including unidentified receivables and have not started the 2018 audit yet but are working on it.

Director Nitschke wanted clarification on receivables. Ms. Chaisson stated that they were compliance fees, developer fees, and issuer fees for the Corporation.

She then explained for expenses that the City did not charge for staff cost, print, or supplies for 2017, are behind on invoicing. They also have an increase in revenue for 2019 due to developer fees from Palladium.

Vice President Nolen asked for primary focus of the position of DHFC Administrator. Ms. Chaisson informed that they will draft agendas and minutes and conduct the day to day operations of the Corporation.

Ms. Chaisson went on to explain the corporation's financial activities including monitoring fees for compliance of social services, expenditures, revenue, marketing, auditor fees from 2017 - 2019. Director Nolen wanted clarification about \$830,296 revenue for 2019 includes the \$200,000 GP Fee for Providence Mockingbird. Ms. Chaisson clarified, yes it includes the GP Fee.

Director Nitschke wanted to know how they will be monitoring the properties. City staff is going to do monitoring for properties under the asset and compliance division, which will be covered under salaries.

Director Nitschke made a motion to approve the 2019 budget and Vice President Nolen seconded. Item was approved unanimously 6-0.

Director Harp wanted to know the status of their Wells Fargo account and account activities for this year. As of December 2018, balance is \$452,963.04. Director Harp stressed that he received emails from the bank stating that if the money is not spent they will donate it to the state. Ms. Chaisson requested Director Harp to forward emails to her, so she can work with Wells Fargo.

6. Discussion and Adoption of a Resolution Authorizing the Issuance, Sale and Delivery of Multifamily Mortgage Revenue Note Series 2019 for the Flora Street Lofts Multifamily Development in an Aggregate Principal Amount not to exceed \$15,000,000.00; Authorizing the Execution and Delivery of Documents and Instruments Necessary to Carry out the Financing of Such Multifamily Development to be Located at 2121 Flora Street – George Rodriguez, Bracewell LLP, Bond Counsel

Director Nitschke recused himself and left the room accordingly, so the Board lost quorum and was told that they could only deliberate and not ask questions or make motions. Vice President Nolen proposed a five-minute break at 1:10 p.m.

The meeting was brought back to order at 1:26 p.m. The Board was informed to that they could listen to briefings and ask questions later, when Director Carreon arrived.

Mr. Rodriguez presented the financial information for Flora Street Lofts. Director Harp wanted to clarification if Mr. Rodriguez recommend that they approve again, and he did.

The developers were present and provided an update on the status of Flora Street Lofts.

Director Carreon arrived and received a brief run through about the resolution.

Vice President Nolen made a motion to approve the resolution. Secretary Helfand seconded the motion. Item was approved unanimously 6-0.

8. Public Comment

The floor was available for public comments. There were no comments received.

9. Future Agenda Items – Clint Nolen, Vice President

- a. Meeting of DHFC Providence at Mockingbird, LLC to consider adoption of the 2019 Property Management Operational Budget for the Providence at Mockingbird Apartments Located at 1852 West Mockingbird Lane – **April 2019**
- b. Quarterly Operational Budget Reports from Property Managers of Properties the Corporation has an Ownership Interest – **April 2019**
- c. Presentation by the City Attorney's Office on Robert's Rules of Order and Open Meetings Act – **May 2019**
- d. Update on the Single-Family Mortgage Revenue Bonds (GNMA and Fannie Mae Mortgage-Backed Securities Program) Series 2019 – **May 2019**
- e. Opportunities for the Corporation to Acquire Housing Tax Credit Properties Ending Their Initial 15-Year Compliance Period – **June 2019**

10. Adjourn – Sherman Roberts, President

With no further discussion Vice President Nolen adjourned the meeting of the City of Dallas Housing Finance Corporation on Tuesday, March 5, 2019.

These minutes were approved by the City of Dallas Housing Finance Corporation Board of Directors on the 9th day of April 2019

MINUTES APPROVED AND CERTIFIED TO BE TRUE AND CORRECT and to reflect accurately the official action of the duly constituted officers and members of the Corporation's Board of Directors, all on April 9, 2019.


Marcy C. Helfand, Secretary

A closed executive session may be held if the discussion of any of the above agenda items concerns 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.

HANDGUN PROHIBITION NOTICE FOR MEETING OF GOVERNMENTAL ENTITIES

“Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.”

“De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.”

“Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.”

“De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.”