

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

**Tuesday, October 8, 2019, at 12:00 Noon  
City Hall – City Council Briefing Room, 6ES  
1500 Marilla Street, Dallas, Texas 75201**

**1. Call to Order – Marcy Helfand, Secretary**

Secretary Helfand called the meeting to order for the City of Dallas Housing Finance Corporation (DHFC) at 12:09 pm on Tuesday, October 8, 2019, in 6ES, City Council Briefing Room, 1500 Marilla Street, Dallas, Texas 75201.

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

**Present:**

|                                |                          |
|--------------------------------|--------------------------|
| Marcy Helfand, President       | Jim Harp, Director       |
| Ryan Garcia, Secretary         | Juan J. Garcia, Director |
| James Armstrong III, Treasurer | Joshua Vernon, Director  |

**Absent:**

Brad Nitschke, Director and Joe Carreon, Director were absent from the meeting.

**3. Introduction of New Board Member – Marcy C. Helfand, President**

President Helfand introduced the newest appointee to the City of Dallas Board of Directors Joshua Vernon. Director Vernon spoke on his background.

**4. Public Testimony – Public Comments on Item Nos. 4 and 5**

There were no public comments on Item Nos 4 and 5.

**5. Approval of the Minutes for the August 13, 2019, and September 10, 2019, Meetings**

This item was tabled as the minutes were not available for the Board of Directors to review and approve.

President Helfand convened the meeting of the DHFC Providence at Mockingbird, LLC at 12:12 pm.

**5. Meeting of DHFC Providence at Mockingbird, LLC, the General Partner of Hines 68, LP, the Owner of Providence Mockingbird Apartments Located at 1852 West Mockingbird Lane (Property):**

**a. Consider Adoption of the Property Management Operational Budget and Update on Improvements for the Property**

President Helfand introduced Candice Harris, Regional Manager, Hope Jones, Property Manager, and Jessie Davila, Regional Service Director, all with CF Real Estate Services LLC

Ms. Harris opened by stating the actuals for January – September are provided per the Board’s request; then, October – December are projections and there is a total line item at the bottom, so the Board can compare to the 2020 budget.

President Helfand requested a motion to consider adoption of the Property Management Operating Budget prior to opening discussion. Director Harp made a motion and Secretary Garcia seconded the motion.

President Helfand stated that she was concerned with capital expenditures particularly the system to replace 2 gates per year which the budget is \$3000 but the actuals were \$5400. Ms. Harris stated this was correct but, they did not budget off expenses as a car ran into a gate and would not expect that again but can’t guarantee it. The \$3000 is to replace the pedestrian gates.

President Helfand asked the one other item that is significant is the replacement of the ceiling and caulking of the windows at \$129,000 and the \$52,000 for the LED lighting. President Helfand wanted to know if bids have been received. Ms. Harris stated they have received 3 bids however, cannot guarantee pricing for 2020 because cannot determine labor costs so we went with the best price. Ms. Harris stated, for the LED, this is a recommendation based on the current situation and lighting in hallways, so the LED lighting is a wish list item, but the caulking for the windows is a need due to leak and requirement to rent a crane to make the repairs and it would be cheaper to do all at once.

Question on LEDs and Ms. Harris said she corrected that for the window repair would need scaffolding and not a crane as previously stated.

Treasurer Armstrong asked about the financial viability of the project and the repairs pot of money is coming from and the possibility of the Corporation not receiving its developer fee. Ms. Harris stated for cash flow end 2019 positive at \$289,000 and HVAC improvements payment coming from a different account. 2020 cash flow is \$382,000 about \$100,000 more than last year with improvements the tower windows is an issue can cause mold and sustainability to be compromised. Ms. Harris stated that the lighting isn’t cosmetic.

Treasurer Armstrong asked, how did arrive to 2020 forecast? Ms. Harris stated, the 2020 budget is based off of our actual expenses that we have currently, and we anticipate next year some of them have a small increase like utilities we budget about a 1% increase we anticipate based off our historical operations expense all of those items are just based on what we currently need and what we currently are doing.

Treasurer Armstrong asked, the \$30,000 marketing budget, what does that include? Ms. Harris stated, the marketing budget at \$30,000 includes \$1068 website hosting, \$2400 Craigslist posting, and the biggest bundle is \$7308.00 for the whole year for an Apartments.com under the affordable package which is \$609/month for just the online advertising source that is needed in order to get people in the door because people searching for new homes are going to those places.

Treasurer Armstrong asked about the 15-year compliance period and if we knew the date this ended. Ms. Chaisson stated, the question is related to the agenda item up next for discussion.

President Helfand asked about the status of the payment of GP Supervisory Fee. Ms. Chaisson stated that it was invoiced for 2017 and 2018 but have not received and have not invoiced for 2019 as waiting to see the cash flow position for 2019 and 2020.

President Helfand asked, ballpark what are the amounts for the GP Supervisor Fee? Ms. Chaisson stated, I believe it was \$160,000. Ms. Chaisson stated she has it and will provide.

President Helfand stated to me that that drastically effects the approval of these capital improvements because it's showing that there is \$382,000 but, if they have to repay the back \$160,000 that they owe then that causes the problem, right?

Ms. Chaisson stated starting in 2017, the fee is \$200,000 per year. President Helfand asked if these amounts are owed and not just waived. Ms. Chaisson said, no these are owed and actually reflected as accruals in the audit.

Director Harp asked about replacement reserve for the property. Ms. Chaisson stated the replacement reserve amount which was the money that the HFC received from the City to fund the replacement reserve was \$625,000; however, the replacement reserve will pay for the HVAC work and any savings then would come back to the HFC to pay the GP Supervisory Fee. But, the HVAC work estimate I think it was \$323,000 so the 2017 payment will not occur until after the HVAC work is completed.

Ms. Chaisson stated that CF Real Estate should provide an update. Mr. Davila stated the work has started and are building the units now should be complete December 23<sup>rd</sup>, but this is conservative it could be sooner.

Treasurer Armstrong stated concern as part of deal is the Corporation get its fee but won't object to approving today if can get 2017 fee paid after HVAC improvements complete. Ms. Chaisson stated that Alden Torch approved the payments of the GP Supervisory fee to the Corporation.

President Helfand stated wanted to be clear because 2019 cash flow is \$289,000 is that after the HVAC payment? Ms. Harris stated, the no HVAC payment coming from different bucket which is the replacement reserves. President Helfand asked, did we have any cash flow for 2018? Ms. Chaisson stated, I will let Ms. Harris reply but, I believe 2018 was in a negative cash flow position. Ms. Harris stated, she wasn't overseeing the program. President Helfand stated, so the 2017 fee can be paid from \$289,000 from 2019 and the 2020 cash flow of \$380,000 can pay for 2018 GP Supervisory Fee. Ms. Chaisson stated, yes, we are behind a year.

President Helfand asked, if Board was comfortable with proposed capital expenditures. Director Harp stated it seems we are worried about being paid and this is problematic if trying to stabilize the property and make viable structure in area of the City.

Ms. Chaisson stated wanted to be clear on motion because have 2019 actuals which 2019 budget was not approved and there are remaining expenditures for 2019 and 2020 budget before the Board for approval. Mr. Joe Nathan Wright asked for clarification as well. Ms. Chaisson stated the recommended motion would be to ratify 2019 actuals, approve remaining expenditures for calendar 2019, and adopt the 2020 budget.

The Board of Directors approved the motion unanimously (Director Nitschke and Director Carreon absent).

**b. Briefing, Analysis, and Consideration of Adoption of Resolutions Related to any Agreements for the Property and Necessary Action to Protect and Preserve DHFC's Interests and Legal Advice on Options Available to the Corporation Upon Expiration of the Texas Department of Housing and Community Affairs (TDHCA) 15-Year Compliance Period**

President Helfand asked Joe Nathan Wright to make remarks prior going into executive session. Mr. Wright proceed to provide an overview of the Property Management Agreement and Right of First of Refusal. Under the Property Management Agreement, the Board must approve the operating budget and management plan by October 15<sup>th</sup>. If the Board does not approve the budget in 10 days, then the budget automatically goes through.

The property is a 250-unit property for general population. There is cap on manager of \$5,000 on recurring line items. Manager is required to deliver to owner, Hines 68, LP which the DHFC is general partner. The Corporation is entitled to \$40,000 quarterly in GP Supervisory Fee, but went up to \$200,000 in 2017. Manager is required to provide monthly financial reports. Owner may terminate but there are some overrides by Centerline.

Treasurer Armstrong asked who is responsible for the role of compliance and management of the contract. Ms. Chaisson stated that she manages the contract. President Helfand stated that didn't want to confuse management contract and compliance and monitoring. Ms. Chaisson monitors the property management contract and Housing and Neighborhood Revitalization monitors for compliance under the regulatory agreement.

Mr. Wright continued with the overview to discuss the compliance period which essentially runs the latter of 15 years from roughly 2005 so the earliest it would expire would be 2020. Mr. Wright stated he checked with the Corporation's financial advisor and the bonds are still outstanding. So, along as the bonds are outstanding the compliance period runs. But, at the end of the compliance period which it's going to be at least another year or two and it's going to be until it the bonds no longer outstanding which would be until the property is no longer accepting Section 8 vouchers. The right first refusal won't kick in until the end of the compliance period if the owner the partnership gets an offer to buy the property; then, the DHFC gets 60 days after notice to exercise the right of first refusal at a falling added price where there's a formula in the agreement.

**The meeting of DHFC Providence at Mockingbird, LLC, the General Partner of Hines 68, LP goes into Executive Session under 551.071 of the Texas Open Meetings Act at 12:51 pm.**

**The meeting of DHFC Providence at Mockingbird, LLC, the General Partner of Hines 68, LP is called back to order at 1:15 pm.**

President Helfand stated think we need additional legal advice on assignment of the intreset of the withdrawing general partner and on alternatives in regard to the LURA if property were rehabbed

would it be extended. A motion was made by Director Harp and to provide an assessment of high opportunity area and other factors involved.

President Helfand asked, if this would be legal advice? Ms. Chaisson stated could hire a tax credit consultant to determine they would be well versed in these matters. The motion regarding additional legal advice was seconded by Director J. Garcia. The Board of Directors approved the motion unanimously (Director Nitschke and Director Carreon absent).

Director Harp made a motion to engage a tax credit consultant and the motion was seconded by Director J. Garcia.

**The meeting of DHFC Providence at Mockingbird, LLC, the General Partner of Hines 68, LP adjourned at 1:22 pm and the City of Dallas Housing Finance Corporation Board of Directors Meeting is reconvened.**

**6. Public Comment – Marcy C. Helfand, President**

There was no public comment.

**7. Future Agenda Items – Marcy C. Helfand, President**

- a. Recommendations for Internal Control to Address Material Weakness in the Corporation's 2017 and 2018 Financial Audits – November 2019
- b. Opportunities for the Corporation to Acquire Housing Tax Credit Properties Ending Their Initial 15-Year Compliance Period – TBD
- c. Presentation by the City Attorney's Office on Robert's Rules of Order and Open Meetings Act – TBD

**8. Adjourn – Marcy Helfand, President**

The meeting of the Board of Directors of the City of Dallas Housing Finance Corporation adjourned at 1:23 pm.

These minutes were approved by the City of Dallas Housing Finance Corporation Board of Directors on the 14th day of January 2020

**APPROVE:**

**ATTEST:**

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Marcy C. Helfand  
President

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Ryan Garcia  
Secretary