

Meeting Minutes
Harris County Housing Finance Corporation Board Meeting
Stifel Offices-Conference Room, 2nd Floor Apollo Room
1000 Louisiana, Houston, TX 77002
November 13, 2024, at 10 am

Board Members:

Present: Jason McLemore, President, Chad Khan, Vice President, Thao Costis, Secretary, Robert Belt, Director, Bryan Sanchez, Director, Francisco Castillo, Director

Absent: Hon. Dwight Jefferson, Director, Mercedes Sanchez, Director, Adrian Ozuna, Director

Others Present:

Rene Martinez, Carmen LaTorre, Steven Harris, Sheerah Walker, Candace West, Craig Atkins, Bianca Urbina, Hafsa Moinuddin, Cana Cen, Tory Gunsolley, Amanda Rocha, Paola Martinez representing Harris County Housing & Community Development Department (HCCSD), Randy Keenan representing the County Attorney's Office, Gary Machak and Joshua Karar with Stifel via Teams, Andy Prihoda with Bracewell, Suzy Hartgrove representing MyHart Communications, Darlene Hunter and Stephen Clarke with Amcal/ Amtex, Cody Hunt and Taylor Thomas with Palladium, and Mannaser D. Marshall and Ravi Shah with HBDI.

The following items will be brought before the Board of Directors for consideration and/or approval.

1. Call the meeting to order and verify that a Quorum is present.

President McLemore called the meeting to order at 10:01 am and verified there was a quorum.

2. Public Comments. There were no public comments.

3. Approval of minutes from the October 9, 2024, Special Board Meeting, and October 16, 2024, Regular Board Meeting. A motion was made by Vice President Khan and seconded by Secretary Costis to approve the Special Board meeting minutes of October 9, 2024, and the Regular Board meeting minutes of October 16, 2024; the motion carried unanimously.

4. Approval and discussion of payment of certain bills and expenses and Financial Report, and possible action with respect thereto: Financial Reports include the Treasurer's Report, Balance Sheet, Income Statement, HCHFC Investments, and annual Budget vs. Year-to-date actuals. ARPA Construction Reimbursements Reconciliation Report for the period.

Financials were presented by Mr. Craig Atkins. Balance Sheet: \$6.5M capitalized in land acquisitions. Construction Payments \$7.6M issued, beginning with Ella projects. Approved and paid bills list included. A motion to approve financials was made by Director Bryan Sanchez and seconded by Secretary Costis. The motion carried unanimously.

5. Executive Director's Report.

Mr. Martinez presented his report. A December workshop planned to discuss the 5-year Strategic Plan, and strategies. He proposes a half-day workshop and Board dinner thereafter. He presented Project Updates - Two projects closing in November: Lost Oaks 78-unit, 9% tax credit project closing on November 14th, Rushmore: 9% tax Credit project, Nov. 25th, and Burnett Street on Nov. 26th. On Nov 1st, he attended a Harris Co./Houston Housing Plan convening at the Houston Endowment to discuss the plan, with a convening to occur in January. Mr. Martinez presented the Projects Portfolio Summary that includes 7,955 units, 3,460 ARPA-supported units, 4,495 non-ARPA units. Future revenue projections include: \$29.2M in cash flow over 15 years, with \$2.6M projected in 2024. Long-term strategies discussed for 2024 and beyond: Portfolio management and syndication options. Improving HFC reporting. A comprehensive portfolio summary to be distributed to board members and engage in a deeper discussion next month. President McLemore stated he appreciated the information provided and looked forward to receiving the detailed portfolio. Other information includes a report on housing

policy expected under President Trump and a report on the intersection of healthcare providers becoming involved in housing development.

6. **Presentation, discussion, and potential action on two Houston Business Development Inc. (HBDI) Mixed income Single-family housing developments in connection with an investment partnership involving HCHFC in the Palm Center neighborhood (Crescent Palms - 29 units, and Palmetto Place -43 units) (Pct. 1).** Mr. Martinez provided a brief introduction and overview of two single-family development projects and stated that the single-family investments were being introduced to the board for discussion and input on support to proceed and bring the projects back to the board at a subsequent meeting. Mr. Marshall -- HBDI presented detailed information on each project, aligning the developments with the county's goals. Parcels have already been purchased and replotted, representing a significant opportunity to positively impact the community with a total of 217 units. The Crescent Palms project involves single-family attached homes. The developer acquired the land and demolished a pre-existing building on the site. The project is located behind another development. Questions were raised by the HFC Board regarding the cost of the townhomes consistent with income levels at 120% AMI or less, with 51% to be priced at affordable rates, which requires reducing the square footage. The Board requested the developer return with an updated summary, including a detailed breakdown of the mixed-income percentages.

Discussions with the Stifel team highlighted potential opportunities for integrating the project into a Community Land Trust (CLT) structure. This presentation was intended as part of a multipart conversation to delve deeper into the project's specifics. President McLemore inquired whether the development would be a gated community. Mr. Martinez introduced the next project, Palmetto Place, a single-family detached home development located near the light rail line, which is planned to extend to Hobby Airport. This area is experiencing significant activity and development. Palmetto Place will be a mixed-income community. Mr. Karar from the Stifel team discussed potential financing options, including the TDHCA bond program and CLT opportunities, which could benefit first-time homebuyers. Questions regarding costs, parking, and ownership structures were raised. Mr. Castillo specifically inquired about how HFC could utilize the TDHCA tools. Mr. Karar emphasized that TDHCA offers a variety of products, and Ms. Amanda Rocha and Mr. Martinez added feedback on the importance of educating the community and realtors about down payment assistance programs. A suggestion was made to invite TDHCA representatives to present directly to realtors. HBDI has invested significant resources in these projects over the past two years. No actions.

7. **Approval of Amendment to Subrecipient Agreement for Palladium Houston Ella: Discussion and possible approval of a First Amendment to the Subrecipient Agreement between Harris County and Harris County Housing Finance Corporation. Prior Court Action (if any) Date: 9/19/23, File #: 23-5241 Date: 12/13/23 Subrecipient Agreement;** Mr. Martinez provided an update on the budget adjustment, specifically page 105 of 144, related to the Ella project. Ms. Sen clarified that the budget had to be reconciled due to an error in the transposed amount for the land acquisition. There was no increase or decrease in the total budget; however, the acquisition alignment was incorrect, and the error was a typo in the amount. A motion to approve the amendment was made by Director Castillo and seconded by Director Bryan Sanchez. The motion carried unanimously.
8. **Approval of Resolution Authorizing the Acquisition of Land for the Burnett Street Project. Consideration and possible approval of a Resolution authorizing the acquisition of land for the Burnett Street project.** Mr. Martinez provided a summary of Burnett and stated that is closing on Nov 26th. Leveraged acquisition funding by the HFC (\$1M), and \$3.8M from the Harris County Redevelopment Authority is being combined with Treasury ARPA funding. An RFP is being developed and will be released between Q1-Q2-2025 for a Master Developer, with a targeted 500 units, and a TBD commercial section.
9. **Approval of Inducement Resolution for AmCal/AmTex Barker Oaks. Consideration and possible approval of a Resolution authorizing the negotiation of terms for possible partnership and planning for the AmCal/AmTex Barker Oaks workforce housing apartment project (277 units, Pct. 4).** Mr. Martinez provided a summary, emphasizing that the project would create workforce housing opportunities without requiring any capital investment from HFC. Mr. Martinez provided a summary and asked Mr. Stephen Clarke-Amcal/AmTex to present the project. This 300-unit new construction project, located in the Energy Corridor, and is in Katy ISD area (where schools are A & B rated), Of the units, 69 will be market rate, while the remainder will have income restrictions and affordability requirements. The project will reserve 60% of its units for individuals earning up to 80% of AMI, with 25% capped at 110% AMI. Construction is expected to begin in mid-2025. Mr. Clarke highlighted their experience with similar

developments, including projects with Dallas HFC and Houston Housing Finance Corporation. He confirmed that the project is 100% privately financed, requiring no gap funding, while still providing affordable housing. The HFC will benefit through partnership payments, ongoing ground lease revenue, and a share of the project's cash flow. Mr. Martinez stated that Stifel and Bracewell have reviewed the proposal, and Mr. Karar further elaborated on the financial structure. A motion to approve the inducement resolution was made by Director Bryan Sanchez and seconded by Director Castillo. Director Belt abstained. The motion passed with 5 votes in favor and 1 abstention.

10. Approval of Inducement Resolution for Palladium Bissonnet Project. Consideration and possible approval of a Resolution authorizing the negotiation of terms for possible partnership and planning for the Palladium Bissonnet apartment project (121 units, 9% LIHTC, Pct. 4).

Mr. Martinez introduced the project and stated that the HFC is currently involved in two other projects with Palladium. Ms. Thomas with Palladium presented the project. The proposed development is located in the Bissonnet Corridor, at the northeast corner of Bissonnet Street and W. Sam Houston Parkway. The site is an infill lot that has remained vacant for a prolonged period. Efforts to develop the area have faced challenges in the past. The surrounding area includes aging housing stock, and the addition of new housing is expected to stimulate economic growth. The site benefits from a \$29M federal grant for road improvements along Bissonnet Street, as well as initiatives by the Houston Police Department to enhance neighborhood safety. The project will feature a mix of 152 1-BR units, 56 2-BR units, and 38 3-BR units. Ms. Taylor stated that robust resident services will be provided. She also emphasized to address the community's need for resilient housing. Key features include a gas-powered emergency generator. Board members acknowledged the innovative inclusion of gas-powered generators and an interest in creating the same in future development. A motion to approve the inducement resolution was made by Director Belt and seconded by Secretary Costis. The motion carried unanimously.

OTHER MATTERS

11. Such other matters as may come before the Board.

Branding and Governance Updates: Mr. Martinez discussed the on-going website development and branding. Mr. Keenan (HCHFC General Counsel)- Co. Attorney's Office provided an update on the Per Diem matter, Bylaws, and 501c3 creation. **Creation of HFC Foundation for 501(c)(3) Status:** Mr. Keenan proposes to establish a separate entity, the "HFC Foundation," to seek 501(c)(3) status more efficiently than applying directly for the HFC itself. The standard 501(c)(3) process for an existing entity like the HFC could take several months to a year due to IRS processing times. Creating a new entity allows the use of a shorter IRS form, potentially reducing the approval timeline to 1-2 months. **Benefits of the HFC Foundation:** Opens opportunities for private donations and grants; provides flexibility to transfer funds to other housing agencies or cooperative projects; eases administrative burdens while maintaining alignment with organizational goals. The board will review documentation from San Antonio's similar model to guide the structure of the HFC Foundation, ensuring alignment with IRS requirements and minimizing delays. **Per Diem Board Compensation Updates:** The current board compensation structure of a \$150 per diem flat rate requires a bylaws change to permit board members to receive a flat amount. However, it affects the liability insurance levels for board members. Discussion ensued on the matter with further board discussion required. **Affordable Housing Subsidies and Inventory:** Updates were provided, and the board discussed the importance of homebuyer subsidies. Mr. Martinez stated that additional funds are required to support future CLT subsidies that is proposed to be an allocation from the HCRDA affordable housing bonds that will be sold in Q1-25, and HFC programmed fund balance budgeted to the program. A discussion on budget priorities is required at the next board meeting.

12. Adjournment: The meeting adjourned at 11:57 am

Secretary

APPROVED:
