



HARRIS COUNTY HOUSING FINANCE CORPORATION
c/o HARRIS COUNTY HOUSING & COMMUNITY DEVELOPMENT
1111 Fannin, 9th-floor HOUSTON, TEXAS 77002

MINUTES

Harris County Housing Finance Corporation Board Meeting
Harris County Community Services Department, 8410 Lantern Point Dr. Houston, TX 77054
May 15, 2024, at 10:00 am in Auditorium

Board of Directors:

Jason McLemore	Vice President – Present
Chad Khan	Treasurer Present
Thao Costis	Director – Present
Robert Belt	Director – Absent
Mercedes Sanchez	Director – Present
Francisco Castillo	Director - Present
Dwight Jefferson	Director – Present
Bryan Sanchez	Director – Present
Adrian Ozuna	New Board Director - Present

The following persons also attended the meeting: Rene Martinez, Carmen LaTorre, Steven Harris, Sheerah Walker, Craig Atkins, Bianca Urbina, Hafsa Moinuddin, Cana Cen, Rupa Sen, Tory Gunsolley, Amanda Rocha, Paola Martinez representing Harris County Housing & Community Development Department (HCCSD), Gina Boul representing the County Attorney's Office, Diana Featherstone representing Harris County Precinct 4, Gary Machak, Joshua Karar and David Webb with Stifel, Summer Greathouse and, Andy Prihoda with Bracewell; Jessica Mullins and Penny Shaw representing Impact Residential Development; Tom Huth representing Palladium USA, Joy Horak-Brown, Katie Anchondo and Ron Lastimosa with New Hope Housing, Ellen Moskalik with CCF, Richard Ashton representing Liberty Multi-family LLC, Emily Abeln representing Brinshore Development, and David Koogler representing Mark-Dana Corporation.

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

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

McLemore took roll call and confirmed there was a quorum. The meeting was called to order at 10:00AM.

2. Welcome new Board Member Adrian Ozuna, Precinct 4 appointee.

President McLemore directed the meeting to Item #2, introducing new Board member Adrian Ozuna. Director Ozuna introduced himself, followed by introductions from all the board members and Executive Director, Mr. Martinez.

3. Public Comments.

Public Presentation by Palladium USA - Update Ella, Park Row, and proposed project - 801 St. Joseph. Mr. Martinez began the meeting out of order and introduced Mr. Tom Huth. Mr. Huth provided an update on Palladium Park Row in Katy, noting its location within the Houston ETJ and the involvement of Precinct 4 Commissioner Briones. The project received a 2023 9% HTC Award and features 93 units, with 63% designated as affordable and 37% as market rate. This \$33 million development is in partnership with the Harris County HFC, supported by PNC Bank equity and a HUD 221(d)(4) construction/permanent loan. Palladium closed on the Ella land on December 19, 2023, with financing closed in March 2024 and groundbreaking on the project utilizing \$5 million in Harris County ARPA funds, \$4 million for land reimbursement, a \$1 million loan, and a \$318,000 PILOT payment to be made at stabilization. Mr. Huth provided an overview on 801 St. Joseph Parkway. He highlighted the historic building and need for historic structure certification by the National Park Service.

The seller's asking price is \$16M with an additional funding gap of approximately \$17M. The project is proposed to involve the Harris County Redevelopment Authority, the HCHFC and potentially City TIRZ #3. The next steps include

refining the gap, unit mix, and sizes, developing an architectural concept package, refining hard costs, submitting an LOI to the seller, and refining the financial pro forma. Mr. Martinez added that this was a very preliminary aspect of this project. Vice President McLemore appreciated the layout and mentioned he did a very good job of why this project should be considered.

Public Comments were made by Jessica Mullens – Impact Residential and highlighted points regarding Kirkwood Crossing. She mentioned the project received approval from the city of Houston, and TDHCA 9% tax credit reward. They relied on the HFC and execution of the MOU, continued approvals on behalf of CSD and HFC. She asked to consider tabling the item. She added that she had additional support with legal counsel Attorney Penny Shaw present. Ms. Shaw spoke briefly and asked that it be recommended to table the item due to it being extremely short notice. She mentioned they have requested records as well.

4. Approval of minutes from the April 17, 2024, Board Meeting.

Vice President McLemore requested a motion to approve the minutes for April 17. Director Costis moved to approve, and Director Castillo seconded the motion. Director Khan abstained from voting on the minutes since he was not present for the April 17, 2024, Board meeting. The motion was approved unanimously.

5. 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. Ms. Bianca Urbina presented the board’s Financials; Director Chad Khan moved to approve the financial report and Director Bryan Sanchez seconded the motion. The motion was approved unanimously.

6. Discussion and possible action regarding alteration to current payment process policy unique to grant-funded housing developments and authorization for the HCHFC Administrative Financial Officer to sign checks up to \$1,000,000 to assure construction invoices can be timely paid.

Mr. Martinez explained that item 6 continues the discussion on the \$10M fund approved by Commissioners Court and the HFC, established under Treasury ARPA. It allows the Corporation to reimburse developers for incurred expenses. The process involves submitting a pay application, which is reviewed and approved by the board for the percentage completion and monthly expenses. The application is then submitted to the bank for inspection and funding, followed by a review by the Treasury market team before final sign-off and payment from the \$10 million fund. The proposed motion seeks authorization for up to \$1,000,000 in signing checks to ensure timely payments to development partners, with a ratification process for board approval to avoid delays due to monthly Board meetings. The process was discussed between Mr. Martinez, Mr. Atkins, and separate discussions with Treasurer Khan and Vice President McLemore. It aims to expedite reimbursement processes. Currently, reimbursement approvals can take until the next board meeting, causing delays, hence the need for a streamlined ratification process.

Director Mercedes Sanchez suggested that a report be given to the board for review before approval. Director Jefferson inquired about the procedure if there is an issue with draw requests, to which Director Mercedes Sanchez responded that such issues then would be addressed at the next board meeting. Director Bryan Sanchez expressed that the board should not be reviewing invoices in detail. Vice President McLemore commented that while reviewing invoices, the focus should be on ensuring the proper process is followed and necessary approvals are obtained, rather than passing judgment on the completed work. This review helps keep the Vice President informed and ready to answer any questions from the commissioner. The discussion led to the suggestion of providing a financial dashboard update on project progress, including percentage completion and reimbursements. If there are payments made, board members would be informed of the specifics without needing a detailed invoice review. Due to concerns raised, Vice President McLemore proposed tabling the motion with the option to revisit it later. Vice President McLemore emphasized the importance of working through the process and addressing any delays or issues before moving forward. He moved the motion to table the item and monitor the process to ensure it meets the board’s expectations. Director Jefferson seconded the motion to table the item. The motion was approved unanimously. Director Mercedes Sanchez agreed with tabling the item but added that she would like clarification in the next board meeting on whether it’s a 25-day start on box one or box 4 of the chart. She mentioned that the more we practice the process, the more she thinks it will eventually find efficiencies on its own.

7. Adoption of Investment Policy.

Ms. Urbina and Mr. Atkins highlighted the importance of adopting the investment policy. Vice President McLemore requested the motion to approve the adoption of the investment policy. Director Castillo moved to approve the policy and Director Ozuna seconded the motion. The motion was approved unanimously.

PRESENTATION

8. Executive Director Comments. Discussion of potential housing development financing structures post ARPA.

Mr. Martinez reported on financing plans for projects, focusing on structuring terms to own groundleases and manage funds without large cash outlays. The HFC aims for 99-year leases, with distributions from development fees and cash flow. Additionally, there is an emphasis on monetizing exemptions and maximizing public business analysis benefits over long periods. Martinez highlighted the Housing Finance Corporations Act's flexibility for various projects, including those outside tax credits, such as housing for teachers and essential workers.

Ms. Greathouse discussed structuring deals without investing funds while still obtaining tax exemptions and revenue from developer fees, cash flow, and sales tax savings. The discussion included exploring various financial models to create revenue for the HFC and partnering with school districts for teacher housing. Mr. Martinez also mentioned hybrid financing processes like the Uplands project with the Cesar Chavez Foundation, addressing tax credit ownership caps, and proposing an administrative services agreement for the RDA to engage in housing development. This would enable future development revenue and align with the HFC's public purpose mandate.

INDUCEMENTS

9. EMLI at Mesa Gardens Inducement Resolution. Discussion and possible approval of a resolution inducing the EMLI at Mesa Gardens Apartments transaction (276 units, New Construction, Pct. 1), including authorizing all filings and agreements with Texas Department of Housing and Community Affairs in connection with applications for low-income housing tax credits; and authorizing the formation of HCHFC Mesa Gardens Landowner, LLC and its application for American Rescue Plan Act (ARPA) and other financing; and other matters in connection therewith.

Richard Ashton provided a brief presentation on the Mesa Gardens Apartments project. He noted that the property, previously an active baseball field, was proposed for a housing project consisting of 1–3-bedroom units in a 4-story building. Ashton mentioned receiving preliminary approval for ARPA funds and highlighted the contracting team's experience. Shelia Jackson Lee and Constable Pct 3 expressed support for the project, although a meeting with Commissioner Ellis is pending. HFC is not the bond issuer. Vice President McLemore requested a motion to approve the non-binding resolution, which was moved by Treasurer Khan and seconded by Director Costis. The motion was unanimously approved. Mr. Martinez noted a friendly reminder to the board, that the following next 4 items were MOUs and thus are the 2nd step in this process He also mentioned representatives for these projects were in attendance.

MEMORANDUM OF UNDERSTANDING

10. Manson Place MOU Approval Resolution. Discussion and possible approval of an MOU for the Manson Place Apartments transaction (76 units, Pct. 1).

Vice President McLemore asked if there were any new questions or comments about this MOU. There were no questions. Vice President McLemore moved forward and requested a motion to approve which was moved by Director Costis and seconded by Director Castillo. The motion was unanimously approved.

11. Lost Oaks MOU Approval Resolution. Discussion and possible approval of an MOU for the Lost Oaks Apartments transaction (78 units, Pct 1).

Vice President McLemore asked if there were any new questions or comments about this MOU. There were no questions. Vice President McLemore moved forward and requested a motion to approve which was moved by Director Mercedes Sanchez and seconded by Director Castillo. The motion was unanimously approved.

- 12. NHH Avenue C MOU Approval Resolution.** Discussion and possible approval of an MOU for the NHH Avenue C Apartments transaction (120 units, Pct 2).
Vice President McLemore asked if there were any new questions or comments about this MOU. There were no questions. Vice President McLemore moved forward and requested a motion to approve which was moved by Director Castillo and seconded by Director Jefferson. The motion was unanimously approved.
- 13. Tidwell MOU Approval Resolution.** Discussion and possible approval of an MOU for the Tidwell Apartments transaction (99 units, Pct. 2).
Vice President McLemore asked if there were any new questions or comments. There were no questions. Vice President McLemore requested a motion to approve which was moved by Director Castillo and Director Mercedes Sanchez seconded the motion. The motion was unanimously approved.

OTHER MATTERS

- 14.** Discussion and possible action to terminate the Memorandum of Understanding for Kirkwood Crossing.
Based on conferring with Bracewell, HCHFC’s outside counsel, the Board of Directors entered Executive Session at 11:35AM pursuant to the Texas Government Code 551.071 to consult with legal counsel on a real estate matter. The Board Vice President and board, and staff related to the Kirkwood Crossing ARPA project entered Executive Session. The session ended approximately at 12:08PM and took the following official actions on Item 14: Mr. Martinez stated that the risk factors associated with property ownership and the on-going remediation of venting methane gas and sensors installed in each unit, with notice to tenants, to detect any methane gas was a risk that the corporation weighed in its diligence period and couldn’t proceed with the project. Vice President McLemore requested a motion to terminate the MOU, which was moved by Director Jefferson and seconded by Treasurer Khan.
- 15.** Such other matters as may come before the Board.
None
- 16.** Adjournment: The meeting adjourned approximately at 12:09PM.
The next HFC Board meeting is to be held on June 20, 2024, at 10:00AM.

SECRETARY:

APPROVED:
