



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
June 20, 2024, at 10:00 am in Auditorium

Board of Directors:

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

The following persons also attended the meeting: Rene Martinez, Carmen LaTorre, Steven Harris, Sheerah Walker, Candace West, Rhea Swinson, Asha Jordan, 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, Janae Ladet representing Harris County Precinct 1, Gary Machak, and Joshua Karar with Stifel, Andy Prihoda with Bracewell; Scott Fletcher with TDHCA, Tariq Zaka with Luxor Builder & Developers LLC., Sandy Watson with Zimmerman Development, Neal Rackleff with Rackleff LLP., Jordan Finkelman and Elon Metoyer with Housing Trust Group, Joe Lewis and Kelly Robinson with Capstone Real Estate Services, Logan Schmidt, Eddie Starz with Roers Companies, Shannon Hunter with Coats Rose PC, JC Reeves, Tyler Johnson with Asset Living, Donna Rickenbacker with DWR Development, Kent Piotrowski with Lone Star Capital, Emily Abeln with Brinshore Development; and Ellen Moskalik with Cesar Chavez Foundation.

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.

Treasurer Khan called the meeting to order at 10:04 am and verified there was a quorum.

2. Public Comments.

There were no public comments.

3. Approval of minutes from the May 15, 2024, Board Meeting.

A motion was made by Director Belt and seconded by Director Ozuna to approve the minutes of May 15, 2024, with a correction regarding Treasurer Khan's attendance at May 15th Board meeting. 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.

Mr. Atkins presented the financials and noted no significant changes to the report. The board reviewed the current financials, focusing on revenue recognition and project statuses, particularly projects yet to close. Questions were addressed regarding the Budget report. Details were provided on the total outstanding projects and projected approvals for the year, estimating annual revenues and expenses per unit. Treasurer Khan also added that he, Craig, and Bianca attended the 2024 Investment Officers Conference. A motion was made by Director Belt and seconded by Director Ozuna to approve the May 2024 financials. The motion was approved unanimously.

5. Executive Director Comments.

Mr. Martinez highlighted a few project updates and four projects that were being approved today. The Hays Street Project is closing today. There will be a request for proposal (RFP) for a master developer that will be issued and anticipate 80-90 units tailored for "missing middle" development. The site will be demoed and plan to have a bond inducement once a developer is selected in the October period. Closing to occur include: Manson, late June, Meadowbrook: early July, OST Lofts, July 8, Avenue C: July, Lost Oaks, Aug 15, Upland: July 24, Tidwell July 25, Saddle Creek, July 31st. He also stated that an Administrative Services Agreement related to the HFC to manage the Upland project, as a partnership under a single asset entity created under the Harris County Redevelopment Authority will be presented to the HCHFC board in July. Mr. Martinez provided a summary of the impact of ARPA funding focusing on financial projections aligned with project timelines and developments. The Board members also received clarification on the distinctions between workforce, low-income, and moderate-income housing categories, emphasizing the sustainability of affordable housing initiatives post ARPA. He also stated that a board retreat would be planned for later this summer and details to be provided.

6. Discussion and Approval of modification to current payment process policy unique to grant-funded housing developments and authorization for the HCHFC Administrative Financial Officer to sign checks, if all the following criteria are met.

1. Expenses are eligible under the ARPA program.

2. For Construction

3. The architect has signed off.

4. Check does not exceed \$1,000,000.

5. Ratification of payments report will be presented monthly to the Board, as initially approved for reimbursement in a meeting with the Finance Committee. The submission for Board approval at regularly scheduled monthly board meetings would result in the HCHFC being out of compliance with three business day payment criteria under the County & HCHFC Treasury ARPA Interlocal Agreement approved in March 2024.

Mr. Martinez presented the item to modify accounting policies governing ARPA funding disbursements, and stated the Interlocal Agreement with the County was approved by the Board in March. He stated that the revised process was discussed with Directors Belt, Sanchez, and Mr. Atkins to provide input on assurances Internal Controls are addressed. The project flow includes: initial site inspections, pay application approvals (AIA 702 and 703), and subsequent bank funding and inspection procedures. The submission for Board approval at regularly scheduled monthly board meetings would result in the HCHFC being out of compliance with a payment within three business day payment criteria under the County & HCHFC Treasury ARPA Interlocal Agreement approved in March 2024.

Director Belt addressed the board, stating, "As far as getting up to speed, the issue at hand is how we can modify our policies to accommodate the three-day requirement for board approval. These projects have all been budgeted and approved by the board." He emphasized the need for efficient processes while ensuring all internal controls are followed. He continued, "Most governmental entities take a very conservative approach, but in this instance, a more streamlined process is necessary due to the three-day requirement." Director Belt highlighted the proposed exceptions to streamline approval processes while maintaining oversight and compliance. He elaborated that the role of the board is to exercise oversight and ensure reasonable internal controls post-payment. Mr. Martinez stated that currently, the construction draws are in progress with approximately \$5M funded out of a \$10M HCHFC ARPA Fund. Director Belt discussed the administrative challenges and stated the current process involves significant delays due to the requirement to present every expenditure to the Commissioners Court, causing substantial interest accruals. This impacts project timelines and financial viability with interest carry. He suggested, "To mitigate these delays, we propose a two-part signature system akin to the Harris County Redevelopment Authority, where checks are signed by multiple parties to expedite processes and approved budgeted expenses recognized. Mr. Martinez and Mr. Atkins both sign checks under the HCRDA and proposed a similar process. Mr. Martinez invited Mr. Borders to provide comments and he stated if the ARPA funds held in Trust by the HCHFC cannot be expended timely that an alternative to the approved Interlocal Agreement will be needed.

Mr. Martinez added this approach ensures proper checks and balances while facilitating timely project reimbursements. The modification aims to streamline operations, aligning with established contracts and financial safeguards, thereby supporting ongoing project timelines and financial integrity. Director Ozuna stated if the Commissioners Court approved this, he would proceed with a motion to approve. The board received a recommendation for the appointment of Director Belt in addition to Treasurer Khan to the Finance Committee. Mr. Martinez addressed the ratification of the payments report will be presented monthly to the Board, as initially approved for reimbursement in a meeting with the Finance Committee. Director Jefferson also stated that if payments are \$500K or less that one signature is sufficient and if over \$500K that two signatures will be needed. Director Ozuna motioned to adopt the new disbursement process with an amendment for dual-signature authority,

acknowledging the need for flexibility in signatory roles during absences. The motion was seconded by Director Jefferson. The motion was approved unanimously.

7. Presentation by Texas Department of Housing and Community Affairs (TDHCA) Scott Fletcher Director of Bond Finance regarding HCHFC and TDHCA Single Family Mortgage Partnership Program. Commissioner A opened the floor for Scott Fletcher from TDHCA to provide an update on the progress of bond reservations and assignments.

Mr. Fletcher- TDHCA acknowledged Harris County's pioneering role in assigning single-family mortgages through the Texas Bond Review Board. He highlighted the program's growth from \$50M in 2020 to an anticipated \$65M in 2024 or \$232M in bonds. The initiative has significantly impacted the regional housing market amid fluctuating interest rates, with Harris County alone funding 483 loans totaling \$116M by March 31st. Mr. Fletcher emphasized the program's role in leveraging economies of scale and relationships to maximize bond issuance capacity, facilitating up to \$65M in current bond requests. He addressed concerns about interest rate impacts on affordability, noting adjustments in demand and programmatic responses to maintain accessibility. The board asked questions on the geographical distribution of funds and demographic trends. Mr. Martinez emphasized the data supporting expansion of homeownership opportunities to persons of color. Demographic trends show Latino households at \$15M and Black households at \$26M in mortgages, indicating a majority-minority trend. This is mostly in suburban areas of Harris County. Director Castillo asked if the board could get a year-by-year comparison. Mr. Fletcher replied they will include that in future reports. Mr. Martinez discussed plans for a workshop with TDHCA for more context on this program and the possibility of ground lease mortgages for community land trust purposes and supplemental down payment assistance programs.

8. Texas Bond Review Board Single Family Volume Cap Resolution. Resolution Authorizing the filing of an Application for Reservation Authorizing the filing of an Application for Reservation of \$64,819,515 allocation request with the Texas Bond Review Board with respect to Qualified Mortgage Bonds, and containing other Provisions related to the Subject. Mr. Martinez discussed the initial steps, which involve applying for the bond reservation. Board members asked for clarification on the specifics of the bond cap. Mr. Martinez provided detailed information on the authorization process that involves Texas Bond Review Board approving an application for Bond Cap, Board approval, and Commissioners Court approval to assign the Bond Cap to TDHCA to leverage bonds it issues, and credit mortgages made in the HCHFC service area to the HCHFC. A motion to authorize the application for bond cap to the Texas Bond Review Board was made by Director Castillo and seconded by Director Belt. The motion was approved unanimously.

9. Assignment of Volume Cap Resolution. Discussion and possible approval of Resolution Approving Delegation of Bond Authority and Assignment of Private Activity Bond Authority to Texas Department of Housing and Community Affairs, Authorizing the Execution and Delivery of an Assignment Agreement and Containing Other provisions Relating to the Subject. A motion to approve the assignment of bond cap authorization was made by Director Castillo. The motion was seconded by Director Belt. The motion was approved unanimously.

10. Hardy Yards Approval Resolution. Discussion and possible approval of Resolution authorizing the negotiation and execution of a Purchase and Sale Agreement for the Hardy Yards transaction; and other matters in connection therewith (**Pct 2, Land Acquisition only**). **Background:** On June 12th, the Treasury ARPA Focus Area Team approved proceeding with utilizing the Treasury ARPA fund to acquire a 10.7ac tract from the City (Hardy Yards Reserve, No. Main & Burnet near UH Downtown, within Hardy TIRZ), with the intent of permanent 99-yr affordability. The acquisition cost is \$18.2M to be majority funded with Treasury ARPA, however, the acquisition has a \$4.4M gap so the request is for an HCHFC investment to partially fund the gap (\$1M). Further, a related investment proposal to fund the balance of the gap will be made to the Harris County Redevelopment Authority. Closing is planned for Oct. 2024. Gensler has been engaged by the HCRDA to do preliminary land planning. The site will be planned for 500 affordable rental units and 50+K SF for Commercial & Retail. The estimated Total Development Cost is \$135.4M (\$125M MF, and \$10.4M Commercial). Bonds and 4% LIHTC- MF financing structure with inducement planned in October 2024. A Master Developer RFP will be issued and approved by the Treasury ARPA Focus Area Team. Board members asked about timeline and completion, and any flood zone issues with the site. Motion was made by Director Castillo and seconded by Director Ozuna. The motion was approved unanimously.

INDUCEMENTS

11. Rushmore GP ARPA Inducement Resolution. Discussion and possible approval of Resolution-inducing Rushmore Apartments transaction, including authorizing all filings and agreements with the Texas Department of Housing and Community Affairs in connection with applications for low-income housing tax credits; and authorizing the formation of HCHFC Rushmore Landowner, LLC and its application for American Rescue Plan Act (ARPA) and other financing; and other matters in connection therewith (**Pct 4, 101 units, new construction**). Mr. Finkelman presented an overview. Board members asked about the location and specific features of the development with a response by Mr. Finkelman. He indicated

a timeline for construction to start in about four months and spoke on the project's financing, including \$3M in City HUD HOME Funds, and Raymond James for tax credit equity. A motion was made by Director Bryan Sanchez to approve the initial step. The motion was seconded by Director Ozuna. The motion was approved unanimously.

12. **Summit at Bennington GP Inducement Resolution.** Discussion and possible approval of Resolution-inducing Summit at Bennington transaction, including authorizing All Filings and Agreements with the Texas Department of Housing and Community Affairs in Connection with Applications for Low-Income Housing Tax Credits; and Authorizing the Formation of HCHFC Bennington Landowner, LLC; and Other Matters in Connection Therewith (**Pct 1, 248 units, Acquisition/Rehab**). Mr. Martinez stated that the GP proposal is viewed as a partnership with Houston Housing Finance Corporation that is issuing bonds for the 4% LIHTC project. Mr. Schmidt, Developer-Roers Companies provided an overview of the project. The board asked about the project's flood zone status and financial structure. Mr. Schmidt provided detailed information on project safety and funding mechanisms and clarification on bond issuance and oversight by the Houston Housing Finance Corporation. The motion to approve the first step of the partnership and bond issuance was made by Director Castillo. The motion was seconded by Director Ozuna. The motion was approved unanimously.

MEMORANDUM OF UNDERSTANDING

13. **Solano MOU Approval Resolution.** Discussion and possible approval of Resolution approving and authorizing the execution of a Memorandum of Understanding for the Solano Apartments transaction; and other matters in connection therewith (**Pct 2, 262 units, Acquisition/Rehab**). Mr. Martinez stated that an approval is needed for the MOU and partnership for a 4% tax credit and bond project. The board asked about the project's affordability and long-term benefits. and 99-year affordability. A motion to approve the MOU was made by Director Jefferson, and seconded by Director Castillo. The motion was approved unanimously.

FINAL APPROVAL

14. **Manson Place Approval Resolution.** Discussion and possible approval of Resolution Authorizing the Manson Place Transaction, Including the Execution of All Documentation Necessary to Carry Out the Transaction; and Authorizing the Financing for Such Transaction; and Other Matters in Connection Therewith (**Pct 1, 76 units, new construction**). Mr. Martinez stated that final approval is needed for the project and that representatives were present. A motion for Final Approval was mad by Director Ozuna and seconded by Director Khan. The motion was approved unanimously.
15. **OST Lofts Approval Resolution.** Discussion and possible approval Resolution Authorizing the OST Lofts Transaction, Including the Execution of All Documentation Necessary to Carry Out the Transaction; and Authorizing the Financing for Such Transaction; and Other Matters in Connection Therewith (**Pct 2, 130 units, new construction**) Mr. Martinez stated that Final Approval was need for the transaction and that representatives were present. A motion for Final Approval was made by Director Castillo, and seconded by Director Ozuna. The motion was approved unanimously.
16. **Meadowbrook Plaza Bond Approval.** Discussion and possible approval of Resolution Authorizing the Issuance, Sale and Delivery of Multifamily Housing Revenue Bonds (Meadowbrook Plaza) Series 2024; Approving the Form and Substance of and Authorizing the Execution and Delivery of Documents and Instruments Pertaining Thereto; and Containing Other Provisions Relating to the Subject (**Pct 2, 220 units, Acquisition/Rehab**); Mr. Martinez stated that Final Approval was needed and representatives were present for questions. Directors asked if both items could be approved together.
17. **Meadowbrook Plaza GP Approval Resolution.** Discussion and possible approval of Resolution Authorizing the Meadowbrook Plaza Transaction, Including the Execution of All Documentation Necessary to Carry Out the Transaction; and Authorizing the Financing for Such Transaction; and Other Matters in Connection Therewith (**Pct2, 220 units, Acquisition/Rehab**) Mr. Martinez stated that a Final Approval was needed. A motion to approve both bond issuance and GP Partnership was made by Director Castillo and seconded by Director Jefferson. The motions was approved unanimously.
18. **Upland Approval Resolution.** Discussion and possible approval of Resolution Authorizing the Upland Apartments Transaction, Including the Execution of All Documentation Necessary to Carry Out the Transaction; and Authorizing the Financing for Such Transaction; and Other Matters in Connection Therewith (**Pct 4, 120 units, new construction**). A motion was made by Director Castillo and seconded by Director Bryan Sanchez. The motion was approved unanimously.

OTHER MATTERS

19. **Such other matters as may come before the Board.** Director Khan mentioned a few CLT Home closings were coming up. Mr. Martinez mentioned essentially that we will have a CLT Board meeting soon.

20. **Adjournment:** Gratitude was expressed to all members and representatives for their contributions.
Meeting adjourned at 12:06 pm

Secretary

APPROVED:
