



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 Housing & Community Development, 8410 Lantern Point Dr. Houston, TX 77054
August 20, 2024 @ 10:00 am in Auditorium

Board of Directors:

Jason McLemore	Vice President - Present
Chad Khan	Treasurer - Present
Thao Costis	Director - Present
Robert Belt	Director - Present – late arrival 11:30 am
Mercedes Sanchez	Director - Present – via Teams
Francisco Castillo	Director - Present
Hon. Dwight Jefferson	Director - Present
Bryan Sanchez	Director - Present
Adrian Ozuna	Director - Present

The following persons also attended the meeting: 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, Gina Boul representing the County Attorney's Office, Janae Ladet representing Harris County Precinct 1, Diana Featherston representing Harris County Precinct 4, David Webb and Joshua Karar with Stifel, Andy Prihoda, and Elizabeth Bowes with Bracewell, Suzy Hartgrove representing MyHart Communications, Tim Hodes representing EHRA Engineering, and Logan Schmidt with Roers Companies.

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.

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

2. Public Comments.

There were no public comments.

3. Approval of minutes from the July 17, 2024, Board Meeting.

A motion was made by Director Costis and seconded by Director Khan to approve the minutes of July 17, 2024; the motion was approved 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, HCHF Investments, and annual Budget vs. Year-to-date actuals.

Mr. Atkins presented the financials. Vice President McLemore inquired on the outflows and cash flows related to single-asset entities. Director Jefferson inquired about tax-exempt apartments, (Houston Housing Authority Chronicle article) noting that some developers had not been making the required payments. He asked if there was a process to ensure that the Housing Finance Corporation (HFC) receives these payments. Mr. Martinez stated yes. Further, there is a milestone and payment schedule in each MOU. He directed the question to Mr. Andy Prihoda for input. Mr. Prihoda explained that the HFC general partner guides the level of services and maintain control over the developers' obligations, including monthly payments. Mr. Martinez emphasized that there have been extensive agreements regarding groundlease payments, developer fee, and cash flow payments, which will require a significant audit, involving multiple single audits for all the projects.

Mr. Atkins stated that HLB currently performs the HFC and CLT financial audits, and the required Single Audits resulting from \$750k or more in federal funds invested in Treasury ARPA projects. Further, he stated that the Single Audits for single asset entities has had a higher audit cost. The scope has changed by more than 20%. He explained that the market hasn't provided an ideal price for these services, and it might not make sense to consider another firm for the audit period. Mr. Atkins outlined the audit costs: \$40,000 per year for one transaction, \$26,000 for a basic audit, \$14,000–\$16,000 for each single audit program, and \$3,000 for each contract audit. Vice President McLemore suggested that Mr. Atkins bring back a draft Request for Proposal (RFP) and send it to the Board. Mr. Atkins mentioned he will do so. Mr. Martinez also presented the reimbursement request exceeding \$1M for the Hartwood Spring Shadows project and sought approval from the Board. A motion was made by Treasurer Khan and seconded by Director Jefferson to approve the July 2024 financials and related reimbursement request. The motion was approved unanimously.

5. Executive Director Comments.

Mr. Martinez presented several items, and the first mention was of the **HFC Board Retreat for September 26-27th**. The cost is still to be determined. It was noted also the next meeting is on September 18th. The floor was opened to see which board members would like to attend the **TALHFA conference**; Director Khan confirmed his attendance. Vice President McLemore and Director Castillo opted to defer, allowing newer members to attend. Director Mercedes Sanchez expressed interest in attending. It was noted that the County Attorney approved Mr. Randy Keenan or Ms. Gina Boul to attend; matter was going to be revisited internally to confirm all those attending.

Hays Street Project: Plan is to schedule interviews with an evaluation panel and provide a recommended approval by the board on September 18th. The project involves the development of up to 110 units on 3.1 acres. **Solano Apartments:** The project did not close due to a \$4 million funding gap. It is likely to be resubmitted in the new Bond lottery period that closes Oct. 18th. **Groundbreakings and Projects:** Tidwell, Precinct 2, and Upland, Precinct 4: Groundbreakings are scheduled for September 12th. **Stifel Estimates for 2024:** Mr. Martinez shared that Stifel prepared estimates for \$2.4 million in 2024.

6. Election of Officers: President, Vice President, Treasurer, Secretary – 2-Year term, according to the Articles of Incorporation of the HCHFC, and as amended, and the Bylaws of the HCHFC, as amended on March 2, 2005.

Discussion and possible action on Board Retreat Agenda and tentative date: September 26th (full day) and 27th (1/2 day). Mr. Martinez began the discussion with a brief review of the Bylaws and further dialogue about the two-year term for officers, with the history of the board and counsel provided by Bracewell. Vice President McLemore opened the floor for Board Officer nominations and nominations were presented. Director Belt was nominated as Treasurer by Vice President McLemore. However, since he was not present, Mr. Keenan stated it would have to be conditional. Vice President McLemore withdrew the nomination. Director B. Sanchez abstained.

Nominations:

President: The election for the President position faced some delays and procedural discussion, including suggestions to handle the elections at the next board meeting. Jason McLemore was nominated and elected President.

Vice President: Director Khan was nominated and elected as Vice President.

Treasurer: Director Jefferson Dwight was nominated and elected as Treasurer.

Secretary: After a discussion about separating the roles of Secretary and Treasurer with questions by Director Jefferson, and directed to Mr. Keenan, the positions were agreed to be separated. Director Thao Costis was nominated and elected as Secretary.

Ms. Elizabeth Bowes representing Bracewell suggested nominations of elected members be effective as of October 1st due to several transactions such as the Saddle Creek Transaction: Documents have been signed and are at the title company, though the escrow closing is uncertain. Further, the OST transaction involves city funds, with delays due to missing signature pages from the city. There's a suggestion to table the discussion until the next meeting, or possibly October 1st. Mr. Martinez mentioned that the Board Retreat Agenda will include discussions on a five-year planning overview and the strategic direction of finance corporations, using Southeast Housing Finance as a key example.

A motion was made by Director Ozuna, and seconded by Director Jefferson, to approve the nominations effective October 1, 2024, as well as the Board Retreat Dates and Agenda for September 26 (full day) and September 27 (half day). The motion was approved unanimously.

APPROVAL OF CONTRACT

7. **1500 Hays Demolition.** Approve contract for demolition of structures at 1500 Hays Street, acceptance of proposal from AAR Incorporated in the amount \$477,542 and authorize payments to the contractor using Treasury ARPA funds based on review and approval of requests for payments and certification of completion. (Pct 2, 80-110 units, Acquisition/New Construction). A motion was made by Director Khan and seconded by Director Ozuna to approve the 1500 Hays Demolition contract. The motion was approved unanimously.
8. **MyHart Communications Proposal.** Discussion and authorization to engage MyHart Communication for HCHFC website update and maintenance, and communication/marketing services. Background: MyHart Communications was procured by the Harris County Redevelopment Authority and has conducted website redesign for the HCRDA and TIRZ No. 24, including maintenance. They also provide ongoing communication/marketing services to the corporation including Treasury ARPA projects. MyHart is recommended for professional services engagement with the HCHFC. Mrs. Suzy Hartgrove of My Hart Communications gave a brief presentation discussing their background and work. A motion was made by Director Khan and seconded by Director Bryan Sanchez to approve agreement. The motion was approved unanimously.

MEMORANDUM OF UNDERSTANDING

9. **Rushmore MOU Approval Resolution.** Discussion and possible action on a Resolution approving and authorizing the execution of a Memorandum of Understanding for The Rushmore transaction; and other matters in connection therewith (Pct 4, 101 units, new construction) A motion was made by Director Khan and seconded by Director Ozuna to approve the Rushmore MOU Approval Resolution. The motion was approved unanimously.

FINAL APPROVAL

10. **Alcott Village (formerly known as Summit at Bennington) GP Approval Resolution** Discussion and possible action on a Resolution Authorizing the Alcott Village (formerly known as Summit at Bennington Apartments) Transaction, Including the Execution of All Documentation Necessary to Carry Out the Transaction; Authorizing the Formation of HCHFC Bennington Landowner, LLC and the Purchase and Lease of the Land for the Transaction; and Authorizing the Acquisition of All the Membership Interest of HCHFC Bennington GP, LLC, and Its Admission as the General Partner of Roers Houston Apartments Owner II Limited Partnership; and Other Matters in Connection in addition to that (Pct 1, 248 units, rehabilitation). A motion was made by Director Bryan Sanchez and seconded by Director Castillo to approve Alcott Village GP Approval Resolution. The motion was approved unanimously.

OTHER MATTERS

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

PAB Bond Carryforward Capacity: Mr. Martinez presented two projects that did not proceed with Private Activity Bonds and now present an opportunity to use the bonds for other eligible projects. As a result, there is now \$100M in bond capacity available to be assigned to other projects. Mr. Prihoda presented the details related to the carryforward. The bond s involves fees to the Texas Bond Review Board. Private tax-exempt activity bonds require volume cap permission from the IRS, determined annually based on population. The Texas Bond Review Board accepts applications for these projects, and this board had previously approved an inducement action to participate in a volume cap lottery. These projects received low numbers in the lottery and have remained in the queue for bonds as a result. The HFC can capture this volume cap and hold it for up to three years. The first week of October will see the release of these projects that are not moving forward with developers, allowing the HFC to retain the bond capacity.

Kingsland Park Project: Mr. Keenan discussed Kingsland Park, the HFC's first Treasury ARPA transaction. It was initially thought that CLT would own this project, but CLT is managing single family ownership instead. The project structure involved the county owning the land, which was transferred to HFC. However, the transfer has not been executed, and consent from the developer and the bank is required. This may involve new deed restrictions and other assigned documents.

Per Diem Payments: Mr. Keenan also mentioned it was brought to his attention the matter of Per Diem payments for board members who are county employees, noting that there will be research conducted and a temporary halt on Per Diem for county employees. Treasurer Khan brought up this issue due to concerns that arose in a similar matter in the MUD district. Mr. Keenan will separately present his analysis of county employees receiving Per Diems as Board members to the board members.

12. Adjournment: Gratitude was expressed to all members and representatives for their contributions.
The meeting adjourned at 12:10 pm.

Secretary

APPROVED:
