



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

MINUTES

Harris County Housing Finance Corporation Board Meeting
Harris County Housing & Community Development, 8410 Lantern Point Dr. Houston, TX 77054
Wednesday, September 18, 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
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), Gina Boul representing the County Attorney's Office, Gary Machak and Joshua Karar with Stifel via Teams, Andy Prihoda with Bracewell, Suzy Hartgrove representing MyHart Communications, and Tim Hodes representing EHRA Engineering.

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

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

Vice President Jason McLemore called the meeting to order at 10:03am and verified there was a quorum.

2. Public Comments. There were no public comments.

3. Approval of minutes from the August 20, 2024, Board Meetings.

A motion was made by Director Bryan Sanchez and seconded by Director Ozuna to approve the minutes of August 20, 2024; the motion carried unanimously.

4. Appointment of the Chair of the Harris County Community Land Trust Management Corporation (Chad Khan) to fill the unexpired January 2021 four-year term of the former Chair (Jason McLemore), pursuant to the Bylaws of the HCCLT Management Corporation. Comment: The HCCLT Board voted to appoint Mr. Khan on August 22, 2024. A vote is needed by the HFHFC Board. A motion was made by Director Bryan Sanchez and seconded by Director Ozuna; the motion carried 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. ARPA Construction Reimbursements Reconciliation Report for the period. A motion was made by Director Jefferson and seconded by Director Castillo; the motion carried unanimously.

6. Executive Director Report. Mr. Martinez presented his Executive Report. The first item mentioned was the **Board Retreat:** Scheduled for Thursday, September 26th (full day) and Friday, September 27th (half day) at Bracewell Houston Office Board Room, 711 Louisiana St., Suite 2300, Houston, TX 77002. Parking will be validated, with breakfast and lunch provided. A working lunch is planned for Thursday, followed by a Board dinner on the 26th. Agenda to follow. **TALHFA Conference: October 21-23rd** at the Omni Las Colinas in Irving, TX. **Hays Street Project Status:** The **Master Developer RFP** was released on July 15th, with 10 respondent submissions due on August 29th. Virtual committee interviews were held September 9-11th with 5 committee

members (3 from HFC, 2 from Stifel). A committee's recommendation presented to the Board for approval on September 18, 2024. **Hays Street Project Site Demo:** Bid work is proceeding. A Project Demo Party, in collaboration with Precinct 2, is scheduled for October 1st at 3:30 PM at 1500 Hays St.

Developer Meetings: There is significant developer interest in re-syndication projects with HCHFC. Bond inducements will be presented for Board consideration at the October meeting, with submissions to the Texas Bond Review Board by October 18th. **September 5th Downtown District Meeting:** A meeting with TIRZ No. 3 and Brookings Institution's Tracy Loh discussed office-to-housing conversions and the role of HFC and RDA in financing. Ms. Loh was impressed with HCHFC's permanent affordability model, which she viewed as a national model. Collaboration with Gensler is ongoing to assess design and costs.

Groundbreakings: The Uplands (HCRDA) and Tidwell (HCHFC) groundbreakings were scheduled for September 12th, with Uplands receiving good press coverage. The Tidwell event was postponed due to rain and is being rescheduled. **Affordable Rental Housing Impact:** By the completion of Harvey DR and Treasury ARPA-funded developments, the County and HFC will have built 5,257 new units, with 91% (4,789 units) affordable, including 895 units for households earning <30% AMI. HCHFC Multifamily – Stifel Projected Cashflow: 15-year estimates along with projections for 2023 and 2024 were reviewed.

7. **Presentation, discussion by MyHart Communication and potential action on HCHFC Rebranding concepts (HFC Logo, and other topics).** MyHart will come back to the board with select refinements to a logo based on board feedback. No action.

RESOLUTION

8. **HFC Multifamily Rules Revisions.** Resolution Approving Revised Harris Housing Finance Corporation Rules for Financing Multi-Family Rental Residential Developments. Mr. Prihoda from Bracewell, LLP stated the Multifamily Rules were last updated on September 26, 2023; the key revisions focused on general partnerships and bond issuance. As partnerships and compliance have grown more complex, we made changes last year and have since refined them. Notable updates include clarifying notice requirements for property tax issues, improving the application process, and correcting inconsistencies like contact information. Mr. Prihoda and Mr. Martinez added prioritization for project approvals, especially preservation projects within specific timeframes, to protect these assets. Other revisions address gap analysis, public benefit evaluations, and synergies with broader housing initiatives. Changes in upstream ownership, especially general partners, now require review. Mr. Martinez mentioned that they also clarified language around institutional investor letters. Further discussions will continue in the future retreat to align these changes with policy goals. A motion was made by Director Jefferson to table the item for an agenda item at the Board Retreat and seconded by Director Ozuna; the motion carried unanimously.

FINAL APPROVAL

9. **Discussion and possible action Approving the Committee Recommendation to select a Master Developer (Amtex/Amcral) for the Hay St mixed-income affordable rental housing development utilizing a 4% LIHTC and Private Activity Bond financing structure, groundlease and Partnership structure with the development partner under a Single Asset Entity with the Harris County Housing Finance Corporation.**

Background: At the August 20th Board meeting, I provided an update to a Hays St. Master Developer Request for Proposal solicitation by the HCHFC for a Master Developer to partner with the HCHFC to develop the site with mixed-income affordable rental income housing, with targeted HFC Board approval on Sept. 18th.

Timeline: 1) The "Hays" project has been approved by Treasury ARPA SteerCo since 2022 based on former County involvement with the Houston Land Bank. The HCHFC subsequently acquired the 3.2-acre site with Treasury ARPA funds. 2) HCHFC published a Master Developer RFP on July 15th, as approved by the County outside Treasury ARPA Attorney. The RFP is based on past solicitation precedents from the Austin HFC. The outside Treasury ARPA attorney was also involved with Austin HFC. 3) RFP submittals due Aug. 29th by 2 pm. 10-proposals received. 4) Five proposal reviewers selected (3-HFC), and (2-Stifel, HCHFC Financial Advisor) and confidentiality forms signed consistent with the County Federal Procurement Manual. 5) Virtual interviews with the 10-respondents held Sept. 9-11th, with scoring consistent with the published RFP criteria. 6) Committee review of the scores and interviews and a selection made based on the top score and related developer track record, development, and financial capacity; Stifel's analysis of financial statements, capacity to undertake a 4% LIHTC and Private Activity Bond project and serve as a project Guarantor. 7) Submit the 2025 PAB application to the Texas Bond Review Board Lottery by Oct 18th. After the HCHFC Board approves Bond Inducement applications, the 180-day closing will be met (July -Aug 2025).

Mr. Martinez stated that the selection committee consisted of himself, Steve Harris, Candace West, Gary Machak and Josh Karar from Stifel. Mr. Martinez clarified that all 10 respondents were interviewed, with no shortlisting, following advice from the County's outside Treasury ARPA Counsel relative following federal procurement code and County – Federal Procurement Manual process.

Confidentiality and conflict of interest was emphasized as per current policy, preventing board members from participating in the selection process, based on the input of the County's Treasury ARPA outside Counsel. Mr. Jefferson questioned why board members couldn't be present during interviews or the selection process. Mr. Martinez explained that confidentiality must be maintained until the final selection is made and adhering to the county federal procurement process. This process for receipt of proposals, scoring, and selection is similar to the County's process for other federally funded affordable housing projects involving CDBG-DR, and HUD Entitlement Funds. He offered to provide a list of the 10 RFP Respondents: Avenue CDC, Amtex/Amcalf, Blazer, Bread of Life, Brinshore, ITEX, Magellan Housing, Mark Dana Corporation, New Hope Housing, and Primrose.

An additional question was raised about board members participating in interviews. Mr. Belt noted it is common practice, and Mr. McLemore suggested tabling the discussion to the next board meeting rather than rushing the decision to the board retreat. Mr. Martinez highlighted the timeline, stating that choosing a developer by October 18th would allow the HFC to submit a bond inducement application for 2025. Further discussion addressed the potential use of Private Activity Bond carryover funds for other projects, subject to a project's submission in the 2025 Tx BAB Lottery, should the current submission not succeed. A motion to table the item was made by Vice President McLemore & Director Jefferson seconded the motion; the motion carried unanimously.

10. Lost Oaks Approval Resolution. Discussion and possible action on a Resolution Authorizing the Lost Oaks 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, 78 units, new construction).

A motion was made by Director Ozuna and seconded by Director Costis; the motion carried unanimously.

11. EMLI Mesa Gardens GP Approval Resolution Discussion and possible action on a Resolution Authorizing the EMLI at Mesa Gardens Transaction, Including the Execution of All Documentation Necessary to Carry Out the Transaction; Authorizing the Formation of HCHFC Mesa Gardens Landowner, LLC and the Purchase and Lease of the Land for the Transaction; and Authorizing the Acquisition of All the Membership Interest of HCHFC Mesa Gardens GP, LLC, and Its Admission as the General Partner of EMLI Houston Mesa TC I, LP; and Authorizing HCHFC to Serve as General Contractor for the Project; and Other Matters in Connection Therewith (Pct 1, 300 units, new construction).

A motion was made by Director Costis and seconded by Director Jefferson; the motion carried unanimously.

OTHER MATTERS

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

Mr. Martinez requested approval for a construction reimbursement on behalf of Blazer Construction for the amount of \$1,467,093. It was noted that per the Treasury ARPA HFC Trust Fund policy approved by the Board, the policy provides for administrative approvals outside the monthly board meeting for reimbursements at \$1M or less. Conversely, Board approval is required for reimbursements exceeding \$1M. Director Belt asked for clarification, confirming that this amount is part of the project budget. Mr. Martinez responded yes. A motion to approve the \$1,467,093 construction reimbursement was made by Director Belt and seconded by Director Costis, with Director Jefferson voting no. Mr. Martinez stated there will be several reimbursements that will be over the \$1M. Director Jefferson expressed his concerns about developers making this a common practice.

Director Costis announced a TDHCA information session on the Single-Family Mortgage partnership program with the HCHFC is scheduled for Tuesday, September 24th. She described it as a learning opportunity and encouraging everyone to attend. Mr. Martinez added that it's a valuable chance to learn about their partnership and engage more people.

The issue of per diem for Board Members was also discussed. The County Attorney's office noted that distributing per diem would violate the HCHFC Bylaws, and they are reviewing the matter. Gina Boul from the County Attorney's office will provide more information at the next meeting, they will be looking at all the boards. It was mentioned any changes to the articles and bylaws would have to be consistent; it would need Commissioner Court approval. Ms. Gina Boul mentioned that Mr. Randy Keenan will follow up on this issue.

13. Adjournment: The meeting adjourned at 11:41 am

Secretary

APPROVED:
