

**CITY OF DALLAS HOUSING FINANCE CORPORATION
BOARD OF DIRECTORS MEETING (DRAFT)**

**Tuesday, January 28, 2020 at 11:00 AM
City Hall – Briefing Room, 6ES
1500 Marilla Street, Dallas, Texas 75201**

1. Call to Order – Marcy C. Helfand, President

President Helfand called the meeting to order for the City of Dallas Housing Finance Corporation (DHFC) at 11:05 am on Tuesday, January 28, 2020, in 6ES, Briefing Room, 1500 Marilla Street, Dallas, Texas 75201.

2. Introduction of New Board Members – Marcy C. Helfand, President

President Helfand reintroduced Director, Bernard Miraglia, City Staff Liaison, Kyle Hines and Director, Robin L. O’Neal

3. Roll Call – Avis F. Chaisson, Assistant General Manager

Present:

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| Marcy C. Helfand, President | Benard Miraglia, Director |
| Brad Nitschke, Director | Joshua Vernon, Director |
| Robin L. O’Neal | Matthew Marchant, Director |

Beatrice Alba Martinez, Director arrived during the approval of the minutes.
Ryan Garcia, Secretary arrived during item number 8.

Absent:

Juan J. Garcia, Director

4. Public Testimony – Public Comments on Item Nos. 5, 6, 7, 8, 9 and 10

There were no public comments on Item Nos 5, 6, 7, 8, 9 and 10

5. Approval of the Minutes for August 13, 2019, September 10, 2019, and October 8, 2019, November 5, 2019 and January 14, 2020 Meetings – Marcy C. Helfand, President

August 13, 2019 Minutes

President Helfand stated that one thing that could be corrected, on item number 3, President Helfand stated that it should read what court is the carwash litigation located in, because at the time of the discussion they thought there was litigation concerning that carwash but, it was a different carwash.

Director Nitschke stated, that he agrees

President Helfand stated, a few lines down it read, he stated that he thought she said installation error, President Helfand stated, that she doesn't think that is what Director Nitschke said.

Ms. Chaisson stated that the request was at the prior meeting and the August 13, 2019 minutes were correcting what was stated from that meeting.

Director Nitschke stated, that he would add litigation between carwash and located on the second line of the last full paragraph under item 3, and then in the middle of the paragraph instead of he thought she said installation error, they could say he heard a Sterlingshire representative report that a mechanical issue with the lighting. Director Nitschke also stated, that on page 2 still under item 3 there is a paragraph that begins President Helfand which he didn't understand, President Helfand stated item 4 on the first page, they need to clarify that there is a sentence, it says that Secretary Helfand stated that item 5 has an error, it should say reply to all, there was a conversation about not hitting reply to all, Director Nitschke asked the Board if anyone remembered what that meant?

Ms. Chaisson stated, that when they send any item out for Board review or comment, do not reply all, whenever it's sent is should just be sent to that individual sending out the email because there would be an issue with a walking quorum if everyone was to hit reply all.

Director Nitschke stated, that they should end the sentence with not hitting reply all and start a new sentence with Director Nitschke asked.

President Helfand asked, if anyone else had anything that should be corrected this set of minutes, President Helfand entertained a motion for adoption of the minutes as corrected, motion moved by Director Nitschke and seconded by Director Vernon.

President Helfand asked all in favor of approving the minutes as corrected say aye, any opposed or abstentions. The motion was approved (Director Juan J. Garcia absent)

September 10, 2019 Minutes

President Helfand asked, if anyone had any corrections, President Helfand stated that she did not have any corrections but she had a suggestion for follow up, the item that she marked for follow up was on page 3, third paragraph which stated Director Nitschke made a motion to approve the resolution with an amendments to require the Board receive a list of documents that were signed since the last Board meeting that were not presented to the Board for approval.

Ms. Chaisson stated, that outside of the documents that the Board receive for comment that are signed for, any transactions that has been previously closed such as Estates at Shiloh and 2400 Bryan, staff can compile a list because President Helfand is aware that Ms. Chaisson signs engagement letters or compliance documents, so they can prepare a list of documents that has

been approved by President Helfand for Ms. Chaisson's signature or President Helfand has signed for herself.

Director Nitschke stated, that was the intent, if the Board increased Ms. Chaisson signing authority, they want to make sure that they had a running tally of the things that were being signed outside of deal documents that Ms. Chaisson sent to the Board for approval.

Ms. Chaisson stated, that was correct

President Helfand asked for a motion to approve the minutes, the motion was made by Director Nitschke, he also stated that he had a follow up on item number 9 consider and adopt resolution regarding putting out the professional Services for bid, at some point can they follow up on where they are with the process.

Director Nitschke moved the minutes be approved as presented and seconded by Director Vernon

President Helfand asked all in favor of approving the minutes as corrected say aye, any opposed or abstentions. The motion was approved (Director Juan J. Garcia absent)

October 8, 2019 Minutes

President Helfand asked, if anyone had any corrections

Director Vernon made a motion to approve the minutes, seconded by Director Nitschke.

President Helfand asked all in favor of approving the minutes say aye, any opposed or abstentions. The motion was approved (Director Juan J. Garcia absent).

November 5, 2019 Minutes

President Helfand asked, if anyone had any corrections.

Director Marchant stated, that he asked a question about background checks and how developers are verified on item number seven, and stated his request should be reflected in the minutes.

President Helfand asked, if there was a motion to approve the minutes, motion made by Director Nitschke, seconded by Director Vernon.

President Helfand asked all in favor of approving the minutes say aye, any opposed or abstentions. The motion was approved (Director Juan J. Garcia absent).

January 14, 2020 Minutes

Director Vernon made a motion to approve the minutes, seconded by Director Marchant.

President Helfand asked all in favor of approving the minutes say aye, any opposed or abstentions. The motion was approved (Director Juan J. Garcia absent)

Director Nitschke asked, Ms. Chaisson if the staff was caught up with the minutes?

Ms. Chaisson stated, the minutes are caught up and they have an established a process, Ms. Chaisson introduced Della Lowe, Coordinator, with the Office of Economic Development, they have established a procedure and process on when the minutes will be done, Ms. Lowe will be taking notes during the meetings, President Helfand will ask for a motion up front and then have discussion in order for the minutes to be kept clean and simple. The motion will be captured and any significant questions, so they are not dictating verbatim but summarizing what is important and anything that needs to be put in the minutes for prosperity sake.

6. Discussion and Adoption of Resolution for Appointment of Avis F. Chaisson as the Corporation's General Manager and Kyle Hines as the Corporation's Assistant General Manager

Ms. Chaisson, Assistant General Manager, briefed the Board of Directors (Board) to consider an adoption of a resolution for the appointment of Avis F. Chaisson to serve as the Corporation's General Manager. If the Board approved, then Ms. Chaisson would subsequently appoint Mr. Kyle Hines as Assistant General Manager. Under the new bylaws, the Board can appoint a General Manager, and a written memo was provided in the Board packet on the duties and responsibilities of the General Manager. Currently, David Noguera is the General Manager and Ms. Chaisson is the Assistant General Manager. This item would be officially transferring the Corporation and management of operations to the Office of Economic Development.

President Helfand asked for a motion on the item it was moved by Director Martinez and seconded by Director Nitschke (Director Juan J. Garcia absent)

President Helfand asked, if there was any discussion?

Director O'Neal asked, if Mr. Hines was still going to be the Economic Development manager?

Ms. Chaisson stated, the way the bylaws work they are City employees. Ms. Chaisson is currently Assistant Director in the Office of Economic Development and Mr. Hines is Economic Development Manager, the way that it's built in City staff can serve as liaisons to the Corporation with the appointments Ms. Chaisson would be the General Manager and Mr. Hines would be the Assistant General Manager and they would be considered the DHFC liaisons. As DHFC liaisons, they would manage the day to day operations of the DHFC in that capacity. There are other City staff that provided services, the City Attorney's Office serves as the General Counsel for the Board and not the Corporation, and the City Controller's Office where the Chief Financial Officer is appointed as Assistant Treasurer under the bylaws.

President Helfand asked all in favor of motion say aye, any opposed or abstentions. The motion was approved (Director Juan J. Garcia absent)

7. Consider and Adopt Resolution Amending the Corporation's Multifamily Financing Application, Procedures, and Regulations

Mr. Hines, Economic Development Manager, presented to the Board the "Proposed Amendments to the Corporation's Multifamily Financing Application, Procedures, and Regulations". Mr. Hines explained that the Corporation's Application have not been updated in several years and there were a lot of redundancies. Mr. Hines stated that he went through the application to make sure that it was aligned with the Comprehensive Housing Policy because it didn't before. Mr. Hines has aligned all of the priority housing needs to match with what was approved by Council on June 12, 2019.

Mr. Hines stated that he had incorporated the priority housing needs:

1. The applications that have been selected to receive Home, CDBG, GO bond funding under a competitive process through the City
2. The application has proposed to redevelop facilities owned by Dallas Housing Authority and other public agencies.
3. The development is in an area with a poverty rate below 20%
4. The applicant proposes to partner with the DHFC
5. The development is in a redevelopment or reinvestment strategy area.
6. Developments with 50 units or more that reserve over 20% of the units for tenants on the continuum of care list.

Director Marchant wanted to confirm the Board can request info at any time because new entities are brought in all the time.

Mr. Hines stated that the Board does have the right to request additional information when new entities are introduced to the transaction to confirm who is standing behind the LLCs. In addition to our Board review, there are many lawyers, financial institutions, and underwriters also confirming the legitimacy of our potential partners.

Director Marchant requested we remove any specific names or companies and label them as their role.

President Helfand asked, if we need to add language that states we can request background checks on the new members of the entities being created.

Mr. Hines stated, yes, it says that we can request any additional information as needed. If we want to add more specific language we can.

Ms. Chaisson stated, an even better suggestion would be if there's any substantive changes to the application then they must inform us and submit the additional information that way it is a catch-all.

President Helfand agreed because we need to get permission from the applicant because doing background checks.

Director Marchant stated a timeframe should be required to notify the Board of new members so changes aren't made at the last minute.

Ms. Chaisson stated that staff and counsel are involved with all of the entity changes and ensure no material changes are made. Staff can provide the necessary updates to the Board.

Director Nitschke stated, he finds the last minute changes troublesome and that having no time to review the proposed changes is not ideal. He would like to require a 7- or 10-day notification period to review documents.

President Helfand asked if someone would make the motion that we adopt the resolution with the changes.

Director Nitschke made the motion to move approval subject to corrections and amendments made during this discussion, seconded by Director Vernon. President Helfand then stated that she would restate the motion after they have completed their discussion

Director Nitschke asked Mr. Hines ask why spacing requirements were removed from the application and also what other geographic criteria we're using to score these deals including proximity to an elementary school and a grocery store or transit.

Mr. Hines stated the applications do use proximity to amenities in the scoring and application review. Mr. Hines stated the rule was not necessary as TDHCA will not provide tax credits when two applications are within two miles of each other.

Director Nitschke stated, the spacing requirement in the QAP is designed to avoid over concentration.

Mr. Hines stated that's why the comprehensive housing policy has the priority housing needs as well to direct development in areas of opportunity.

Director Nitschke stated, he wants to have the proximity to amenities included in the application.

Mr. Hines said, they will be added.

Director Nitschke stated he wants a sworn document stating the applicant has not offered anything of value to the DHFC or any of its members advisors or employees prior to approval. He also requested that we remove the 30-day review time frame and add language like "in a reasonable time frame."

Ms. Chaisson stated, that she agrees with that, but they wanted to give a timeframe so developers can add the timing to their development schedules.

Director Nitschke asked, if they could give them some cushion there that would be good.

Ms. Chaisson replied, that they would.

Director Nitschke stated, it seems like this is a multifamily application. The Board just amended their governing documents to allow them to do single family. He wanted to know how the DHFC would be handling single family applications.

Mr. Hines stated, that he would imagine it's a separate application, they haven't discussed that yet and he would take Director Nitschke's direction if he thinks it should be in the application.

Ms. Chaisson stated, that they would prefer to have the multifamily stand alone. The single family is going to be a little bit different because you're going to have individuals and depending how they structure the next program with a current allocation that they have, that they need to finish programming. It will be individuals versus developers. Director Nitschke's asked about the comprehensive housing policy, the way it's structured right now anybody who has an income band between 30% of AMI up to a 120% AMI is for multifamily rental and then in income bands between 60% to 120% AMI is targeted for home ownership because they feel that those income bands it's reasonable for someone to have a home. So, there are two different policies for multifamily and single family even under our comprehensive housing policy.

Director Nitschke stated, that with Council's adoption of the new Neighborhood Empowerment Zones, the Board should align its policies to strengthen that program, particularly in areas like 10th street.

Ms. Chaisson stated, that she agrees with that.

Mr. George Rodriguez, Bond Counsel, stated the point is that the single-family program is driven by the HFC and it's not really an application other than there's an application that goes to from an individual to a lender to make a loan. The HFC establishes the criteria for any given program, it would be unusual to have an application that would be adopted by the Board for an HFC for a single-family program. You could adopt a policy with respect to single family, but not really an application rate procedure.

Director Nitschke stated, he was wondering is whether a CHDO or a Habitat or a somebody that might approach us and want us to partner up on a multi-site single-family project and we need some way to vet. Whatever that proposal is if what you're saying is, they need to set their parameters before people come calling, and they will have to rely on their professional staff to tell them.

Ms. Chaisson asked ,that they focus on the single-family mortgage revenue program first, because that carry-forward allocation expires in 2021, so we really need to start putting teeth around how they structured that program.

President Helfand summarized the changes to the application as follows:

1. They would require in the application itself that if there is any change in the structure of the applicant that they will agree to provide whatever information or documents that we need in order to do our best to update the background check and any other updates that might be required.

2. Wherever the name is used in this application for DHFC Council or our Bond Counsel that we will just use DHFC Council or DFHC Bond Counsel.
3. The Board would incorporate in this application the development's proximity to amenities.

Director Nitschke stated, it was a sworn document stating the applicants etc. have not offered anything of value to the DHFC instead of a notarized document is the fourth item.

President Helfand stated, that the fifth item she had was to eliminate the 30-day time limit to act on the application.

Direct Nitschke stated, instead of within 30 days of submission of a complete application. he would place that with within a reasonable time under the circumstances of after submission of a complete application. The DHFC Board of Directors will vote whether to issue full inducement.

Director Martinez asked, can we add parks to the proximity of amenities? I think as we're building things that it's necessary for children to have a place to play, more green spaces.

Director Nitschke asked, the nearest Dallas Parks Department facility?

Ms. Chaisson stated, that she wanted to make sure on the reasonable time frame is not limited to just to bond inducements because you also consider Partnerships. So, if it is a partnership outside of where you're just the issuer or I want to make sure where this encompasses everything.

Director Nitschke asked, does it get you there if we say within a reasonable time under the circumstances of submission of a complete application the DHFC Board of Directors will vote on the application and just leave it at that?

Ms. Chaisson stated, Yes, just leave it like that whether it's inducement or if it's a partnership inducement or just partnership.

Mr. Hines stated, that it's broken down between 30 days of preliminary official action, then it will move on to inducement if needed.

Ms. Chaisson stated, that she thought the preliminary action was taken out so it would just be for you to consider the transaction at a Board meeting and then obviously for your bond issuance, you have to approve the documents at a regularly scheduled Board meeting but any other deal once you approve the transaction, it's just sending the documents for review and comment. She wanted to make sure they were all on the same page.

Director Nitschke asked did they get Director Martinez request to add the Matrix part? It was confirmed.

Director Nitschke made a motion to include all the things President Helfand read off as changes to the application as its presented seconded by Director Vernon. Motion passed as amended. (Director Juan J. Garcia absent)

8. Consider and Adopt Resolution to Engage and Enter into an Agreement in an Amount Not to Exceed \$50,000.00 with Brown, Graham & Company, P.C. to Provide Financial and Accounting Services to the Corporation and its Related Entities

Ms. Chaisson provided an overview to the Board on the adoption of a resolution to engage and enter into an agreement in an amount not to exceed \$50,000.00 with Brown, Graham & Company, P.C. (BGC) to provide financial accounting services to the Corporation and its related entities. Ms. Chaisson stated that they were working through closing their transaction on three dDeals, two have closed and they were hoping to close the other one on Wednesday, January 29, 2020. They were Pallidum Red Bird, Estates of Shiloh and 2400 Bryan Street, where in some instances the corporation is serving in various roles. We own the land and so with that become certain responsibilities and liabilities. So, going through they created LLC's specifically on the land and for Estates of Shiloh and Palladium Red Bird and then with Palladium Redbird we were also the developer. We created an entity to be the developer. And for all these entities the Housing Finance Corporation in order for the tax exemption to flow to the ownership entity, we own the land and we're the sole member of the general partner. So, there's several entities that the DHFC is the sole member of that are standalone entities outside of the corporation and they're also for-profit entities. because the Board serve different roles there are certain Revenue that comes to those entities as part of the Board's participation.

Ms. Chaisson stated that none of these entities, even some of the past entities that were created have separate accounts, which they should, they should be standalone and the they should be capitalized. Ms. Chaisson has been working with the Boards financial advisor **Claire**, Financial Advisor with Hilltop Securities, to engage in conversations with Brown Graham & Company who is familiar with working with other Housing Finance Corporations throughout the state. BGC has experience not only with Housing Finance Corporations, but with Low Income Housing Tax Credits and with other of our Federal programs that we partner are used tools to help get deals on the ground BGC role is they would come in and do a forensic look at all of our agreements that we have in the past to determine how many entities which we have which we know which entities which one's need to be capitalized and retroactively capitalize those entities looking at our partnership agreements and leases to figure out and do a forecast of anticipated revenue when those are going to come in BGC will help go back and look at if we need to invoice or have we been collecting revenue this would be helpful and take the Board to the level that they need, especially as they do more deals and have more deals come online and they create more entities.

Ms. Chaisson stated that the item before you to consider and adopt a resolution to engage Brown Graham & Company in an amount not to exceed \$50,000 for the original looking at the ground leases all our partnership agreements capitalizing the entities and other service. Ms. Chaisson stated that there is one thing that she didn't mention and President Helfand is also aware of this. the Board will get engagement letters from our Auditors with the partners to look at tax returns and to do Financial audits. President Helfand will also look at those engagement letter, look at the tax returns to make sure the numbers are correct before signing off on behalf of those entities. The original proposal is to help do the forensic study to get all the entities capitalized and then

Ms. Chaisson will have a structure for ongoing services, right now, the main goal is to get the Board in a place where they need to be and then they could come back with any other services ongoing that they may need.

President Helfand asked for a motion on the item it was moved by Director Martinez and seconded by Director Nitschke (Director Juan J. Garcia absent)

President Helfand stated, she was considering what Ms. Chaisson stated she wondered if they should add to the services outline about reviewing the engagement letter because under 2a it talks about the audit draft report and draft tax return. So, she was thinking they should include the engagement range just to let everyone know the last two engagement letters, the Board received they had to have a little bit of a battle with the accounting firms because they had two things that were an issue for her, 1) they limited any liability that they might have to the fee that the Board paid, and 2) these are sometimes National or even Regional firms and they were having venue. for anything that any dispute that arose to be in, New York. President Helfand stated, that if an accounting firm wants to do business in Dallas and wants to do it in connection with Dallas property ownership that they should not be requiring that we litigate in New York. So, The Board had to battle with them on those items, and it showed her that the engagement letter is a significant item and the Board really need to be reviewing it. President Helfand stated that would be her suggestion that the Board add that in here. The Board might even be able to direct BGC as to what they're looking for and have them flag those items for the Board.

President Helfand asked, if anyone had anything else to add?

Director Nitschke asked, Ms. Chaisson did the Board look at any other accounting firms or are they taking Hilltops recommendation, that this is who the Board need because of their HFC expertise?

Ms. Chaisson stated, that they because of BGC expertise they did not solicit any other firms.

Director Nitschke asked Ms. Chaisson, does she have a sense of whether just from your work in this space whether there are other accounting firms in the state who have comparable experience and expertise who the Board might ought to look at from a competitive procurement standpoint?

Ms. Chaisson stated, not in the state, they're mostly National but the ones she knows are mostly National not in the state. Brown, Graham & Company headquarters are in Austin, so that's helpful with regards to President Helfand's concerns with venue and whenever the Board have disputes or anything else.

President Helfand, asked for a vote on the motion, Director Martinez asked for clarification on the motion made.

President Helfand stated, the Board was voting on adopting the resolution to engage Brown, Graham & Company, PC in an amount not to exceed \$50,000 to provide the services that we have summarized in our packet and except for adding the service of reviewing the engagement letter.

President Helfand asked all in favors, raise your hands, any opposed any abstentions? Okay, then that motion passes as revised. The vote passes 8-0.

9. Recommendations for Internal Control to Address Material Weaknesses Noted in the Corporation's 2017 and 2018 Financial Audits

Ms. Chaisson made a presentation to the Board the "Recommendations to Address Material Weaknesses Noted in the Corporation's 2017 & 2018 Financial Audit". The presentation outlined the background and issue specifically that it was noted during the presentation on the financial audits by CohnReznick there were the following material weaknesses in the audits:

1. Accounting transaction are not recorded timely; and
2. Accounting transactions are not reconciled routinely with supporting documentation and reviewed regularly by management

The DHFC Liaisons agreed with the findings and the Board requested the DHFC Liaisons work with CohnReznick to identify best practices and come back to the Board with recommendations to address the material weaknesses.

Ms. Chaisson stated to come up with a solution for best practices for doing an internal control was incorporating the Chief Financial Officer serve as the Assistant Treasurer for the Corporation and we have been working with the City Controller's Office to transition because currently the financials are kept in the Office of Economic Development.

They have recognized as well that they don't have the capacity to handle the financial matters of this body right now, but they have them working also to engage in a to handle the transaction which happens to so be Brown, Graham & Company as well. they have been working with the Office of Procurement Services because the contract with Brown, Graham & Company would be managed by the City Controller's Office. They have been corresponding through emails to procure Brown, Graham & Company for the City. They're still working to resolve that and get a dollar amount and once we have them on board the goal would be for them to provide service for this body in terms of providing an audited financial statements, so, the Board can see what the ongoing expenditures and revenues are, what liabilities the Corporation has so that the Board should get monthly unaudited financial statements in your Board packet. Also having them be responsible for accounts payable and accounts receivable invoicing timely there was for two years some of our issuer fees were not invoiced, so making sure that we're on track with getting the revenue that we are anticipated to receive. They would also help with production of the budget as well providing actual true financial accounting services for the board.

Ms. Chaisson stated that BGC will be establishing policies and procedures as well. Ms. Chaisson noticed it's been awhile, but there's a reserve policy and an investment policy that needs to be updated especially now that they were bringing in more Revenue. Are they getting the best rates in terms of Returns on our revenue and where they have their Capital? The Board does not currently have a purchase card. So, it's challenging to pay bills without a purchasing card. They are looking at a policy for a Purchase card and then establish internal controls and so once they

have Brown, Graham & Company on board working with them to establish those policies and then coming back to the Board.

Director Nitschke asked, Ms. Chaisson what's the timeline do you think on that subject to figuring out how to properly procure them?

Ms. Chaisson stated, was desperately trying to get this like yesterday, and what she will do at the next Board meeting, is give an update on where we are in the process. Hopefully she can say we have engaged to procure BGC on the City side.

Director Nitschke stated, thank you for getting things in good enough shape that we could identify the material weaknesses. I think that, that in and of itself is significant progress and I'm excited to see us moving towards getting this fixed.

Ms. Chaisson stated, she was also excited because it's been a challenge.

President Helfand asked if there's any conflict of interest if Brown, Graham & Company is performing both of those roles.

Ms. Chaisson stated, that she will have to defer to our City Attorney's Office. I mean to me it's different capacity because you have them working on behalf of the corporation and any other instance they're working on behalf of the city, but I will have to defer to the attorneys

Director Nitschke asked, if there were any audit function under either Arrangement right now?

Ms. Chaisson stated, it's not an audit function, it's literally servicing accounting.

President Helfand asked Director Miraglia if he had any thoughts?

Ms. Chaisson asked Ms. Simmons in terms of the corporation is there any conflict?

Ms. Simmons stated, Yes, from an initial review. she doesn't think there would be a conflict. They're going to be engaged by the City, but they'll be doing work on behalf of DHFC, of course, in terms of financials and they're appearing to be a conflict between the city and they just see and handling financials. The only issue would arise when there would be funds transfers but between each but they're an accounting firm. So, long as everything is properly documented from an accounting perspective. I don't think there's going to be an issue, but we have plenty of attorneys here.

President Helfand stated, that she feels that it's not an attorney thing.

Ms. Simmons stated, from President Helfand's analysis in terms of not seeing it as an attorney thing.

President Helfand stated, that she thought BGC were going to be supposedly reviewing, she thought they were to oversee some of the things that they would now be doing Does anyone have and else have thoughts?

Ms. Simmons asked, if any other attorneys have thoughts on this because conflict issues from a legal perspective from a conflicts issue, even when you bring in clients, and we must do the conflicts checks. We have plenty of attorneys here on the board in terms of if you had to run a conflict checked on such an issue on an engagement. Would you see a direct conflict, and from me running the analysis I don't see at this point where there is a conflict?

Director Miraglia stated, he didn't see where there would be a conflict of interest. If there is no insurance services being provided. I don't we have a problem there.

Director Nitschke stated, as long as they are not providing audit insurance services and they're not overseeing their own work, wearing different hats, I think we're okay, but I guess to some extent will have to rely on our General Manager our Assistant General Manager to make sure that what's probably a somewhat broad engagement letter doesn't lead us to that situation at some point where we've got a vendor policing itself,

Ms. Chaisson stated, it would be clarification of the roll to me for the prior item that was adopted that's looking at your entities that you create and making sure that those entities are capitalized and they're correcting revenue. And on this item, this is for the corporation itself, Ms. Chaisson stated that she agrees if they were to do Financial audits of everything then she thinks we might have a conflict.

Ms. Chaisson stated that she thinks if you looked at the scope of services, she made notes to say no wait that doesn't belong here, this belongs under your engagement with the City. So just making sure like that separation of roles is clearly identified.

President Helfand stated the other thing that this raises for her, and Director Nitschke had suggested this when they were speaking after the last meeting is that we're supposed to have a Treasurer and we don't right now. So, the Board will need to be scheduling and an election of our missing officers because they have two vacancies, we have Treasurer and VP. So, if staff could make sure that that's on the agenda very soon, that would be great because that is what we should have is someone who's on the board as our Treasurer and overseeing these items.

President Helfand asked if anybody else had anything else? This item is not a motion issue.

President Helfand requested a 15-minute break.

President Helfand call the Dallas Housing Finance Corporation Board of Directors Special Called meeting back to order at 12:36pm.

10. Resolutions form Dallas Stemmons Apartments a Multifamily Residential Development to be Located at 11070 N. Stemmons Freeway.

Mr. Hines made a presentation to the Board titled "Resolution for Dallas Stemmons Apartment as Multifamily Residential Development to be Located at 11070 N. Stemmons Freeway". Mr. Hines explained the background on the project also known as Dallas Stemmons Apartments. This

is proposed by Palladium USA International the developer that the DHFC is partnering with on the Red Bird development.

The project is located on 4.9 acres at 11070 North Stemmons Freeway. This project is in Council District 6 with Councilmember Omar Narvaez, it qualifies as a 9% housing tax credit proposal with the City because it is in the census tract with the poverty rate below 20%. The project is 87 units with one, two, and three-bedroom units and planned amenities will include a clubhouse with a fitness room and play area. They're also proposing a dog park as well as a pool and this facility will serve households earning 0 to 60% or below of area median income and market rate units as well. The project will have 9 units at 30% AMI below 35 at 31 to 50 %t AMI and 43 units at 51 to 60% AMI. The total development cost is approximately \$20M. The developer will be applying for 9% competitive housing tax credits from TDHCA. The project is located between Walnut Hill and Forest just off Stemmons Freeway 35E. The project will require a zoning change. It's industrial on the other side. The proposed partnership would be to form Dallas Stemmons, Ltd. to develop manage and own the improvements. The general partner would be Dallas Stemmons GP, LLC. Palladium proposes that the DHFC act as 65% owner and partner with a historically underutilized business (HUB) as 35% owner.

The proposed cash flow split is 50% to Palladium, 45% to DHFC, and 5% to the HUB. Developer fees are split 70% to Palladium, 20% will go to DHFC and 10% to the HUB. Acting as general contractor, DHFC will also receive a 1% fee of hard construction costs. The DHFC will receive approximately \$1,314,567 for the transaction.

Mr. Hines stated that staff recommends approving all items in the agenda to create the various entities necessary to develop, finance, and operate the project.

Director Garcia asked, about redoing the Market Value Analysis and if there'd be an update. Mr. Hines and Mr. Courtney Pogue, Director, Office of Economic Development, stated there would be.

Director Nitschke asked, if the only priority housing need that was met was the below 20% poverty rate. Mr. Hines confirmed the question. Director Nitschke stated this was achievable mostly because no one actually lived in the area.

Director Nitschke stated, the construction cost per unit at \$230,000 was high. Mr. Hines stated, the hard construction cost is \$144,000; he reviewed about 13 housing tax credit applications, and that's roughly in line with what every other project he's seen.

Director Nitschke stated, they haven't received 9% housing tax credit applications recently and most in the past have been in concerted revitalization plan (CRP) areas.

Mr. Hines stated, there's no CRP in the area that we're aligning with. It's not in a Redevelopment Zone. However, we support putting affordable housing in areas of opportunity and not in the areas of the City that have previously concentrated poverty.

Director Nitschke brought up that there are no amenities in the area and everyone west of I-35E should not be counted. Director Nitschke also stated that the existing uses haven't had any economic incentive to leave the area and that there is no geographic opportunity to locate this development in an area without existing residential development.

Mr. Hines stated, the schools in the area provide opportunity. Mr. Hines stated, that he did know Councilmember Narvaez supported the project. He stated that being able to provide housing in an area that the City hasn't typically provided opportunity is good for the City because a lot of people that would be living in this in this area would be people that might otherwise not be able to live close their jobs. It gives geographic opportunity for people even though there might not be much residential development at this time.

Director Martinez asked, where the amenities were such as schools, parks, green space. Mr. Hines stated, he can provide that information because it's all part of Palladium's application.

Director Nitschke and Mr. Pogue discussed how this area provided opportunity to people working in the Cypress Waters development (and Northwest Dallas) and data showed that only 15% of the employees of Cypress Waters (and Northwest Dallas) actually lived and worked in Dallas. This development would allow more employees to still live in Dallas as opposed to other communities. Mr. Pogue stated this data would be available soon.

Director Garcia asked, if this item would be submitted for 2020 9% Housing Tax Credits and Mr. Hines confirmed.

Director Marchant stated, he has considerable concerns with the project and cannot support the item even if additional information is provided such as proximity to amenities like DART stations. President Helfand asked what station is in the area? Director Marchant stated, Walnut Hill. President Helfand asked Walnut Hill and what? Director Marchant stated, Walnut Hill and Denton Drive. Director Marchant also stated that the residents, if any in the area, are long term residents of the Quality Inn so the 20% poverty rate does not incorporate actual residents.

Director Garcia stated, that the cost of \$239,000 and change per unit seems incredibly high. He would like to see more information on the construction costs.

Mr. Hines stated, he will provide the Board with the proforma and that \$239,000 is not the actual construction cost per unit. The hard construction costs are in line with the other applications at \$144,000/unit. The development cost is high because of the fees associated with housing tax credit deals. Mr. Hines said, he would provide the board with the complete application.

Director Martinez stated, that she would also like to know the crime rate and type of crime in the area. Mr. Hines stated, that he will do that.

President Helfand stated, that she was getting the sense that the Board wanted to table this item. Director Martinez made a motion to table item #10 seconded by Director Vernon.

Director Nitschke asked, can the Board table it with the stipulation that they're going to have more information at our next meeting?

President Helfand stated, Yes, she would say that they can. President Helfand revised the motion to table with the additional information including the proforma and the complete application. Motion passed 8-0 (Director Juan J. Garcia absent).

11. Presentation by City Attorney's Office on Robert's Rules of Order and the Texas Open Meetings Act – Bert Vandenberg, Assistant City Attorney

President Helfand stated, that the Board would table the item due to Mr. Bert Vandenberg being in court and they will bring the item back on February 11, 2020 meeting.

12. Public Comment – Marcy C. Helfand, President

13. Future Agenda Items – Marcy C. Helfand, President

- a. Consideration and Adoption of the Corporation's 2020 Annual Budget – **February 11, 2020**
- b. Opportunities for the Corporation to Acquire Housing Tax Credit Properties Ending Their Initial 15-Year Compliance Period – **TBD**

14. Adjourn – Marcy Helfand, President

The meeting of the City of Dallas Housing Finance Corporation Board of Directors adjourned at 1:05 pm.

These minutes were approved by the City of Dallas Housing Finance Corporation Board of Directors on the 18th day of February 2020.

APPROVE:


Marcy Helfand (May 13, 2020)

Marcy C. Helfand
President

ATTEST:


Ryan Garcia (May 13, 2020)

Ryan Garcia
Secretary