

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

Tuesday, April 9, 2019 at 12:00 Noon

City Hall – Briefing Room, 6ES

1500 Marilla, Dallas, Texas 75201

1. Call to Order – Clint Nolen, Vice President

Vice President Nolen called the meeting to order for the City of Dallas Housing Finance Corporation (DHFC) at 12:02 p.m. on Tuesday, April 9, 2019, in 6ES, Briefing Room, 1500 Marilla Street, Dallas, Texas 75201.

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

Present:

Clint V. Nolen, Vice President	James Armstrong III, Treasurer
Eric Anderson, Director	Marcy Helfand, Secretary
Trent Hughes, Director	Brad Nitschke, Director

Absent:

Sherman Roberts, President, Juan J. Garcia, Director, Joe Carreon, Director.

Ryan Garcia, Director and Jim Harp, Director arrived after Roll Call.

3. Approval of the Minutes for the January 25, 2019 and March 5, 2019 Meetings

There were no minutes provided for January 25, 2019 meeting. Secretary Helfand, Director Nitschke, and Vice President provided corrections to the March 5, 2019 minutes.

Vice President Nolen made a motion to approve the March 5, 2019 minutes subject to corrections. The motion was seconded by Director Nitschke. Item was approved unanimously 6-0.

4. Briefing on Quarterly Operational Budget Report for Gurley Place at Jubilee Park Located at 4538 Gurley Avenue – Gerald Carlton, President, East Dallas Community Organization

Avis F. Chaisson, Assistant General Manager introduced the item and the presenter: Gerald Carlton, President of East Dallas Community Organization

Mr. Carlton proceeded to explain that the developer had to major problems or crime for 2018. They had small turnover, but units were filled 100%.

Director Nitschke mentioned the unusual design of the project caused tenants to complain about the stairs, which was discussed during their last meeting, and wanted an update on the issue. Mr. Carlton stated that the tenants who are concerned about using the steps were moved to the first floor as quick as possible. He recommended that if you're going to provide senior living you do it on one level where you have elevators. Also, even though the property has 12 units on the second floor, they are doing alright.

Director Nitschke asked if he has been able to accommodate all the request over the last year, to which Mr. Carlton answered with yes.

Mr. Carlton mentioned that the lease amount they are currently charging has not been changed in a few years and they should be looking at it as operational expenses increase. They will be meeting with city staff to see what amount is appropriate. He also mentioned that Jubilee Park should be considered to attend meetings, since they initially invested in the facility.

Vice President Nolen asked if there was an annual review with the city on lease rates, to which Mr. Carlton answered with no. However, he has discussed it with Ms. Chaisson and they will proceed to having meetings with Jubilee Park and city staff. Vice President Nolen suggested to have meetings daily.

The board had no further questions for Mr. Carlton.

Director Garcia and Director Harp joined the meeting during the presentation of item 4.

5. Briefing on Quarterly Operational Budget Report for Sterlingshire Apartments Located at 9415 Bruton Road- Leah Finley, Regional Property Manager, NRP Property Management, LLC

Ms. Chaisson introduced the item and the presenter: Leah Finley, Regional Property Manager from NRP Property Management, LLC

From the last meeting, they had concerns on crimes at the car wash and in the convenience/gas store. They were able to meet with the city attorney, who help them file a lawsuit against the car wash owner. Since the last meeting, the Adams Food Store now closes at midnight and have security that patrols the property. The car wash owner added a gate in front of his car wash to and now it closes at different hours, and he added a barb wire fence between the perimeter of their property and the of car wash, which reduce crime significantly. The property is 95% occupied, trending 98. They had a few issues before the crime dropped, but now have a significant improvement.

Director Harp asked why their revenue has gone down by 95% – 98%. Ms. Finley stated that in November 2018 there was vandalism to their elevator that resulted in \$47,000 in repairs. Insurance covered half of it, but they had to recovered it. Also, occupancy was lower in 2018 due to shootings and crime in area, but they have been able to increase it. Director Harp later asked if they are back on track with budget, to which Ms. Finley answered with yes.

Director Nitschke wanted to know if the nuisance lawsuit with the car wash has been settled or if it's still ongoing. She believes it's still ongoing but hasn't spoken with city attorney since she informed them back in October.

Director Nitschke asked the city attorneys if they had any updates on the case. Ms. Samples specified that the case is on the litigation side of city attorney, so they can check into it.

Vice President Nolen asked if she felt like the lawsuit resolved the issue. Mr. Finley stated that putting some separation between them and the gas station and setting some hours for the gas station rather than staying open 24/7 is a huge step. Some of that late-night crime has moved.

Vice President Nolen went on to ask if all the current leases are at the anticipated market rate, after the occupancy increase. As the PHA change, they renew leases at the maximum PHA rate as they expire.

Treasurer Armstrong stated that they had issues filling out the retail part in the past and wanted an update. Ms. Finley claimed they currently have five of the retail spaces completed. They are in negotiation with one company for them to rent four retail spaces leaving one vacant space.

Treasurer Armstrong then asked if they were fee-based or free, to which Ms. Finley stated that the tenants must pay the monthly cam fees (which range from \$276 - \$350) instead of rent. Current tenants include a nonprofit organization that teaches math and science and a retailer that sells clothing. They entered into an agreement with Rite Pharmacy, and recently negotiated with a company that provides adult daycare service.

Director Nitschke if not charging rent was a condition to the Economic Development grant and it is.

The Board had no further questions for Ms. Finley.

7. Written Reports – Clint Nolen, Vice President

a. Update on Providence Mockingbird 2019 Operational Budget

Vice President Nolen moved item 7 ahead of item 6

Ms. Chaisson stated that there was a written request in the packet for regarding Providence Mockingbird and reminded the Board that they requested that the property management team should come with the amount of the repairs and a complete budget to vote on for April meeting. However, the property management team was unable to attend the April meeting and plans on coming back on May 14th.

Ms. Chaisson asked them to give her an update and discovered that they have quotes for a mechanical engineer (one at \$7500 and the previous one they had at the last board meeting for \$3500). She also asked if the credentials of the vendor for \$3500 are the same as RTM Engineering,

and if their scope of work is the same, and they told her they are going to get back with her on it. They have not filed a claim on the roof, but have reached out to the original roof installers D&G Roofing to reassess the issue. Ms. Chaisson offered to answer the Board's questions for the property manager.

Vice President Nolen asked who were the two engineering firms that were contacted, the one for \$7500 was RTM Engineering and Ms. Chaisson was not given the name of the one the for \$3500.

Director Nitschke voiced his concerns for their tenants and how slow the property manager is getting the issues resolved. He suggested that they ask the Board's attorney to demand that the partners get their property managers engaged and get it resolved or get a new property manager to do it. He thought the property manager was going to give the Board an update like the one they agreed on at the last meeting, but based on their absence and Ms. Chaisson delivering their written report for them, he does not have any more confidence that they are engaged. Vice President Nolen and Treasurer Armstrong agreed with Director Nitschke comments.

Treasurer Armstrong asked how long the compliance period is for property, to which Ms. Chaisson stated that it's in the last year of the compliance period.

Treasurer Armstrong then stated that the Board recommend looking at selling the property and releasing liability, due to poor upkeep and lack of faith in property management team. He would like to see a plan for them to release it.

Director Anderson agreed with Treasurer Armstrong on getting rid of the property and expressed his concern for the poor management of the property management team.

Director Harp asked if anyone on the team cared enough if the Board even participates in the deal anymore. Ms. Chaisson stated that she will work with Mr. Nathan and the city attorneys to look at documents and submit a letter to the property management team's lawyer to see what they can do.

Treasurer Armstrong asked if the team's lawyer does not act, could the Board act within their authority to make a decision, Ms. Chaisson would have to look into the documents to see what the Board rights are.

Director Anderson voiced that he appreciated how the property did not cause the location it resides in to be gentrified and how it helps an underprivileged neighborhood. He hope the Board considers those attributes when reviewing alternatives.

b. City of Dallas' Financial Disclosure Report Deadline

Ms. Chaisson reminded the Board that the Financial Disclosure Reports are due on April 30, 2019 to the City Secretary's Office, and if they need the form notarized they can come by the housing department to get their forms notarized.

Vice President Nolen asked for an email reminder for those who did not get their forms, to which Ms. Chaisson agreed to provide.

6. Consideration and Adoption of a Second Supplemental Inducement Resolution Declaring Intent to Issue Bonds for the Flora Street Lofts Multifamily Residential Development to be Located at 2121 Flora Street - George Rodriguez, Corporation Bond Counsel, Bracewell LLP

Director Nitschke and Treasurer Armstrong recused themselves for item 6 and stepped out of the meeting.

Mr. Rodriguez, Corporation Bond Counsel, stated that a new resolution needs to be adopted for this year because the project needs to get a new allocation for the Texas Bond Review Board, who allows one year for a resolution to remain effective. Vice President Nolen said that they will work on it this month

Secretary Helfand wanted an update on the Japanese investors. The developer stated that they have been negotiating with them since the last meeting and have not reached a final agreement. The bond will have to be extended for 6-8 weeks to close the deal in a reasonable amount of time.

Vice President Nolen wanted to know if there are any alternatives for the capital stack. The developer said no they have all sources lined up just need approval from the Japanese investors.

Mr. Rodriguez stated that the IRS has come out with a ruling that offers to limit the occupancy to artist and interest rates have improved.

Secretary Helfand made a motion to approve the second resolution and Vice President Nolen seconded the motion. Item was approved unanimously 6-0.

Director Nitschke and Treasurer Armstrong returned to the meeting.

Secretary Helfand voiced her concern about the Board packet being posted late. Ms. Chaisson explained that the department is understaffed and that she (with the help of Ms. Kimble, the Housing Office Assistant) are the only one creating the Board packets, and hopefully when the department is staffed they will have an HFC Administrator to create the Board packets.

Vice President Nolen asked if there were any more deals that were going to be presented to the board in the next two months. Ms. Chaisson explained that there is a request for a transfer of ownership for one deal that the Board would have to approve. Also, two of the deals that were approved for a partnership and issuing bonds will need come back to the Board for approval because the capital stacks have been shifted and they need to increase the amount of bonds requested.

Treasurer Armstrong wanted to know if there is an opportunity for more properties, since a lot of them are at the end of their 15-year compliance, to which Ms. Chaisson claimed that a presentation will be made to the Board in June to discuss year 15 opportunities.

7. Public Comment

The floor was available for public comments. There were no comments received.

8. Future Agenda Items – Clint Nolen, Vice President

- a. Consideration and Adoption of the 2019 Property Management Operational Budget for Providence Mockingbird Apartments - May 2019
- b. Briefing on Quarterly Operational Budget Report for Martha's Vineyard Place -May 2019
- c. Briefing on Quarterly Operational Budget Report for Park at Cliff Creek- May 2019
- d. Presentation by the City Attorney's Office on Robert's Rules of Order and Open Meetings Act – May 2019
- e. Update on the Single-Family Mortgage Revenue Bonds (GNMA and Fannie Mae Mortgage Backed Securities Program) Series 2019 - May 2019
- f. Opportunities for the Corporation to Acquire Housing Tax Credit Properties Ending Their Initial 15-Year Compliance Period - June 2019

9. Adjourn – Clint Nolen, Vice President

With no further discussion Vice President Nolen made a motion to adjourn the meeting of the City of Dallas Housing Finance Corporation at 12:39 p.m. on Tuesday, April 9, 2019 and was second by Director Hughes.

These minutes were approved by the City of Dallas Housing Finance Corporation Board of Directors on the 7th day of May 2019

APPROVE:

Sherman Roberts
President

ATTEST:

Marcy Helfand
Secretary

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

- 1) Contemplated or pending litigation or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meeting Act.
- 2) The purchase, exchange, lease or value of real property, if the deliberation in any open meeting would have a detrimental effect on the position of the city in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
- 3) A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section

551.073 of the Texas Open Meetings Act.

- 4) Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
- 5) The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
- 6) Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meetings Act.
- 7) Deliberations of security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. Section 551.089 of the Texas Open Meetings Act.

HANDGUN PROHIBITION NOTICE FOR MEETING OF GOVERNMENTAL ENTITIES

“Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun.”

“De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta.”

“Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly.”

“De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista.”