

**CITY OF DALLAS HOUSING FINANCE CORPORATION
BOARD OF DIRECTORS MEETING**

**Tuesday, May 8, 2018 at 12:00 Noon
Dallas City Hall (Briefing Room) – 6ES, Conference Room
1500 Marilla, Dallas, Texas 75201**

Present:

| | | |
|--------------------------------|-------------------------------|-------------------------|
| Sherman Roberts, President | James Armstrong III, Director | Eric Anderson, Director |
| Clint V. Nolen, Vice President | Brad Nitschke, Director | |
| Marcy Helfand, Secretary | Joe Carreon, Director | |
| Andrew Moore, Treasurer | Jim Harp, Director | |

Absent:

Trent Hughes, Director
Ryan Garcia, Director

1. Call to Order – Sherman Roberts, President

With a quorum of the Board of Directors present, President Roberts called the meeting to order for the City of Dallas Housing Finance Corporation (DHFC) at 12:02 p.m. on Tuesday, May 8, 2018, in 6ES, Conference Room, 1500 Marilla Street, Dallas, Texas 75201.

2. Meeting of DHFC ProvidenceatMockingbird, LLC: Consideration and Adoption of the 2018 Property Management Operational Budget for the Providence at Mockingbird Apartments Located at 1852 West Mockingbird Lane-Holly Siems, Property Manager

With a quorum of the Board of Directors present, President Roberts called the meeting to order for the DHFC ProvidenceatMockingbird, LLC on Tuesday, May 8, 2018, in 6ES, Conference Room, 1500 Marilla Street, Dallas, Texas 75201.

Discussion proceeded for the 2018 Property Management Operational Budget including quarterly bonuses for the Providence at Mockingbird Apartments.

Secretary Helfand said the budget was previously deferred. She expressed there were several questions about the budget at the previous meeting, but couldn't review them because the budget information was not received in advance for the Board to review it. Holly Siems, Property Manager said in January the budget was presented to the Board, but the Board requested changes. Secretary Helfand said she had several questions that were not answered in the previous meeting.

Director Harp said the issue with the budget was the air conditionings which had to do with cashflow. The Board formed a subcommittee which intended to come back in March or April with a recommendation. Director Harp stated that the Providence at Mockingbird Apartments were operating under an informal budget because the budget was not approved, and the site still does not have air conditioning.

Director Nitschke asked for clarification about the air conditioning. Director Harp said that there were 5 or 6 air conditioning systems not working. Director Nitschke said his understanding was that the apartment units have air conditioning but there are certain areas that are not air conditioned.

President Roberts asked Ms. Siems to provide an update. Ms. Siems said all individual apartments have air conditioning except for the hallways. President Roberts asked if a proposed amount for air conditioning repairs was included in the current budget. Ms. Siems said air conditioning repair was included.

Treasurer Moore proposed to engage in a more expensive rehab budget which could help with future rehab. Director Harp mentioned that the air conditioning system situation will put us in a negative cashflow during the summer which means we will have to draw funds from the reserves. Secretary Helfand stated that she didn't oppose the repairs. Her concern was she was not comfortable approving the budget because she had a lot of questions about their finances, but she didn't have her notes from last meeting.

President Roberts asked if there was a way to keep operating and solve the air conditioning situation without approving the budget to give the Board time to review it and then approve it in the next meeting. Director Harp said that as owners of the property the Board has authority to approve the budget and change it as necessary. Director Harp said that the Board to approve it, so management can have the authority to properly resolve the air conditioning problem. Director Harp also recommended that staff provide copies of the budget to Board members in advance of the next meeting, so they can review it and change it if needed.

Director Anderson asked Ms. Siems how the actual cashflow compared to the budget. Ms. Siems stated they are okay but capital improvements have not been done because the budget has not been approved. Director Nitschke asked if staff had any recommendations for approving the budget or only approving the air conditioning expenditure. Ms. Chaisson said staff didn't have a recommendation. Director Nitschke also said he was disappointed the Board had not been receiving quarterly reports requested months ago.

Amendment to the original motion was made by Director Moore to only approve the budget for the first quarter. Motion was not seconded.

The Board agreed to approve the budget today to avoid any further delays and so repairs to the air conditioning can move forward. However, the Board requested that proper information be distributed in advance for further review of the budget to clarify questions and make changes if necessary in the next Board meeting. The Board also requested quarterly reports for all the properties. Secretary Helfand recommended to include last's year budget and the actual budget for review.

Motion was made by Director Harp for Adoption of the 2018 Property Management Operational Budget for the Providence at Mockingbird. Seconded by Director Anderson. The motion passed 9-0. (Directors Trent Hughes and Ryan Garcia absent)

The regular meeting of the Dallas Housing Finance Corporation reconvened at 12:17 p.m.

3. Approval of the Minutes of April 10, 2018 Sherman Roberts, President

Motion was made by Secretary Helfand to approve the minutes. The motion was seconded by Director Nitschke to approve the April 10, 2018. The motion passed 9-0. (Directors Trent Hughes and Ryan Garcia absent)

4. Written Reports - Sherman Roberts, President

a. Update on 2018 National Association of Local Housing Finance Agencies (NALHFA) Annual Conference Attendees

Avis F. Chaisson, Assistant Director of Housing and Neighborhood Revitalization stated that at the April 10, 2018, DHFC Board meeting, the Board approved any Board member may attend the 2018 National Association of Local Housing Finance Agencies (NALHFA) Annual Conference. The expenditures for travel cannot exceed \$2,058/person. Ms. Chaisson as DHFC Liaison will be attending. Director Nitschke noted that DHFC finances are under review and asked that Board members going to the annual conference to spend DHFC funds accordingly.

The following Directors and Officers will be representing the DHFC at NALHFA:

1. President Sherman Roberts
2. Vice President Clint Nolen
3. Director Eric Anderson
4. Director James Armstrong
5. Director Joe Carreon
6. Director Ryan Garcia
7. Director Trent Hughes

There was no action taken on this item; it was for informational purposes

5. Discussion on Proposed Amendments to the Corporation's Articles of Incorporation and Bylaws to be presented for Adoption by the Dallas City Council – Avis F. Chaisson, Assistant Director of Housing and Neighborhood Revitalization.

Director Harp requested time to review the materials prior to Ms. Chaisson making the presentation to the Board since materials were provided with short notice. Director Harp suggested to discuss it in another Board meeting. President Roberts suggested Ms. Chaisson present the material to allow the Board to formally make comments since it was included as an agenda item.

Ms. Chaisson briefed the Board on proposed amendments to the DHFC Articles of Incorporation and Bylaws recommended by City staff. A summary of the recommended amendments to the DHFC Articles of Incorporation and Bylaws are as follows:

1. Include language City Councilmembers may appoint only one Director to the Board and increase number of Board members to 15;
2. Incorporate Chapter 12A of the City Code in the articles of incorporation and bylaws; and statement of conflict of interests. This is consistent with other Boards and Commissions;

3. Incorporate from Chapter 8 of the City Code; Article I sections 8-1.2. and 1.4. Chapter 8 which is for Boards and Commissions and includes rules of order, qualifications for appointment such as no criminal history and residency; duties of officers, etc.;
4. Incorporate General Manager which must be the Director of the Housing and Neighborhood Revitalization Department or designee; Duties of the General Manager include:
 - a. Appointment of Assistant General Manager and Administrator;
 - b. Ensure compliance with laws, ordinances, orders, and resolutions;
 - c. Hire and remove all subordinates, employees, agents or contractors of the DHFC;
 - d. Control over dealings and matters of the DHFC;
 - e. Review all contracts and ensure it meets Board directive and execute contracts when directed;
 - f. Recommend to the Board adoption of measures he or she deem necessary and expedient to further City Council goals and priorities;
 - g. Keep Board advised of financial conditions;
 - h. Spending authority of up to \$25,000 for real property transactions such as option fee or escrow. Board must approve execution of acquisition;
 - i. Serve as a budget supervisor with the Treasurer; whom shall be selected by the Chief Financial Officer of the City; and
 - j. Make recommendations to the Board regarding retainment of contractors for professional services, as needed by the Board.;
5. Incorporate requirement for procurement of services;
6. Staff services for the Board must be provided by the City including the City Attorney's Office as general counsel, the Treasurer, and any compliance functions or audits for tenant services. The Board must reimburse the City for staff salaries and benefits; and

President Roberts asked if the Board had to approve the amendments today. Ms. Chaisson stated the presented material was for discussion only. President Roberts requested verification of when the amendments had to be presented to Council. Ms. Chaisson said on May 21, 2018, the first draft will be presented to the Economic Development & Housing and Government Performance & Financial Management Committees with the understanding the proposed amendments have not been adopted by the DHFC Board.

Director Harp expressed concern with staff making recommendations without the Board requesting the changes. Additionally, Director Harp stated staff should have provided advance notice more than the Friday before the Board meeting for the Board to actively participate.

Director Armstrong asked for status of previously approved changes to Bylaws by the Board. He asked if the changes were sent to the state. Ms. Chaisson said changes cannot be sent to the state without being adopted by the City Council. Secretary Helfand stated that previously, it was stated in the minutes the Board recommended another amendment to be presented to City Council regarding conflict of interest. Secretary Helfand clarified the question Director Armstrong was referring to as why the previous amendment approved by the Board was never brought forward to Council. Staff could not speak to why previous amendment were not brought forward to Council for approval.

The Board was concerned they didn't have enough time to review the documents and asked if the changes could be reviewed and discussed during the Board retreat. David Noguera, Director of Housing and Neighborhood Revitalization mentioned that it was a request from City Council. Ms. Chaisson clarified there were specific requests for a briefing on the DHFC and its expenditures to the Government Performance & Financial Management Committee, but there was also a concern expressed by the City Council about this body with specific regard to the DHFCs role under the adopted Comprehensive Housing Policy. Ms. Chaisson said to make Council comfortable with DHFC role under the Voucher Sublease Program, staff recommended changes to enhance this Board and its operations under the Comprehensive Housing Policy.

Secretary Helfand said the information presented doesn't match the draft provided; therefore, she had questions and concerns. She requested the Board be allowed to have an input. She requested more time to make sure the information presented to the City Council Committees is drafted properly. Ms. Chaisson said the goal was to allow the Board input regarding the recommended changes by staff prior to bringing forward to the Council Committees, and eventually, present the item for adoption by the Board on June 12, 2018.

President Roberts said the Board agreed to make comments and provide them to the various Committees, but the Board needs an opportunity to provide input.

Director Nitschke stated there is improvement to be done. He agreed on some of the points, but he said it's not ready to be presented to the Council until broader conceptual terms are included. He requested for the Council to be aware that previously there was a Board decision to amend Articles of Incorporation and provide reform; however, staff ignored.

Treasurer Moore asked when the comments should be ready. Ms. Chaisson said comments can be submitted to staff by June 1st, 2018. Treasurer Moore asked what will the process be for reviewing these comments, and who will approve them. Ms. Chaisson said that staff will review the comments and the approval of the comments is a collaboration effort with the Housing and Neighborhood Revitalization Director and the Chief of Economic Development and Neighborhood Services. Treasurer Moore recommended to provide comments to staff by June 1st, 2018 and discuss staff's revisions at the next Board meeting.

The Board agreed they needed more time to review the changes and make comments, staff will not schedule the approval of the changes to City Council in June. Ms. Chaisson said she will let the Board know when the presentation is scheduled. Director Harp requested that staff let the Board approve the amendments before it is presented to any other Committees or the City Council. It was acknowledged that staff had to follow through with a Council request.

President Roberts mentioned it is necessary to make sure amendments are approved by the Board before submission to Council. Additionally, he agreed with some of the points including check and balances with the respect to the treasurer and the presence of the attorneys for guidance. Secretary Helfand said one of the problems with the draft is that it is mentioned that staff will be reimbursed for salaries, but staff need to operate within an approved budget by the Board which is not included in the draft to avoid expending unapproved funds.

Director Armstrong requested clarification regarding a City memo he received about Council questioning the Board finances. Ms. Chaisson said that memo and other emails expressing a concern about this Board and the Comprehensive Housing Policy led staff to make the recommendations presented.

Director Armstrong said a lot of these changes are needed to comply, but some items can be questioned. He mentioned the City has not been transparent during the transitional stages of previous managers. He requested clarification to inform the Board about financial transactions such as salaries and other funds that were previously approved. Mr. Noguera explained it is difficult to explain financial decisions that were made in the past. Mr. Noguera explained the work staff does is based on the proposed amendments; therefore, the changes proposed are to provide the level of professionalism and transparency that is needed.

Director Anderson mentioned that is necessary to make sure that we have the correct team to deliver the job properly. Treasurer Moore agreed with Director Anderson and he also mentioned he would like the Board to be involved in higher decisions. Ms. Chaisson explained the role of the General Manager will be to ensure compliance, have control over dealings and matters of the DHFC and make recommendations. Director Nitschke recommended to provide accurate narrative to Council and other committees regarding previous staff, recent staff and the status of the Board. He also recommended to include that information on the presentation

The Board agreed the Board should have the authority to replace staff if the Board is not satisfied with the staff's performance. The Board also agreed with Secretary Helfand's recommendations to review other HFC's Articles of Incorporation and Bylaws. She also recommended to have legal opinion about what the Act requirements are in terms of the Board's independence. She said she would like to know how much independence the Board has and if the recommendations are in compliance with the Act. Additionally, the Board agreed to make sure changes are reviewed and approved by the Board before they are presented to a higher level.

There was no action taken on this item; it was for informational purposes

- 6. Consideration and Approval of Additional Signatories for the Corporation's Bank Accounts - Avis F. Chaisson, Assistant Director of Housing and Neighborhood Revitalization.**

Ms. Chaisson briefed the Board approval of additional signatories for the Corporation's Bank Accounts. Currently, the DHFC has only one authorized signatory. Only Officers of the Board are authorized to be signatories on any DHFC account on behalf of the Board. To pay vendors or issue checks, the Bylaws require checks to be jointly signed by 2 individuals.

Due to this fact, it has been difficult to process payments of behalf of the DHFC. There are current outstanding invoices that require an additional signatory. Additionally, FY 2017 has not been properly closed because City staff cannot access DHFC accounts to verify if certain checks were processed through DHFC accounts.

To streamline payments and pay vendors within a reasonable timeframe, it is recommended that the following individuals, who are City staff, are added as signatories and are provided access to all DHFC accounts:

1. Elizabeth Reich, Chief Financial Officer
2. David Noguera, Director of Housing & Neighborhood Revitalization
3. Avis F. Chaisson, Assistant Director of Housing & neighborhood Revitalization

The Board agreed to have 2 Board members and 1 staff to sign checks. The Board approved the 3 additional signatories for the Corporation's Bank Accounts up to \$10,000. If over \$10,000, then a Board member must sign as well.

Motion was made by Director Nitschke for approval of additional signatories for the Corporation's Bank Accounts. Seconded by Director Armstrong. The motion passed 9-0. (Directors Trent Hughes and Ryan Garcia absent).

7. Request for Future Agenda Item - Sherman Roberts, President

- a. Consideration and Adoption of the Corporation's Fiscal Year 2018 Budget-July 2018
- b. Presentation on properties in which DHFC has an Ownership Interest- June 2018
 - i. Gurley Place at Jubilee Park-Representative of Jubilee Park & Community
 - ii. Martha's Vineyard Place-Representative of National Church Residences, an Ohio nonprofit corporation
 - iii. Park at Cliff Creek-Representative of Cesar Chavez Foundation
 - iv. Providence Mockingbird-Representative of Mockingbird Management, LLC
 - v. Sterlingshire-Representative of NRP Management, LLC
- c. DHFC Board Retreat-July 2018
- d. Briefing on the Corporation's Expenditures for City of Dallas Staff, Officers, and Contractor Reimbursements for the Last 12 Months-June 2018

8. Adjourn – Sherman Roberts, President

Treasurer Moore announced that May 8, 2018 will be his last meeting with the Board. President Roberts recognized and thanked him for his service. With no further discussion President Roberts

adjourned the meeting of the City of Dallas Housing Finance Corporation at 1:28 p.m. on Thursday, May 8, 2018.

These minutes were approved by the City of Dallas Housing Finance Corporation Board of Directors on the 12th day of June 2018.

APPROVE:

ATTEST:



Sherman Roberts
President



Marcy Helfand
Secretary

A closed executive session may be held if the discussion of any of the above agenda items concerning 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.