

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

**Tuesday, June 11, 2019 at 12:00 Noon  
City Hall – City Council Briefing Room, 6ES  
1500 Marilla Street, Dallas, Texas 75201**

**1. Call to Order – Marcy Helfand, Secretary**

Secretary Helfand called the meeting to order for the City of Dallas Housing Finance Corporation (DHFC) at 12:03 pm. on Tuesday, June 11, 2019 in 6ES, City Council Briefing Room, 1500 Marilla Street, Dallas, Texas 75201.

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

**Present:**

Ryan Garcia, Director

Jim Harp, Director

Marcy Helfand, Secretary

Eric Anderson, Director

James Armstrong III, Treasurer

Joe Carreon, Director

Brad Nitschke, Director

**Absent:**

Clint V. Nolen, Vice President, Trent Hughes, Director, Juan J. Garcia, Director

**3. Vote to Elect Chair to Preside over the Corporation’s June 11, 2019, Meeting**

Assistant General Manager Avis Chaisson asked for a motion to elect a Chair to preside over the Corporation’s June 11, 2019 meeting only. Director Anderson made a motion to have a Marcy Helfand serve as the Temporary Chair. Director Carreon seconded the motion. Secretary Helfand called for a vote. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

**4. Approval of the Minutes for the January 25, 2019 and May 7, 2019 Meetings**

Secretary Helfand opened discussion for the January 25, 2019 and May 7, 2019 minutes. On the May 7, 2019 meeting minutes, Director Nitschke stated that item 4 had an error and the date needed to be corrected to May 7. Secretary Helfand stated that item 5 had an error and it should say “reply all” vs. “reply call” as advised by the City Attorney’s Office when replying to emails sent by the Assistant General Manager to review agreements. Director Nitschke asked if the minutes for May 7, 2019 are accurate for the Meeting of the DHFC Providence at Mockingbird, LLC and Secretary Helfand stated that the minutes are accurate. For the January 25, 2019 meeting minutes, Director Carreon noted a typo to the word liability on page 4.

Director Garcia motioned to approve the minutes for the January 25, 2019 and May 7, 2019 minutes as corrected. Director Harp seconded the motion. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

### **5. Election of Officers for the Corporation**

Sherman Roberts has resigned, and the President seat is vacant. Director Anderson nominated Secretary Helfand to serve as President. Treasurer Armstrong seconded the motion. Marcy Helfand was elected as President unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

Secretary Helfand is elected as the President and the Secretary seat became vacant. Director Nitschke nominated Director Garcia to serve as Secretary. Director Carreon seconded the motion. Ryan Garcia was elected as Secretary unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

### **6. Items Related to Sterlingshire Apartments Located at 9415 Bruton Road:**

#### **a. Update on the June 4, 2019, Incident**

#### **b. Executive Session: Possible Motion to Undertake Legal Action**

In the brief update from Ms. Leah Finley, Property Manager, stated that there are grief counselors onsite for the families and children who reside at the property. Director Harp asked if there have been any issues with leasing units or if she foresees any issues with leasing units in the future? Ms. Finley explained at the moment there have been no notices submitted and the property is 95% occupied.

Treasurer Armstrong wanted to know if the crime near the property was coming from the residents or was it coming from outside the property. He asked, has the property leased the retail space and how long has the retail spaces been leased? Ms. Finley stated that there has been no crime involving residents other than a broken window. She feels that the gas station and the carwash are causing all the problems. Ms. Finley stated that currently there are only two retail spaces available for lease and that the other eight spaces have been leased for nine months. Treasurer Armstrong asked if there have been any visible improvements to the businesses since she requested that action be taken against them other than the fence that has been placed. Ms. Finley stated that there have been no visible changes.

Director Nitschke asked if the property had lighting and or security during or after hours. Ms. Finley replied that there is lighting, but the carwash gates have not been closed. Director Nitschke asked if it was a self-serve carwash and Ms. Finley replied that it is. Director Harp wanted to know if the Board will be briefed by the Dallas City Attorney's Office.

The Dallas Police Department informed the Board that the carwash is currently in compliance, but the gas station is not in compliance with a few items. The gas station does have security but didn't have it that night. There are officers in the area and patrolling as increased. There is a meeting scheduled to discuss not allowing people to loiter. Currently, there has been no litigation. Director Nitschke asked, what's the status of the lawsuit and nuisance against the carwash and the gas station? The officer replied that the department is currently talking about making the area a high crime

property and ask for more fencing to stop people from hanging out. Director Nitschke asked, is there a court who has jurisdiction over the nuisance and what court is the carwash located in? The officer replied that there has been no litigation.

Marichelle Samples with the City Attorney Office stated, that there is a suit and the city has a temporary restraining order (TRO) and it requires the owner to have proper lighting and 2 peace officers 24 hours a day 7 days a week, it limits the hours of operation, and that security lights are maintained.

Director Nitschke asked, is the TRO still in place? Ms. Sample stated yes, for the carwash not the gas station. Ms. Sample stated, that she has the information on the wrong carwash.

Director Nitschke what is the status of the carwash next to Sterlingshire. Ms. Sample said, she will get back to him with the correct information.

Dallas Police Department stated that the carwash is a risk case. Director Nitschke asked if it's a risk case have they been sued. The Dallas Police Officer replied no, they have entered the program and have complied, since the seven violations. Director Nitschke asked does the agreement with Dallas Police Department require 24-hour security. Dallas Police Officer replied that he would have to check. Director Nitschke asked what's the status of the nuisance on the carwash and if the carwash wasn't in compliance will action be taken. Secretary Helfand asked for clarification on what applies to the carwash and what applies to the corner store. Dallas Police Officer stated that the carwash complies for the most part and the corner store has issues and there's a meeting set up to fix the issues that aren't in compliance.

Treasurer Armstrong asked what has the crime been like in the last few years, because other gas stations nearby do not any have crime. The Dallas Police Officer replied that the police are active in the area and that they will continue to be.

Director Nitschke asked what is keeping you from doing the things you want to do to keep this property in compliance. The Dallas Police Officer replied that at this point the case will be referred to the Community Prosecutor. Director Nitschke asked when the fence was installed. Finley replied that it was installed in sometime between January and March 2019.

At 12:37 pm, the DHFC Board goes into executive session to discuss matters related to a possible motion to undertake legal action related to incident at the Sterlingshire Apartments.

Secretary Helfand closes executive session at 12:58 pm and the meeting of the City of Dallas Housing Finance Corporation returns to open session.

Director Nitschke motioned that the DHFC ask the City Attorney's Office initiate litigation immediately and permanently enjoin the operation and nuisance of the carwash and gas station adjacent to Sterlingshire, because of the immediate and serious threat to the life and safety of its residents at that property. Director Harp seconded the motion. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

**[Further information regarding item 6 is provided below with respect to City Attorney's Office clarification]**

**7. Briefing on Quarterly Operational Budget Report for Park at Cliff Creek Apartments Located at 7300 Marvin D. Love Parkway**

Mr. Alfredo Izmajtovich, Executive Vice President, Cesar Chavez Foundation informed the Board the issue with the ADA work in the past all the work has been completed. The property has a 90% occupancy rate and there may be recapture on some tax credits. Secretary Helfand what did the amount recover in the lawsuit and should the expenses in the executive summary 3/31/18. Alfredo Izmajtovich replied \$1.4 million and that it should say 3/31/18. Secretary Helfand asked, what the summary is of the \$1.4 million recovered in the lawsuit and there a substantial increase? Mr. Izmajtovich replied, that they had to come out several times to fix things, such as the stoves being off by 2 inches.

Director Anderson asked why it wasn't booked on the balance sheet. Mr. Izmajtovich stated the accountant wanted to do that for tax credit purposes. What was the cost of the work? Mr. Izmajtovich replied the actual cost of the work was \$1.6 million and we recovered \$1.4 million.

Director Nitschke asked, if Mr. Izmajtovich went back to the contractors who improperly installed the work in the three units to get the money or get the work done. Mr. Izmajtovich replied, he would have to research that information.

Treasurer Armstrong asked, when will the developer fee be paid and Mr. Izmajtovich replied that the DHFC has been paid, but the project hasn't been paid the goal is in the next five years, but there are still ten years left to be paid.

Secretary Helfand asked, why the work that's being described taken out of the replacement or the operating reserve? Mr. Izmajtovich replied that they are working through that with the investors to get reimbursements and release from the operating reserve on the property.

**8. Briefing on Quarterly Operational Budget Report for Martha's Vineyard Place Apartments Located at 3110 Cedar Plaza Lane**

Mike Clark with Alpha Barnes Real Estate updated the Board on the current status of the property. The two major financial reports for the 2018 audit are complete and currently waiting on the final review and payout in the amount of \$600,000. Director Harp asked, what's the occupancy and what has it been like over the last six months? Property Manager stated that the property is 100% occupancy with a waiting list.

Director Nitschke asked, was the lighting damaged and can you recoup the cost and are you satisfied with the property management team? Heather Hughes replied, it was installation error and they are trying to see how they can recoup the cost. Director Nitschke asked was Heather and the DEAF Action Center satisfied with where management is headed right now? Heather Hughes replied that she is and that they have worked well as a team and was able to help six residents from being evicted. Director

Nitschke asked about the salaries and benefits cost differences. Mr. Clark replied in the past there were positions that were vacant and now the property is fully staffed.

**9. Consider and Adopt a Resolution Authorizing an Agreement with Hilltop Securities Inc. for Managing Compliance with the U.S. Securities and Exchange Commission (SEC) Rule 15c2-12 Covering Continuing Disclosure Obligations for Public and Nonprofit Issuers of Debt in Amount to Be Negotiated by the General Manager or Assistant General Manager**

Director Nitschke asked how much does it cost, and if there is a fee to view or update throughout the year? Lou Ann Heath, Director, Continuing Disclosure, Hilltop Securities Inc. replied, that's something we will discuss, but it tends to be less than \$10,000 for the initial review and it's a 5-year look back and Hilltop will review annually.

Director Nitschke asked, what does the annual cost usually tend to run for other HDFC clients, and Ms. Heath replied, that it is \$5,000 or less. Director Nitschke asked, Ms. Chaisson has the Board entertained other and is it worth being put up for an open bid, and Ms. Chaisson replied, no as the DHFC has a relationship with Hilltop and they know our funding very well.

Treasurer Armstrong asked does Hilltop have another tax credit monitoring department and Tim Nelson replied no.

Secretary Helfand asked, on page four can you remove under no circumstances even if you are negligent will you ever owe more than what you have been paid can that be removed. Ms. Heath replied, that she will have to ask their legal counsel to review it.

Director Nitschke asked, is the Board responsible for penalties if they are negligent on their behalf? Tim Nelson replied generally not, unless the FCC found fraud. Mr. Rodriguez replied, no.

Secretary Helfand asked, will it affect the tax credit and the investors and Mr. Rodriguez replied no, but if you fail to comply then you would have to submit a statement regarding any failures to comply and it will not affect the investors.

Director Nitschke made a motion to approve with two changes one is that we not limit damages to fees paid and the other is that we set a max annual cost not to exceed \$10,000. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

**10. Resolutions for 2400 Bryan Street, a Multifamily Residential Development to be Located at 2400 Bryan Street:**

- a. **Consider and Adopt Resolution Approving a Development Loan Agreement with the City of Dallas in an amount not to exceed \$7,026,943.00 in Community Development Block Grant ("CDBG") Funds for the Acquisition of the Land and Construction of Required Improvements for the 2400 Bryan Street Development**
- b. **Consider and Adopt Resolution Approving an Agreement with 2400 Bryan Street, LLC to Assume the Obligations and Requirements of the City of Dallas Development Loan**

**Agreement for CDBG Funds for the Acquisition of the Land and Construction of the Required Improvements for the 2400 Bryan Street Development**

- c. **Consider and Adopt Resolution Authorizing the Corporation to Acquire the Land Located at 2400 Bryan Street for the Development of 2400 Bryan Street in an amount not to exceed \$9,675,000.00 in Advance of Closing on all Financing for the Development**

Avis Chaisson, Assistant General Manager presented a presentation asking the Board to consider and adopt resolution to meet Community Development Block Grant (CDBG) timeliness test.

Secretary Helfand asked, how is ownership going to be done and who is the purchaser of the land. Secretary Helfand also stated that the charts that have been presented are incorrect and need to be updated; what is considered closing.

Ms. Chaisson stated that DHFC will get the CDBG funds and purchase the land and 2400 Bryan will take out a mortgage on the land until all closing and financing are complete.

Director Anderson, who is agreeing to the land buyback and the DHFC will be released?

Director Nitschke asked, why is this a good deal for the DHFC?

Ms. Chaisson replied, because the DHFC will receive cash flow.

Director Nitschke asked, why are there two payouts for seven million dollars. Ms. Chaisson replied, because the City provided 14 million dollars of gap financing to the project.

Quorum was lost and the meeting was called back to order at 1:47 pm

Secretary Helfand asked, has the proforma changed and what is the total developer fee?

Claire Palmer, consultant for the developer, replied yes, they change over time and that they are not asking for additional money and the total developer fee is \$8.5 million and \$5.5 million of it is deferred. Secretary Helfand asked, at the completion of the project what will be paid and when will the cash flow begin for the DHFC? Secretary Helfand requested to see a new proforma as of today, because what she has is from February. Ms. Chaisson replied, that she doesn't have the new proforma either.

Director Nitschke asked, how can we approve a deal without all of the information and Ms. Chaisson replied, that the deal has already been approved and that there will be a better cash flow with CDBG. Treasurer Armstrong asked, was the DHFC assume responsibility for the HOME funds. Ms. Chaisson replied, no.

Secretary Helfand wanted to know about the 40% decrease. Ms. Chaisson stated that the proforma doesn't have the adjustment to include the CDBG funds.

Director Nitschke asked, why the City isn't doing it itself and is the role of the Community Project nonprofit in this project?

Ms. Chaisson replied, the City isn't a developer and has various public instrumentalities created to do developments.

The Community Project will be a part of the special LLC member and have ownership. Director Nitschke asked, why the Community Project is involved, and what is their role? Ms. Claire Palmer replied, that the nonprofit is involved because Matthews partners with nonprofits that doesn't depend on fundraising for funding and the nonprofits gets a proportion of the cash flow.

Director Nitschke asked, which lawyer looked over the deal and approved it and Ms. Chaisson replied Mr. Joe Nathan Wright, Counsel for the Corporation.

Mr. Wright explained that CDBG funds will be used to buy the land then it will transfer the obligation to 2400 Bryan Street and the DHFC won't be on the hook for the loan. Director Nitschke asked, who will be the land owner and Ms. Claire Palmer replied, DHFC direct.

Secretary Helfand asked, will the changes impact the scoring of the NOFA and Ms. Chaisson replied, no.

Secretary Helfand, when will we get the opinion from the taxing entity, and Claire Palmer replied we are waiting for the resolution from the DHFC.

Director Anderson made a motion to approve the request. Director Harp seconded the motion. Director Nitschke requested pedestrian and traffic control plans along with monthly updates.

Treasurer Armstrong asked when the Board will start receiving income.

Secretary Helfand doesn't want the General manager or Assistant General Manager to sign all documents including ones that the Board hasn't seen.

Director Nitschke stated that he isn't comfortable with allowing the staff to have blanket authority to sign documents on behalf of the Board and feels that the Board can turn documents around after the President looks at them.

Director Anderson wants to know in which situation would documents not be approved.

Director Anderson amended motion to allow the President or Vice president 24 hours to review prior to General Manager and Assistant General signing that contain a material change from a document previously reviewed. Director Harp seconded the motion. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

**11. Resolutions for Estates at Shiloh, a Multifamily Residential Development to be Located at 2649 Centerville Road:**

- a. Consider and Possible Adoption of a Supplemental Inducement Resolution: (1) Declaring Intent to Issue Bonds to Provide Financing for a Multifamily Residential Rental Development for Persons of Low and Moderate Income (Estates at Shiloh) in Aggregate Principal Amount Not to Exceed \$23,000,000.00; (2) Authorizing the Filing of an Application for Allocation of Private Activity Bonds with the Texas Bond Review Board; and (3) Containing Other Provisions Relating to the Subject**

George Rodriguez, Bond Counsel, stated that the main change is to increase the principal amount of the multifamily mortgage revenue bonds to \$23 million dollars.

Director Nitschke asked why the budget increasing by \$3 million dollars? Ms. Chaisson replied, because construction costs have gone up.

Director Nitschke asked Mr. Rodriguez if there is any reason why we shouldn't do this, and he replied no.

Director Nitschke made a motion to approve. Director Harp seconded the motion. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

**12. Resolutions for Palladium Redbird, a Mixed Income Multifamily Residential Development on Approximately 8 acres of Land Located East of South Westmoreland Road and Red Bird Mall Ring Road:**

- a. Consider and Possible Adoption of a Supplemental Inducement Resolution: (1) Declaring Intent to Issue Bonds to Provide Financing for a Multifamily Residential Rental Development for Persons of Low and Moderate Income (Palladium Redbird) in Aggregate Principal Amount Not to Exceed \$30,000,000.00; (2) Authorizing the Filing of an Application for Allocation of Private Activity Bonds with the Texas Bond Review Board; and (3) Containing Other Provisions Relating to the Subject**
- b. Consider and Adopt Resolution Approving a Development Loan Agreement with the City of Dallas in an amount not to exceed \$1,271,576.00 in Community Development Block Grant ("CDBG") Funds for the Acquisition of the Land and Construction of Required Improvements for the Palladium Redbird Development a Multifamily Residential Development**
- c. Consider and Adopt Resolution Approving an Agreement with Palladium Redbird, Ltd. to Assume the Obligations and Requirements of the City of Dallas Development Loan Agreement for CDBG Funds for the Acquisition of the Land and Construction of the Required Improvements for the Palladium Redbird Development a Multifamily Residential Development**



**d. Consider and Adopt Resolution Authorizing the Corporation to Acquire 8 Acres of Land Located East of South Westmoreland Road and Red Bird Mall Ring Road for the Development of Palladium Redbird in an amount not to exceed \$1,300,000.00 in Advance of Closing on all Financing for the Development**

Director Harp made a motion to approve. Director Nitschke seconded the motion. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

Marichelle Samples with the Dallas City Attorney's Office gave an update on the carwash. The lawsuit that was filled originally was abated and during the time is abatement they must come into compliance with certain things. Currently, they are still in compliance phase and there will be continuous monitoring.

Secretary Helfand asked was there litigation filled against the convenience store. Ms. Sample stated, no.

Director Nitschke asked was the lawsuit abated and Ms. Sample replied, yes.

Director Nitschke would like the lawsuit to be active again and file an injunction against the carwash because they aren't in compliance. Ms. Sample stated that the car wash is currently in compliance. Since the carwash is still in the monitoring stage and if at some point the carwash is no longer in compliance then the litigation section will decide how they would like to move forward.

Director Anderson asked who monitors the carwash and the Ms. Sample replied the Dallas Police Department.

**13. Consider and Adopt a Resolution Authorizing the General Manager and Assistant General Manager to Act as Authorized Signatories for Developments where the Corporation has an Ownership Interest**

Director Nitschke made a motion to table agenda item 13. Director Anderson seconded the motion. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

**14. Written Reports – Appointed Chair**

**a. Update on the 2017 and 2018 Financial Audits for the Corporation**

Director Nitschke made a motion to table discussion on the audit. Director Anderson seconded the motion. The motion passed unanimously 6-0 (Vice President Nolen, Director Hughes, Director J. Garcia absent).

**15. Public Comment – Appointed Chair**

There were no public comments.

The meeting of the Board of Directors adjourned at 2:36 pm.

These minutes were approved by the City of Dallas Housing Finance Corporation Board of Directors on the 13th day of August 2019