

**TAKE NOTICE THAT THE REGULAR MEETING  
OF THE BOARD OF COMMISSIONERS  
OF THE  
HOUSING AUTHORITY OF THE  
CITY OF MCKINNEY**

The regular meeting of the Board of Commissioners of the Housing Authority of the City of McKinney, Texas, was held at 1200 North Tennessee Street at 6:30pm on October 25, 2011.

Chairman Alonzo Tutson called the meeting to order at 6:33pm and established a quorum.

The following Commissioners were present:

Alonzo Tutson, Chairman  
Elinor Williams  
Gretchen Gayowski  
Donald Stockford  
Thomas Johnson

McKinney Housing Authority staff member in attendance was:  
Beth Bentley

The guests in attendance were Mattye Jones, Attorney-at-law with Coats Rose, City Secretary, Sandy Hart, Mrs. Ruby Johnson, TaKaya Tutson and TaMaya Tutson.

Commissioner Stockford offered the invocation.

Chairman Tutson called for comments from the public. No comments were made.

The first order of business was to **Swear in Oath of Office to Board Commissioners**. City Secretary Sandy Hart administered the oath to incoming Commissioner Thomas Johnson and returning Commissioners Donald Stockford and Elinor Williams.

The next order of business was to **Review and Adopt the Minutes of the Special Meeting held on June 24, 2011**. Commissioner Williams motioned to accept the minutes as presented. Commissioner Gayowski seconded the motion. A vote was taken with the following results:

Ayes: Tutson  
Gayowski  
Johnson  
Stockford  
Williams

Nays: None

The next order of business was to **Consider/Discuss/Act on Ground Floor Development for Bond Issuance**. Ms. Bentley indicated that the developer with GroundFloor Developer was delayed and would be in attendance close to 7pm. In the interim, Coats Rose Attorney Mattye Jones provided a basic overview of The Millennium McKinney bond allocation proposal. Ms. Jones indicated that Director Bentley had requested that she review the MHA - ICP consent decree as it related to alternate financing beyond the 9% tax credit as a financing mechanism. The 4% tax credit would be presented to the board by the developer as the competitive 9% tax credit application was unsuccessful and would not be funded by the Texas Department of Housing and Community Affairs (TDHCA) for 2011.

With the 4% tax credit, additional equity would have to be raised. Ms. Jones explained the dual financing mechanism - tax credit and bonds. Ms. Jones shared that ICP indicated that they would allow the 4% tax credit to satisfy the terms of the consent decree for the application year. Additionally, MHA would have to consider procurement rules and the role of MHA - contributions and benefits. The vision would remain the same as that of the original 9% tax credit but using a different funding mechanism.

Ms. Jones shared that there were far more 9% tax credit applications than monies available.

Ms. Ann Lott with Inclusive Communities Project (ICP) joined the meeting at 7pm.

Chairman Tutson introduced Ms. Lott to the Commissioners and offered her an opportunity to share insight concerning ICP's role in the proposed bond issuance opportunity. Ms. Lott stated that ICP supported the proposed 4% bond issuance. In addition, Ms. Lott assured the board that in the event that the board did approve moving forward with the bond issuance, ICP would apply any units

developed under the 4% tax credit towards the obligation under the consent decree. This would also include drafting amended language in the consent decree to allow for this flexibility. This information would be presented at the November 29 board meeting.

GroundFloor Development developer Brandon Bolin joined the meeting at 7:20pm.

Ms. Lott and Ms. Jones both shared the need and process for obtaining the additional 18 points per the TDHCA Qualified Allocation Plan (QAP). The use of MHA as a political subdivision was critical in this process for both the QAP and the pass-through of funding for ICP.

Mr. Bolin introduced himself to the board and indicated that the GroundFloor application did not receive a forward commitment. He also shared that the credit pricing in the metroplex increased substantially over the previous year and was in the mid-90s.

Mr. Bolin shared that he believed the bond opportunity would be possible. The property would remain at the same site and build up to 252 units, the maximum under a bond application. The proposed time-line would include closing the deal by summer 2012 and opening by summer 2013. The issue would be pulling together all of the financing. The application takes TDHCA 30 - 45 days to review the bond application. The transaction would have to be closed within 150 days of that approval. GFD proposed getting the application process started by December 1. The details of financing and a timeline towards construction would be presented to the board at the November 29 meeting.

Commissioner Gayowski shared her reservation about the use of bonds, which equated to debt. Mr. Bolin explained the opportunity to review the tenant income mix in more detail once the figures were provided. Mr. Bolin indicated that the worst case scenario is that the project is not feasible and the senior secured lender would take the property back.

Ms. Jones indicated that MHA would not actually issue the bonds but a limited partnership that is formed. Mr. Bolin shared that MHA would share some 90% of the net cash flow of the development, and the MHA limited partnership would own the property in partnership with the investment limited partner. MHA would be the general partner of the property. A third party management company is an option.

Commissioner Stockford stressed to Mr. Bolin that time would be needed to review the figures and plan that relate to the proposed request for support.

Commissioner Johnson asked for the deliverables for going forward. Mr. Bolin indicated that those deliverables would be delineated clearly.

Mr. Bolin shared that apart from the consent decree he would still be interested in developing affordable housing. He was seeking support from the board to continue the relationship through the bond allocation process. At some point GFD would need a resolution to solidify the support from the board.

Commissioner Stockford raised a question pertaining to the relationship of Dallas Housing Authority having a percentage of usage of the new facility. Ms. Lott indicated that the language pertaining the percentage of units for Dallas Housing Authority residents was under review and could possibly be stricken from the consent decree.

Ms. Jones indicated that a Memorandum of Understanding would be forthcoming. Mr. Bolin shared that a decision regarding participation from the board would be needed by the November 29 meeting.

Chairman Tutson sought clarification from Mr. Bolin on the benefit to GFD. Mr. Bolin confirmed that the benefit was the developer fee for their professional service. Further, Chairman asked ICP's role in the bond allocation development. Ms. Lott spoke about the Mobility Program and its assistance in locating to high opportunity areas and referrals to the property.

Chairman Tutson asked if ICP could offer support to the development during the public hearings. Ms. Lott ensured that ICP would be in attendance at the meetings.

Commissioner Stockford asked Ms. Lott if the 400 units to be developed under the consent decree would be reviewed. Ms. Lott indicated that 252 units under the bond issuance is significant and shows good faith by MHA. ICP would be looking at the figures.

Commissioner Gayowski joined in to ask if there is a place for future development, as 400 units is just scratching the surface for the need. Mr. Bolin indicated that he would like to do business with MHA.

Mr. Bolin shared that he would have the additional funding and bond allocation presentation information to the board in time for the November 29 board meeting. In the interim, an internal point of contact for MHA would be needed. The board indicated that they would handle that decision internally.

Attorney Jones shared that the board should consider reviewing the saturation level of low-income housing through the potential bond development with GroundFloor and any adjacent low income housing. In addition, the board should also consider the opportunity to mix the income levels through vouchers, market rate products and other financing opportunities. Reviewing MHA's current portfolio of newly acquired assets could be part of this as well. Commissioner Stockford introduced a concept to initiate a task force in the coming months that would provide such an opportunity to review the use options with the current portfolio.

The next agenda item was to **Consider/Discuss/Act on McKinney Housing Authority's Participation in Bond Issuance (10.25.11.02)**. Per discussion with the developer, GroundFloor Development, no action was needed at this time.

The next agenda item was to **Consider/Discuss/Act on McKinney Housing Authority-Inclusive Communities Project (ICP) 2012 Application Process and Request for Proposals through Texas Department of Housing and Community Affairs (TDHCA) (10.25.11.03)**. Ms. Bentley introduced this item by sharing that ICP has agreed to count the 252 units under the GroundFloor 4% bond allocation towards the 2012 application per the consent decree. ICP also agreed to propose amended language in the consent decree that would reflect the use of the 4% bond allocation towards fulfilling the consent decree. The board would need to determine if it would move forward with the 2012 TDHCA application per the consent decree or move forward with the bond allocation proposal only.

Chairman Tutson expressed his concern about meeting the minimum requirement of the consent decree, considering that the need for affordable housing exceeded the terms of the consent decree. Commissioner Johnson further expressed the need for a long-term strategic housing plan. Commissioner Gayowski shared her desire to move forward apart from the consent decree.

The board discussed tabling this item in an effort to get the consent decree amended by ICP with the 4% bond issuance terminology. In addition, the board tasked the Director with issuing a Request for Proposals or Qualifications apart from the ICP consent decree for the redevelopment of the current MHA portfolio.

A motion was made by Commissioner Stockford and seconded by Commissioner Williams to table this item. A vote was taken with the following results:

Ayes: Tutson  
Gayowski  
Johnson  
Stockford  
Williams

Nays: None

As Chairman Tutson entertained a **motion to adjourn**, he expressed his appreciation to Attorney Jones for her help and addressing the board in very clear terms.

A motion to adjourn was made by Commissioner Gayowski and seconded by Commissioner Williams. A vote was taken with the following results:

Ayes: Tutson  
Gayowski  
Johnson  
Stockford  
Williams

Nays: None

All were in favor. The board adjourned at 8:30 pm.

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Secretary

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Board Chairman