

## McKINNEY HOUSING FINANCE CORPORATION BOARD

OCTOBER 27, 2017

The McKinney Housing Finance Corporation of the City of McKinney, Texas met in the 2<sup>nd</sup> Floor Conference Room, 222 N Tennessee Street, McKinney, Texas on October 27, 2017 at 8:00 a.m.

Board Members Present: Semiramis Amirpour, Treasurer James Bresnahan, President Harry Hickey, Vice President Bridgette Wallis, Julie Armendariz and Gonzalo Cagigal. Absent: Chibuzor Okeke

Guests Present: Tim Nelson, Managing Director, Hilltop Securities, Inc; and Claire Merritt, Hilltop Securities, Inc.

Staff Present: Sandy Hart, City Secretary; Janay Tieken, Housing and Community Development Manager; and Cristel Todd, Affordable Housing Administrator

Staff member Todd called the meeting to order at 8:07 a.m. after determining a quorum was present.

- 17-1071** Oaths of Office. Oaths of Office were given by City Secretary, Sandy Hart, to the following board members: Julie Armendariz, Semiramis Amirpour, James Bresnahan, Gonzalo Cagigal, Harry Hickey, and Bridgette Wallis.
- 17-1072** Election of Officers. Board unanimously approved the motion by Board member Hickey, seconded by Board member Wallis, to elect Harry Hickey as President. Board unanimously approved the motion by Board member Amirpour, seconded by Board member Hickey, to elect Bridgette Wallis as Vice President. Board unanimously approved the motion by Board member Wallis, seconded by Board member Hickey, to elect James Bresnahan as Treasurer. Board unanimously approved the motion by Board member Amirpour, seconded by Board member Hickey, to elect Cristel Todd as Secretary.
- 17-1073** Minutes of the McKinney Housing Finance Corporation Meeting of September 29, 2017. Board unanimously approved the motion by Board member Amirpour, seconded by Vice President Wallis, to approve the

Minutes of the McKinney Housing Finance Corporation Meeting of September 29, 2017.

**17-1074** President Hickey called for an Overview of Housing Finance Corporation's Roles and Responsibilities, Presented by Tim Nelson, Managing Director, Hilltop Securities, Inc. Mr. Nelson stated that Housing Finance Corporations were created under section 394 in the local government code. Housing Finance Corporations sell bonds to put affordable housing in place. And you may also own property. If you own the property it is tax exempt. Vice President Wallis asked about the process for bonds. Mr. Nelson responded, In 1986, congress set a private activity cap based on population. It's governed by the Texas Bond Review Board. You submit applications at the beginning of the year for Multifamily projects under Twenty Million. You have to wait until after August 25<sup>th</sup> if your project is over Twenty Million. Two things a developer must have to submit an application to The Texas Bond Review Board is an inducement resolution and control of the land. The steps for the process are to get an inducement resolution from a Housing Finance Corporation, make application to the Texas Bond Review Board to get volume cap, TEFRA Hearing, City Council public hearing and resolution of no objection, HFC approve the bond funding and then project closes in thirty to sixty days. If your application is later in the year and will not close before December 31<sup>st</sup> of that year then you may file for nontraditional carryforward which is good for 3 years. The last day to file for a regular allocation request is November 15<sup>th</sup>, if there is money left after that then you can apply for traditional carry forward which is good for 3 years as well. Vice President Wallis, asked if the carry forward money goes into the allotment for each additional year or is it left over. Mr. Nelson said it's allocated to your deal that year and there's a separate tab that's designated for your deal. Mr. Nelson, discussed the Housing Finance Corporation acting as a partner instead of just an issuer. There

are several roles the Housing Finance Corporation will play. General Partner, provides the tax abatement and receive excess cash flow. Ground Lessor, the partnership pays the money upfront for the HFC to purchase the land. Co-Developer, would receive developer fees in 20-30%. General Contractor, you don't have to pay sales tax on any of the sticks or bricks used on the project. Vice President Wallis, asked what happens if there is something wrong with the building and the HFC is a general contractor. Your master sub contract with the developer is going to have all the language that it's their responsibility. The developer provides guaranties and indemnifications, said Mr. Nelson. How many of these have you seen with retail, asked Vice President Wallis. I don't know if I have ever seen any that are part of the partnership said Mr. Nelson. The partnership of this is separate from the bonds and the negotiations will start after inducement resolution has been passed. Negotiations can last weeks or months depending on the project and the experience of the developer.

**17-1075** President Hickey called for Consideration/Discussion/Action on All Matters Incident and Related to the Submission of an Application or Applications for Allocation of Private Activity Bonds to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Sphinx at Throckmorton Apartments Project, Including the Adoption of a Resolution Pertaining Thereto. Board unanimously approved the motion by Board member Amirpour, seconded by Board member Bresnahan, to approve All Matters Incident and Related to the Submission of an Application or Applications for Allocation of Private Activity Bonds to the Texas Bond Review Board and Declaration of Expectation to Reimburse Expenditures with Proceeds of Future Debt for the Sphinx at Throckmorton Apartments Project, Including the Adoption of a Resolution Pertaining Thereto.

**17-1076** President Hickey Called for Consideration/Discussion/Action on Appointment of Three (3) McKinney Housing Finance Corporation (MHFC) Subcommittee Members to Develop a Request for Qualifications (RFQ) For Future Affordable Housing Development Utilizing Public Private Partnerships with the MHFC. Board unanimously approved the motion by Board member Amirpour, seconded by Board member Cagigal, to approve the Appointment of President Hickey, Vice President Wallis and Treasurer Bresnahan as Subcommittee Members to Develop a Request for Qualifications (RFQ) For Future Affordable Housing Development Utilizing Public Private Partnerships with the MHFC.

There being no further business to discuss, President Hickey called for a motion to adjourn. Board member Cagigal made a motion, seconded by Vice President Wallis, meeting was adjourned at 9:22 a.m.

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HARRY HICKEY  
President