

**MINUTES OF THE  
BOARD OF COMMISSIONERS MEETING  
HOUSING AUTHORITY OF THE  
CITY OF MCKINNEY**

A special meeting of the Board of Commissioners of the Housing Authority of the City of McKinney, Texas, was held at 1200 N. Tennessee St. at 3:30p.m. on June 24, 2011.

Chairman Alonzo Tutson called the meeting to order at 3:31p.m. and established a quorum.

The following Commissioners were present:

Alonzo Tutson  
Donald Stockford  
Gretchen Gayowski  
Elinor Williams

The McKinney Housing Authority staff members in attendance were:

Beth Bentley  
Roslyn Miller

The guests in attendance were Ann Lott with Inclusive Communities Project (ICP) and Manish Verma with Versa Development LLC.

Chairman Tutson called for comments from the public. No one was present.

The next order of business was to consider/discuss/act on TDHCA applicant Ground Floor Development (GFD) for The Millennium - McKinney. Executive Director Beth Bentley advised the Board that the purpose of the item was for McKinney Housing Authority (MHA) to determine whether or not the agency would move forward with supporting Ground Floor Development with the financial support per the terms settled with ICP. The request that has been made of the agency per the settlement agreement with ICP is \$774,000. This amount was presented by Ground Floor Development at the last MHA board meeting. This amount represents about \$4500 per unit to be billed. At this time the decision before the Board is to either express any concerns regarding Ground Floor Development or to go ahead and proceed with loaning them the money. The terms will be for three years and MHA has an option of loaning them the money at an interest rate, based on ICP statements, of 0% for three years. Ms. Bentley advised that going with 0% interest would mean that MHA could have to eat any legal expenses in preparation for documents that Ground Floor Development would sign. MHA would have to pay for that and HUD would likely not approve. The agency would need to build in some cushion for this option. With a one percent interest rate there would be \$7740 that would come back to the agency. With a two percent rate MHA would recoup \$15,480.

Commissioner Gayowski asked to whom the agency would be loaning the money (\$774,000). Ms. Bentley informed that the money would be loaned to the developers. Commissioner Stockford asked if the agency had the ICP loan money in hand. Ms. Bentley responded that the loan passes through MHA from ICP. Commissioner Gayowski inquired that if this developer did not do this project if another developer could not because the land that has been purchased by this developer is the only land available in McKinney to do this type of project. Ms. Bentley advised that this developer is the only applicant to Texas Department of Housing and Community Affairs (TDHCA) that is named for that property. At this time there is only one applicant.

Commissioner Gayowski asked for clarification for what she is saying yes or no to, questioning if the developer does not get approved or the property does not get built if the agency would be responsible for the seven hundred thousand dollars. Ms. Bentley responded that MHA will serve as a pass through for the funds and the reasoning is that the developer gets points through TDHCA for administering it through the housing authority. Part of the settlement says that McKinney you will administer this because it needs to be in the City. The City or the Housing Authority needs to handle this, and in this case MHA is it. The developer needs money to help fund the project and has requested those funds through MHA per the settlement agreement.

A representative from Ground Floor Development joined the meeting.

Ms. Bentley continued, ICP is making the funding available and as a result MHA can make the funds available to the developer to build the project. If the developer does not repay, that is part of the provision that will be drafted by the attorney. If they do not repay, there is no loss to MHA because it is not MHA's

money. The money is a part of a trust that comes from ICP.

Commissioner Stockford expressed his discomfort with the project, concerned that within the City of McKinney serving a vehicle for ICP to launder the money to a project that seems they have had a very strong instrumental hand in directing this developer to this particular census tract. Commissioner Stockford further questioned the amount of interest MHA is being charged and how MHA is going to get that to the developer. Ms. Bentley responded that there is no interest rate charged to us to handle this. It is strictly from ICP through MHA to the developer.

Commissioner Gayowski asked about potential snags in the process and the agency's liability if this project never comes to fruition. Additionally, Commissioner Gayowski expressed that she did not feel that this project was competitively bid since only one developer bid. She further expressed that she understood that this may be acceptable for this situation and was unsure because she was not part of this originally.

Commissioner Stockford read from a passage on page 4 of the MHA-ICP consent decree and asked for a clarification of MHA's role in administering the loan. Ms. Bentley directed him to other passages in the decree to answer the question. Commissioner Stockford asked for clarification to the reference in the consent decree to Dallas Housing Authority. Ms. Bentley advised the Commissioner that the suit with Dallas Housing Authority was the premise for this overall action. Furthermore, that suit allows for ICP to pursue development in areas such as Collin County. Commissioner asked for clarification of subordinate loan financing. Ms. Bentley advised that MHA would get the funds from ICP and loan them to the developer. Commissioner Stockford asked for the exact date that the Board approved the request for proposal for this project and if there was only one submission to the project. Ms. Bentley advised that there was only one submission. Ms. Bentley acknowledged the concern of the Board members and advised that the agency had to come to an agreement because of the court order. MHA could not prove up that we were in compliance with fair housing as it relates to providing enough housing in McKinney for low income persons in particular areas of McKinney. It first went to the City and then it came to MHA. The City was not a part of the final settlement because MHA settled. Even though MHA did not necessarily agree as an agency that we were discriminating, it was viewed by the eyes of the court that we were because we settled. The board is now at a point, after months and several meetings, as to how this can be brought to a conclusion and what workable agreement can be formed with ICP and most importantly provide housing for low income families. This court ordered consent decree is the result of this.

Commissioner Stockford asked if ICP has opportunity to do housing projects with Dallas Housing in McKinney, why Dallas is not in the consent decree. Ms. Bentley replied that has more to do with the persons they serve and not the agency itself. Commissioner Stockford asked if the project being built by the developer in Dallas was with the Dallas Housing Authority. Ms. Bentley and Ms. Ann Lott confirmed that they are not.

Commissioner Stockford presented a motion to take some action:

"Mr. Chairman I would move that we refuse or return the loan monies to ICP and not participate in the McKinney Millennium Project."

Commissioner Williams interjected that it was her understanding that the agency had an obligation to comply with the developer in this project per the court order. Ms. Williams acknowledged the concern of Commissioner Stockford; however, it was her understanding that the agency would not have any financial responsibility.

Commissioner Gayowski asked for a clarification of why there was only one developer. Ms. Bentley advised of the specifics of the consent decree and that the developer met those demands. Furthermore, there are other tracts of land that could have been purchased. Commissioner Stockford stated that he would want for the agency to be involved and inquired as to the possibility of MHA managing the facility. Ms. Bentley replied that the board could have addressed that early and made that a part of the provision for settling. Commissioner Stockford then asked what the MHA residents will get from this collaboration. Commissioner Williams asked that the agency go forward with the collaboration and use this as an opportunity to encourage Public Housing residents to transition to this housing as finances allow. The Commissioners continued to dialogue about the possibilities for the MHA residents.

Commissioner Gayowski asked for the Chairman to share his comments. Chairman Tutson replied that he can see things from both perspectives. He spoke to the point of legal counsel and the agency not having the funds to continue a fight as it became overwhelming. Further, as for the housing available as it stands now the area of concentration for low income housing is on this side of town. Chairman Tutson went on to comment that if the questioned if we were fairly offering low to moderate income housing across the board for McKinney the answer is no, we are not. There are other things that he would have like to be included but he understood that with any agreement there is a give and take. He appreciated the representative for Ground



Floor Development being there. Chairman Tutson expressed his desire for a plan to be in place to go out to the constituents in the affected communities and allow them to be a part of the process instead of just moving forward without their input. Since the MHA name will be a part of this project it is his desire to put in a plan of action to include addressing the constituents. Commissioner Gayowski concurred that we should address the community to speak to the perception of what the project represents.

Commissioner Stockford interjected that he hoped that his inquiry into the process was not to be critical of those who were at the time in the bind. Furthermore, he would like to restructure the proposal to see that MHA is involved and not just a launderer of money. The Commissioners continued to dialogue about the term of the obligation, the impact to the community, the image of MHA and the obligations of filling the units with market rate. Ms. Bentley replied that there are far more restrictions through the TDHCA process than there are to us through the project. The role of MHA is very limited.

Commissioner Williams advised of other properties in McKinney that were tax credit properties. Furthermore, she spoke to her desire for more housing for teachers and City service persons in need of affordable housing.

Commissioner Stockford expressed that he thought it would be appropriate that the MHA wait list have priority. Ann Lott responded that MHA could have stepped forward and developed the housing. Because of the limitations of the agency, MHA requested a third party. There is nothing that precludes MHA residents from applying. Manish Verma with Versa Development, LLC spoke up on behalf of the developer to answer some of the questions and concerns. Mr. Vanish Verma expressed from his perspective that what the developer is looking for is support for the project as a whole regardless of the consent decree. It is important to GFD that the agency supports bringing affordable housing to McKinney. The objective is how we get there and how do we achieve the goal. The project is challenging now and will continue to be. The Board must believe in the project first. The questions regarding are we going to bring the pricing back to market, who is watching over it, you have to believe in it first or we won't get any support down the line.

Commissioner Gayowski interjected that as an auditor she believes in controls being put in place. And if the controls are there she is all for affordable housing on the west side. Commissioner Gayowski then asked for Ms. Lott to share her role in the matter. Ms. Lott shared that she was not sure what the discussion meant concerning laundering money. ICP is attempting to work in good faith by appreciating that MHA might not have the funding to finance something like this. This is why ICP has agreed to simply have the Housing Authority to act as a pass through for these funds. It is simply an attempt on the behalf of a fair housing organization to facilitate the development of affordable housing for low income families. Mr. Manish Verma also spoke to the rigorous standards of both HUD and TDHCA and the developer's requirement to maintain compliance.

Chairman Tutson asked Ms. Lott if she would share her housing background with the Board. Ms. Lott complied. Chairman Tutson summarized that it was his belief that the Board was on the same page of supporting affordable housing. In addition, the Chairman requested that if the application was approved that the developers and ICP join MHA in addressing the community. Both agreed that they would. The attendees shared experiences with other such projects. The Chairman then inquired if the Board would entertain a motion.

Commissioner Williams motioned to accept the proposal as presented. Commissioner Stockford seconded the motion and asked to make a comment regarding the support letter. The Commissioner asked if there was any way for the agency to participate in the process without bringing up the consent decree. Ms. Bentley advised that the developer had to meet the requirements of the consent decree as well as ICP and MHA. After some discussion regarding the letter, the funds and the interest rate for the project, Commissioner Stockford inquired if he could withdraw his second since he would now vote 'no' to the item. The representative from GFD asked that the letter be amended to reference the applicant Versa Development, LLC. Thereafter, Commissioner Williams motioned to amend her motion to approve the support of the project with a 2% interest rate. Commissioner Stockford seconded the motion. A vote was taken with the following results.

Ayes: Williams  
Tutson  
Gayowski

Nays: Stockford

The Board took a brief break.


The Chairman called for the next item on the agenda - consider/discuss/act on the FYE 2011 Audit proposal. Director Bentley advised that the agency had received three proposals. Ms. Bentley further advised that it was intended that the Board review the proposals in this session. However, since the meeting had gone into overflow the item was to be on the agenda for the regular Tuesday meeting. All of the members could review the information over the weekend and vote on Tuesday. The Chairman noted that Commissioner Williams had to step out. The Chairman then recommended that the item be tabled to allow the Board to review the information. The item would be considered at the next meeting. Commissioner Gayowski moved to table the item. Commissioner Stockford seconded the motion. A vote was taken with the following results.

Ayes: Gayowski  
Stockford  
Tutson

Nays: None

The Chairman then called for a motion to adjourn. Commissioner Gayowski made the motion to adjourn. Commissioner Stockford seconded the motion. The meeting was adjourned at 5:46pm.

  
Secretary

  
Alonzo Tutson, Chairman