

MCKINNEY PUBLIC FACILITY CORPORATION

REGULAR MEETING

SEPTEMBER 27, 2022

The McKinney Public Facility Corporation (MPFC) of the City of McKinney, Texas met in regular session in the City Hall Council Chambers, 222 N. Tennessee Street, McKinney, Texas, on Tuesday, September 27, 2022 at 5:45 p.m.

The members of the McKinney City Council serve as the McKinney Public Facility Corporation. In accordance with Texas Government Code Section 551.002, no City Council action was taken during the MPFC meeting though a quorum of the City Council was present.

The meeting was broadcast live on Spectrum Channel 16; AT&T U-Verse Channel 99; and online at <https://mckinney.legistar.com>. The video recording is available through the City of McKinney meeting archive.

George C. Fuller called the meeting to order upon determining a quorum consisting of himself and the following Corporation Directors were present: Justin Beller, Geré Feltus, Rick Franklin, Charlie Philips, and Patrick Cloutier.

Director Rainey Rogers was absent.

City of McKinney Staff Present: City Manager Paul Grimes, Assistant City Manager Kim Flom, City Attorney Mark Houser, City Secretary Empress Drane, Deputy City Secretary Joshua Stevenson, and Affordable Housing Administrator Cristel Todd

There were ten (10) members of the public present at the meeting.

Director Fuller called for Public Comments on agenda items at which time there were no requests to address to the Corporation body.

Director Fuller called for the Regular Agenda items:

22-0892 Consider/Discuss/Act on the Election of Officers and Establishing Officer Term Lengths

City Attorney Houser stated the election of officers is the first step in initiating the board's actions. The approved MPFC bylaws require the election of a President, Vice President, Secretary, and Treasurer. The bylaws direct the city Chief Financial Officer to be appointed Assistant Treasurer, who along with financial consultant James Plummer,

will oversee the major financial duties of the Corporation; and direct the City Secretary to oversee meeting documentation.

City Attorney Houser explained the maximum length of a term can be two (2) years, and only members of the City Council can serve on the Corporation.

Director Philips proposed for the initial officer terms to expire June 2023 and for subsequent terms to be two (2) years in length for all terms to run concurrently with the City Council election cycle.

The Corporation unanimously approved the motion by Director Charlie Philips, seconded by Director Rick Franklin, to establish the initial and subsequent officer terms as proposed by Director Philips.

Director Cloutier nominated Director Philips for President.

Director Fuller nominated Director Rogers for Vice President.

Director Fuller nominated Director Beller for Treasurer.

Director Fuller nominated Director Feltus for Secretary.

There were no other nominations.

The Corporation unanimously approved the motion by Director Fuller, seconded by Director Cloutier, to elect the Officers as proposed by Directors Cloutier and Fuller.

The Corporation unanimously approved the motion by Director Cloutier, seconded by Director Franklin, to appoint Chief Financial Officer Mark Holloway to Assistant Treasurer.

City Secretary Empress Drane will perform duties as prescribed by the bylaws. Action on the matter was not required.

22-0893 Consider/Discuss/Act on a Term Sheet for the Development of Jefferson Verdant as a Partnership between JPI Companies and the McKinney Public Facilities Corporation

Assistant City Manager Kim Flom state the Jefferson Verdant development is a three hundred eighty-three (383) unit multifamily residential project proposed as a Public Facility Corporation partnership. In May 2022 the City Council authorized a Request for Qualifications (RFQ) for two different projects to further workforce and affordable housing in the city, one being a McKinney Housing Finance Corporation (MHFC) development deal and the other being a Public Facility Corporation, both use

tax exempt property to further workforce and affordable housing. There were six (6) responses to RFQ and the evaluation committee recommended to work with JPI on Jefferson Verdant, an existing project they have in the city. Consulting attorney Jim Plummer has been involved with establishing the proposed term sheet. With approval, all parties will work to convert the term sheet into a development agreement which will be presented for approval later.

Treasurer Beller expressed opposition to the term sheet by stating the proposal accepts the bare minimum state requirements and fails to address the affordability needs as identified in the housing needs assessment; stated the underwriting could be better to help understand the tradeoffs, the ten-year pro forma illustrates there is room for more affordability on the project; and recommended that some portion of the proceeds should be earmarked for affordable housing as the Affordable Housing Department will serve to administer and monitor compliance of the project.

Chairman Philips stated that while the project doesn't provide all the desired elements the project is still the first venture of its kind for the city and can be used as a learning tool to reach the lower levels of affordability through the use of public-private partnerships; expressed support for earmarking a majority of proceeds toward investing in further affordability.

Director Fuller expressed support for investing the proceeds toward affordable housing, except that a better general fund use of those dollars might be determined in the future and other tax credit projects or other affordable housing opportunities could become available. Director Fuller expressed agreement with Chairman Philips regarding the positive aspects of this first-time project.

Director Cloutier Comments expressed uncertainty whether the term sheet as presented is a good deal and whether enough information is currently available to determine the best deal for benefiting McKinney taxpayers versus benefiting the state and the developer.

Director Fuller stated the city has engaged the consultant for the reason of providing expertise exceeding that of the Corporation.

Consultant James Plummer stated the proposed terms surpass standard PFC deals; meets terms comparable to other PFCs based on those he represents in Travis

County, Dallas, San Antonio, and a lot of little Texas cities, and is familiar with for the Houston Housing Authority PFC; and reflect additional efforts to achieve the desires of the city to produce additional truly affordable housing and to use the proceeds of this transaction to supplement projects to reach very low income levels. The request for as much “up front money” as possible resulted in an additional six hundred thousand dollars being added and totaling two (2) million dollars the city can use in a tax credit project to buy down to the lower income levels that the community really needs. Based on his experience of nearly 30 similar deals over the past few years, Mr. Plummer considers the proposed deal a very good one by which it would be difficult to secure any more up-front money from the developer.

Director Cloutier thanked Mr. Plummer for his remarks advocating the quality of the deal compared to what others are doing.

Secretary Feltus expressed agreement with Treasurer Beller regarding the city’s needs based on the recent housing assessment and support for earmarking proceeds as it would force the group to be mindful about coming up with housing solutions.

After restating his perspective on not earmarking the proceeds since part of the PFC purpose is to continue seeking additional tools for affordable housing, Director Fuller expressed willingness to acquiesce on the point of whether to do so.

City Attorney Houser recommended that any action on earmarking funds for additional affordable housing efforts be taken when the final documents are presented so they accompany a final set of agreements and a resolution.

Mr. Plummer confirmed that decisions regarding the use of the proceeds are not a part of the development agreement with the third-party developer and that the city can determine how to use the funds separately from the agreement.

City Attorney stated that when the final deal is presented for approval at a future meeting the matter of how to use the funds can also be discussed.

In reference to the additional \$600,000 in up front payment, Mr. Plummer stated it would not delay any amount of pilot payments. The plan has always reflected the intent to begin rent payments when the project stabilizes as there is not current source of income to pay it until the project is built.

Treasurer Beller stated the project qualifies for a park fee discount so the city will forego an additional three hundred twelve dollars (\$312,000) related to that; expressed appreciation for the proposal but concern that the tradeoffs are not fully grasped.

Assistant City Manager Flom anticipated future PFC conversations regarding use of funds, project evaluation policies, and goals for bringing the best projects to the city.

The Corporation approved the motion by Chairman Philips, seconded by Director Cloutier, to approve a Term Sheet for the Development of Jefferson Verdant as a Partnership between JPI Companies and the McKinney Public Facilities Corporation with a vote of 5 - 1 - 0, Treasurer Beller voting no.

Director Fuller reminded the members that consensus was reached in this meeting to direct the project proceeds to future affordable housing and opportunity to commit to it would be presented at a future meeting.

Chairman Philips recommended amending the bylaws to state the primary focus of the PFC to be attainable housing to which City Attorney Houser offered it could be accomplished by amending the bylaws or by resolution.

The Corporation did not meet in Executive Session.

The Corporation unanimously approved the motion by Director Cloutier, seconded by Director Feltus, to adjourn the meeting 6:15 p.m.

These minutes were approved by the McKinney Public Facility Corporation on November 15, 2022 and referred to the McKinney City Council for final approval on December 6, 2022.

CHARLIE PHILIPS, MPFC President

GERÉ FELTUS, MPFC Secretary
EMPRESS DRANE, City Secretary

McKinney Public Facility Corporation

City of McKinney, Texas