

FHA Development, Inc.
Board Meeting | September 21, 2020

Fayetteville Housing Authority office, Fayetteville, AR via Zoom

Director Terry called the meeting to order via Zoom.

I. Roll Call – Director Breashears, Director Bensinger, Director McMahon, Director Terry, FHA Executive Director Belford.

OLD BUSINESS

A. Financing for Hillcrest Towers expansion construction

FHA Executive Director Belford offered updated information on “potential loan” financing. This possibility would offer 100% construction funding at 2.75% for 25 years. This financing option would also require a loan guarantor. A discussion with the Walton Family Foundation has opened up an option for its participation in this funding as guarantor.

The purpose of Director Belford’s report was to offer updates on financing options and seek what questions the Board would like answered in the future. Discussion followed.

No action required.

B. Financing for pre-development costs

Director Belford described her research into financing for development project financing. Movement of CDs is an option to be explored so that a low interest loans may be obtained via a banking relationship. As a discussion item, this report is only to introduce options in progress rather than asking for approval.

The Board members asked and discussed clarifying questions. Directors expressed preliminary perspectives and comments. The Board requested that local business contacts be maintained whenever possible.

No action required.

C. C. Resolution 11 & 12 approved February 27, 2020: HOME Loans and National Housing Trust Fund (NHTF) financing for Magnolia Court

In May Director Belford reported on a meeting with Jim Petty who helped with understanding and acquisition of funds. As a result of this guidance, \$50,000 has been awarded to FHA Development, Inc. The report contained recommendations by Jim Petty:

- a. Propose dividing project into 2 phases: \$2.4M (approximately \$89,000/unit)
 - * Each phase would result in \$900,000 HOME loan application (Total \$1.8M at 1% interest for 25 years)
 - * NHTF grant of \$600,000 (5 units allocated to residents that make 30% AMI; can be paired with HCV voucher)
 - * This would pay off 1st Mortgage from Bancorp South, 2nd Mortgage from seller, and provide money for renovation

Director Belford proposed hiring Strategic Realty Group as consultant to ensure proper compliance with HOME Loan and NHTF – split developer fee 2% Strategic Realty/8% FHA Development, Inc.

Director Belford requested clarification on Board approval procedures. Director Breashears suggested just added these details to earlier approval. Director Bensinger required further clarification. Director Terry moved that a new resolution be introduced regarding these actions in the interest of clarity. Director Belford was asked to prepare a new resolution for review. No further action was necessary.

- D. Discussion: Financing for 2nd Mortgage for Magnolia Court (\$200,000 within 4 months or 20% penalty).

Director Belford review the history of this discussion item. Authorization to refinance this loan would avoid penalties on the current loan. Board discussion and questions followed.

- E. Resolution 25: Authorization for Executive Director Belford to re-finance 2nd Mortgage of Magnolia Court

It was moved to take action on this resolution by Director Terry. Director Bensinger seconded. Unanimous approval.

- F. Approval of Minutes of Regular Board Meeting August 24, 2020 and August 27, 2020.

A motion to approved to accept these minutes was made by Director Breashears. Seconded by Director Bensinger. Motion passed unanimously.

NEW BUSINESS

- A. Approval of 2020-2021 FHA Development, Inc. Budget

Director Belford submitted this budget for approval by the Board. Details that will impact this budget were explained. Other factors not included were also discussed. Questions were answered.

It was moved to pass the 2020-2021 FHA Housing Development Budget by Director Breashears. It was seconded by Director Bensinger. The motion passed by unanimous vote.

- B. Director Terry introduced the idea of expanding the FHA Development Board and moved that this item be added to “New Business.” Director Breashears seconded. Roll Call. Item added.

Director Terry further presented her thinking regarding this suggestion:

- a. Further diversity in voices that are heard in the development aspect.
- b. More openings can embrace expertise by more members on the Board.
- c. What would this procedure look like? What challenges are presented?
- d. What process would the Board like to use for adding these members?

Comments and discussion followed. Existing by-laws that influence this decision were discussed. The Board agreed that time for more thought and consideration is needed at this point. Director Terry will return with additional information.

ADJOURNMENT at 8:44 pm.