

**Re: Canceled event with note: Madison I, II, HAGM Weekly DD Calls @ Tue Aug 31, 2021 2pm - 3pm (CDT) (leta.anthony51@gmail.com)**

Leta Anthony <leta.anthony51@gmail.com>

Wed 9/1/2021 5:19 AM

To: Bobken Simonians <bobken.simonians@itexgrp.com>

Cc: Kenyon Lowe <klowe40@hotmail.com>; Andy Delaney <adelaney@mhapha.org>; Miranda Sprague <Miranda.Sprague@itexgrp.com>; Michelle Harder <michelle.harder@itexgrp.com>; Nona McVay <nonamcvay@gmail.com>; Mattye Jones - Coats Rose (mjones@coatsrose.com) <mjones@coatsrose.com>; Cliff Blount <Blount@namanhowell.com>; John Pecore <john.pecore@itexgrp.com>

Bobken,

We are not going to continue to have conversations that lead nowhere and simply burn up time. We are either going to have the ability to come to an agreement or not. That is the agenda for the next meeting. Most of your comments have been discussed. The issues for CAHC as the co-developer is the same. There has been no discussion of financing until the basic issues are resolved. We are simply not a team until there is an agreement. The list of the investors, architect and all other components of this negotiation is still needed to be sent to CAHC.

Looking forward to moving the needle forward.

President Anthony

On Tue, Aug 31, 2021 at 3:00 PM Bobken Simonians <[bobken.simonians@itexgrp.com](mailto:bobken.simonians@itexgrp.com)> wrote:

What we understood from the August 19 meeting was that Chairman Lowe will be in contact with us to discuss the outstanding issues. We cancelled the 2:00 pm meeting with investor, lender and ADFA, because we did not want them involved in our internal discussions, and appear to have disagreements in front of them, as they could turn around and pull back. We believe we should appear as a team and on the same page in front of the outside groups. We anticipated having the discussion on the 3:00 pm call, to which MHA/CAHC were invited. Only Ivon was present from MHA.

I have called Chairman Lowe twice, sent a text message and an email asking to connect to discuss. I have not yet heard from him. We cancelled today's meeting out of respect to MHA/CAHC, because we could not make representations to the Lender/Investor/ADFA group, if we are not clear about which direction MHA/CAHC is going.

You have made statements regarding developer fee split and your desire to change the MDA after several years (changing the rules of the game). Your statements, however, are beyond just the split. You have been referring to changing everything that was agreed upon in the MDA. You seem to be suggesting wanting to have control of the development process. ITEX, as developer and guarantor, is expected to be in charge of the process. Once the scope of work is agreed upon, then ITEX is entrusted to structure the financial transaction and present it to MHA for approval and move forward with the development. We have done this on a number of occasions and received approvals to proceed. Under ITEX's umbrella,

The lender, Investor, architect, contractor, and other third party vendors were selected, and approved by MHA, based on which we have moved forward. Every step of the way, we shared the scope of work, and the third party LOI's and proposals with MHA and received approvals. All we are waiting for is the HUD approval, which under the MDA requirements is the responsibility of MHA to secure. We are now at the eleventh hour, and it seems like MHA/CAHC is trying to go back to square one and restart the process.

I hope your email to the financing group does not have an adverse impact and deter them from moving forward. There is nothing worse than their perception of conflict between the development (borrower) team. This alone can jeopardize the proposed transaction.

We are open to discuss your reasonable concerns, at any time.

Regards

**Bobken Simonians**

Chief Operating Officer

Real Estate Investment & Development

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On Tue, Aug 31, 2021 at 12:44 PM Leta Anthony <[leta.anthony51@gmail.com](mailto:leta.anthony51@gmail.com)> wrote:

Chairman Lowe;

This is a request for HUD to be contacted that the negotiations with ITEX have stalled. This is the second contact meeting in the last 2 weeks that has been cancelled without explanation to the MHA or CAHC Boards and staff. This should not be used as a tactic to run the clock out to force the agreement of a deal that does not benefit the Little Rock agencies or the tenants of the properties. In the last meeting of the MHA Board, on August 19, 2021, terms and language that CAHC, as the Co-Developer, wanted in the contract was discussed. ITEX was to have had a decision on the following Tuesday as part of the meeting. Instead, the meeting was cancelled and no meeting or discussion was held.

Your assistance is appreciated.

Leta Anthony, President  
CAHC

On Tue, Aug 31, 2021 at 12:11 PM <[michelle.harder@itexgrp.com](mailto:michelle.harder@itexgrp.com)> wrote:



## Re: MHA Renegotiations

Leta Anthony <leta.anthony51@gmail.com>

Tue 9/7/2021 9:21 PM

To: Bobken Simonians <bobken.simonians@itexgrp.com>

Cc: Kenyon Lowe <klowe40@hotmail.com>; Mattye Jones - Coats Rose (mjones@coatsrose.com) <mjones@coatsrose.com>; Andy Delaney <adelaney@mhapha.org>; Nona McVay <nonamcvay@gmail.com>; Cliff Blount <Blount@namanhowell.com>

The message that was sent to you was meant for you. If no one has ever spoken to you in those terms they have not had the experiences that this agency has had with you or they were merely too cowardly to speak their mind. No apology here, During this process, our concerns have been minimized, marginalized, and in most cases dismissed. This behavior has led to no agreement, and this behavior will not be tolerated. Don't let me leave out the lies which continued today as we talked about where the debt goes. If no agreement or deal has not happened over the past years, Maybe God Is Trying To Tell Us Something!!! I was more enraged when I visited the properties and met with the residents and the many unpaid vendors who haven't been paid in some 18 months. A picture is worth a thousand words and we took plenty of them. Repairs were not done due to the anticipation of RAD. To say it was simply poor management would not be a fair description without realizing that old fashion greed had to play a part as it does in your 6 points. The creation of the LLC's in the names of our property that were done in the last few months speaks to a level of confidence that may be disappointed.

President Anthony

On Thu, Sep 2, 2021 at 1:27 PM Bobken Simonians <[bobken.simonians@itexgrp.com](mailto:bobken.simonians@itexgrp.com)> wrote:

MHA Renegotiations

We understand the main issue for CAHC is the split of the Developer Fees. I don't know of other issues you might have. I would like to offer the following to hopefully resolve the concern:

- 1- ITEX will agree with 50/50 split, provided the following concerns are met:
  - a)- ITEX is reimbursed for funds it has already disbursed
  - b)- Since ITEX Guaranty is on the line for completion and Stabilization, MHA/CAHC will employ a third party management company acceptable to ITEX, Lenders and Investor.
  - c)- ITEX will exit the partnership upon completion, conversion to Permeant and issuance of Form 8609.
  - d)- ITEX will receive its share of the developer fees first, before MHA/CAHC receives their share.
  - e)- Given the completion and stabilization guarantees provided by ITEX, ITEX will be the sole manager of the development process, provided that MHA/CAHC have approved the financing plan, including the architectural, scope of work, lenders and investors. Any major and material changes (more than \$100,000) necessitated during pre-development/development process will be submitted to MHA/CAHC for approval within 7 days, which cannot be unreasonably declined or withheld. If not approved within 7 days, requested changes shall be deemed approved.
  - f)- ITEX shall receive a Guaranty fee of 2% of the guaranteed amount.

Regards,  
**Bobken Simonians**  
Chief Operating Officer

Direct 832.941.5342 | Mobile 213.255.9220

[bobken.simonians@itexgrp.com](mailto:bobken.simonians@itexgrp.com)


## Notice and Demand of ITEX Property Management, LLC

John Pecore <[john.pecore@itexgrp.com](mailto:john.pecore@itexgrp.com)>

Tue 8/24/2021 10:34 AM

To: Andy Delaney <[adelaney@mhapha.org](mailto:adelaney@mhapha.org)>; klowe40@hotmail.com <[klowe40@hotmail.com](mailto:klowe40@hotmail.com)>; leta.anthony51@gmail.com <[leta.anthony51@gmail.com](mailto:leta.anthony51@gmail.com)>

Cc: Bobken Simonians <[bobken.simonians@itexgrp.com](mailto:bobken.simonians@itexgrp.com)>; Miranda Sprague <[miranda.sprague@itexgrp.com](mailto:miranda.sprague@itexgrp.com)>; Paula Watts <[paula.watts@itexgrp.com](mailto:paula.watts@itexgrp.com)>

 1 attachments (70 KB)

MHA Demand Letter.pdf;

Please see the attached Notice and Demand letter from ITEX Property Management, LLC.

**John W. Pecore**  
General Counsel  
The ITEX Group, LLC

832-941-5347 | 713-963-8164 Fax

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August 24, 2021

Kenyon Lowe, Chairman of the Board  
Andy Delaney, Acting Executive Director  
Granite Mountain Development, L.P.  
Granite Mountain Senior Homes, L.P.  
Madison Heights II, L.P.  
Madison Heights Phase III, L.P.  
University Heights Associates, L.P.  
c/o Metropolitan Housing Alliance  
100 South Arch Street  
Little Rock, AR 72201

**Via E-mail**

Re: Management Agreements (collectively, the “Management Agreements”) by and between ITEX Property Management, LLC as Agent (“ITEX”) and the following entities as Owner: (i) Granite Mountain Development, L.P, effective as of February 1, 2020; (ii) Granite Mountain Senior Homes, LP, effective as of February 1, 2020; (iii) Madison Heights II, L.P., effective as of June 28, 2019; (iv) Madison Heights III, effective as of June 28, 2019; and (v) University Heights Associates, L.P, effective as of June 28, 2019 (each an “Owner” and collectively, the “Owners”)

Dear Chairman Lowe and Director Delaney:

I am Legal Counsel for ITEX Property Management, LLC as current Agent under the above-referenced Management Agreements, all of which are currently in full force and effect. I have been advised that at an August 19<sup>th</sup> meeting of the Board of the Metropolitan Housing Alliance (“MHA”), its Board of Directors passed a resolution designating Central Arkansas Housing Corporation (“CAHC”) as Agent of some or all of the following five (5) housing projects: Homes at Granite Mountain (“HAGM”), Granite Mountain Senior Homes (“Senior Homes”), Madison Heights Phase I (“MH I”); Madison Heights Phase II (“MH II”); and Madison Heights Phase III (“MH III”) (collectively, the “Projects”).

As a preliminary matter of clarification, ITEX requests immediate written notice from the Owners identifying which of the Projects will be managed by CAHC effective August 31<sup>st</sup>.

I am also advised that the MHA Board evidently contends that the Management Agreements as of current date are expired and/or otherwise ineffective, since MHA failed to obtain HUD consent to the auto-renewal language contained therein. Under applicable HUD rules and regulations, however, HUD approval in this respect is not required as long as (i) the Owner and Agent agree to the auto-renewal terms; and (ii) there is no HAP Contract associated with a particular project. Accordingly, the Management Agreements for the MH I, MH II, HAGM and Senior Homes Projects were validly auto-renewed and are currently in effect, as Owner representatives approved of the auto-renewal language in each applicable Management Agreement and since there are no current HAP contracts associated with those Projects (ITEX in no way concedes that the Management Agreement for MH III is ineffective and reserves all rights as Agent thereunder).

In the event that the MHA Board Resolution was intended to terminate the Management Agreements, the Owner must provide ITEX thirty (30) days advance written notice in order to terminate management services. Clearly, the August 19th Board Resolution is insufficient advance notice under the Management Agreements to terminate ITEX's management of the Projects as of August 31<sup>st</sup>. Further, the Owners have failed to provide proper notice as is required in the applicable Notifications Sections in the Management Agreements. Demand is therefore made for immediate payment of all Agent Compensation owed under the Management Agreements through and including September 19, 2021, which totals \$109,723.69.

Separately, demand is made for immediate reimbursement of certain payments advanced by ITEX to the Projects, including payroll, mortgage debt service, utilities, compliance fees and other miscellaneous expenses, under Section 16(c) of the Management Agreements of MH I, MH II and MH III due to recurring operating deficits incurred at those Projects. As of current date, such advances total \$434,182.86.

Aside from the immediate financial liabilities described above, changing property management at the Projects could have additional consequences that may directly impact asset development and performance. Specifically, terminating ITEX in the MH I, MH II, and HAGM Projects, which are pending Rental Assistance Demonstration ("RAD") Conversion, may jeopardize Lender and Investor participation in the RAD Conversion Transaction, since ITEX, without property management responsibilities, will under no circumstances guaranty occupancy, property compliance and tax credit recaptures. Further, the potential loss of the current Lender and Investor may result in the Arkansas Development Finance Authority reevaluating its involvement in the RAD Conversion Transaction.