

HOUSING AND NEIGHBORHOODS DEPARTMENT



JACKSONVILLE HOUSING FINANCE AUTHORITY

MINUTES

OF

REGULAR MEETING

September 17, 2008

JACKSONVILLE HOUSING FINANCE AUTHORITY

September 17, 2008

2:30 p.m.

PROCEEDINGS before the Jacksonville Housing Finance Authority taken on Wednesday, September 17, 2008, Edward Ball Building, 214 N. Hogan Street, 8th Floor, Jacksonville, Duval County, Florida commencing at approximately 2:30p.m.

AUTHORITY MEMBERS

BERNARD E. SMITH, Chair
CATHERINE L. CHILDERS, Member
KEN FILIP, Member
RONALD JACKSON, Member
JIM PELLOT, Secretary

WIGHT GREGER, Director

APPEARANCES

BOARD MEMBERS:

BERNARD E. SMITH, Chair
CATHERINE L. CHILDERS,
KEN FILIP, Member
RONALD JACKSON, Member
JIM PELLOT, Member

PROFESSIONAL STAFF:

RHONDA BOND-COLLINS, Greenberg Traurig, Inc.
KAREN CHASTAIN, Office of General Counsel
PATT DENIHAN, Ehousing Plus
HELEN FEINBERG, RBC Dain Rauscher
BJ HAGEN, Calvin C. Johnson, CPA
MARK HENDRICKSON, The Hendrickson Company
PRISCILLA HOWARD, Community Concepts Group
CALVIN JOHNSON, Calvin C. Johnson, CPA
SUSAN LEIGH, Community Concepts Group

STAFF:

WIGHT GREGER, Director
DARRELL GRIFFIN
KANDI BEGUE
LAURA STAGNER
CARLA RAY
NANCY WESTCOTT
YON WHEELER

OTHERS PRESENT:

Richard Dillard - BNY
Sanford Horvitz – LISC
Shannon Nazworth – Ability Housing
Scott Wilson – City Council, Dist. 4

TABLE OF CONTENTS

Call to Order and Comments 5

Consider Approval of Minutes, June 25, 2008 Regular Meeting ... 5

1. Reports 5

1a. JHFA Financial Reports 5

1b. Legislative Updates 5

1c. Director's Report 6

1d. Financial Advisor's Memo 7

2. Action Items 9

2a. Countrywide Assumption Assignment 9

2b. Approval to Apply for 2009 Allocation 10

2c. Local Government Support - NOFA/RFA 10

2d. AIG Investment Agreement for the Mortgage Revenue Bonds,
Series 2000 11

3. New Business 12

3a. FHFC Board Meeting 12

3b. JHFA Board Meeting Change 12

3c. Single Family 2000 Program Financial Statement Audit 13

3d. Single Family 2001 Program Financial Statement Audit 13

3e. Taxable Homeowner 2001 Program Financial Statement Audit . 13

4. Old Business 13

5. Public Comments 14

Adjournment 14

Certification 15

Exhibits 16

PROCEEDINGS

September 17, 2008

Regular meeting

2:30 p.m.

Call to Order and Comments. Chair Smith called the regular meeting to order at approximately 2:30 p.m. with a quorum present.

Consider Approval of Minutes of June 25, 2008 of the JHFA Regular Meeting. The first item on the agenda was the approval of the minutes of the June 25, 2008, Regular Meeting, a copy of which is attached hereto and by this reference made a part hereof. Mr. Pellot made a motion to approve the minutes. Mr. Filip seconded the motion.

Motion Passed 4-0.

1. Staff Reports

1a. JHFA Financial Reports

Referring to the Financial Report, a copy of which is attached hereto and by this reference made a part hereof. Ms. Stagner stated that the summary of the financial activities for the month ending July 1, 2008 are available for review. There were no significant monetary changes within the JHFA account and to contact her if there are any questions.

1b. Legislative Updates

Referring to the Legislative Update Memorandum, a copy of which is attached hereto and by this reference made a part hereof. Ms. Stagner stated that the Legislative Update is available for review. The 2008-2009 City of Jacksonville's Budget and the separation for the JHC and JHFA Board should be approved at the

next City Council meeting. The next Legislative Update should indicate a list of several re-appointments for Board members. In order to get everyone re-aligned on the new bodies, staff had to deem that everyone resigned. The Boards will then separate and be re-appointed.

1c. Director's Report

Ms. Greger gave a report regarding information that has taken place since the last authorized Board meeting. Discussion ensued about the following:

- The separation of the JHC and JHFA legislation has been filed and read. Ms. Greger stated that she is in the process of meeting with each of the City Council members to educate them about the different Board entities as well as the Department. The legislation should be approved at the next City Council meeting. If everything goes according to plan, the JHFA and JHC Boards will separate. It will then free up five industry specific slots that need to be filled.
- All of the Budgets for the Department have been completed.
- The Florida Housing Finance Corporation (FHFC) Board meeting was held in Jacksonville in August. The Department had the opportunity to take the Board and Senior Staff on a bus tour of the neighborhoods. Mr. Smith spoke at their Board meeting articulating the challenges in Jacksonville and encourages the Board and staff to be open to new ideas for resource allocation as it relates to Jacksonville. Ms. Greger stated that this year, she will be tracking all of the hearings and

workshops.

- The legislation for the removal of the Letter of Credit requirements for the JHFA Loan Trust Fund and the appropriation of the 4% subsidy funds for the 2006 single-family bond issue were approved by City Council.
- There are two new employees in the Department. Carla Ray will be working closely with the legal, finance and compliance team. She is a paralegal and will provide assistance with getting the contracts submitted in a timely manner and all of the legal entities that are intensive within the department. Chiquita Bendolph will be the assistant to Floretta Green in the Housing Services Division.

1d. Financial Advisor's Memo

Referring to the Memorandum from The Hendrickson Company, the Community Concepts Group, Greenberg Traurig and RBC Dain, copies of which are attached hereto and by this reference made a part hereof, Mr. Hendrickson stated that the Financial Advisor's report contains information that have taken place since the last authorized Board meeting:

- Referring to The Towers of Jacksonville, Bennett Creek and Arlington Portfolio, Mr. Hendrickson stated that they are moving forward but slow. It is clear that none of them are going to close this year. The financial markets are in turmoil and the financial situations with Fannie Mae and Freddie Mac causes a pull back with their credit enhancements. It is also difficult to obtain the bank's LOC.

Mr. Hendrickson stated that he does not feel that there are any development issues. The three multi-family deals will need to have their credit enhancements and enough equity and other subsidy to make their deals work.

- Referring to the 2006 single-family bond issue, the appropriation for the 4% down-payment assistance, 5.60% in the 2006 Single-family program was approved by City Council.

Mr. Hendrickson feels that the remaining funds will move out quickly. There will be an updated report provided to the Board with more information on the status of the program as it becomes available. Mr. Pellet requested a monthly servicing statistic report. Mr. Hendrickson stated that he will add a servicing update to the Financial Advisor Report Memo.

- Referring to the 2007 Single-family Bond issue, Mr. Hendrickson stated that the majority of funding in the 2007 program is committed. Not all are closed yet and there are target area funds still available. The target area funds are due to expire on October 31, 2008 and will be available country-wide.

- Referring to the Letter from the Credit Underwriter regarding the Transfer of Ownership for the Glades, a copy of which is attached hereto and by this reference made a part hereof, Ms. Bond-Collins stated that Bond counsel has negotiated the assignment and assumption agreement with the borrower. The credit underwriter has recommended approval of the transfer.

They are now waiting for the Servicer and Freddie Mac to let us know when they are ready to sign off on the Assignment and Assumption Agreement.

- Referring to the Federal Legislative Update, Ms. Feinberg stated that the Housing and Economic Recovery Act of 2008 was recently passed by the House of Representatives and signed into law by the President. This legislation paves the way for a variety of positive changes for housing issuers and developers of affordable housing. She gave a brief overview of the housing bonds in general, provisions relating to single-family and multi-family mortgage bonds and government sponsored enterprises. Ms. Feinberg stated that RBC Capital Markets believe that these elements will be most relevant to HFA's and developers in the State of Florida.
- Mr. Johnson introduced BJ Hagen who is a recent addition to his staff to the Board, Staff and Professional Team.

2. Action Items

2a. Countrywide Assumption Assignment

Referring to the Countrywide Assumption Assignment agreement, a copy of which is attached hereto and by this reference made a part hereof, Mr. Hendrickson stated that the Assignment was acquired by Bank of America. Countrywide requested an approval, however, the professional team had to perform an analysis to make sure that there were no legal issues. Since Countrywide is making the request, they will be required to pay Bond counsel fees. There also needs to be a Master Servicer in place to finish out the 2006

single-family program to buy the loans that are left. Ms. Childers made a motion to approve the Assumption and Assignment and Consent Agreement for Countrywide. Mr. Jackson seconded the motion.

Motion passed 5-0.

2b. Approval to Apply for 2009 Allocation

Referring to the Inducement Resolution for the 2009 Bond Allocation, a copy of which is attached hereto and by this reference made a part hereof, Mr. Hendrickson stated that Bond Counsel has prepared an Inducement Resolution for \$40M of single-family bonds. In order to file for the 2009 bond allocation, the Board needs to approve the Resolution so that a TEFRA hearing and approval can be obtained. Mr. Hendrickson also stated that the 2009 bond allocation is expected to increase due to the housing bond allocation included in the new federal legislation passed in July of this year. In order to receive multifamily applications, the JHFA will issue a Notice of Availability of Funding (the "NOFA"), and the NOFA will be the same as the previous year with the exception for potential preferences for deals already in place. Discussion ensued. Mr. Pellet made a motion to adopt the \$40M Inducement Resolution prepared by Bond Counsel. Mr. Filip seconded the motion.

Motion passed 5-0.

2c. Local Government Support - NOFA/RFA

Referring to the Notice of Fund Available (NOFA) and the Request for Applications (RFA) for Local Government Support, a copy of which is attached hereto and by this reference made a part hereof,

Ms. Greger stated that the Letter of Credit provision has been removed from the Local Government Support Contribution Fund. There is approximately \$4M in this fund. The NOFA and RFA have been prepared and recommends that the application deadline be by mid October before the next Board meeting. Discussion ensued and Mr. Pellot made a motion to approve the NOFA and RFA for Local Government Support. Ms. Childers seconded the motion.

Motion passed 5-0.

2d. AIG Investment Agreement for the Mortgage Revenue Bonds, Series 2000

Referring to the AIG Investment Agreement for the 2000 Mortgage Revenue Bonds, a copy of which is attached hereto and by this reference made a part hereof, Ms. Stagner stated that yesterday, AIG was downgraded. There is a contract with AIG for the 2000 Mortgage Revenue Bonds for single-family and multi-family. There is a little over \$423K. There is a plan to make an interest and principal payment with the government assuming that AIG will be bailed out. Presently, there are no appropriate suggestions or actions to take at this time. However, she recommends that the Board allow the Chair, Director and the Professional team to work together to take action if there is a need for one. Mr. Hendrickson stated that since there is a bail out for AIG, it negates a need for immediate action, but wanted to have an approval in place in order to move forward quickly if needed. Mr. Hendrickson also stated that AIG could terminate the investment agreement which will be cause for immediate action to decide which way to move forward. Ms. Childers made a motion delegating the

JHFA Chair and the Director the authority to coordinate with staff and the professional team to make emergency investment decisions, including signing any documents in response to the market changes related to the JHFA's single-family and multi-family mortgage revenue bonds, series 2000 and that a report of any such actions be immediately communicated to the JHFA Board individually. Any actions will be brought to the next authorized JHFA Board meeting for ratification. Mr. Pellot seconded the motion.

Motion passed 5-0.

3. New Business

3a. FHFC Board Meeting

Mr. Smith stated that he gave a presentation at the FHFC Board Meeting held in Jacksonville. He stated that Duval County ranks number one in the state on various levels of cost burden issues. He also requested that FHFC take an affordable housing development that may have some vacancies in the 60% median income and use SAIL loans to create extremely low income units by 30-50% median income. Ms. Greger stated that the suggestions were very well received and has received calls about having further discussions on these issues.

3b. JHFA Board Meeting Change

Mr. Smith wanted to poll everyone about changing the meeting time once the JHC and JHFA Boards separate. He proposed to move the meeting from 2:30pm to Noon and have a lunch meeting. Discussion ensued and it was determined that Lunch will start at 11:45am with the meeting starting promptly at Noon up until 1:15pm. Providing that the approval for the separation of the JHFA and JHC Boards

take place as planned, this time change will take effect at the next Board meeting on October 15, 2008 going forward.

3c. Single Family 2000 Program Financial Statement Audit

Referring to the Single Family 2000 Program Audit, a copy of which is attached hereto and by this reference made a part hereof, Mr. Johnson stated the program is in sound financial condition. He also wanted to point out that this is the program that utilizes the investment agreement with AIG. He stated that the equity is more than sufficient to absorb any shortfall should the Board direct staff to release monies from AIG and invest in some other investment that is lower rated in interest. He believes that since it is a sound program, there is enough equity accumulated to handle the difference in interest rate.

3d. Single Family 2001 Program Financial Statement Audit

Mr. Johnson stated that this program is in sound financial condition. As of April 1, 2008, equity had accumulated to over \$430K.

3e. Taxable Homeowner 2001 Program Financial Statement Audit

Mr. Johnson stated that this program is sound financial condition. Total net assets for April 1, 2008 was over \$113K. This program was the result of an economic refunding and as the program accumulate monies, the Authority can direct the trustee to pay at any point of time. An excess of approximately \$94K had accumulated as of April 1, 2008. In essence, the Authority has the ability to draw down.

4. Old Business

None.

6. Public Comments

None.

Adjournment. Meeting adjourned at 3:55p.m.

JACKSONVILLE HOUSING FINANCE AUTHORITY

Certification

Recorded by:

Submitted by:

Yonner Wheeler

Jim Pellot, Secretary

Approved by:

Bernard E. Smith, Chair

Exhibits

2008 Supplement Application and 2009 Allocation 10
Agenda for June 25, 2008, Regular Meeting 2
AIG Investment Agreement 11
Certification 14
Director's Report for September 2008 6
Inducement Resolution 10
JHFA Financial Reports 5
JHFA Meeting Minutes for June 25, 2008, Regular Meeting 5
Legislative Updates Memorandum 5
Letter from Amerinational regarding The Glades 8
Memorandum from Greenberg Traurig 7
Memorandum from RBC Dain 7
Memorandum from the Hendrickson Company and Community Concepts
Group..... 7
NOFA/RFA - Local Government Support 10
Sign In Sheet for June 25, 2008 Regular Meeting 2
Single Family 2000 Financial Statements 12
Single Family 2001 Financial Statements 13
Taxable Homeowner 2001 Financial Statements 13
Transfer Agreement for Countrywide 9