

HOUSING AND NEIGHBORHOODS DEPARTMENT



JACKSONVILLE HOUSING FINANCE AUTHORITY

# MINUTES

OF

# REGULAR MEETING

June 25, 2008

# JACKSONVILLE HOUSING FINANCE AUTHORITY

June 25, 2008

2:30 p.m.

PROCEEDINGS before the Jacksonville Housing Finance Authority taken on Wednesday, June 25, 2008, Edward Ball Building, 214 N. Hogan Street, 8<sup>th</sup> Floor, Jacksonville, Duval County, Florida commencing at approximately 2:33p.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, Member.....absent  
KEN FILIP, Member  
RONALD JACKSON, Member  
JIM PELLOT, Member

### **PROFESSIONAL STAFF:**

RHONDA BOND-COLLINS, Greenberg Traurig, Inc.  
KAREN CHASTAIN, Office of General Counsel  
HELEN FEINBERG, RBC Dain Rauscher  
MARK HENDRICKSON, The Hendrickson Company  
PRISCILLA HOWARD, Community Concepts Group  
SUSAN LEIGH, Community Concepts Group

### **STAFF:**

WIGHT GREGER  
LAURA STAGNER  
YON WHEELER

### **OTHERS PRESENT:**

Patt Denihan, Ehousing Plus  
Tawanna Ellis, BNY  
Todd Fabbri, The Richman Group  
Liz Fezor, BNY Trust Co.  
Sanford Horvitz – LISC  
Shannon Nazworth – Ability Housing

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**PROCEEDINGS**

June 25, 2008

Regular meeting

2:30 p.m.

**Call to Order and Comments.** Chair Smith called the regular meeting to order at approximately 2:33 p.m. with a quorum present.

**Consider Approval of Minutes of May 21, 2008 of the JHFA Regular Meeting.** The first item on the agenda was the approval of the minutes of the May 21, 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 April 30, 2008 are available for review. The JHFA is in strong financial condition and we are moving forward with budget.

She stated to contact her if there are any questions about the ongoing budget process.

**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 with the new format is available for review. Mr. Jackson's Board appointment was

approved by City Council yesterday. The legislation for the removal of the Letter of Credit requirements for the JHFA Loan Trust fund is scheduled for Council action on July 15<sup>th</sup>. The Appropriation of the 4% subsidy funds for the 2006 singlefamily bond issue is also scheduled for Council action on July 15<sup>th</sup>.

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 Florida ALHFA Annual Conference will be held in Orlando, Florida. Please contact her or see Ms. Wheeler if you are interested in attending.
- Ron Jackson's Board appointment was approved yesterday at City Council. He can now officially serve on the JHC and JHFA Board of Commissioners. Mr. Jackson is now a Mayoral appointee instead of a City Council appointee.
- The legislation regarding the JHC and JHFA Board separation will be filed shortly and should hopefully be introduced to City Council in July. City Council should be approving the legislation hopefully by the end of August. At that time, the JHFA Board members will be re-appointed to the board. Presently, there are two nominees presented for the JHC Board. An excerpt of their resume/biographies, a copy of which are attached hereto and by this reference made a part hereof are available for review. Brad King is a City Council appointee and the legislation for his appointment was

introduced yesterday at City Council. Mr. King has an extensive amount of banking history and was recommended by Councilmember Daniel Davis. Leonard (Lenny) Curry has a background that comes from a professional services/human resources entity. Ms. Greger stated that she had the opportunity to meet with him and he is very excited and enthusiastic about being appointed to the JHC Board. Mr. Curry is a Mayoral appointee. Legislation has not been introduced as of yet but will be forthcoming.

- On August 8, 2008, Florida Housing Finance Corporation will be having its Board meeting in Jacksonville. On August 7, 2008, the Housing and Neighborhoods Department and LISC will be co-hosting two events. There will be a bus tour of the neighborhoods at 5:00pm and a reception at 7:00pm at the Hyatt Regency. Ms. Greger invited the Board members to attend. She also stated that she looks forward to showing what is being done in Jacksonville to further affordable housing. Ms. Greger stated that these meetings are quite interesting and encourages everyone to attend. Please contact her for more information regarding these events.
- Ms. Greger stated that she, Ms. Stagner and Ms. Begue went on a driving tour of the bond properties this past month. They walked around the properties, took photos and talked to some of the management staff. Most of the occupancies are fairly high. If any one is interested in taking a tour, please contact her to schedule an appointment.

- Ms. Greger stated that in reference to Financial Disclosures, she has received the final word from the State that the Board members for JHC and JHFA are not required to file any individual financial disclosure forms. Ms. Chastain stated that she was informed by Carla Miller who is the Ethics Officer that City Council has amended the local ethics requirements. Therefore, no board member serving on the JHC or the JHFA will be required to make any financial filings either at the state or local level.
- Ms. Greger stated that JHFA Board traditionally does not have a Board meeting in July due to the conference. She wanted to poll the Board about conducting a meeting in July. Discussion ensued and the Board decided to cancel the July Board meeting. However, if there are actions pending that cannot wait until August, there will be a Board meeting on July 23<sup>rd</sup>.

1d. Financial Advisor's Memo

Referring to the Memorandum from The Hendrickson Company, the Community Concepts Group and Greenberg Traurig, copies of which are attached hereto and by this reference made a part hereof. Ms. Bond-Collins stated that the construction is complete regarding Kimbers Cove. They have some excess monies available. She has documents available to provide that they are able to receive the monies. She has the certificate available for signature by the Board after the meeting today. Mr. Hendrickson stated that his consolidated memorandum details items that will be taken up in the

action item section of the Board meeting today.

## **2. Action Items**

### **2a. Utilization of 2008 Bond Allocation**

Mr. Hendrickson stated that the 2008 bond program will allocate \$34.9M in bonds to Jacksonville. The State indicates that the JHFA has until the end of June to use the allocation. If it is not used or tied down to a specific development, the allocation is lost and it will flow into the state pool. A decision needs to be made today on how to handle this allocation. There are three multifamily transactions that are presently in process. They are Bennett Creek, Arlington Portfolio and the Towers of Jacksonville. The bond team and staff need to decide in what order the developments are going to close. By federal law, the multifamily carryforward of \$33M has to be given to which ever deal closes first. Prioritizing the three deals in the correct order is crucial. If incorrectly ordered, the allocation will be lost to the state pool. The analysis of the three developments are as follows:

- Bennett Creek - Bennett Creek is the farthest along and most likely will be able to close first. However, the developer is in the process of having to re-negotiate and search for the bond credit enhancement.
- Arlington Portfolio - Arlington is moving along in the real estate process.
- The Towers of Jacksonville - The Towers cannot get a 2008 allocation at this time because it does not have TEFRA

approval yet. This will automatically place them in the number three slot.

Mr. Hendrickson stated that even though Bennett Creek is farther along, the developer has decided that since it may take them longer than anticipated to get the credit enhancement, they are willing to wait until after the other deal closes and not put the JHFA at risk of losing allocation. They may be ready to go first, but is willing to go to the number two slot. However, if Arlington cannot close, they are going to back up and preserve the allocation and wait until either Arlington closes or until 2009 when all of the bonds are in the carryforward position. Discussion ensued and Mr. Pellet made a motion to approve the following:

- Deem Arlington Portfolio as deal number one (1), with the assumption that \$27,500,000 of carry-forward will be used on this development transaction.
- Deem Bennett Creek as deal number two (2), with the assumption that the remaining \$5,500,000 of carryforward will be used on this transaction and file for allocation of \$27,500,000 of the balance of the \$33M allocation needed.
- Deem The Towers of Jacksonville as deal number three (3).

Mr. Filip seconded the motion.

**Motion passed 4-0.**

Mr. Hendrickson stated that in the end there will be some unused bond allocation of about \$8M - \$13M. Last year, staff and the bond team felt that it was a good idea to put some of the singlefamily allocation in the bank so that over a 2-3 year

period, the plan of financing would be used for homeownership bonds and current year allocation for rental if there was sufficient demand. However, JHFA has adequate carryforward for singlefamily available. There is no realistic expectation of using that money within the three year period. Over-saving without expectation and storing the allocation can cause some tax law issues. More than likely, the allocation will not be used and it would be better to release it to the state pool for others that have a need to use it. Discussion ensued and Mr. Pellet made a motion to let the remaining 2008 allocation lapse and release it back to the state pool. Mr. Filip seconded the motion.

**Motion passed 4-0.**

2b. Extension of Preliminary Agreement

Mr. Hendrickson stated that current preliminary agreement for Bennett Creek expires June 30, 2008. Mr. Hendrickson recommends that that the Board adopt an amended and restated preliminary agreement that would have an expiration date 155 days from receipt of allocation and modify the preliminary agreement to require payment of any validation cost if the bonds are not sold by the expiration date. Mr. Pellet made a motion to approve Mr. Hendrickson's request. Mr. Filip seconded the motion.

**Motion passed 4-0.**

2c. The Towers of Jacksonville

Mr. Hendrickson stated that the Towers of Jacksonville need more allocation than they originally thought. They need \$13M instead of \$10M. They have to be in position with a new Inducement Resolution and TEFRA so that when it goes through the process,

funds can be requested out of the state pool on November 15, 2008.

Mr. Hendrickson said that he is not sure if the Towers will obtain the request but want to get them into position so that it can be dealt with in 2009. Because the amount has changed to \$13M, Mr. Hendrickson requests that the board authorize and adopt an Amended and Restated Inducement Resolution as well as authorize staff and bond counsel to take the action necessary to request an allocation from the state pool after the TEFRA hearing. Discussion ensued and Mr. Smith read the Resolution into the record as follows:

**RESOLUTION REGARDING THE OFFICIAL ACTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY RELATIVE TO THE ISSUANCE OF NOT TO EXCEED \$13,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS MULTIFAMILY HOUSING REVENUE BONDS (THE TOWERS OF JACKSONVILLE), SERIES 2008, FOR THE PURPOSE OF ACQUIRING, REHABILITATING, AND EQUIPPING A MULTIFAMILY RESIDENTIAL HOUSING FACILITY FOR ELDERLY PERSONS OF LOW, MIDDLE OR MODERATE INCOME AND FURTHER AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT BY AND BETWEEN THE JACKSONVILLE HOUSING FINANCE AUTHORITY AND TOWERS OF JACKSONVILLE, L.P. OR ITS PERMITTED SUCCESSORS AND ASSIGNS; AND PROVIDING AN EFFECTIVE DATE.**

Mr. Pellot made a motion to adopt an Amended and Restated Inducement Resolution for the Towers of Jacksonville and authorize staff and the bond team to take the necessary action needed to receive allocation from the state pool after the TEFRA process. Mr. Filip seconded the motion.

**Motion passed 4-0.**

Mr. Hendrickson stated that once the TEFRA process is completed

and signed off, staff and bond counsel can immediately file and get in line in the state pool to request allocation.

2d. 2006 Single Family Bond Issue

Mr. Hendrickson stated that at last month's meeting, the board approved a modification of the remaining balance of the second mortgage funds for the 2006 Single Family Bond Issue to provide a 4% subsidy assistance in the form of a grant to the remaining non-assisted loans, and directed staff to work with the bond team and the Office of General Counsel to draft the appropriate legislation. Today, the legislation is expected to be on the agenda of City Council on July 22, 2008. Mr. Hendrickson stated that this program is ending its current contract so by the time the 4% subsidy assistance is approved, the program would be over soon. Ms. Berner from RBC Dain found that there can be an extension for six months without any cost to JHFA. If a six month extension is approved, the lenders would have until February 1, 2009 to originate loans. Discussion ensued about the cost to the JHFA and maximizing dollar earnings and Mr. Jackson made a motion to approve the six month extension for the 2006 singlefamily bond issue. Mr. Pellet seconded the motion.

**Motion passed 4-0.**

2e. 2007 Single Family Allocation of Loan Proceeds

Mr. Hendrickson stated that \$500K has been under the 2007 singlefamily program. Mostly all of it is allocated through the assisted portion of the program. The assisted portion is dwindling down except for what is set aside within the target areas. Mr. Hendrickson suggested to utilize some of the 5.99%

funds that are not used and reserve it for the target area. Then release the assisted portion that is not use to the group as a whole. This will allow the origination of another \$1.6M of assisted loans to be used now rather than waiting for one year for the target area funds to expire. He stated that it just needs approval. It is not a tax or legal issue and it does not have to go through the City Council legislative process. Mr. Pellot made a motion to approve the release of the assisted portion of the funds to the entire group as a whole for use in origination of loans. Mr. Filip seconded the motion.

**Motion passed 4-0.**

Ms. Denihan from Ehousing Plus stated that Watson Mortgage who is a very active participant in the State program in this area has submitted all of their documents for the 2007 singlefamily program. They will be trained tomorrow and it is anticipated that they will use a lot of the funds that are left in program.

2f. Transfer of Ownership (The Glades)

Mr. Hendrickson stated the Glades is an existing apartment development who wants to implement a change of ownership. In this case, it is not really a new party coming on board but a merger in partnership. Presently, there is not a policy in place on how new ownership can be approved. Mr. Hendrickson feels that if there is a case where a change of ownership is needed, a credit underwriter should review the new owner's records to make sure that there are no financial issues or problems. Mr. Hendrickson recommends approval of the transfer of ownership of the Glades condition upon approval of the new owner by the credit underwriter and approval

of the documents by bond counsel. Mr. Pellot made a motion to approve the transfer of ownership of the condition upon approval of the new owner by the credit underwriter and approval of all documents by bond counsel as well as the institution of all cost by the new owner. Mr. Filip seconded the motion.

**Motion passed 4-0.**

Ms. Chastain wanted to inform the Board that since there are two partners collapsing into one entity, there is no need to consider management experience. However, for future deals, if it is a third party or new entity, the management experience along with financial ability will need to be reviewed.

### **3. New Business**

None.

### **4. Old Business**

#### **4a. Potential Use for JHFA Loan Trust Fund**

Ms. Greger stated that legislation is schedule to be on the City Council agenda on July 22, 2008 regarding the removal of the Letter of Credit provision for the JHFA Loan Trust Fund. She stated that staff plans to come up with some potential options and/or recommendations of how to allocate the funds to any potential multi-family deal for consideration and approval by the Board at the next meeting.

### **6. Public Comments**

#### **Ms. Shannon Nazworth - Ability Housing**

Ms. Nazworth stated that she attended the Board Retreat a couple of weeks ago for Florida Housing. She said that one of the things

on the agenda was the restriction of state resources to Location A. Duval County is considered Location A. She stated that discussions strongly ensued about not allowing the 9% tax credits to Location A. The Coalition Affordable Housing Providers (CAHP) is considering endorsing this position as well. Ms. Nazworth also stated that Florida Housing can really only go by what others are suggesting and if there is no one present to contradict the need for 9% tax credits, it may very well go through the route of restrictions for Location A. Since Florida Housing's Board meeting will be conducted in Jacksonville in August, she suggested that Board members and staff may want to ask to be on the agenda to speak about this issue since it will be a topic of conversation.

**Adjournment.** Meeting adjourned at 3:53p.m.

**JACKSONVILLE HOUSING FINANCE AUTHORITY**

**Certification**

**Recorded by:**

**Submitted by:**

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**Yonner Wheeler**

**Jim Pellot, Secretary**

**Approved by:**

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**Bernard E. Smith, Chair**

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