

HOUSING AND NEIGHBORHOODS DEPARTMENT



JACKSONVILLE HOUSING FINANCE AUTHORITY

MINUTES

OF

REGULAR MEETING

March 19, 2008

JACKSONVILLE HOUSING FINANCE AUTHORITY

March 19, 2008

2:30 p.m.

PROCEEDINGS before the Jacksonville Housing Finance Authority taken on Wednesday, March 19, 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
TERRY MOORE, Member
JIM PELLOTT, Secretary

WIGHT GREGER, Director

APPEARANCES

BOARD MEMBERS:

BERNARD E. SMITH, Chair
CATHERINE L. CHILDERS, Member.....absent
KEN FILIP, Member.....absent
TERRY MOORE, Member
JIM PELLOT, Member

PROFESSIONAL STAFF:

RHONDA BOND-COLLINS, Greenberg Traurig, Inc.
KAREN CHASTAIN, Office of General Counsel
LARRY FLOOD, RBC Dain Rauscher
MARK HENDRICKSON, The Hendrickson Company
PRISCILLA HOWARD, Community Concepts Group
CALVIN JOHNSON, Calvin Johnson, CPA
SUSAN LEIGH, Community Concepts Group

STAFF:

TINA BEALS
WIGHT GREGER
GLADYS PAYTON
LAURA STAGNER
NANCY WESTCOTT

OTHERS PRESENT:

Shwaters, Attendee
Richard Dillard – BNY
Sanford Horvitz – LISC
D. Mciver – BB&T
Shannon Nazworth – Ability Housing

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PROCEEDINGS

March 19, 2008

Regular meeting

2:30 p.m.

Call to Order and Comments. Chair Smith called the regular meeting to order at approximately 2:35 p.m. with a quorum present.

Consider Approval of Minutes of January 23, 2008 of the JHFA

Regular Meeting. The first item on the agenda was the approval of the minutes of the January 23, 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 and duly seconded by Mr. Moore.

Motion Passed 3-0.

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 November 30, 2007 are available for review. She also stated that of the \$5M available, \$1.7M are located in our tax credit revolving fund.

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 Arlington Housing Portfolio Bond Issue's Bill scheduled for completion has moved to April 8, 2008. There are no other items awaiting legislation.

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:

- Referring to the Board Retreat Synopsis, a copy of which is attached hereto and by this reference made a part hereof. Ms. Greger stated that there was a Board Retreat on February 23, 2008. She said it was productive and well attended. At the retreat there were discussions concerning the implementation of the Affordable Housing Task Force recommendations, focusing on developing policy positions, and instituting the legal separation of the Jacksonville Housing Commission (JHC) and the Jacksonville Housing Finance Authority (JHFA). A lengthy discussion ensued about the possibility of separating the JHC and JHFA Board of Commissioners. Ms. Greger stated that the separation would mean that the five members of the JHFA Board would no longer serve on the Board of the JHC. Ms. Greger along with the Office of General Counsel is reviewing the ordinance. The two Boards will need to work through logistics as to which board member stays on what board. In reference to having a liaison between the two boards, Ms. Chastain stated that communications between staff and the Director between the two groups would be sufficient rather than requiring that a single member attend both meetings. She said that the separation is a simple process since the JHFA is already a separate entity under Chapter 159 F.S. that was created for

the specific purpose of issuing bonds and shielding the City from liability. Ms. Greger stated that the legal separation was something that the Chair of the JHC wanted to pursue in an effort to broaden the representation on the board and add more input from other community stake holders. The thought process at the retreat was for the JHC to be advisory and focus more on policy, advocacy, marketing and preparing an annual report of accomplishments for the community.

- An April 16, 2008 Board meeting was not scheduled because of the NALHFA Conference in California. However, since no one will be attending, discussion ensued about whether or not to have a meeting in April. It was determined that the staff will contact the Board and the Bond Team to survey if there is a need for a meeting in April later in the week.
- Ms. Greger stated that Mr. Terry Moore has resigned from the Board of Commissioners of the JHC and the JHFA. He has served faithfully since 2003 and was presented with a plaque. Mr. Moore thanked everyone and said that it has been a privilege to serve on the board and he enjoyed being a member.

1d. Financial Advisor's Memo

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

- In reference to the 2006 Single Family Bond Issue, Mr. Hendrickson stated that all of the non-targeted area bond funds and second mortgage money have been utilized. The targeted area bond funds were released on October 11, 2007 for use in all areas. There has not been much movement since the end of November 2007.
- In reference to the 2007 Single Family Bond Issue, Mr. Hendrickson stated that the 2007 Single Family Bond Issue is moving very well.
- In reference to the 2008 Single Family Bond Issue, Mr. Hendrickson stated that the JHFA authorized filing for the 2008 allocation and taking the steps necessary to preserve the remaining 2007 allocation as carry-forward. Both actions were completed successfully. The initial allocation applied for and received for the 2008 allocation is for single family and can also be converted as needed for rental transactions. The current allocation is \$34,929,091, an increase of \$425,499 (1.2%) over 2007.
- Referring to the Arlington Multifamily Housing Portfolio, Mr. Hendrickson stated they are currently going through the credit underwriting process and are moving very rapidly.
- Referring to the Towers of Jacksonville, Mr. Hendrickson stated that they are moving forward to do an HFA insured deal. The cost and scope of work associated with the rehabilitation have yet to be determined. Final sources and uses have not yet been calculated. Once the costs have been

fully identified, this transaction will more than likely need additional bond allocation from the Authority.

2. Action Items

2a. Bennett Creek - Preliminary Agreement

Referring to the Bennett Creek Preliminary Agreement, a copy of which is attached hereto and by this reference made a part hereof, Mr. Hendrickson stated that the Bennett Creek Project received an allocation of \$33 million in 2006. The allocation became carry-forward in 2007, meaning that it must be used for the first multifamily deal that closes, and it must be used before the end of 2009. Because of the market pressures, the ability of institutions such as Citibank to purchase and remarket unrated debt is limited. As a result, the developer and Citibank indicate that the best financing structure at present is most likely Fannie Mae or Freddie Mac credit enhanced (rated) bonds. This will require new City Council action because the last approval specifically referenced a private placement of the bonds. An extension of the Preliminary Agreement will also be necessary. Mr. Moore made a motion to approve the amended and restated Preliminary Agreement to reflect the extension of the expiration date to June 30, 2008 and authorize staff and the Office of General Counsel to take the steps necessary for City Council action using a rated bond structure. Mr. Pellet seconded the motion.

Motion passed 3-0.

2b. Approval of Extension for Professional Services Agreement

Referring to the Memorandum regarding the extension for the

Professional Services Agreement, a copy of which is attached hereto and by this reference made a part hereof, the JHFA has contracts with each of the members of the Bond Team since 2006 with an option to renew annually for an additional two years. Mr. Moore made a motion to renew the contracts for each member of the Bond Team. Mr. Pellet seconded the motion.

Motion passed 3-0.

2c. Request for Local Government Support

Ms. Greger stated that there were three applications requesting local government support. There are funds set aside that allow the JHFA to provide local government contributions without having to go through City Council under certain conditions. The fund presently has \$1.7M available. Applications were received from American Realty Development, LLC for the Madison Marsh Apartments and Atlantic Housing Partners for the Heron Cove Apartments and the New Berlin Apartments Phase I. Applications for tax credits in Duval County must receive a minimum of \$200K.

However, since the JHFA policy requires a Letter of Credit (LOC) provision, the contribution will have to be closer to the amount of \$275K. These applicants will apply for the 9% tax credits from FHFC but will require proof of local support through the approval of their loan requests in an amount not to exceed \$270,000 by April 7, 2008. If awarded credits, they would then go through the credit underwriting procedures and only if successful, JHFA will release the funds. Mr.

Hendrickson gave a general overview of each of the developments as follows:

- Heron Cove Apartments - Mr. Hendrickson stated that all of the threshold items appeared to be addressed. Within the application, the developer shows site control, evidence of land use and zoning. They have a title binder. Heron Cove meets the defined threshold.
- New Berlin Apartments Phase I - Mr. Hendrickson stated that everything is the same as Heron Cove with the exception of land use and zoning on different parts of the property. They have not provided evidence of land use and zoning that would permit the proposed use of multifamily apartments with is one of the threshold items.
- Madison Marsh Apartments - Mr. Hendrickson stated that this project is an elderly development. However, the developer did not provide the FHFC request amount and it is not currently zoned for the proposed use. They also did not provide a title insurance binder or a title commitment as well as Phase I environmental provisions. They are requesting that these items be waived. Mr. Hendrickson stated that these items cannot be waived according to the JHFA provisions and would require approval of City Council legislation.

Discussion ensued about timing, requirements, and contingency waivers and the following recommendation was made:

- Heron Cove Apartments - Mr. Pellet made a motion to approve the request for local government contribution to Atlantic

Housing Partners for Heron Cove Apartments. Mr. Moore seconded the motion.

Motion passed 3-0.

- Mr. Pellot made a motion to approve the request for local government contribution to Atlantic Housing Partners for New Berlin Apartments contingent upon approval by City Council to waive the criteria during this preliminary phase, with all criteria being met at closing. Mr. Moore seconded the motion.

Motion passed 3-0.

- Mr. Pellot made a motion to approve the request for local government contribution to American Realty Development, LLC for Madison Marsh Apartment contingent upon approval by City Council to waive the criteria during this preliminary phase, with all criteria being met at closing. Mr. Moore seconded the motion.

Motion passed - 3-0.

2d. Adjustment to Bond Policies

Referring to the Crime Free Multi-Housing Program, a copy of which is attached hereto and by this reference made a part hereof, Ms. Greger stated that the Jacksonville Journey meetings have been putting action items in place for anti-crime initiatives. There is a sub-committee called Crime-Free Multifamily Housing which is chaired by Mr. Ferguson, Director of the Jacksonville Housing Authority to discuss ways of implementing crime prevention techniques within all of the

City's multifamily apartment complexes since the data shows a high percentage of crimes being committed in these multifamily apartments. The committee has asked the Housing and Neighborhoods Department to require all of the multifamily apartments that we fund to participate to become certified in the Office of the Jacksonville Sheriff's Crime Free Multifamily Housing Program. Mr. Pellot stated that he agrees with this program and strongly endorses it. He feels that property owners would appreciate this type of seal of approval to make a dent in the crime that is in the City of Jacksonville. Discussion ensued and Mr. Moore made a motion to adopt the change to the bond policies to include the participation of the Office of the Jacksonville Sheriff's Department Crime Free Multi-Housing Program as a requirement in order to receive funding by the JHFA. Mr. Pellot seconded the motion.

Motion passed 3-0.

3. Discussion Items

3a. Countrywide - Assignment of Servicing

Referring to the Countrywide request for consent to assignment, JHFA has received a request from Countrywide Home Loans, Inc., the current Master Servicer under the 2006 single-family bond program to consent to an assignment of its interest in the Master mortgage origination and servicing agreement for loans purchased and/or originated after January 1, 2008 to Countrywide Bank, FSB. Last month, Ms. Bond-Collins stated that the professional team in conjunction with the General Counsel's office has requested additional information from Countrywide

with respect to this request. Today, Mr. Hendrickson stated that the financial team has informed Countrywide early in the process that they would be responsible for attorney fees. There was a notice received from Countrywide to stop work in which they complied. Ms. Bond-Collins stated that although work was stopped, she wanted to make a note that an agreement was not reached on the terms in the document.

4. New Business

4a. Single Family Series 1999 Bond Program Financial Statement Audit

Referring to the Single Family Series 1999 Bond Program Financial Statement, copies of which are attached hereto and by this reference made a part hereof, Mr. Johnson stated that the program is in very sound financial condition. As of October 1, 2007, there are net assets in total of over \$602K. He wanted to note that there was a receivable of \$15K that was in error in the 1998 bond program. Those monies have transferred over to the 1999 bond program. The operating income was a total of a little over \$9K as compared to approximately over \$11K in the prior year. Under issuer fees, the program paid the Authority a little over \$11K. There are no significant matters to report. However, during the course of the audit, there were some under-payments/non-payments and missed payments of the program fees. The Trustee, U.S. Bank, has indicated that those have all been corrected at this point. There was also a mis-calculation in the April 1, 2007 bond redemption and it was between two set of bonds in the approximate amount of \$160K. The entire mandatory redemption was much more,

but approximately \$160K of one bond was redeemed rather than an alternative bond. So, it is between two bonds. It did not cost the program any monies because the interest rate on the two bonds is identical and the Trustee has been made aware. They have already tried to correct the problem to the extent of what they could do. The October 1, 2007 call, they corrected \$15K of the \$160K and will continue making those corrections.

4b. Single Family Series 2002A Bond Program Financial Statement

Audit

Referring to the Single Family Series 2002A Bond Program Financial Statement, copies of which are attached hereto and by this reference made a part hereof, Mr. Johnson stated the Trustee is Bank of New York. The program is in sound financial condition. As of October 1, 2007, there are net assets in a little over \$183K. Under current liabilities, there was a cash overdraft of \$143K on October 1, 2007 and was corrected the very next day. It was a loan from the Trustee to the Bond program with a sale of an investment within the Bond program. Operating income was a little over \$770K. The program is paid down. It did not fully originate in the beginning. The program started off small and it is now paid down. Therefore, the operating results are small. The issuer fees under operating expenses were a little over \$3,600 paid to the Authority. There are no matters to report in reference to internal control and compliance.

5. Old Business

5a. Monitoring Report

Referring to the Monitoring Report, a copy of which is attached hereto and by this reference made a part hereof. Ms. Greger stated that the Monitoring Report with updated information on multifamily properties has been provided review.

6. Public Comments

None.

Adjournment. Meeting adjourned at 4:01p.m.

JACKSONVILLE HOUSING FINANCE AUTHORITY

Certification

Recorded by:

Submitted by:

Yonner Wheeler

Jim Pellot, Secretary

Approved by:

Bernard E. Smith, Chair

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