

HOUSING AND NEIGHBORHOODS DEPARTMENT



JACKSONVILLE HOUSING FINANCE AUTHORITY

MINUTES

OF

REGULAR MEETING

February 18, 2009

JACKSONVILLE HOUSING FINANCE AUTHORITY

February 18, 2009

12:00 p.m.

PROCEEDINGS before the Jacksonville Housing Finance Authority taken on Wednesday, February 18, 2009, Edward Ball Building, 214 N. Hogan Street, 8th Floor, Jacksonville, Duval County, Florida commencing at approximately 12:01p.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
KEN FILIP, Member
RONALD JACKSON, Member
JIM PELLOT, Member

PROFESSIONAL STAFF:

RHONDA BOND-COLLINS, Greenberg Traurig, Inc.
KAREN CHASTAIN, Office of General Counsel
PAT DENIHAN, Ehousing Plus
MARK HENDRICKSON, The Hendrickson Company
PRISCILLA HOWARD, Community Concepts Group
SUSAN LEIGH, Community Concepts Group
JOHN SABATIER, RBC Dain Rauscher

STAFF:

WIGHT GREGER, Director
DARRELL GRIFFIN
LAURA STAGNER
NANCY WESTCOTT
YON WHEELER

OTHERS PRESENT:

Richard Dillard, BNY
Steve Frick, Vestcor
Sandy Horvitz, LISC
Geri Kail, Hancock Bank
Shannon Nazworth, Ability Housing
Robinson, HR (njoapbox@yahoo.com)
Zach Siater, OGC Intern

PROCEEDINGS

February 18, 2009

Regular meeting

12:00 p.m.

Call to Order and Comments. Chair Smith called the regular meeting to order at approximately 12:01 p.m. with a quorum present.

Consider Approval of Minutes of January 21, 2009 of the JHFA

Regular Meeting. The first item on the agenda was the approval of the minutes of the January 21, 2009, Regular Meeting, a copy of which is attached hereto and by this reference made a part hereof. Ms. Childers made a motion to approve the minutes as amended. Mr. Jackson seconded the motion.

Motion Passed 5-0.

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 financial activities through December 31, 2008 are available for review. She stated that there are no significant items to report and the JHFA is on track with the budget that was presented for this year.

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 there are no items in legislation that are specific to the JHFA at this time. However, the legislative draft packet is being prepared to appropriate the additional 4% subsidy

that was approved at the last meeting from the proceeds of the partial redemption of the 2006 single family bond issue.

1c. Director's Report

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

- Regarding the Neighborhood Stabilization Program (NSP), Ms. Greger stated that staff is in the process of ranking and scoring the applications and hopes to be able to present awards in March.
- Ms. Greger stated that staff is still working to resolve the HUD OIG audit issue. She stated that she will bring more information to the Board as it becomes available.
- Ms. Greger stated that the City will be launching a community/city-wide information portal and information service as a result of the recent foreclosure summits conducted by Councilman Hyde and Councilman Webb. The Housing and Neighborhoods Department will be involved in implementing unified strategies for foreclosure prevention. More information will be made available when the program initiates the launch.
- Regarding the budget issue as it relates to the state budget, Mr. Hendrickson stated that in the January special session, the legislature directed Florida Housing to return \$190M of previously appropriated funds back to general revenue. The \$190M will be de-obligated from various activities. Yesterday, Florida Housing held an emergency rule hearing to

implement the \$190M. There should be approximately \$175M available for the SHIP and the SAIL program. However, the two programs cannot be funded even at their base levels due to an increase in revenue. Therefore, the upcoming year looks bleak. Florida Housing will be moving forward with a cycle that does not include the SAIL program at this point. He stated that he will keep the Board updated as more information becomes available.

1d. JHCDC Report

Ms. Greger informed the Board that the Housing Services and Community Development divisions are in the process of ranking and scoring the Universal Cycle Applications. They are moving forward even though we are uncertain about how the upcoming budget for this year will be allocated.

1e. Financial Advisor Memo

Referring to the Financial Advisor's Report from The Hendrickson Company, the Community Concepts Group, and the Memorandum from Greenberg Traurig, copies of which are attached hereto and by this reference made a part hereof, Mr. Hendrickson gave a brief report regarding the 2006 and 2007 single family bond issues. Ms. Bond-Collins stated that last month, Lighthouse Bay was routinely selected for examination by the IRS. She stated that staff has been informed by the IRS that they are closing the file and they no longer seek examination for Lighthouse Bay.

2. Action Items

2a. Release of Letter of Credit for Courtney Manor

Mr. Filip disclosed that as an employee of Regions Bank, He does

business with Vestcor on the conventional side and will not partake in any of the discussions regarding Courtney Manor and will abstain from voting. Mr. Filip has filed Form 8B, Memorandum of Voting Conflict for County, Municipal and other Local Public Officers for the record, a copy of which is attached hereto and by this reference made a part hereof.

Referring to the request for the removal of Letter of Credit (LOC) for Courtney Manor (Vestcor), a copy of which is attached hereto and by this reference made a part hereof. Mr. Hendrickson stated that Courtney Manor has a local government loan of \$752,000, with 0% interest and a 40 year maturity (annual payment of principal of \$18,800). The current loan balance is \$601,600. The loan is scheduled to be fully paid in 32 years. The loan is secured by a Letter of Credit in the amount of the outstanding loan balance. There are no provisions in the current documents related to conversion of the LOC requirement to a subordinate mortgage. A policy has been developed that requires the developer to submit information related to the current financial and physical condition of the property as part of any request for release of an LOC. Developers are also able to propose changes to the development that would enhance the public policy mission of the JHFA. Vestcor has requested that the JHFA remove the LOC requirement for Courtney Manor. Vestcor has offered to provide an additional 25 units at 35% of AMI (rent and income restricted) for a period of five years. At the end of the five year period, the rents on these units would increase to the 60% level as each resident's lease is renewed. Additionally, Vestcor is offering to increase its annual principal payment to \$25,067 which would

reduce the term of loan by 8 years. Mr. Frick from Vestcor stated that the deal is currently losing about \$20K per month. However, it is worth keeping the property because it will have value over time and the funding would be used for physical improvement on the property. Mr. Jackson requested that he would like to review financial statements and a proforma to get a better understanding of the physical needs for the property. Discussion ensued about the physical condition of the property and risk factors. Ms. Childers made a motion to defer the decision until next month with the request that additional information be provided prior to the next authorized Board meeting. The developer must provide financial statements, as well as the inclusion of the demonstrated need for extremely low income units in the city, current conditions of the property and how this particular proposal would address that need. Mr. Jackson seconded the motion.

Motion deferred 4-0.

Mr. Filip abstained from discussion and voting.

2b. Approval to Hold New TEFRA Hearings for Bennett Creek, Arlington Portfolio and The Towers of Jacksonville

Mr. Hendrickson stated that it is unlikely that Arlington Portfolio will have a closing date scheduled before April 8, 2009. It is also unlikely that Bennett Creek will have a closing date scheduled before May 27, 2009. Therefore, new TEFRA hearings are needed as well as an extension of the Preliminary Agreements. Additionally, the Towers of Jacksonville will unlikely have a closing before their Preliminary Agreement expires on March 22, 2009, in which case, an extension of the Preliminary Agreement

would be necessary. Discussion ensued about the market and the economy and the following recommendation was approved:

Ms. Childers made a motion to authorize a new TEFRA hearing and request for TEFRA approval for Bennett Creek. Mr. Jackson seconded the motion.

Motion passed 5-0.

Ms. Childers made a motion to authorize a new TEFRA hearing and request for TEFRA approval for Arlington Portfolio. Mr. Jackson seconded the motion.

Motion passed 5-0.

Ms. Childers made a motion to authorize an extension of the Preliminary Agreement for the Towers of Jacksonville until September 9, 2009. Mr. Jackson seconded the motion.

Motion passed 5-0.

Ms. Childers made a motion to authorize an extension of the Preliminary Agreements for Bennett Creek and Arlington Portfolio until December 31, 2009 (the extension is effective after TEFRA approval is granted by City Council). Mr. Jackson seconded the motion.

Motion passed 5-0.

2c. Approval of Extension for the Professional Services Agreements

Ms. Greger stated that the JHFA entered into contracts with each member of the Professional Services Team since 2006 with an option to renew annually during a three year period. She stated that there is a need to extend the contracts until next year.

Discussion ensued and Ms. Childers made a motion to authorize the Director to extend the existing contracts with each member of the Professional Team. Mr. Jackson seconded the motion.

Motion passed 5-0.

3. New Business

3a. Madison and Taylor - Multi-County Bond Issue

Referring to the letter regarding Madison and Taylor - Multi County Bond Issue, a copy of which is attached hereto and by this reference made a part hereof. Mr. Hendrickson stated that a developer has approached JHFA to determine the interest in using bonds to finance a group of properties in three different counties. He also stated that State and Federal law permit one county's HFA to issue bonds for developments located in multiple counties as long as an Interlocal agreement has been approved by the governing body of each jurisdiction. Jax Development LLC (Benjie Sperling) is requesting that the JHFA consider tax exempt financing for the acquisition of Shannon Ridge Apartments located in Duval County, Madison Heights Apartments located in Madison County and Tidewater Apartments located in Taylor County. These properties are all older Section 8 properties, conventionally financed, serve lower income families and in need of rehabilitation. Madison and Taylor counties do not have HFA's. Although it is only a request at the present time, the developer wanted to know the JHFA's willingness to consider a proposed financing structure, without objection to the concept of a multiple county financing, subject to all conditions of the JHFA including approval by bond and tax counsel, approval of interlocal

agreements acceptable to the JHFA and its counsel by the governing body of each jurisdiction as well as an acknowledgement from the borrower that JHFA shall not be liable for any fees or costs associated with any actions or the overall transaction if it were to move forward. Discussion ensued and the Board felt that if the transaction is fostering affordable housing as well as keeping a viable living environment where people that live there with Section 8 would be able to continue to live there, they would be open to reviewing transactions given that all of the proper information is presented.

4. Old Business

4a. Compliance Monitoring

Ms. Greger informed the Board that a RFP was instituted for Compliance Monitoring. There were three proposals submitted. The proposals have been ranked, scored and submitted to the Procurement Department and Amerinational was awarded the the highest points for Compliance Monitoring. Ms. Westcott will still be working with the property owners and managers to make sure the individual files and record keeping are up to date. However, Amerinational will be responsible for gathering data, occupancy reports as well as other monitoring duties. Amerinational will be providing monthly reports on items going forward.

5. Public Comments

None.

Adjournment. Meeting adjourned at 1:07p.m.

JACKSONVILLE HOUSING FINANCE AUTHORITY

Certification

Recorded by:

Submitted by:

Yonner Wheeler

Jim Pellot, Secretary

Approved by:

Bernard E. Smith, Chair