

HOUSING AND NEIGHBORHOODS DEPARTMENT



JACKSONVILLE HOUSING FINANCE AUTHORITY

MINUTES

OF

REGULAR MEETING

May 20, 2009

JACKSONVILLE HOUSING FINANCE AUTHORITY

May 20, 2009

12:00 p.m.

PROCEEDINGS before the Jacksonville Housing Finance Authority taken on Wednesday, May 20, 2009, Edward Ball Building, 214 N. Hogan Street, 8th Floor, Jacksonville, Duval County, Florida commencing at approximately 12:09p.m.

AUTHORITY MEMBERS

BERNARD E. SMITH, Chair
CATHERINE L. CHILDERS, Member
KEN FILIP, Member
RONALD JACKSON, Member
JIM PELLOTT, 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
PATT DENIHAN, Ehousing Plus
HELEN FEINBERG, RBC Dain Rauscher
MARK HENDRICKSON, The Hendrickson Company
PRISCILLA HOWARD, Community Concepts Group
CALVIN JOHNSON, Calvin C. Johnson, CPA

STAFF:

WIGHT GREGER, Director
DARRELL GRIFFIN
LAURA STAGNER
YON WHEELER

OTHERS PRESENT:

Jim Dyal, Vision Communities
Steve Frick, Vestcor
Sandy Horvitz, LISC

PROCEEDINGS

May 20, 2009

Regular meeting

12:00 p.m.

Call to Order and Comments. Chair Smith called the regular meeting to order at approximately 12:09 p.m. with a quorum present.

Consider Approval of Minutes of March 18, 2009 of the JHFA Regular Meeting. The first item on the agenda was the approval of the minutes of the March 18, 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 and 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 ending April 30, 2009 are available for review. She stated that there was additional revenue in the reporting period when the 2006 single family bond issue closed. The proceeds from the Mortgage Backed Securities sale were received subsequent to the financial closing for April. The proceeds will have a significant impact on the cash balances as we move forward.

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 additional subsidy for the 2007 single family bond issue was approved by City Council. As soon as the documents are enrolled, the appropriate transfers will be made to Trustee so that origination can be completed. City Council also approved Hollybrook Homes Apartments and the Letter of Credit for Courtney Manor just cleared Council Committees this week.

1c. Director's Report

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

- Ms. Greger stated that the department is currently in the middle of the annual budget process. The department is experiencing a significant reduction in the budget by about 40% for fiscal year 2009/2010. As a result of budget cuts, all vacant positions were eliminated and 6 staff were let go. In addition, the department did not receive its fourth quarter distribution of SHIP funds which puts the projected revenues at about 73% in the 2008-2009 fiscal year.
- Ms. Greger stated that staff is working with the City's budget office. There was a question and answer period regarding the JHFA's budget. Travel for all departments, boards and commissions were targeted as an area to reduce department expenses. Ms. Greger stated that she did attend the NALHFA Conference in Washington D.C. this year, but does not intend to make any travel plans in the immediate future.
- Ms. Greger stated that the Charter Revision Commission has been appointed by the City Council. The Commission was

organized to periodically take a look at the operations of the consolidated government, and meets usually every four to five years.

1d. 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 stated that the 2006 single family bond program has concluded. The 2007 single family bond program is in a holding pattern while we are waiting for the down payment legislation to be completed. Ms. Denihan will be working aggressively with the lenders to notify them that the down payment assistance funding is now available. Mr. Hendrickson stated that the program is in good shape and the assistance of the 4% down payment funding will help the program to move forward. Mr. Hendrickson stated that there have been no significant changes regarding Bennett Creek, Arlington Portfolio and the Towers of Jacksonville deal. The credit underwriter continues to work with each developer.

2. Action Items

2a. 2009 Allocation Expiration

Referring to the 2009 Bond allocation in the Financial Advisor Memorandum, a copy of which is attached hereto and by this reference made a part hereof, Mr. Hendrickson stated that a decision needs to be made about what to do with 2009 bond allocation that will be expiring and provided two options:

- 1) Let the balance of the 2009 bond allocation lapse in June

into the state pool and re-apply for allocation in November if needed.

- 2) Reserve the balance by filing the appropriate paperwork with the Division of Bond Finance with a goal of creating single family carry forward available through 2012. This option also carries a cost of \$5,500 for bond validation.

Mr. Hendrickson stated that a TEFRA was approved for Hollybrook Homes Apartments. Hollybrook is in the position where it can file with the Division of Bond Finance. Mr. Hendrickson recommends that \$10M of the 2009 bond allocation be reserved for the developer and allow the balance to be lapsed into the state pool. If there is a need for any of the allocation in November, the JHFA can request it without a cost of bond validation. Discussion ensued and Ms. Childers made a motion to reserve \$10M of allocation for Hollybrook Homes Apartments and let the remainder of the 2009 bond allocation lapse into the state pool. Mr. Filip seconded the motion.

Motion passed 5-0.

2b. Approval for Local Government Contributions for Marcis Pointe Apartments

Referring to the Local Government Contributions for Marcis Pointe Apartments in the Financial Advisor Memorandum, a copy of which is attached hereto and by this reference made a part hereof, Mr. Hendrickson stated that a Notice of Fund Availability (NOFA) was published advertising \$800K of funding available for rental developments. These funds provide the required local government support for applications seeking 9% housing credits from Florida

Housing. An application was received from the applicant for Marcis Pointe Apartments, a proposed 120 unit new construction ELDERLY development. The applicant will also be applying for 9% housing credits from FHFC. The principal applicant/borrower is NVC-103rd Street, Ltd. (Jim Dyal). The property is owned by Vestcor who is selling it to the applicant. Vestcor is also serving as a consultant to the applicant. Therefore, Vestcor is notated as the land seller and the consultant. The applicant is requesting the minimum amount of funds needed to meet the FHFC application requirements to achieve a local government contribution of \$200K. The actual loan amount would be \$218K (non-amortizing loan with all principal due in one balloon payment in 40 years, with a 0% interest rate and anticipated second mortgage position). The net present value of the cost savings achieved with the below market loan equals \$200K. Discussion ensued and Mr. Pellet made a motion to approve the following:

- A loan commitment in the amount of \$218K to Marcis Pointe (minimum amount necessary to result in NPV of "contribution" equal to \$200K) governed by Ordinance 2008-479-E.
- That the loan to be evidenced by Promissory Note and Mortgage with an anticipated second mortgage position (subject to all loan documents and due diligence necessary to evidence and complete the transaction). Loan documents to include a Land Use Restriction Agreement with all applicant commitments (resident programs, City programs, unit and development amenities/features).

- That the loan terms be:
 - Principal amount of \$218K
 - Due in one balloon payment in 40 years
 - Non-amortizing
 - 0% interest rate
- A loan commitment expiration date of December 31, 2010
- The execution of FHFC "Local Government Verification of Contribution Loan" form.

Ms. Childers seconded the motion.

Motion passed 5-0.

3. New Business

3a. 2009 Legislative Session

Referring to the Legislative Update Summary, a copy of which is attached hereto and by this reference made a part hereof, Mr. Hendrickson gave a legislative update regarding the state and local housing trust funds. He stated that the funds were raided in the amount of \$91.9M. He also stated that the appropriation of \$31.11M for housing is the lowest amount since fiscal year 1991-1992. The repeal of the cap on the state and local housing trust funds passed the House unanimously. The repeal of the cap will need to be addressed again in 2010. More information will be provided as it becomes available.

3b. Single Family Series 2002A Bond Program Financial Statement Audit

Referring to the Single Family 2002A Bond Program Financial Statement Audit, a copy of which is attached hereto and by this

reference made a part hereof, Mr. Johnson stated that the program is in sound financial condition. As of October 1, 2008, net assets are \$190K in excess. The operating income is in the amount of \$7,000 and as of October 1, 2008, \$2.5M has been paid down dramatically. He also stated that there were no matters to report on internal control and compliance and everything is functioning as designed.

4. Old Business

4a. Hollybrook

Mr. Hendrickson stated that Hollybrook Homes Apartments is moving forward. They are presently working with the developer through credit underwriting regarding their physical needs assessment.

4b. LB Jax Development - Update

At the January Board meeting, the developers for LB Jax Development requested a conversion of their loan to a grant because they are experiencing losses and cannot refinance. The professional team felt that if the loan was converted to a grant, it would not be in the best interest for the JHFA. At that time the Board approved a six month forbearance period of principle and interest payments through June 30, 2009 to allow the lenders and developers to figure out what a global solution would be for the development. Since that time, the developer requested a meeting with Ms. Greger and Ms. Childers to further discuss their situation. Ms. Childers stated that it would be difficult to convert their loan to a grant because a public purpose could not be determined. Ms. Greger stated that she will try to assist the developer with other possible sources that will help relieve their

issues.

5. Public Comments

None.

Adjournment. Meeting adjourned at 12:55p.m.

JACKSONVILLE HOUSING FINANCE AUTHORITY

Certification

Recorded by:

Submitted by:

Yonner Wheeler

Jim Pellot, Secretary

Approved by:

Bernard E. Smith, Chair