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**Jacksonville Housing Finance Authority**  
**Board of Directors Meeting**  
**January 19, 2011**  
**12:00 Noon**

**AGENDA**

Call Meeting to Order  
Approval of Minutes for November 17, 2010

**Bernard E. Smith**  
**JHFA Board**

**I. REPORTS**

- |                               |                  |   |
|-------------------------------|------------------|---|
| A. Financial Report           | Laura Stagner    | 1 |
| B. Director's Report (verbal) | Wight Greger     |   |
| C. Financial Advisor Memo     | Mark Hendrickson | 2 |

**II. ACTION ITEMS**

- |   |                  |   |
|---|------------------|---|
| A. Approval for Liberty Center Restructuring Request    | Laura Stagner    | 3 |
| B. Preliminary Agreement Extension for Arlington        | Mark Hendrickson | 4 |
| C. Preliminary Agreement Extension for Hollybrook       | Mark Hendrickson | 5 |
| D. Preliminary Agreement Extension for Savannah Springs | Mark Hendrickson | 6 |
| E. Preliminary Agreement Extension for Pine Grove       | Mark Hendrickson | 7 |
| F. Approval of new TEFRA for 2010 Single Family         | Mark Hendrickson | 8 |
| G. Approval for Cedars at Baymeadows                    | Mark Hendrickson | 9 |

**III. NEW BUSINESS**

None.

**IV. OLD BUSINESS**

None.

Public Comments

HOUSING AND NEIGHBORHOODS DEPARTMENT



JACKSONVILLE HOUSING FINANCE AUTHORITY

**MINUTES**

**OF**

**REGULAR MEETING**

November 17, 2010

# **JACKSONVILLE HOUSING FINANCE AUTHORITY**

**November 17, 2010**

**12:00 p.m.**

**PROCEEDINGS before the Jacksonville Housing Finance Authority  
taken on Wednesday, November 17, 2010, Edward Ball Building, 214  
N. Hogan Street, 8<sup>th</sup> Floor, Jacksonville, Duval County, Florida  
commencing at approximately 12:00p.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:**

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

### **STAFF:**

WIGHT GREGER, Director  
JANE BOUDA  
GREG HERZOG  
LAURA STAGNER  
YON WHEELER  
DONTECIA SEYMORE

### **OTHERS PRESENT:**

Peter Dame, Akerman  
Richard Dillard, BNY Mellon  
Todd Fabbri, Richman Group  
Steve Frick, Vestcor  
Steve Mave, Vestcor  
John Rood, Vestcor

**PROCEEDINGS**

November 17, 2010

Regular meeting

12:00 p.m.

**Call to Order and Comments.** Chair Smith called the regular meeting to order at approximately 12:02 p.m. with a quorum present.

**Consider Approval of Minutes of October 13, 2010 of the JHFA**

**Regular Meeting.** The first item on the agenda was the approval of the minutes of the October 13, 2010, 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. Pellot seconded the motion.

**Motion Passed 5-0.**

**1. Reports**

**1a. Financial Report**

Regarding the Financial Report, a copy of which is attached hereto and by this reference made a part hereof. Ms. Stagner stated that the results of the financial operations through October 31<sup>st</sup> are available for review. Year end September 30<sup>th</sup> final financials should be ready by January 1, 2011 and to contact her if there are any questions.

**1b. Director's Report**

Ms. Greger stated that she will be going to Tallahassee tomorrow along with Mark Hendrickson to meet with Mr. Auger, Mr. Morris and staff at Florida Housing to discuss some of the issues related to the universal cycle particularly as it relates to the 4% credits and the local bonds. She has sent several letters and comments to

the rule regarding location "A" and will report information back to the Board as to the results of that meeting.

1c. Financial Advisor Memo

Referring to the Financial Advisor's Report from The Hendrickson Company and Community Concepts Group, copies of which are attached hereto and by this reference made a part hereof, Mr. Hendrickson stated that regarding Cedars at Baymeadows and Eagles Point, the Board approved the transfer and release of Eagles Point subject to the consent of the bond holders, new owners and the management company at last month's meeting. Since that time, the buyer is inquiring about purchasing both projects but has not submitted a request as of yet. Mr. Hendrickson feels that if this transaction takes place, all of the bonds will be paid off and the new owner will be in place on both properties. He will provide more information as it becomes available and to contact him if there are any more questions regarding the Financial Advisor's Report.

**2. Action Item**

2a. Approval of Courtney Manor's Loan Request

Referring to the Credit Underwriting Report for Courtney Manor, a copy of which is on file at the Housing and Neighborhoods Department and by this reference made a part hereof. Mr. Hendrickson stated that at last month's meeting, the Professional Team was not ready to make a recommendation for approval because additional information was needed from Fannie Mae, the lender and the equity investor. The Board deferred the request from Vestcor to allow staff and the professional team to retrieve and review additional information and come up with recommendation(s) (if any)

for approval. Today, Mr. Hendrickson stated that he talked to a representative at Fannie Mae and confirms that a work-out is being negotiated but not finalized. The developer stated that the work-out would require the payment of past-due interest, taxes and insurance totaling \$542K and is requesting that the JHFA loan this amount to Vestcor for Courtney Manor so that the restructuring could move forward. Mr. Hendrickson engaged First Housing to evaluate the proposed loan and prepare a credit underwriting report. The credit underwriting report stated that the loan request for Courtney Manor be approved contingent upon a personal guarantee from Mr. Rood and subject to various conditions related to debt service coverage, interest rate, maturity, amortization, land use restriction agreement and other items. The first mortgage had an original balance of \$11 million, with principal and interest payable monthly at a 6.01% interest rate. The note matures 5-1-18 (balloon), and has a present balance of \$9,992,171.

The past due balances are:

- Interest \$398,000
- Principal \$197,000
- Tax and Insurance Escrow \$144,000
- Replacement Reserve Escrow \$ 90,000

In August 2010, the physical occupancy was 72%. Vestcor reports that the November physical occupancy is 82%. At the current rent structure, occupancy would need to increase to 85% to achieve sufficient income to cover debt service. However, physical occupancy of 79% is sufficient to cover the interest only payments.

After the Financial Advisor's review, some of the assessments made were that initial occupancy was insufficient to convert to a permanent loan, the development has had management issues, crime control became a significant issue, cash flow was insufficient to pay both debt service and properly maintain the property. Along with the economic downturn and other factors, the developer decided to discontinue further capital contributions and the development went into default. When the possibility of a work-out emerged, the owner began to take steps to improve the property's condition and increase economic viability. If the work-out is successful, the JHFA will have preserved 360 units of affordable housing and the HOME loan is protected from potential HUD repayment. Mr. Rood admits that there have been some management issues over the past couple of years. Occupancy levels have climbed to approximately 85% and he stated that he is confident that the property will return to a level that will support full debt service including the JHFA monthly payment by 2013 as well as return to profitability as the economy recovers. Discussion ensued about withdrawing monies from replacement reserves, security on the loan, past due interest, personal guarantee, protection of the City's funds, foreclosure issues and land use restrictions. Ms. Childers made a motion to approve the request from Vestcor contingent upon the following:

- Successful work-out with Fannie Mae(including dismissal of pending lawsuit).
- Satisfactory due diligence (including title, survey, environmental site assessment) and loan terms and conditions typically set forth in JHFA's commitment letters.

- Securing the loan with a personal guarantee.
- A 3%, 30-year amortizing loan.
- Maximum amount of funds possible being placed into replacement reserve.
- Subject to various conditions related to debt service coverage, land use restriction agreement and other items acceptable to staff and the Professional Team.
- City Council approval.

Mr. Jackson seconded the motion.

**Motion passed 4-1.**

Mr. Filip voted against approval.

2b. Conversion of 2009 NIBP Single Family Taxable Escrow Bonds

Referring to the Resolution for the 2009 NIBP Single Family Taxable Escrow Bonds, a copy of which is attached hereto and by this reference made a part hereof. Mr. Hendrickson stated the program is moving very well. The initial mortgage rate was 5.20%, with 4% of down payment assistance available for each loan. The rate was ultimately reduced to 3.99% for applications taken after September 27<sup>th</sup>. As a result of the successful sale of the Mortgage Back Securities (MBS) in the program, another \$5.7M of loans can be originated without issuing additional bonds. The new rate lock process is different than the original and requires delivery of the MBS under the indenture within 60 days. Mr. Hendrickson also stated that from selling the mortgages, there will be a good spread on all of the mortgages. Therefore, there will be a residual benefit within the program as well as receipt of upfront capital.

He is recommending that the Board approve the resolution prepared by Bond Counsel that in its impact give all of the approvals to actions and documents necessary to complete the "roll-out" of the bonds based upon the lock rate including approval of bond documents. Discussion ensued and Ms. Childers made a motion to approve the resolution presented by Bond Counsel related to the "roll-out" of the \$15M 2009 Single Family Bonds which includes approval of the following:

- Supplemental Trust Indenture
- Form of Official Statement
- Continuing Disclosure Agreement
- Chairman and Secretary to execute documents

Mr. Pellot seconded the motion

**Motion passed 5-0.**

2c. Approval for Bennett Creek Commitment

Referring to the Resolution and Credit Underwriting Report for Bennett Creek, a copy of which is attached hereto and by this reference made a part hereof. Mr. Hendrickson stated that developers for Bennett Creek have completed a fairly lengthy process. The developer must successfully complete the credit underwriting process and bring a credit enhancer to the table or buy the bonds on a private placement. The developer has a credit enhancement from Freddie Mac and a firm commitment from Wells Fargo Bank during the construction period. The Professional team engaged AmeriNational to complete credit underwriting to ensure that there are not any associated risks for the JHFA. Mr.

Hendrickson stated that the developer for Bennett Creek has met all criteria and fulfilled all request by the bond holders, treasury, credit enhancers and the Professional team. Anticipated pre-closing is scheduled for December 8<sup>th</sup> with funding provided on December 16<sup>th</sup>. He recommends approval of the Bond Counsel Resolution which in its effect gives all of the approvals necessary to "roll out" this issue and sell the bonds. Discussion ensued about the high loan to value, conversions and interest rate and Ms. Childers made a motion to approve the Resolution for Bennett Creek prepared by Bond Counsel that gives final approvals necessary to sell and close bonds which includes:

- Approval of bond transaction.
- Approval of bond and loan documents (including Trust indenture, Financing Agreement, LURA, Inter-creditor Agreement and Subordination Agreement).
- Approval of the Official Statement.
- Approval of the Credit Underwriting Report.
- Appointment of RBC Capital Markets as Placement Agent and Underwriter.
- Appointment of AmeriNational as compliance monitor and construction servicer.
- Authorization of appropriate Board members to execute documents.

Mr. Pellot seconded the motion.

**Motion passed 5-0.**

2c. Approval for Savannah Springs II

Referring to the Resolution and Credit Underwriting Report for Savannah Springs II, a copy of which is attached hereto and by this reference made a part hereof. Mr. Hendrickson stated that developers for Savannah Springs have completed a fairly lengthy process. The developer must successfully complete the credit underwriting process and bring a credit enhancer to the table or buy the bonds on a private placement. The developer has a credit enhancement from Freddie Mac and a firm commitment from Wells Fargo Bank during the construction period. The Professional team engaged AmeriNational to complete credit underwriting to ensure that there are not any associated risks for the JHFA. Mr. Hendrickson also stated the existing development is very successful in the market at this point. It is a small transaction with approximately 95 units. The development is all affordable and since it has lower income and less bond debt, there is more tax credit equity. The developer for Savannah Springs has met all criteria and fulfilled all request by the bond holders, treasury, credit enhancers and the Professional team. Anticipated pre-closing is scheduled for December 8<sup>th</sup> with funding provided on December 16<sup>th</sup>. He recommends approval of the Bond Counsel Resolution which in its effect gives all of the approvals necessary to "roll out" this issue and sell the bonds. Discussion ensued and Ms. Childers made a motion to approve the Resolution for Savannah Springs II prepared by Bond Counsel that gives final approvals necessary to sell and close bonds which includes:

- Approval of bond transaction.
- Approval of bond and loan documents (including Trust

indenture, Financing Agreement, LURA, Inter-creditor Agreement and Subordination Agreement).

- Approval of the Official Statement.
- Approval of the Credit Underwriting Report.
- Appointment of RBC Capital Markets as Placement Agent and Underwriter.
- Appointment of AmeriNational as compliance monitor and construction servicer.
- Authorization of appropriate Board members to execute documents.

Mr. Filip seconded the motion.

**Motion passed 5-0.**

2e. Approval of Hubbard House Loan Extension

Referring to the letter from Hubbard House, a copy of which is attached hereto and by this reference made a part hereof. Ms. Stagner stated that the DCHFA funded a loan to Hubbard House in the amount of \$500K in 1997. This loan was secured by a note and a mortgage that was originally amortized over a 30-year period with a 15-year balloon. The loan is due in full on March 1, 2011. The borrower has requested an extension of the re-payment period for the remaining 15 years at the current rate with no changes. The borrower has agreed to pay all reasonable cost associated with the amended and restated agreement. Discussion ensued about the remaining balance and payment history. Mr. Pellet made a motion to approve the loan request for Hubbard House to extend the re-payment period for the remaining 15 years at the current rate.

Mr. Filip seconded the motion.

**Motion passed 5-0.**

2f. Ratification of Pallas GIC Action

Referring to the Memorandum regarding the Pallas Guaranteed Investment Contract (GIC) Downgrade, a copy of which is attached hereto and by this reference made a part hereof. Mr. Hendrickson stated that for the 2006 Single Family bond issue, the GIC provider is Pallas Capital Corporation. Until recently, Pallas had a long term rating of "AAA". Moody's lowered the long term rating of Pallas to "Baa3". This is still considered an investment grade, but is at the lowest level of an investment grade. In a previous approval, delegation was made to the JHFA Chair and the Executive Director to take the steps necessary to maintain a "AAA" rating. The JHFA has made no promise or commitment to bond holders to maintain the initial rating. However, the Official Statement has specific language identifying the risk associated with any GIC and the potential for a ratings downgrade or withdrawal of rating if the GIC provider's rating was lowered. Ratification is needed to take the steps necessary to maintain "AAA" rating by withdrawing from the Pallas GIC and terminate going forward. Discussion ensued and Mr. Pellot made a motion to ratify the action of the JHFA Chair and the Executive Director to terminate the Pallas GIC and take the steps necessary to maintain "AAA" rating. Ms. Childers seconded the motion.

**Motion passed 5-0.**

2f. Approval of Professional Services Agreement

Referring to the Professional Services Agreement for RBC Dain

Capital Markets (RBC), a copy of which is attached hereto and by this reference made a part hereof. Ms. Stagner stated that a minor amendment is needed for the RBC contract to allow them to act as the private Placement Agent. The amount of the fee is \$2.50 per thousand with a minimum of \$25K and a maximum of \$50K. Discussion ensued and Mr. Pellot made a motion to approve the Professional Service Agreement for RBC act as the Placement Agent for the JHFA. Mr. Filip seconded the motion.

**Motion passed 5-0.**

**3. New Business**

None.

**4. Old Business**

None.

**5. Public Comments**

None.

**Adjournment.** Meeting adjourned at 1:25p.m.

**JACKSONVILLE HOUSING FINANCE AUTHORITY**

**Certification**

**Recorded by:**

**Submitted by:**

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**Yonner Wheeler**

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**Jim Pellot, Secretary**

**Approved by:**

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**Bernard E. Smith, Chair**

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Financial Report**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 01/12/2011**

**Please check only one:**       **JHFA**                       **JHCDC**                       **NWJEDF**

**Please check only one:**

**ACTION ITEM**

**Reports**       **Staff Reports**       **Committee Reports**       **New Business**       **Old Business**

**Name of Person/s that will be presenting item at the meeting: Laura Stagner-Crites**

**Background/Description: Financial Report for the Period Ending December 31, 2010**

**Are funds available for this item (if applicable):**     **Yes**     **No**     **N/A**

\_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION: None**

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**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 JHFA Combining Balance Sheet 2010.12.31</p> <p align="center">Name of Person/s responsible for submitting attachment Laura Stagner-Crites</p> <p>Are there signatures required?    <input type="checkbox"/> <b>Yes</b>    <input checked="" type="checkbox"/> <b>No</b></p>	<p align="center">Name of Attachment2 JHFA Combining Operating Statement 2010.12.31</p> <p align="center">Name of Person/s responsible for submitting attachment Laura Stagner-Crites</p> <p>Are there signatures required?    <input type="checkbox"/> <b>Yes</b>    <input checked="" type="checkbox"/> <b>No</b></p>
<p align="center">Name of Attachment3</p> <p align="center">Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> <b>Yes</b>    <input type="checkbox"/> <b>No</b></p>	<p align="center">Name of Attachment4</p> <p align="center">Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> <b>Yes</b>    <input type="checkbox"/> <b>No</b></p>

Moved: \_\_\_\_\_ Second: \_\_\_\_\_ Other: \_\_\_\_\_ Quorum # \_\_\_\_\_

*Motion Note:*

**JACKSONVILLE HOUSING FINANCE AUTHORITY  
COMBINING BALANCE SHEET  
DECEMBER 31, 2010**

	<b>JACKSONVILLE HOUSING FINANCE AUTHORITY</b>				<b>TOTAL</b>
	<b>721</b>	<b>722</b>	<b>723</b>	<b>Loan Trust Fund</b>	
	<b>Operating Funds</b>	<b>Tax Credit Funds</b>	<b>Trust Fund</b>		
<b>ASSETS</b>					
Equity in Cash and Investments.....	2,776,340	1,196,839	3,118,812	-	7,091,991
Cash in Escrow and with Fiscal Agents.....	93,453	-	-	-	93,453
Receivables (Net of Allowances).....	7,048,415	5,964,209	-	-	13,012,625
Deferred Charges .....	-	218,000	-	-	218,000
Other Assets.....	181,107 <sup>A</sup>	-	-	-	181,107
<b>TOTAL ASSETS.....</b>	<b>10,099,316</b>	<b>7,379,049</b>	<b>3,118,812</b>	<b>-</b>	<b>20,597,177</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts Payable and Accrued Liabilities.....	1,000	-	-	-	1,000
Deposits.....	-	-	-	-	-
Deferred Revenue.....	-	-	-	-	-
Loan Pre-Commitments.....	-	218,000 <sup>B</sup>	-	-	218,000
<b>TOTAL LIABILITIES.....</b>	<b>1,000</b>	<b>218,000</b>	<b>-</b>	<b>-</b>	<b>219,000</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Encumbrances.....	83,127	-	-	-	83,127
Cash in Escrow.....	-	-	-	-	-
Mortgages Receivable.....	6,912,363	4,971,103	-	-	11,883,466
Appropriated.....	(291,763)	-	-	-	(291,763)
All Other Reserves.....	39,910	-	-	-	39,910
Unreserved:					
Designated.....	-	-	-	-	-
Undesignated (deficit).....	3,041,273	2,183,929	3,113,166	-	8,338,368
Current Year Operating Excess (Deficit).....	313,406	6,016	5,646	-	325,068
<b>Total Fund Balances.....</b>	<b>10,098,316</b>	<b>7,161,048</b>	<b>3,118,812</b>	<b>-</b>	<b>20,378,176</b>
<b>TOTAL LIABILITIES AND FUND BALANCES.....</b>	<b>10,099,316</b>	<b>7,379,048</b>	<b>3,118,812</b>	<b>-</b>	<b>20,597,176</b>

A - Prepaid Items Consists of 4% Subsidy Funds on Deposit with Trustee (SF2009)

B - Marcis Pointe Loan Commitment

**JACKSONVILLE HOUSING FINANCE AUTHORITY  
COMBINING STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE MONTH ENDED DECEMBER 31, 2010**

<b>JACKSONVILLE HOUSING FINANCE AUTHORITY</b>				
	<u>721</u>	<u>722</u>	<u>723</u>	<u>TOTAL</u>
	<u>Operating Funds</u>	<u>Tax Credit Funds</u>	<u>Loan Trust Fund</u>	
<b>REVENUE:</b>				
From Federal Grant Sources.....	-	-	-	-
From State Grant Sources.....	-	-	-	-
From Recaptured Grant Funds.....	-	-	-	-
From Bond Sources.....	137,677	-	-	137,677
From Investment & Interest Income.....	23,913	6,016	5,646	35,575
From Other Sources.....	2,073	-	-	2,073
<b>Total Revenue.....</b>	<b>163,663</b>	<b>6,016</b>	<b>5,646</b>	<b>175,325</b>
<b>EXPENDITURES:</b>				
For Program Uses.....	-	-	-	-
For Personnel Expenses.....	54,544	-	-	54,544
For Operating Expenses.....	4,349	-	-	4,349
For Other Expenses.....	-	-	-	-
<b>Total Expenditures.....</b>	<b>58,893</b>	<b>-</b>	<b>-</b>	<b>58,893</b>
<b>ENCUMBRANCES:</b>				
For Program Uses.....	-	-	-	-
For Personnel Expenses.....	-	-	-	-
For Operating Expenses.....	83,127	-	-	83,127
For Other Expenses.....	-	-	-	-
<b>Total Encumbrances.....</b>	<b>83,127</b>	<b>-</b>	<b>-</b>	<b>83,127</b>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES.....</b>	<b>21,643</b>	<b>6,016</b>	<b>5,646</b>	<b>33,305</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In.....	-	-	-	-
Transfers Out.....	-	-	-	-
Transfers from Fund Balance.....	291,763	-	-	291,763
<b>Total Other Financing Sources (Uses).....</b>	<b>291,763</b>	<b>-</b>	<b>-</b>	<b>291,763</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>313,406</b>	<b>6,016</b>	<b>5,646</b>	<b>325,068</b>
Includes Prior Year Encumbrances of	-	-	-	-
<b>NET CHANGE IN FUND BALANCES (Current Year)</b>	<b>313,406</b>	<b>6,016</b>	<b>5,646</b>	<b>325,068</b>

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Financial Advisor's Memorandum**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 1-11-11**

**Please check only one:**       JHFA                       JHCDC                       NWJEDF

**Please check only one:**

ACTION ITEM

Reports       Staff Reports       Committee Reports       New Business       Old Business

**Name of Person/s that will be presenting item at the meeting:**

**Background/Description:** Each month, the action and informational items before the Board are detailed in the FA Memo. There are multiple action items, plus discussion items, in the memorandum. Each action item will have its own Submission Form

**Are funds available for this item (if applicable):**     Yes     No     N/A

\_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION: Consider approval of recommendations in FA Memo.**

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 FA Memo</p> <p>Name of Person/s responsible for submitting attachment Mark Hendrickson</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input checked="" type="checkbox"/> No</p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_ Second: \_\_\_\_\_ Other: \_\_\_\_\_ Quorum # \_\_\_\_\_

*Motion Note:*

**THE HENDRICKSON COMPANY &  
THE COMMUNITY CONCEPTS GROUP**

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To: Board of Directors, Jacksonville Housing Finance Authority  
 From: Mark Hendrickson, Susan Leigh and Priscilla Howard, Financial Advisors  
 Subject: Update for January 19, 2011 Board Meeting  
 Date: January 10, 2011

**I. Update on Rental Financings—Action—Consideration of Extensions**

**A. Background**

1. Summary of active bond applications:

	<b>Arlington Portfolio</b>	<b>Bennett Creek</b>	<b>Hollybrook Homes</b>
<b>Developer</b>	American Housing Preservation Corporation Portland, Maine	Richman Group Greenwich, CT & Delray Beach, FL	National Housing Trust Washington, DC
<b>Development Location</b>	Scattered sites in Arlington neighborhood	Southeast of the intersection of Bowden and Salisbury Roads (east of I-95, approximately one mile north of J. Turner Butler Boulevard)	104 King Street (between W. Beaver and McCoy Creek, East of McDuff)
<b>Bond Amount</b>	\$27,500,000	\$21,600,000	\$10,000,000
<b>Units</b>	725	264	182
<b>Local Government Loan</b>	\$0 (\$2 million commitment expired December 31, 2009)	\$1,000,000	\$0
<b>Development Info</b>	Acquisition and Rehabilitation Family	New Construction Family	Acquisition and Rehabilitation Family
<b>Development Status</b>	Plans & Specs Complete Construction Cost Estimate Complete	Under Construction	Beginning Process
<b>TEFRA Hearing &amp; TEFRA Approval</b>	4-16-10 5-25-10	10-14-10 11-30-10	4-16-10 5-25-10
<b>Preliminary Agreement Expiration</b>	12-31-10	12-31-10	12-31-10
<b>Credit Enhancement/</b>	FHA 221(d)(4) (no commitment)	Freddie Mac/Wells Fargo Commitment Delivered	Freddie Mac No commitment
<b>Housing Equity</b>	HC TBD	Richman Capital	Bank of America
<b>Credit Underwriter</b>	AmeriNational	AmeriNational	AmeriNational
<b>Anticipated Closing Date</b>	TBD	December 16, 2010	2011

	Pine Grove	Savannah Springs Phase II
<b>Developer</b>	Richman Group Greenwich, CT & Delray Beach, FL	Richman Group Greenwich, CT & Delray Beach, FL
<b>Development Location</b>	1659 Woods Walk Court (Powers Blvd. approximately 0.75 miles south of University Blvd.)	6945 Morse Avenue (N.E. corner of Morse & Firestone, immediately west of I-295.)
<b>Bond Amount</b>	\$11,480,000	\$6,660,000
<b>Units</b>	168	96
<b>Local Government Loan</b>	\$0	\$0
<b>Development Info</b>	New Construction Family	New Construction Family
<b>Development Status</b>	Building permits approved; Modifying for some federal requirements, with revisions submitting for Building; DEP permits in place	Ready to Close
<b>TEFRA Hearing &amp; TEFRA Approval Preliminary Agreement Expiration</b>	1-15-10 2-23-10 12-31-10	6-10-10 8-24-10 12-31-10
<b>Credit Enhancement/</b>	Freddie Mac/CW Capital (no commitment)  Issues with market delaying Freddie Mac application	Freddie Mac/Wells Fargo Commitment received December 2010  Developer rejected terms
<b>HC Equity</b>	Richman Capital	Richman Capital
<b>Credit Underwriter</b>	TBD	AmeriNational
<b>Anticipated Closing Date</b>	TBD	TBD

2. The original \$29.7 million NIBP bond issue closed in escrow January 12, 2010. The long term bond rate was locked at 3.60%, plus 60 basis points. The rate was re-locked on September 1, 2010 at 2.47% (plus 60 basis points)—a reduction of 1.02%. Each development will have to complete HFA credit underwriting and obtain credit enhancement from FHA, Fannie Mae, or Freddie Mac in order to “break escrow” and receive a project specific bond loan.
3. Bennett Creek was successfully closed on December 16, 2010.
4. Savannah Springs II was postponed due to the developer’s decision to not accept the conditions of the Wells Fargo commitment.

**B. Present Situation**

1. The \$8.1 million of NIBP bonds that did not close this December can close in 2011, but at a new rate determined December 3, 2010 (3.01% plus 60 basis points).
2. Richman Development indicates that they are still moving forward on Pine Grove and Savannah Springs II, and request extensions of the Preliminary Agreements for bond financing.

3. Hollybrook spent much of the past year working on remediation of environmental problems with the soil at the site. Those issues appear to have been addressed successfully. A JHFA \$2 million loan was preliminarily committed in October. The developer is actively pursuing financing/credit enhancement, and requests an extension of the Preliminary Agreement for bond financing until December 31, 2011.
4. Arlington has been unsuccessful in obtaining credit enhancement. The reasons are numerous, but include the size of the transaction, the experience of the developer, and the inability to support the debt necessary to acquire and adequately rehabilitate the property. The developer is proposing a financing plan that involves taxable bonds and a significantly reduced level of rehabilitation. A separate analysis of the Arlington situation has been prepared.
5. Marcis Pointe is a 160 unit elderly development that received 9% Housing Credits from FHFC. It had a commitment for a \$218,000 loan from the Authority. This loan was committed as the required "local government contribution" that allowed the development to successfully compete for HC. The loan commitment expired December 31—although the developer closed on its other financing before that date. The owner is requesting an extension citing the fact that closing the JHFA loan is a condition of both the first mortgage financing and the HC equity agreement (must be closed before final 50% of first mortgage can be funded and before 5<sup>th</sup> HC installment can be funded).

**C. Recommendations:**

- Authorize extensions of Preliminary Agreements for bond financing for Hollybrook, Pine Grove, and Savannah Springs II until December 31, 2011—including authorization to hold new TEFRA hearing(s) if required
- Authorize extension of loan commitment for Marcis Pointe until February 28, 2011
- Do not extend Preliminary Agreement for the Arlington Portfolio

**II. 2011 Bond Allocation—Action**

1. The 2011 allocation is \$40,535,897, an increase of \$2,813,156 (7.5%) over 2010. The current status is:

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2011			\$15,535,897	N.A. until allocated
2011	\$25,000,000			June 7, 2011
2010	\$21,022,741	\$10,700,000		Carryforward available until December 31, 2013. Must be used before new bond allocation and MF is not project specific.
2009		\$10,000,000		Carryforward available until December 31, 2012. Must be used before new bond allocation and is not project specific.
2008		\$18,900,000		Carryforward available until December 31, 2011. Must be used before new bond allocation and is not project specific.
<b>TOTAL</b>	<b>\$46,022,741</b>	<b>\$39,600,000</b>	<b>\$15,535,897</b>	

2. For the 2011 allocation, prior to June 7, 2011, the Authority will have to reassign the allocation to multi-family developments or return the allocation to the Division of Bond Finance and request a new single family allocation with a later expiration date. In either event, the Authority may have to file a validation complaint to toll the expiration date of the 2011 allocation.
3. For the additional \$15 million of 2011 allocation, a new TEFRA approval is required. Bond counsel has prepared a Resolution for a single family issue not to exceed \$15 million, also authorizing staff to conduct a TEFRA hearing and request TEFRA approval from the City Council.
4. **Recommendation:** Approve Resolution for a single family issue not to exceed \$15 million.

### **III. Eagles Pointe North and Cedars at Baymeadows—Action**

#### **A. Background**

1. Eagles Pointe North (186 units) and Cedars at Baymeadows (160 units) were financed by the DCHFA in 1997. The initial bond amount for the two developments was \$9,015,000. The developer is NHP, a national non-profit based in New York, N.Y. The transaction was insured by MBIA (now National Public Finance Guaranty, downgraded to “Baa” rating).
2. Each development has separate ownership, through two different affiliated entities of NHP. However, there is only one note with joint obligors, with cross collateralization of the revenue from the two developments.
3. The Authority approved the sale of Eagles Pointe (October 2010), subject to various conditions including approval of bondholders.

#### **B. Present Situation**

1. The buyer of Eagles Pointe has indicated that they now plan to purchase both properties, which would result in all bonds being retired. However, they cannot guarantee that the purchases would happen simultaneously.
2. They have requested approval of the sale of Cedars at Baymeadows, subject to the same conditions as the approval of the sale of Eagles Pointe.
3. The new owners (Quantitive Realty Capital) and management company (Lincoln Property Company) have previously (October 2010) been approved by First Housing (the Authority’s credit underwriter). The First Housing analysis showed that Eagles Pointe was the better performing property. Therefore the sale of Cedars at Baymeadows, either by itself or in conjunction with the sale of Eagles Pointe, will enhance the financial strength of the deal or result in the redemption of all bonds.

- C. **Recommendation:** Approve transfer and release of Cedars at Baymeadows, subject to consent of bondholders, new owners and management company as identified above, payment of all fees due the HFA and its professionals, and approval of all documents by the Authority’s legal counsel (both Bond and Authority Counsel).

#### **IV. Lenox Court—Informational**

##### **A. Background**

1. Lenox Court (360 units) is a 9% Housing Credit development, that also received loans from SAIL, the Duval County HFA, and the JEA. The development was financed in 2003.
2. The \$1.4 million DCHFA loan was revised in 2006 as a JHFA cash-flow third mortgage, with 2% annual interest to be paid from available cash flow after payment of development expenses and amounts due on the first and second (SAIL) loans. As a condition of the restructuring, \$250,000 of the original loan was repaid. The current principal balance of the loan is \$1,150,000, plus \$105,288.89 of accrued interest.
3. The JHFA loan is secured by a personal guaranty of various principals of Carlisle Development.
4. According to the FHFC credit underwriting report, the Carlisle entities were removed as General Partner. They were replaced by an entity owned by JP Morgan Chase. That same entity also acquired the LP interest held by Centerline. The Authority was never notified of these transfers.
5. There is \$10.1 million Fannie Mae first mortgage, a \$2.0 million SAIL second mortgage and a \$419,720 fourth mortgage from the JEA.

##### **B. Present Situation**

1. FHFC's credit underwriting conditioned the approval of transfer of the GP and LP interests to JP Morgan Chase upon consent of both the JHFA and JEA. Counsel for FHFC has contacted Authority bond counsel to request consent to the transfers.
2. Counsel is reviewing various loan and guarantee documents to determine the Authority's rights.

**C. Recommendation:** None at this time.

#### **V. 2010 Single Family Program (NIBP)—Informational**

##### **A. Background**

1. The \$15 million NIBP bond issue closed in escrow January 12, 2010. \$12 million is available anywhere in Duval County and \$3 million is available only in target areas through February 2, 2011.
2. The initial mortgage rate was 5.20%, with 4% of downpayment assistance available for each loan. The program servicer is US Bank. The rate was reduced to 3.99% for applications taken after September 27.
3. To date, 134 loans (+11) with a total mortgage amount of \$16,199,480 are closed or in process. MBS containing 43 loans were sold. Since the rate was reduced, 56 loans totaling \$7,413,586 entered the pipeline.

4.

Allocation	Sold	Purchased Amount	Compliance Approved	UW/ Compliance Review	Reservation	Total Allocated	Remaining Allocation
\$15,000,000	\$5,740,741	\$6,446,799	\$1,545,835	\$2,132,283	\$2,061,237	\$17,926,895	\$2,813,846
	43 loans +0	50 loans +21	12 loans -6	15 loans -0	14 loans -4	120% +16%	

Note: Full origination will now be \$20,740,741, or 138% of original \$15 million

4. The program profile:

Loans	Sales Price	Loan Amount	Income	Family Size	Age	Race	New or Existing	Head of Household/ Marital Status
123 (+22)	\$137,520	\$133,783	\$58,007	2.2	35.8	White: 39% Black: 48% Hispanic: 10% Asian: 1% Other: 2%	20% New 85% SF 7% Condo 7% THome 1% Manufac.	46% Female 42% Married 56% Single 2% Single HH

5. Seven lenders originated loans in this program:

BB&T (39)      Bank of America (15)      DHI (25)      First Bank (14)  
MFC (1)      UAMC (15)      Watson (25)

**B. Present Situation**

- As a result of the successful sale of MBS in the program, another \$5.7 million of loans can be originated without issuing additional bonds (\$2.9 million already in the pipeline).
- As a result of various rate relocks, the mortgage rate for loans entering the pipeline after September 27 later was lowered to 3.99%. The roll-out of the bonds was completed on November 23, 2010 (breaking escrow on the bonds).

**C. Recommendation: None.**

**VI. 2007 Single Family Issue—Informational**

- The 12-31-10 servicing report from US Bank:

	First Mortgages
Original # Loans	109
Original Mortgage Balance	\$14,326,638
Current Mortgage Balance	\$9,720,655
Normal Payoffs	10 (9.17%)
Repurchased by Servicer for Chronic Delinquency	12 (11.01%)
Foreclosed or Bankruptcy	8 (7.34%)
Remaining Loans	79
30 Days Delinquent	7 (8.86%)
60 Days Delinquent	4 (5.06%)
90+ Days Delinquent	2 (2.53%)
In Foreclosure	1 (1.27%)

- Recommendation: None.**

## **VII. 2006 Single Family Issue—Informational**

1. The November 2010 servicing report from Countrywide:

	<b>First Mortgages</b>	<b>Second Mortgages</b>
Original # Loans	85	60
Original Mortgage Balance	\$11,261,533	\$1,809,908
Current Mortgage Balance	\$10,420,253	\$1,541,065
Normal Payoffs	1	1
Repurchased by Servicer or Foreclosed	6	4
Remaining Loans	78	55
30 Days Delinquent	5 (6.41%)	4 (7.27%)
60 Days Delinquent	0 (0.00%)	1 (1.82%)
90+ Days Delinquent	6 (7.69%)	7 (12.73%)
In Foreclosure	7 (8.97%)	0 (0.00%)

2. **Recommendation:** None.

## **VIII. Florida Housing Finance Corporation Rulemaking—Informational**

1. Florida Housing is in the midst of their rulemaking for the upcoming Housing Credit cycle. Due to concerns from the transition team for Governor Scott, the rule has been delayed.
2. There were significant problems with the initial draft of the rule, including all of Duval County designated as Location A (no deals permitted), and overreaching interference by FHFC into the credit underwriting, location, physical features and resident programs of bonds financed by local HFA's.
3. Based upon comments from Florida ALHFA, Florida Housing removed local bond deals from much of their application process—creating a “mini-application”.
4. However, Florida Housing was still proposing to deny 4% HC to any local bond deal that was within a 2.5 mile radius of Guarantee Fund deals that received additional funding (because of their troubled status). The 2.5 mile radius was proposed to automatically reject all deals except those with 90% or more project based rental assistance, not just new construction.
5. In the most recent rule draft, most of the proposed requirements from the mini-application (relating to the imposition by FHFC of physical standards, green energy requirements, resident programs, credit underwriting standards, and other items) were removed. Additionally, deals within the 2.5 mile radius of Guarantee Fund deals will now be evaluated on a case-by-case basis.
6. Another area of controversy is the proposal to grant points for rail stations that exceed the possible points for any other type of public transportation. This proposal gives an overwhelming advantage to developments located in the limited number of counties that have commuter or light rail (Miami-Dade most prevalent).
7. The rule was pulled from consideration at the December FHFC meeting. The issues of the advantage for rail stations and the split between Preservation and New Construction deals are under review.

8. Additionally, the Governor has placed a hold on new “rules”. Regulation of business in the sense used by the Governor is a subset of “rules”. “Rules” also include codification of administrative processes to insure that government agencies act in a consistent and open manner, and do not act in an arbitrary and capricious fashion. When state agencies conduct bids or distribute funds, they need to adopt a “rule” so that the public can have input into, and can hold the governmental body accountable for distributing the money properly.
9. **Recommendation: None.**

## OCCUPANCY LEVELS

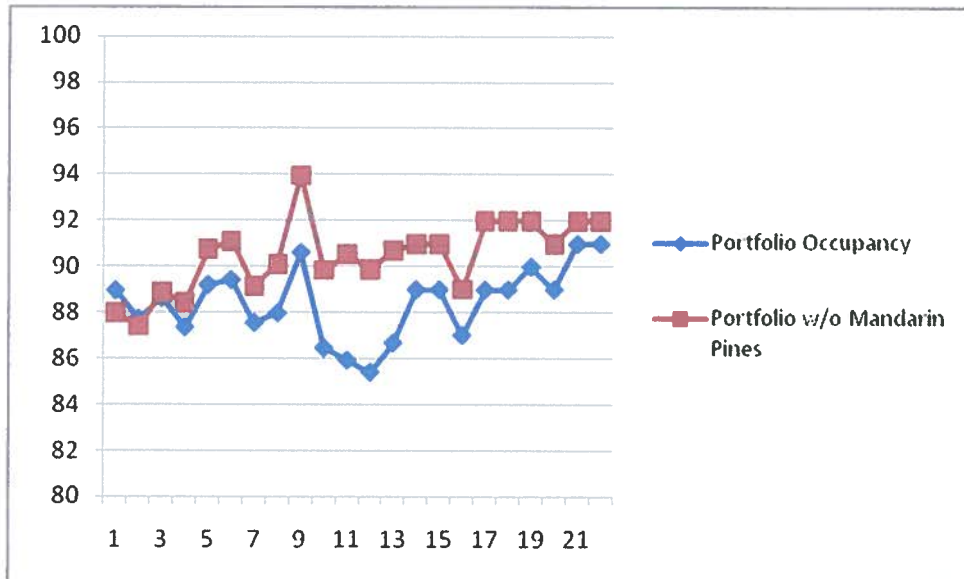
Active Rental Developments—Bond Financed by DCHFA or JHFA

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Brookwood Forest Apartments 1251 Fromage Way 32225	CED	\$10,000,000 2005	168 89% (-2%)
Camri Green Apartments 3820 Losco Road 32257	Vestcor	\$9,200,000 2003	184 99% (-1%)
Cedars at Baymeadows 9801 Old Baymeadows Road 32256	NHP	See Eagles Point	160 79% (-1%)
Christine Cove 3730 Soutel Dr 32208	Carlisle	\$6,000,000 2006	96 97% (+1%)
Eagles Pointe North 3100 Townsend Blvd. 32277	NHP	\$9,015,000 1997	186 89% (-0%)
The Glades Apartments 7524 Southside Blvd. 32256		\$8,775,000 2002	360 98% (+3%)
Hartwood AKA Hampton Ridge 11501 Harts Road 32218	Southport	\$5,840,000 2006	110 90% (-2%)
Kimbers Cove AKA Saddle Creek 103d St. & Monroe Smith Rd. 32210	PRS Companies	\$19,000,000 2004	288 88% (-0%)
Lakes of Mayport Apartments 2610 State Road A1A 32233		\$6,600,000 1985	216 93% (-4%)
Lindsey Terrace Apartments 6455 Argyle Forest Blvd. 32244	Vestcor	\$12,645,000 2001	336 91% (+1%)
Mandarin Pines (formerly Sunbeam Road Apartments) 4295 Sunbeam Road 32257		\$7,350,000 1997	263 81% (+1%)
Southpoint Place 3530 Victoria Park Road 32216		\$1,940,000 1996	108 71% (-0%)
St. Augustine at the Lakes- Phase I and Phase II 11001 St. Augustine Road 32257		\$13,235,000 1986/1996 \$11,720,000 2006	524 (400 & 124) 96% (-0%)
Timuquana Park Apartments 5615 Seaboard Ave. 32244	Southport	\$4,300,000 2004	100 98% (+1%)

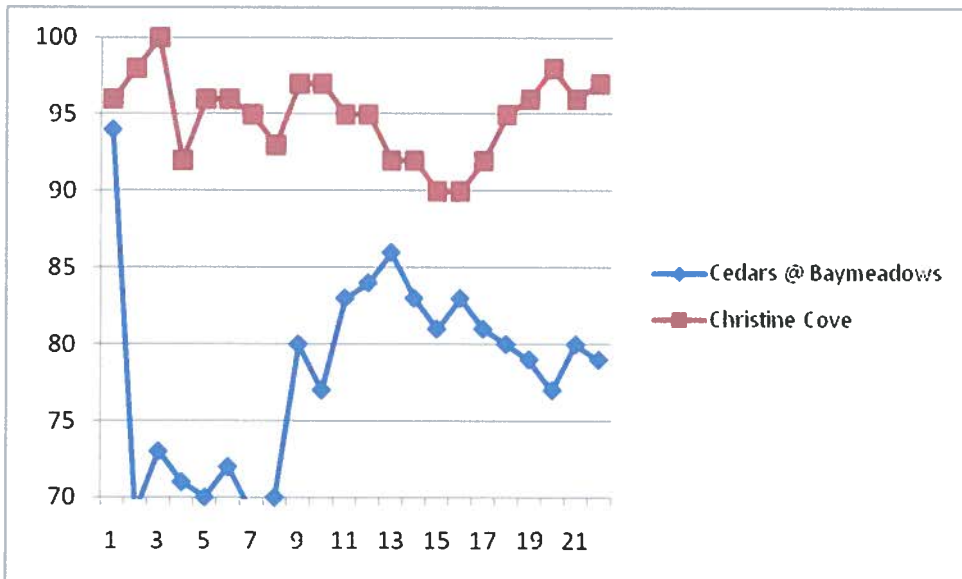
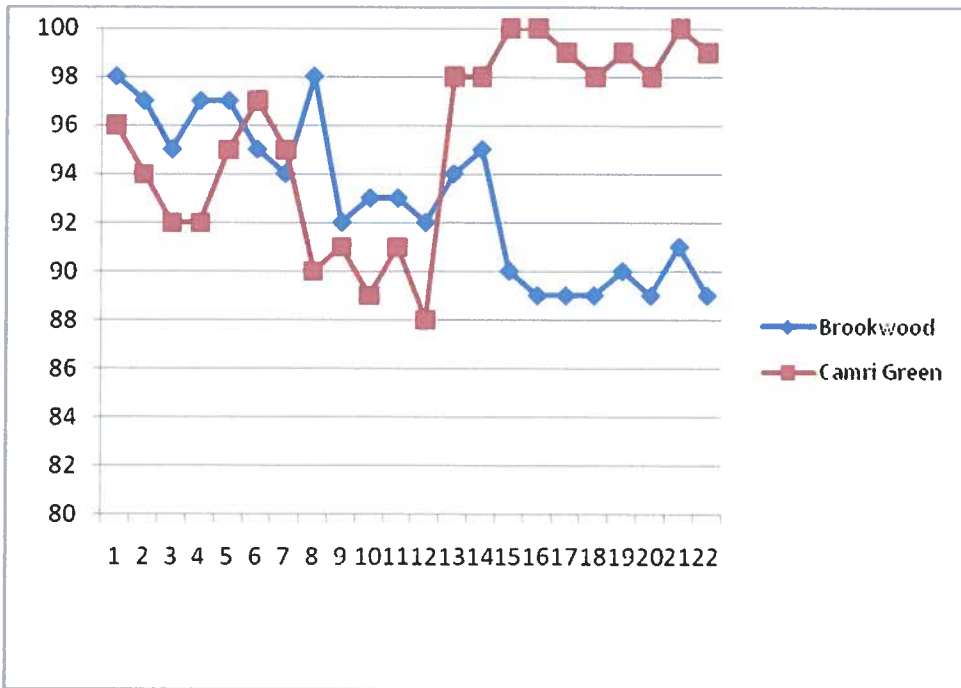
### Bonds Paid Off or Default

Greentree Place Apartments 9480 S. Princeton Square Blvd. 32256 Bonds Paid Off		\$12,455,000 1995	
Lighthouse Bay Apartments 8090 Atlantic Blvd. 32211 DEFAULT	GMN	\$29,500,000 2002	
Nia Terrace 2045 Jammes Road DEFAULT		\$4,000,000 2001	
Oakwood Project Series 1999A 8201 Kona Avenue DEFAULT		\$2,880,000 1999	200

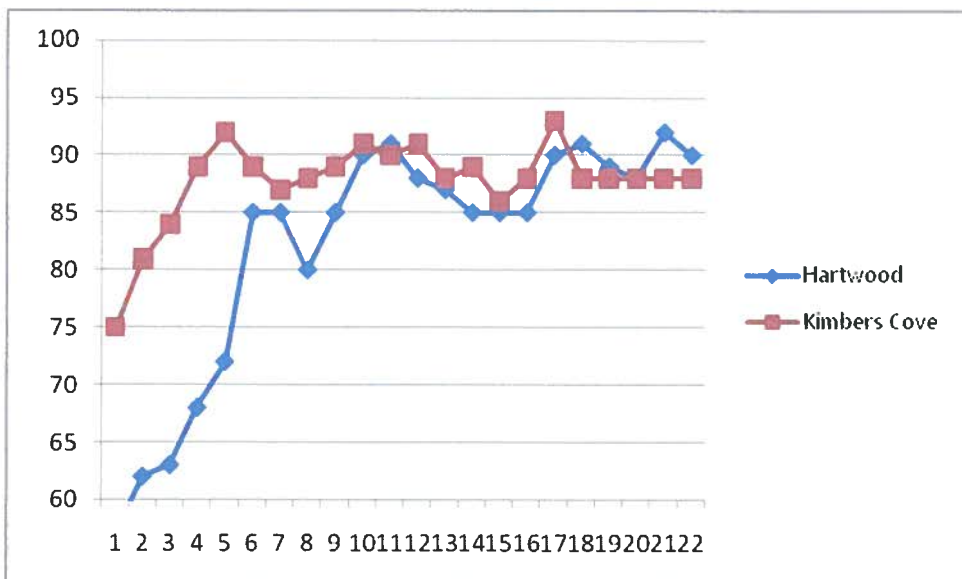
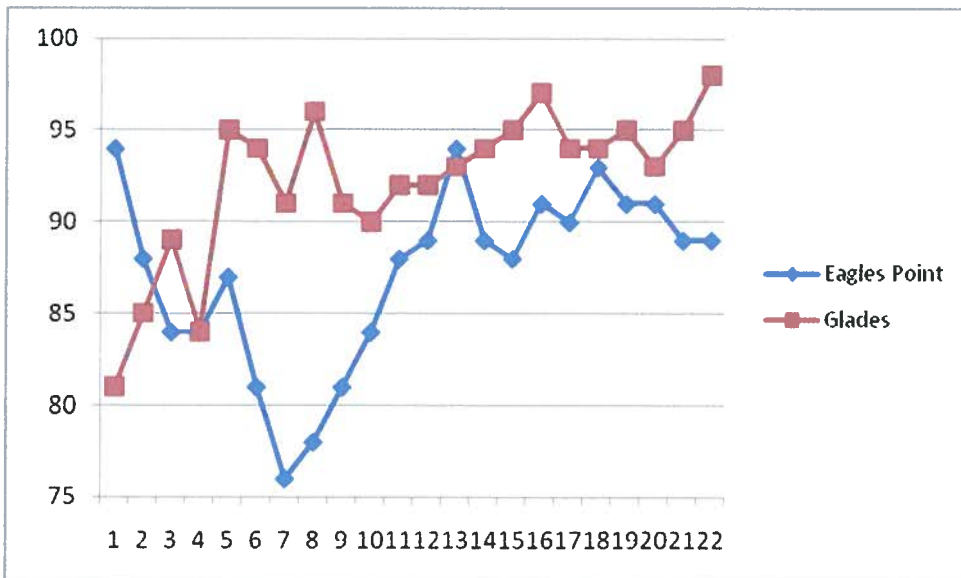
### 22 Month Occupancy Levels—Entire Portfolio Average Occupancy



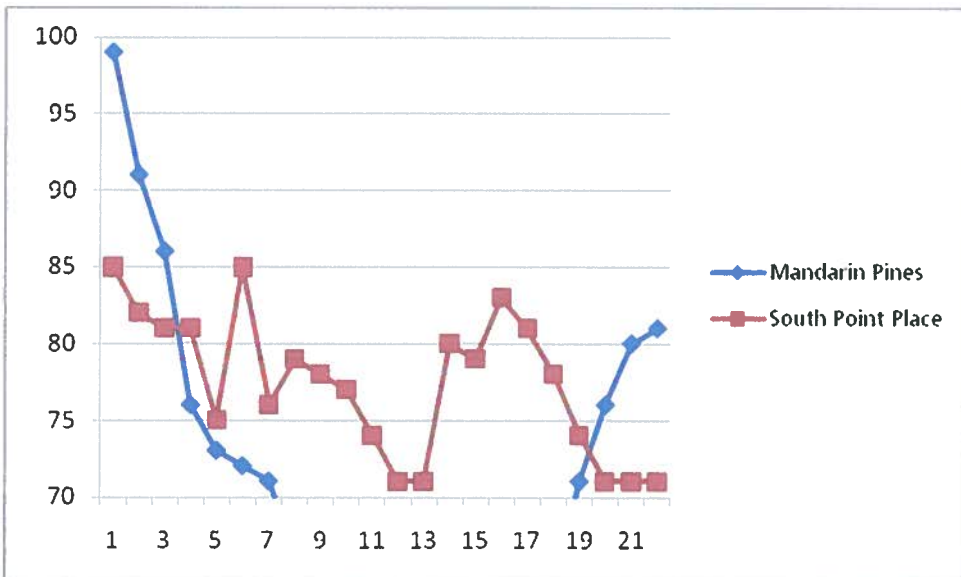
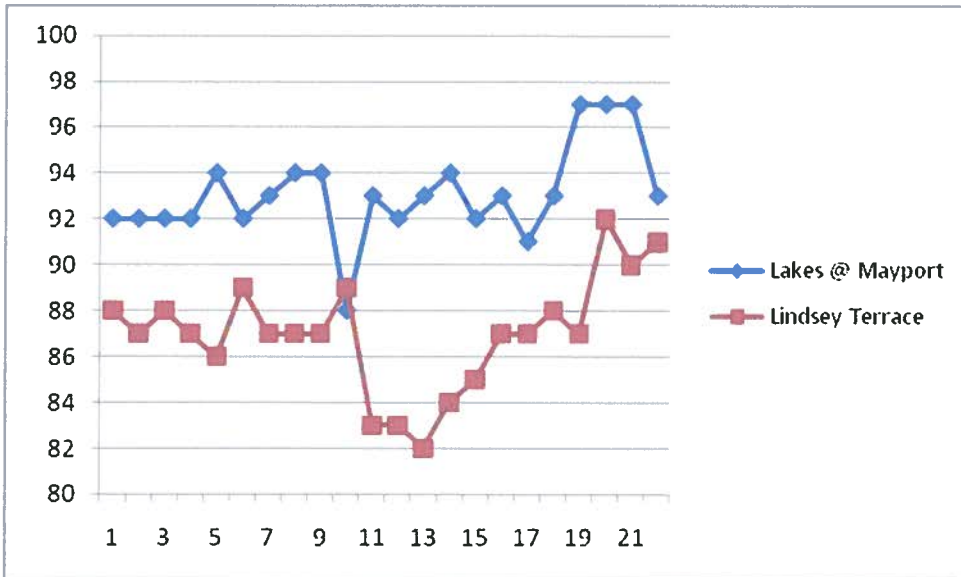
## 22 Month Occupancy Levels—Average Occupancy by Development



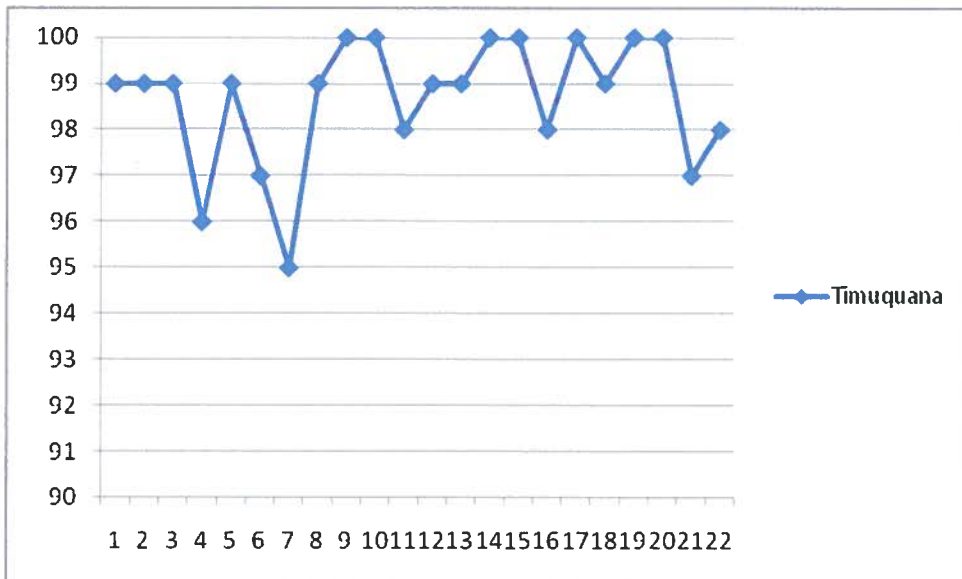
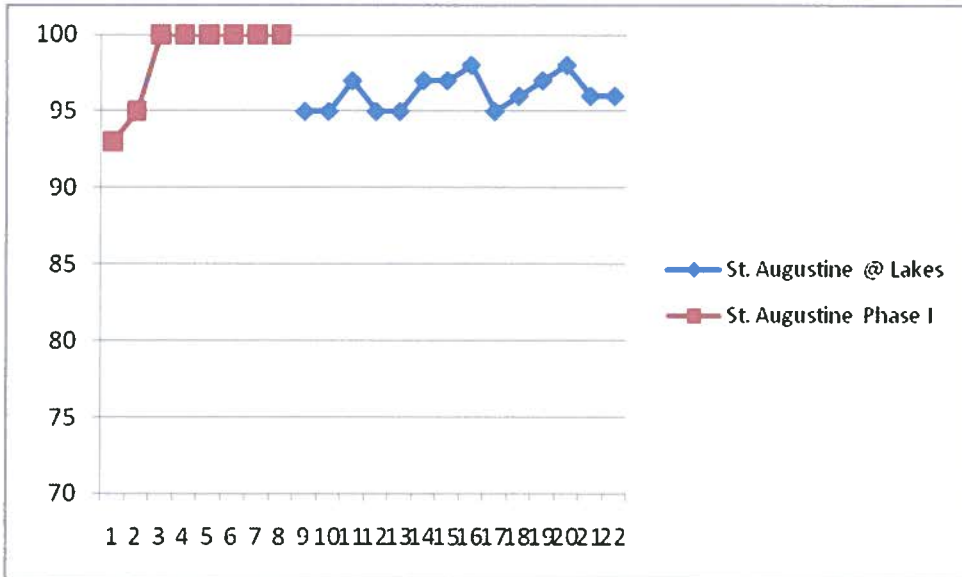
## 22 Month Occupancy Levels—Average Occupancy by Development



## 22 Month Occupancy Levels—Average Occupancy by Development



## 22 Month Occupancy Levels—Average Occupancy by Development



**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Liberty Center Loan Extension**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 12/17/2010**

**Please check only one:**      JHFA                       JHCDC                       NWJEDF

**Please check only one:**

ACTION ITEM

Reports      Staff Reports      Committee Reports      New Business      Old Business

**Name of Person/s that will be presenting item at the meeting: Laura Stagner-Crites**

**Background/Description:** The DCHFA funded Liberty Center in the amount of \$500,000 in 1995, secured by a note and mortgage that was originally amortized over a 30 year period, with a 15 year balloon. The loan was due in full on December 10, 2010 and the borrower has asked that we extend the payment period for 10 years of the amortization at an approximate monthly P&I payment amount of \$2,845.08. All of the other terms of the note and mortgage remain the same.

**Are funds available for this item (if applicable):**      Yes      No      N/A

*Finance Director Signature*

**RECOMMENDATION:** Approve the extension of the loan repayment period of the Liberty Center note and mortgage by 10 years, borrower to pay reasonable costs associated with the amended and restated note and mortgage.

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 Request for Extension JHFA Submission</p> <p>Name of Person/s responsible for submitting attachment Laura Stagner-Crites</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input checked="" type="checkbox"/> No</p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>

January  
JHFA Agenda

**Bouda, Jane**

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**From:** Bouda, Jane  
**Sent:** Monday, December 06, 2010 1:37 PM  
**To:** 'Hmoore1042@yahoo.com'  
**Cc:** Greger, Wight; Stagner-Crites, Laura  
**Subject:** Liberty Center extension

Mr. Harris,

Per our telephone conversation of today I will pass on to both Laura and Wight your desire to have the new amortization period be 10 years. As soon as Laura returns to the office she will get with you concerning the next available Jacksonville Housing Finance Authority meeting and the City Council process.

*Jane G. Bouda*  
Contract Compliance Manager  
Office of the Director  
Housing and Neighborhoods Department  
214 N. Hogan Street Suite 800  
Jacksonville, FL 32202  
904-255-8291 (phone)  
904-301-3860 (fax)  
[jbouda@coj.net](mailto:jbouda@coj.net)

**\*\*\*Please note that under Florida's very broad public records law, e-mail communications to and from city officials are subject to public disclosure.\*\*\***

12/14/2010

HOUSING AND NEIGHBORHOODS DEPARTMENT  
OFFICE OF THE DIRECTOR



November 23, 2010

Liberty Center for the Homeless, Inc.  
Attn: Robert L. Harris, Jr., President  
941 N. Liberty Street  
Jacksonville, FL 32206

Dear Mr. Harris,

We have received your letter dated November 19, 2010 and have taken the liberty to perform some calculations for a proposed extension of the amortization period for your current loan with the Jacksonville Housing Finance Authority.

The following calculations outline various options for an extended amortization period. Please note that the amounts are approximate and subject to the timing of the actual restructuring transaction date, if approved.

Assuming a New Beginning Loan Amount of \$294,641.49  
Assuming an Interest Rate of 3.00% per annum

Amortization Period	Monthly Payment	Total Interest Cost (TIC)
15 Years	\$2,034.74	\$71,611.72
12 Years	\$2,439.00	\$56,574.95
10 Years	\$2,845.08	\$46,768.13

Note - Current monthly P&I payment is \$2,371.00

Please let us know which of the above options best suits the needs of your agency and we can have the item prepared for the next available Jacksonville Housing Finance Authority agenda. Please note that this item, if approved, will require City Council action. In the meantime, please continue making your payments to our servicer per the existing documents.

Sincerely,

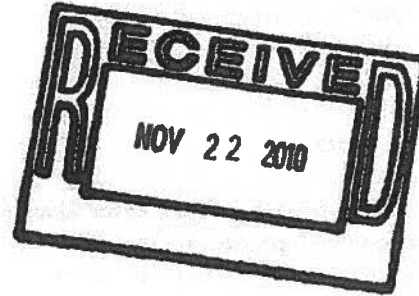
A handwritten signature in black ink, appearing to read "Wight Greger".

Wight Greger  
Executive Director

721-128071

**Liberty Center For The Homeless, Inc.**

941 N. LIBERTY STREET  
JACKSONVILLE, FL. 32206  
(904) 353-0446



November 19, 2010

City of Jacksonville  
Office of the Director  
Housing and Neighborhoods Department  
214 N. Hogan Street, 8<sup>th</sup> Floor  
Jacksonville, FL 32202

Re: Liberty Center for the Homeless, Inc.  
Re: Loan # 3600500063380

Dear Ms. Stagner-Anderson:

It was a pleasure to speak with you regarding this matter. Please use this letter as confirmation that we wish to continue making monthly payments at this time.

Please send future correspondence to my attention at P. O. Box 40126, Jacksonville, FL 32203. Thank your for your assistance is this matter.

Very truly yours,

A handwritten signature in black ink that reads "Robert L. Harris, Jr." with a stylized flourish at the end.

Robert L. Harris, Jr.  
President

RLH/hm

Cc: Noteworld Servicing Center

**Liberty Center for the  
Homeless, Inc.**

***Financial Statements***

December 31, 2009  
and  
December 31, 2008



CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS DEVELOPMENT ADVISORS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Liberty Center for the Homeless, Inc.

We have audited the accompanying statements of financial position of Liberty Center for the Homeless, Inc. (a non-profit organization), as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, cash flows and supplementary information, for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Liberty Center for the Homeless, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2010 on our consideration of Liberty Center for the Homeless, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

4201 BAYMEADOWS ROAD  
SUITE 4  
JACKSONVILLE, FL 32217  
TEL 904.731.9222  
FAX 904.731.0352  
www.huntercpa.com

*Hunter & Associates, PA*  
May 20, 2010



**Liberty Center for the Homeless, Inc.**  
**Statements of Financial Position**  
**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Cash	\$ 28,408	\$ 6,025
Land, buildings and equipment, net of accumulated depreciation	1,954,300	1,994,770
Rent and other receivables	-	451
Loan acquisition costs & other assets	251,283	259,571
Advances to affiliates	10,000	10,000
Investment in Liberty Center IV, Inc.	<u>317,297</u>	<u>317,297</u>
<b>Total assets</b>	<u><u>2,561,288</u></u>	<u><u>2,588,114</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Current Portion of Long Term Debt	83,502	80,983
Accounts payable	15,613	2,846
Accrued expenses	300,967	308,934
Other payables	70,773	84,368
Long term debt	<u>1,947,030</u>	<u>2,036,179</u>
<b>Total liabilities</b>	<u>2,417,885</u>	<u>2,513,310</u>
<b>Net assets</b>		
Unrestricted	<u>143,403</u>	<u>74,804</u>
<b>Total net assets</b>	<u>143,403</u>	<u>74,804</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,561,288</u>	<u>\$ 2,588,114</u>

**Liberty Center for the Homeless, Inc.**  
**Statements of Activities**  
**For the Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Unrestricted net assets</b>		
<b>Support</b>		
Revenues	\$ 555,995	\$ 512,129
Contributions and grants-other	59,614	52,056
Interest income	-	2,260
<b>Total support</b>	<u>615,609</u>	<u>566,445</u>
<b>Expenses</b>		
Program services	456,624	446,259
Supporting services:		
Management and general	72,517	70,115
Interest expense	17,869	17,634
<b>Total expenses</b>	<u>547,010</u>	<u>534,008</u>
<b>Increase in unrestricted net assets</b>	<u>68,599</u>	<u>32,437</u>
<b>Temporarily restricted net assets</b>		
Net assets released from restrictions	<u>-</u>	<u>-</u>
<b>Increase (decrease) in temporarily restricted net assets</b>	<u>-</u>	<u>-</u>
<b>Increase(decrease) in net assets</b>	68,599	33,437
<b>Net assets beginning of the year</b>	<u>74,804</u>	<u>41,367</u>
<b>Net assets end of the year</b>	<u>\$ 143,403</u>	<u>\$ 74,804</u>

**Liberty Center for the Homeless, Inc.**  
**Schedule of Land, Building and Equipment**  
**December 31, 2009 and 2008**

<b>Asset</b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Residential real estate	\$ 244,607	\$ 244,607
Land	168,460	168,460
Development fee	239,789	239,789
Development costs	153,825	153,825
Vehicles	31,918	31,918
Kitchen equipment	233,589	233,589
Furniture and fixtures	235,942	207,149
Computer equipment	13,846	13,846
Office equipment	9,243	9,243
Construction costs	1,879,087	1,879,087
Capitalized interest, taxes and other expenses	26,624	26,624
Accumulated depreciation	<u>(1,282,630)</u>	<u>(1,213,367)</u>
	<u>\$ 1,954,300</u>	<u>\$ 1,994,770</u>

**Liberty Center for the Homeless, Inc.**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 68,599	\$ 33,437
Adjustments to reconcile decrease in net assets to cash used by operating activities:		
Depreciation	69,830	74,003
Decrease in grant & rent receivable	451	-
Increase (decrease) in operating liabilities	(8,795)	1,425
Net cash provided by operating activities	<u>130,084</u>	<u>108,865</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment	<u>(29,359)</u>	<u>(5,202)</u>
Net cash used by investing activities	<u>(29,359)</u>	<u>(5,202)</u>
<b>Cash flows from financing activities</b>		
Loan acquisition costs & other assets	8,288	715
Repayment of long term debt	(86,629)	(87,721)
Increase (decrease) in advances to affiliates	-	(10,000)
Net cash used by financing activities	<u>(78,342)</u>	<u>(97,006)</u>
<b>Net increase (decrease) in cash</b>	22,384	6,657
<b>Cash and cash equivalents at beginning of the year</b>	<u>6,024</u>	<u>(633)</u>
<b>Cash at end of the year</b>	<u>\$ 28,408</u>	<u>\$ 6,024</u>

**Liberty Center for the Homeless, Inc.**  
**Notes to financial statements**  
**December 31, 2009 and 2008**

**Note A—Nature of activities and significant accounting policies**

**Nature of Activities**

Liberty Center for the Homeless, Inc., ("The Organization") provides long-term support services for the 343 homeless people at Liberty Center in Jacksonville, Florida. Residents are referred to a variety of agencies for services such as: gaining employment, obtaining financial assistance, and counseling for mental illness and substance abuse.

The Organization maintains a kitchen, cafeteria, and clothing closet. Transportation is provided on an emergency and as needed basis. Linens are provided to the residents upon their first entering the center. The bedroom furniture is maintained and replaced by the Organization as necessary.

The Organization is supported primarily through revenues earned by owning and operating a single occupancy facility for adult women. This facility opened in 1997. Commissions are earned from subcontractors who operate vending machines, laundry equipment and telephones. Donations, volunteers and grants play an important part in stretching the Organization's resources.

**Property and Equipment**

Furniture, equipment, and vehicles are capitalized at cost. It is the Organization's policy to capitalize expenditures for these items in excess of \$500. Lesser amounts are expensed. Furniture and equipment are being depreciated over estimated useful lives of five to ten years using a straight-line method.

Donations of property and equipment received through December 31, 2009 are recorded as support in the year in which they were received at the fair market value. Such donations were recorded as unrestricted support.

**Financial Statement Presentation**

In 1995, the Organization elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117 *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. During 2009, there were no assets permanently restricted.

**Contributions**

The Organization has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or

nature of any donor restrictions. During 2009 and 2008 there were no contributions made that had permanent restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

**Note B- Long Term Debt**

	December 31	
	<u>2009</u>	<u>2008</u>
Notes Payable to a bank and former investor with interest rates from 3% to 10.5 %.	\$ 385,532	\$ 408,054
Mortgage note payable at 0% to Florida Housing Finance Agency; principal payments only of \$5,000 due monthly for a term of 30 years maturing May 2037.	<u>1,645,000</u>	<u>1,705,000</u>
	2,030,532	2,113,054
Less amount due within one year	<u>83,502</u>	<u>81,558</u>
	<u>\$ 1,947,030</u>	<u>\$ 2,031,496</u>

Aggregate maturities of long-term debt for the next five years are estimated as follows:

2010	\$ 83,502
2011	84,114
2012	85,599
2012	86,003
2014	86,824
Later Years	<u>1,604,490</u>
	<u>\$2,030,532</u>

**Note C - Financial Assistance**

The Organization was awarded a grant from the City of Jacksonville to operate the Today Program for new residents of the Liberty Center. The participants receive a nutritional meal along with assistance needed to obtain employment, counseling and transportation services. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. No grant money was received during 2009. The proceeds from the grant is used to purchase food and transportation.

**Note D - Liberty Center IV, Inc.**

In 2000, The Organization was also awarded \$275,000 from the City of Jacksonville's Community Housing Development Organization Program. This money was used to purchase property for a proposed 100 unit single occupancy affordable housing community located at 2203 Art Museum Drive in Jacksonville, Florida. Since that time, the Organization has obtained financing and made expenditures, many relating to development costs. Effective at the end of 2003, the Organization contributed its net investment of \$247,462 to a limited partnership, Liberty Center IV, Ltd. which will develop the property. In consideration for the contribution to the limited partnership, Liberty Center IV, Inc., a wholly owned for-profit subsidiary corporation of the Organization, received the General Partnership interest in the limited partnership.

During 2004, The Organization contributed an additional \$69,835 to the limited partnership for a total investment of \$317,297.

**Note E - Concentration of Credit Risk**

The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at each financial institution. From time to time balances in the Corporation's bank accounts have exceeded FDIC limits. As of December 31, 2009 and 2008, the Corporation did not have funds in excess of the insured amount.



CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS DEVELOPMENT ADVISORS

**REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

To the Board of Directors of  
Liberty Center for the Homeless, Inc.

We have audited the financial statements of Liberty Center for the Homeless, Inc. (a nonprofit organization) as of and for the year ended December 31, 2009, and have issued our report thereon dated May 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Liberty Center for the Homeless, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Liberty Center for the Homeless, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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This report is intended solely for the information and use of the audit committee, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

*Hunter Associates, PA*  
Jacksonville, Florida  
May 20, 2010

***Supplementary Information***

**Liberty Center for the Homeless, Inc.**  
**Statement of Functional Expenses**  
**For the Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Program expenses</b>		
Salaries and wages	\$ 135,995	\$ 144,563
Auto expense	7,226	7,901
Depreciation	69,830	74,003
Insurance expense	50,945	48,243
Legal and accounting	16,317	16,535
Licenses and permits	420	335
Miscellaneous	11,711	7,138
Tenant expense	2,229	229
Repair and maintenance	49,560	45,909
Taxes	12,160	12,958
Utilities	100,231	88,444
<b>Total primary program services</b>	<u>\$ 456,624</u>	<u>\$ 446,258</u>
<b>Support services</b>		
<b>Management and general</b>		
Salaries and wages	21,872	21,872
Dues and subscriptions	929	894
Management fees	43,795	41,037
Office and other	5,921	6,312
<b>Total management and general</b>	<u>\$ 72,517</u>	<u>\$ 70,115</u>

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Arlington Request for Extension**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 1-11-11**

**Please check only one:**       JHFA                       JHCDC                       NWJEDF

**Please check only one:**

ACTION ITEM

Reports       Staff Reports       Committee Reports       New Business       Old Business

**Name of Person/s that will be presenting item at the meeting: Mark Hendrickson**

**Background/Description:** The Preliminary Agreement for a bond loan to the Arlington Portfolio expired December 31, 2010. The developer has submitted a revised financing plan that is economically questionable and does not use tax exempt financing.

**Are funds available for this item (if applicable):**     Yes     No     N/A

\_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION: Do not approve extension of the Preliminary Agreement for the Arlington Portfolio.**

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 Preliminary Agreement</p> <p>Name of Person/s responsible for submitting attachment Rhonda Bond-Collins</p> <p>Are there signatures required?    <input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_      Second: \_\_\_\_\_      Other: \_\_\_\_\_      Quorum # \_\_\_\_\_

## **ARLINGTON PORTFOLIO UPDATE**

### **1-19-11**

#### **A. Background**

1. The 725 units Arlington financing is currently operated as eight market rate developments, with no rental income restrictions.
2. The original proposal for the Project was for American Housing Preservation Corporation, a Maine based non-profit, to acquire and rehabilitate the existing project with tax-exempt bonds and 4% Housing Credits.
3. The developer was unable to obtain a Freddie Mac commitment, and subsequently attempted to obtain a HUD 221(d)(4) commitment. Ultimately, HUD refused to approve the development based on various factors including the size of the portfolio and the lack of Florida experience by the developer. It was later determined that the current policy for HUD is not to finance properties over 200 units.
4. The developer tried for three years to secure credit enhancement—without success.

#### **B. Current Situation:**

1. The developer is now proposing a conventional financing utilizing taxable bonds, assuming a loan from the seller's lender, utilizing the WAP (Weatherization) funds and deferral of their fees during the construction to complete funding
2. This would entail an assumption of approximately \$12.0 million of the seller's current mortgage at a rate not to exceed five percent, with a 30 year amortization and ten year term, a second taxable bond financing mortgage from JHFA in the estimated amount of \$9.0 million on the same or comparative terms, approximately \$2.5 million in federal weatherization assistance program for energy efficient upgrades to be treated as a soft loan at 0% for initial ten year period, project income during construction, and addition buyer equity and deferred fees of approximately \$2.0 million.
3. The new proposal also reduces the proposed rehabilitation of the development to only \$8,600 per unit (from \$20,861 per unit). HUD estimated necessary repairs at \$30,000 per unit.
4. To address the issue related to the management and the experience the developer engaged Pinnacle Management of Maitland, Florida who has an extensive track record managing affordable housing HC properties.
5. The financing is also dependent on the seller's willingness to forgive \$3.0 million of the existing loan and taxable bonds at an unrealistically low rate given their second mortgage position and the fact that the bonds would be unenhanced and would finance a somewhat troubled project.
6. RBC Capital Markets does not believe that the proposed financing structure would be marketable, and that conventional financing would be more efficient than taxable bonds.
7. Essentially, the developer has been unable to obtain credit enhancement on the proposed bonds, and the proposed alternative financing plan is not economically sound. In any case, it does not involve tax exempt bonds.

#### **C. Recommendation:**

Do not extend the Preliminary Commitment for the Arlington Portfolio. This does not preclude the developer from renewing their request in the future if they have a viable financing plan and bond allocation is available.

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Hollybrook Extension**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 1-11-11**

**Please check only one:**       JHFA                       JHCDC                       NWJEDF

**Please check only one:**

ACTION ITEM

Reports       Staff Reports       Committee Reports       New Business       Old Business

**Name of Person/s that will be presenting item at the meeting: Mark Hendrickson**

**Background/Description:** The Preliminary Agreement for a bond loan to Hollybrook expired Decmeber 31, 2010. The developer has requested an extension of the Preliminary Agreement.

**Are funds available for this item (if applicable):**     Yes     No     N/A

\_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION: Approve extension of the Preliminary Agreement for Hollybrook to 12-31-11.**

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 Preliminary Agreement</p> <p>Name of Person/s responsible for submitting attachment Rhonda Bond-Collins</p> <p>Are there signatures required?    <input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_      Second: \_\_\_\_\_      Other: \_\_\_\_\_      Quorum # \_\_\_\_\_

*Motion Note:*

## **THIRD AMENDED AND RESTATED PRELIMINARY AGREEMENT**

This **THIRD AMENDED AND RESTATED PRELIMINARY AGREEMENT** (this "Preliminary Agreement") dated as of January 19, 2011, between the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a body corporate and politic of the State of Florida (the "Authority"), and **NHTE HOLLYBROOK, LP**, a Florida limited partnership or its permitted successors and assigns (the "Company").

### **WITNESSETH:**

**SECTION 1. PRELIMINARY STATEMENT.** Among the matters of mutual understanding which have resulted in the execution of this Preliminary Agreement are the following:

(a) The Florida Housing Finance Authority Law (Chapter 159, Part IV, Florida Statutes), as amended (the "Act") provides that the Authority may issue its revenue bonds and loan the proceeds thereof to one or more persons, firms or private corporations, or use such proceeds to defray the cost of acquiring, by purchase or construction, certain qualifying facilities.

(b) The Company is considering the acquisition, rehabilitation, and equipping of a multifamily residential housing facility for persons of low, middle or moderate income to be located at 104 King Street, Jacksonville, Duval County, Florida 32204 (the "County") to be more commonly known as Hollybrook Homes Apartments (the "Project"). It is currently estimated that the cost related to the acquisition, rehabilitation, and equipping of the Project will be approximately \$15,203,506.

(c) The parties previously entered into a preliminary agreement on March 18, 2009, as amended, (the "Original Preliminary Agreement"), and now desire to memorialize their understanding and agreement with respect to certain amendments to the Original Preliminary Agreement by amending and restating the Original Preliminary Agreement. The Authority intends this Preliminary Agreement to constitute its official binding commitment for purposes of the Act and applicable federal tax law only, subject to the terms hereof, to issue its Multifamily Housing Revenue Bonds (Hollybrook Homes Apartments), Series 2011 in a principal amount not to exceed \$10,000,000 (the "Bonds") in one or more series or issues pursuant to the Act in a final amount to be determined by the Authority and to loan the proceeds thereof to the Company, or to use such proceeds, to finance all or a portion of the cost related to the acquisition, rehabilitation, and equipping of the Project, including all costs incurred in connection with the issuance of the Bonds by the Authority.

(d) The Authority considers the issuance and sale of the Bonds, for the purpose hereinabove set forth, consistent with the objectives of the Act. This commitment is an affirmative official action of the Authority toward the issuance of the Bonds as herein contemplated in accordance with the purposes of both the Act and the applicable United States Treasury Regulations provided, however, the commitment is specifically subject to the terms and conditions set forth in this Preliminary Agreement and creates no rights of specific performance on the part of the Company.

**SECTION 2. UNDERTAKINGS ON THE PART OF THE AUTHORITY.** Subject to the terms hereof, the Authority agrees as follows:

(a) The Authority will authorize the issuance of the Bonds in the not to exceed aggregate principal amount necessary and sufficient to finance all or a portion of the cost related to the acquisition, rehabilitation, and equipping of the Project as the Authority and the Company shall agree in writing, but in all events, the principal amount of such Bonds shall not exceed the lesser of: (i) the cost related to the Project, as determined by the Authority, or (ii) \$10,000,000.

(b) Such actions and documents may, at the option of the Authority, permit the issuance from time to time in the future of additional bonds on terms which shall be set forth therein, whether *pari passu* with other series of bonds or otherwise, for the purpose of defraying the cost of completion, enlargements, improvements and expansion of the Project, or any segment thereof, or refunding of the Bonds.

(c) The loan or financing agreement between the Authority and the Company (the "Loan Agreement") shall, under the terms agreed upon by the parties, provide for payments to be made by the Company in such sums as shall be necessary to pay the amounts required under the Act including the principal of and interest and redemption premium, if any, on the Bonds, as and when the same shall become due and payable.

(d) In authorizing the loan of the proceeds of the Bonds pursuant to the Loan Agreement, the Authority will make no warranty, either expressed or implied, that the proceeds of the Bonds will be sufficient to pay all costs of the acquisition, rehabilitation, and equipping of the Project or that those facilities encompassed by the Project will be suitable for the Company's purposes or needs.

(e) The Bonds shall specifically provide that they are payable solely from the revenues derived from the Loan Agreement, the Trust Indenture relating to the Bonds (the "Indenture") or other agreements approved by the Authority, except to the extent payable out of amounts attributable to the proceeds of the Bonds. The Bonds and the interest thereon shall not constitute an indebtedness or pledge of the Authority, the general credit of the City of Jacksonville, the County or of the State of Florida (the "State"), and such fact shall be plainly stated on the face of the Bonds.

**SECTION 3. UNDERTAKINGS ON THE PART OF THE COMPANY.** Subject to the terms hereof, the Company agrees as follows:

(a) The Company will use reasonable efforts to insure that the Bonds in the not to exceed aggregate principal amount as stated above are sold; provided, however, that the terms of such Bonds and of the sale and delivery thereof shall be mutually satisfactory to the Authority and the Company.

(b) The Company will cooperate with the Authority and with the underwriters or purchasers of the Bonds and the Authority's counsel, financial advisor and bond counsel with respect to the issuance and sale of the Bonds and will take such further action and authorize the execution of such documents as shall be required by the Authority for the authorization, issuance and sale of such Bonds and the use of the proceeds thereof to finance the cost related to the

acquisition, rehabilitation, and equipping of the Project all in accordance with the Authority's Multifamily Bond Allocation Policies and Procedures and Program Guidelines Handbook, as amended from time to time (the "Policies and Procedures").

(c) Prior to the issuance of the Bonds, the Company will enter into the Loan Agreement, consent to the execution by the Authority of the Indenture, approve such other documents related to the Bonds, as shall be determined reasonably necessary by the Authority, providing for, among other things, the issuance, delivery and security for the Bonds and the loan or use of the proceeds of the Bonds to finance the Project. Such documents will provide, among other things, that the Company will be obligated to pay the Authority (or to trustees for holders of the Bonds on behalf of the Authority, as the case may be) sums sufficient in the aggregate to enable the Authority to pay the principal of and interest and redemption premium, if any, on the Bonds, as and when the same shall become due and payable, and all other expenses related to the issuance and delivery of the Bonds inclusive of the Authority's ongoing fees. The Company will agree in such documents that if the cost related to the acquisition, rehabilitation, and equipping of the Project exceeds the amounts allocated therefor, it shall not be entitled to any additional reimbursement or funding for any such excess either from the Authority, the bondholders or the trustee for the bondholders.

(d) The Company shall be responsible for the fees and deposits required by the Authority and the fees of the Authority's counsel, underwriters, financial advisor and bond counsel.

(e) The Company shall, in addition to paying the amounts set forth in the Loan Agreement, pay all costs of operation, maintenance, taxes, governmental and other charges which may be assessed or levied against or with respect to the Project.

(f) The Company will hold the Authority free and harmless from any loss or damage and from any taxes or other charges levied or assessed by reason of the issuance, sale or delivery of the Bonds, as well as any mortgaging or other disposition of the Project.

(g) All costs of issuance, including, without limitation, the Authority's fees and counsel fees not paid at the time of application shall be paid in full at the time of the sale and delivery of the Bonds. The Company shall pay, upon request, a reasonable retainer to bond counsel to the Authority to compensate said counsel for legal services which must be performed whether or not the Bonds are actually issued. Any retainers so paid will be credited against the respective counsel fees payable at closing.

(h) The Company shall take all such actions to cause the Bonds to be issued in compliance with the applicable terms and conditions of the Policies and Procedures, including, without limitation, all conditions set forth in the memorandum from the Authority's financial advisor and the credit underwriting report secured by the Authority with respect to the Project.

(i) The Company will take such further action as may be required to implement its aforesaid undertakings and as it may deem appropriate in pursuance thereof.

(j) Should the Company cancel this Preliminary Agreement in accordance with the terms hereof, the Company shall pay any and all of the Authority's fees and expenses including,

without limitation, the fees and expenses of Authority's counsel and bond counsel and financial advisor.

**SECTION 4. GENERAL PROVISIONS.** All commitments of the Authority under Section 2 hereof and of the Company under Section 3 hereof are subject to the conditions that the following events shall have occurred not later than December 31, 2011, or such other date as shall be mutually satisfactory to the Authority and the Company:

(a) The Company shall deliver evidence satisfactory to the Authority's counsel and bond counsel (including such opinions issued by counsel to the Company acceptable to the Authority) that the Company is an entity organized and operated under the applicable laws of the State.

(b) The Authority shall have received at least \$10,000,000 of private activity bond allocation from the State Division of Bond Finance (the "Division") and shall be lawfully entitled to issue the Bonds as herein contemplated.

(c) The Authority and the Company shall have agreed on mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the Indenture, the Loan Agreement or other agreements incidental to the financing or referred to in Sections 2 and 3 hereof.

(d) Such other rulings, approvals, consents, certificates of compliance, opinions of counsel and other instruments and proceedings satisfactory to the Authority as to such matters with respect to the Bonds, the Project, the Indenture, the Loan Agreement, as shall be specified by the Authority, shall have been obtained from such governmental, as well as non-governmental, agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto and shall be in full force and effect at the time of issuance of the Bonds.

(e) Notwithstanding the designation as an "official binding commitment" for purposes of the Act and federal tax law, the Company and the Authority each reserve the absolute right to unilaterally cancel this Preliminary Agreement at any time prior to the time the Bonds are issued by the Authority upon written notice to the other party of cancellation.

(f) If the events set forth in this Section 4 do not take place within the time set forth or any extension thereof, or if the Company or the Authority exercises its rights of cancellation as set forth in this Section 4, the Company agrees that it will pay/forfeit to the Authority the Deposit (as defined herein) and pay the fees for Authority's counsel and bond counsel and financial advisor.

(g) The Company acknowledges that the Authority may, during the time this Preliminary Agreement is in effect, issue similar "inducement" agreements to other companies for other multifamily projects, and/or may issue bonds or participate jointly with other authorities to issue bonds for multifamily or single family housing. This Preliminary Agreement will create no priority or rights vis a vis subsequent agreements for the issuance of multifamily or single family bonds.

(h) A current TEFRA Notice has been published and a public hearing held, and approval by the City Council of the City of Jacksonville, Florida.

**SECTION 5. DEPOSIT AND FEES FROM THE COMPANY.** Notwithstanding anything herein to the contrary, the Company has represented to the Authority that it expects to complete the financing of the Project on or before December 31, 2011, utilizing not less than \$9,000,000 of the Authority's private activity bond allocation. On the basis of the foregoing representation by the Company, the Authority has agreed to reserve not to exceed \$10,000,000 of its private activity bond allocation for the Project and issue the Bonds on behalf of the Company, subject to the Company's compliance with, among other things, the Policies and Procedures as well as all other terms and conditions set forth herein. The Company acknowledges and agrees that failure to consummate the sale and delivery of not less than \$9,000,000 of the Bonds on or before December 31, 2011 will result in substantial damages to the Authority which cannot be easily or adequately measured. Consequently, as of the date hereof the Company has delivered to the Authority: (a) a cashier's check in the amount of \$1,000 which reflects the non-refundable application fee, (b) a cashier's check in the amount of \$5,500 which reflects the non-refundable Development Feasibility Analysis Fee and (c) a cashier's check in the amount of \$500 to cover the initial cost of publishing the TEFRA notice and conducting a hearing, all payable to the Authority and all of which shall be immediately cashed by the Authority. Additionally, on or before March 25, 2009, the Company delivered to the Authority: (a) a cashier's check in the amount of \$40,000 which reflects the required final document preparation deposit (the "Deposit") and (b) a cashier's check in the amount of \$10,000 which reflects the fee and cost retainer of the Authority's bond counsel. If Bonds in the principal amount of not less than \$9,000,000 are sold and delivered on or before on or before December 31, 2011, the Authority will deliver to the Company a check in the amount of the Deposit simultaneously with the sale and delivery of the Bonds. If for any reason Bonds in the principal amount of not less than \$9,000,000 are not sold and delivered on or before December 31, 2011, the Deposit shall be retained by the Authority as and for full liquidated damages for any defaults hereunder on the part of the Company. The Authority and the Company hereby agree that time is of the essence and it is the intent of the parties hereto that the provisions of this Preliminary Agreement be strictly construed. Should the Authority cancel this Preliminary Agreement in accordance with Section 4(e) hereof, then the Company shall be entitled to a return of the Deposit less the fees and expenses of the Authority including, without limitation, the fees and expenses of Authority's counsel (other than bond counsel) and financial advisor.

**SECTION 6. BINDING EFFECT.** All covenants and agreements herein contained by or on behalf of the Authority and the Company shall bind and inure to the benefit of the respective successors and assigns of the Authority and the Company whether so expressed or not; provided, however, the Company may not assign this Preliminary Agreement.

**SECTION 7. AMENDMENTS.** The provisions of the Original Preliminary Agreement are hereby amended and restated by this Third Amended and Restated Preliminary Agreement. This Third Amended and Restated Preliminary Agreement supersedes the Original Preliminary Agreement. No further waiver, alteration, or modification of any of the provisions of this Third Amended and Restated Preliminary Agreement shall be binding on any party unless in writing and signed by the party against whom enforcement of such waiver, alteration or modification is sought.

[SIGNATURE PAGES TO FOLLOW]

**SIGNATURE PAGE TO  
THIRD AMENDED AND RESTATED PRELIMINARY AGREEMENT  
(HOLLYBROOK HOMES APARTMENTS)**

**IN WITNESS WHEREOF**, the parties hereto have entered into this Third Amended and Restated Preliminary Agreement by their officers thereunder duly authorized on the date set forth below.

**AUTHORITY:**

**JACKSONVILLE HOUSING  
FINANCE AUTHORITY**

ATTEST:

By: \_\_\_\_\_  
Bernard E. Smith, Chair

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SIGNATURE PAGE TO  
THIRD AMENDED AND RESTATED PRELIMINARY AGREEMENT  
(HOLLYBROOK HOMES APARTMENTS)**

**IN WITNESS WHEREOF**, the parties hereto have entered into this Third Amended and Restated Preliminary Agreement by their officers thereunder duly authorized on the date set forth below.

**COMPANY:**

**NHTE HOLLYBROOK LP,**  
a Florida limited partnership

By: **NHTE HOLLYBROOK, LLC**, a Florida limited  
liability company

By: \_\_\_\_\_  
Scott Kline  
Executive Manager

Date: \_\_\_\_\_

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Savannah Springs II Extension**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 1-11-11**

**Please check only one:**      JHFA                       JHCDC                       NWJEDF

**Please check only one:**

ACTION ITEM

Reports      Staff Reports      Committee Reports      New Business      Old Business

**Name of Person/s that will be presenting item at the meeting: Mark Hendrickson**

**Background/Description:** The Preliminary Agreement for a bond loan to Savannah Springs II expired Decmeber 31, 2010. The developer has requested an extension of the Preliminary Agreement.

**Are funds available for this item (if applicable):**      Yes      No      N/A

*Finance Director Signature*

**RECOMMENDATION:** Approve extension of or new Preliminary Agreement for Savannah Springs II to 12-31-11.

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 Preliminary Agreement</p> <p>Name of Person/s responsible for submitting attachment Rhonda Bond-Collins</p> <p>Are there signatures required?     <input checked="" type="checkbox"/> Yes     <input type="checkbox"/> No</p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> Yes     <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_ Second: \_\_\_\_\_ Other: \_\_\_\_\_ Quorum # \_\_\_\_\_

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Pine Grove Extension**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 1-11-11**

**Please check only one:**      **JHFA**                       **JHCDC**                       **NWJEDF**

**Please check only one:**

**ACTION ITEM**

**Reports**      **Staff Reports**      **Committee Reports**      **New Business**      **Old Business**

**Name of Person/s that will be presenting item at the meeting: Mark Hendrickson**

**Background/Description:** The Preliminary Agreement for a bond loan to Pine Grove expired Decmeber 31, 2010. The developer has requested an extension of the Preliminary Agreement.

**Are funds available for this item (if applicable):**      **Yes**      **No**      **N/A**

*Finance Director Signature* \_\_\_\_\_

**RECOMMENDATION: Approve extension of the Preliminary Agreement for Pine Grove to 12-31-11.**

\*\*\*\*\*

**ATTACHMENTS  
(Check Here if N/A  )**

<p align="center">Name of Attachment1 Preliminary Agreement</p> <p>Name of Person/s responsible for submitting attachment Rhonda Bond-Collins</p> <p>Are there signatures required?     <input checked="" type="checkbox"/> <b>Yes</b>     <input type="checkbox"/> <b>No</b></p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> <b>Yes</b>     <input type="checkbox"/> <b>No</b></p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> <b>Yes</b>     <input type="checkbox"/> <b>No</b></p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?     <input type="checkbox"/> <b>Yes</b>     <input type="checkbox"/> <b>No</b></p>

Moved: \_\_\_\_\_     Second: \_\_\_\_\_     Other: \_\_\_\_\_     Quorum # \_\_\_\_\_

*Motion Note:*

## **FIRST AMENDED AND RESTATED PRELIMINARY AGREEMENT**

This **FIRST AMENDED AND RESTATED PRELIMINARY AGREEMENT** (this "Preliminary Agreement") dated as of January 19, 2011, between the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a body corporate and politic of the State of Florida (the "Authority"), and **POWERS AVENUE APARTMENTS, LTD.**, a Florida limited partnership or its permitted successors and assigns (the "Company").

### **WITNESSETH:**

**SECTION 1. PRELIMINARY STATEMENT.** Among the matters of mutual understanding which have resulted in the execution of this Preliminary Agreement are the following:

(a) The Florida Housing Finance Authority Law (Chapter 159, Part IV, Florida Statutes), as amended (the "Act") provides that the Authority may issue its revenue bonds and loan the proceeds thereof to one or more persons, firms or private corporations, or use such proceeds to defray the cost of acquiring, by purchase or construction, certain qualifying facilities.

(b) The Company is considering the construction and equipping of a multifamily residential housing facility for persons of low, middle or moderate income to be located at 6596 Woods Walk Court, Jacksonville, Duval County, Florida (the "County") to be more commonly known as the Pine Grove Apartments (the "Project"). It is currently estimated that the cost related to the construction and equipping of the Project will be approximately \$22,039,594.

(c) The parties previously entered into a preliminary agreement on December 16, 2009 (the "Original Preliminary Agreement") and now desire to memorialize their understanding and agreement with respect to certain amendments to the Original Preliminary Agreement by amending and restating the Original Preliminary Agreement. The Authority intends this Preliminary Agreement to constitute its official binding commitment for purposes of the Act and applicable federal tax law only, subject to the terms hereof, to issue its Multifamily Housing Revenue Bonds (Pine Grove Apartments), Series 2011 in a principal amount not to exceed \$11,480,000 (the "Bonds") in one or more series or issues pursuant to the Act in a final amount to be determined by the Authority and to loan the proceeds thereof to the Company, or to use such proceeds, to finance all or a portion of the cost related to the construction and equipping of the Project, including all costs incurred in connection with the issuance of the Bonds by the Authority.

(d) The Authority considers the issuance and sale of the Bonds, for the purpose hereinabove set forth, consistent with the objectives of the Act. This commitment is an affirmative official action of the Authority toward the issuance of the Bonds as herein contemplated in accordance with the purposes of both the Act and the applicable United States Treasury Regulations provided, however, the commitment is specifically subject to the terms and conditions set forth in this Preliminary Agreement and creates no rights of specific performance on the part of the Company.

**SECTION 2. UNDERTAKINGS ON THE PART OF THE AUTHORITY.** Subject to the terms hereof, the Authority agrees as follows:

(a) The Authority will authorize the issuance of the Bonds in the not to exceed aggregate principal amount necessary and sufficient to finance all or a portion of the cost related to the construction and equipping of the Project as the Authority and the Company shall agree in writing, but in all events, the principal amount of such Bonds shall not exceed the lesser of: (i) the cost related to the Project, as determined by the Authority, or (ii) \$11,480,000.

(b) Such actions and documents may, at the option of the Authority, permit the issuance from time to time in the future of additional bonds on terms which shall be set forth therein, whether pari passu with other series of bonds or otherwise, for the purpose of defraying the cost of completion, enlargements, improvements and expansion of the Project, or any segment thereof, or refunding of the Bonds.

(c) The loan or financing agreement between the Authority and the Company (the "Loan Agreement") shall, under the terms agreed upon by the parties, provide for payments to be made by the Company in such sums as shall be necessary to pay the amounts required under the Act including the principal of and interest and redemption premium, if any, on the Bonds, as and when the same shall become due and payable.

(d) In authorizing the loan of the proceeds of the Bonds pursuant to the Loan Agreement, the Authority will make no warranty, either expressed or implied, that the proceeds of the Bonds will be sufficient to pay all costs of the construction and equipping of the Project or that those facilities encompassed by the Project will be suitable for the Company's purposes or needs.

(e) The Bonds shall specifically provide that they are payable solely from the revenues derived from the Loan Agreement, the Trust Indenture relating to the Bonds (the "Indenture") or other agreements approved by the Authority, except to the extent payable out of amounts attributable to the proceeds of the Bonds. The Bonds and the interest thereon shall not constitute an indebtedness or pledge of the Authority, the general credit of the City of Jacksonville, the County or of the State of Florida (the "State"), and such fact shall be plainly stated on the face of the Bonds.

**SECTION 3. UNDERTAKINGS ON THE PART OF THE COMPANY.** Subject to the terms hereof, the Company agrees as follows:

(a) The Company will use reasonable efforts to insure that the Bonds in the not to exceed aggregate principal amount as stated above are sold; provided, however, that the terms of such Bonds and of the sale and delivery thereof shall be mutually satisfactory to the Authority and the Company.

(b) The Company will cooperate with the Authority and with the underwriters or purchasers of the Bonds and the Authority's counsel, financial advisor and bond counsel with respect to the issuance and sale of the Bonds and will take such further action and authorize the execution of such documents as shall be required by the Authority for the authorization, issuance and sale of such Bonds and the use of the proceeds thereof to finance the cost related to the

construction and equipping of the Project all in accordance with the Authority's Multifamily Bond Allocation Policies and Procedures and Program Guidelines Handbook, as amended from time to time (the "Policies and Procedures").

(c) Prior to the issuance of the Bonds, the Company will enter into the Loan Agreement, consent to the execution by the Authority of the Indenture, approve such other documents related to the Bonds, as shall be determined reasonably necessary by the Authority, providing for, among other things, the issuance, delivery and security for the Bonds and the loan or use of the proceeds of the Bonds to finance the Project. Such documents will provide, among other things, that the Company will be obligated to pay the Authority (or to trustees for holders of the Bonds on behalf of the Authority, as the case may be) sums sufficient in the aggregate to enable the Authority to pay the principal of and interest and redemption premium, if any, on the Bonds, as and when the same shall become due and payable, and all other expenses related to the issuance and delivery of the Bonds inclusive of the Authority's ongoing fees. The Company will agree in such documents that if the cost related to the construction and equipping of the Project exceeds the amounts allocated therefor, it shall not be entitled to any additional reimbursement or funding for any such excess either from the Authority, the bondholders or the trustee for the bondholders.

(d) The Company shall be responsible for the fees and deposits required by the Authority and the fees of the Authority's counsel, underwriters, financial advisor and bond counsel.

(e) The Company shall, in addition to paying the amounts set forth in the Loan Agreement, pay all costs of operation, maintenance, taxes, governmental and other charges which may be assessed or levied against or with respect to the Project.

(f) The Company will hold the Authority free and harmless from any loss or damage and from any taxes or other charges levied or assessed by reason of the issuance, sale or delivery of the Bonds, as well as any mortgaging or other disposition of the Project.

(g) All costs of issuance, including, without limitation, the Authority's fees and counsel fees not paid at the time of application shall be paid in full at the time of the sale and delivery of the Bonds. The Company shall pay, upon request, a reasonable retainer to bond counsel to the Authority to compensate said counsel for legal services which must be performed whether or not the Bonds are actually issued. Any retainers so paid will be credited against the respective counsel fees payable at closing.

(h) The Company shall take all such actions to cause the Bonds to be issued in compliance with the applicable terms and conditions of the Policies and Procedures, including, without limitation, all conditions set forth in the memorandum from the Authority's financial advisor and the credit underwriting report secured by the Authority with respect to the Project.

(i) The Company will take such further action as may be required to implement its aforesaid undertakings and as it may deem appropriate in pursuance thereof.

(j) Should the Company cancel this Preliminary Agreement in accordance with the terms hereof, the Company shall pay any and all of the Authority's fees and expenses including,

without limitation, the fees and expenses of Authority's counsel and bond counsel and financial advisor.

**SECTION 4. GENERAL PROVISIONS.** All commitments of the Authority under Section 2 hereof and of the Company under Section 3 hereof are subject to the conditions that the following events shall have occurred not later than December 31, 2011, or such other date as shall be mutually satisfactory to the Authority and the Company:

(a) The Company shall deliver evidence satisfactory to the Authority's counsel and bond counsel (including such opinions issued by counsel to the Company acceptable to the Authority) that the Company is an entity organized and operated under the applicable laws of the State.

(b) The Authority shall have received at least \$11,480,000 of private activity bond allocation from the State Division of Bond Finance (the "Division") and shall be lawfully entitled to issue the Bonds as herein contemplated.

(c) The Authority and the Company shall have agreed on mutually acceptable terms for the Bonds and the sale and delivery thereof and mutually acceptable terms and conditions of the Indenture, the Loan Agreement or other agreements incidental to the financing or referred to in Sections 2 and 3 hereof.

(d) Such other rulings, approvals, consents, certificates of compliance, opinions of counsel and other instruments and proceedings satisfactory to the Authority as to such matters with respect to the Bonds, the Project, the Indenture, the Loan Agreement, as shall be specified by the Authority, shall have been obtained from such governmental, as well as non-governmental, agencies and entities as may have or assert competence or jurisdiction over or interest in matters pertinent thereto and shall be in full force and effect at the time of issuance of the Bonds.

(e) Notwithstanding the designation as an "official binding commitment" for purposes of the Act and federal tax law, the Company and the Authority each reserve the absolute right to unilaterally cancel this Preliminary Agreement at any time prior to the time the Bonds are issued by the Authority upon written notice to the other party of cancellation.

(f) If the events set forth in this Section 4 do not take place within the time set forth or any extension thereof, or if the Company or the Authority exercises its rights of cancellation as set forth in this Section 4, the Company agrees that it will pay/forfeit to the Authority the Deposit (as defined herein) and pay the fees for Authority's counsel and bond counsel and financial advisor.

(g) The Company acknowledges that the Authority may, during the time this Preliminary Agreement is in effect, issue similar "inducement" agreements to other companies for other multifamily projects, and/or may issue bonds or participate jointly with other authorities to issue bonds for multifamily or single family housing. This Preliminary Agreement will create no priority or rights vis a vis subsequent agreements for the issuance of multifamily or single family bonds.

(h) A current TEFRA Notice has been published and a public hearing held, and approval by the City Council of the City of Jacksonville, Florida.

**SECTION 5. DEPOSIT AND FEES FROM THE COMPANY.** Notwithstanding anything herein to the contrary, the Company has represented to the Authority that it expects to complete the financing of the Project on or before December 31, 2011, utilizing not less than \$10,332,000 of the Authority's private activity bond allocation. On the basis of the foregoing representation by the Company, the Authority has agreed to reserve not to exceed \$11,480,000 of its private activity bond allocation for the Project and issue the Bonds on behalf of the Company, subject to the Company's compliance with, among other things, the Policies and Procedures as well as all other terms and conditions set forth herein. The Company acknowledges and agrees that failure to consummate the sale and delivery of not less than \$10,332,000 of the Bonds on or before December 31, 2011 will result in substantial damages to the Authority which cannot be easily or adequately measured. Consequently, as of the date hereof the Company shall have delivered to the Authority: (a) a cashier's check in the amount of \$1,000 which reflects the non-refundable application fee, (b) a cashier's check in the amount of \$5,500 which reflects the non-refundable Development Feasibility Analysis Fee and (c) a cashier's check in the amount of \$500 to cover the initial cost of publishing the TEFRA notice and conducting a hearing, all payable to the Authority and all of which shall be immediately cashed by the Authority. Additionally, on or before December 23, 2009, the Company delivered to the Authority: (a) a cashier's check in the amount of \$40,000 which reflects the required final document preparation deposit (the "Deposit") and (b) a cashier's check in the amount of \$10,000 which reflects the fee and cost retainer of the Authority's bond counsel. If Bonds in the principal amount of not less than \$10,332,000 are sold and delivered on or before December 31, 2011, the Authority will deliver to the Company a check in the amount of the Deposit simultaneously with the sale and delivery of the Bonds. If for any reason Bonds in the principal amount of not less than \$10,332,000 are not sold and delivered on or before December 31, 2011, the Deposit shall be retained by the Authority as and for full liquidated damages for any defaults hereunder on the part of the Company. The Authority and the Company hereby agree that time is of the essence and it is the intent of the parties hereto that the provisions of this Preliminary Agreement be strictly construed. Should the Authority cancel this Preliminary Agreement in accordance with Section 4(e) hereof, then the Company shall be entitled to a return of the Deposit less the fees and expenses of the Authority including, without limitation, the fees and expenses of Authority's counsel (other than bond counsel) and financial advisor.

**SECTION 6. BINDING EFFECT.** All covenants and agreements herein contained by or on behalf of the Authority and the Company shall bind and inure to the benefit of the respective successors and assigns of the Authority and the Company whether so expressed or not; provided, however, the Company may not assign this Preliminary Agreement.

**SECTION 7. AMENDMENTS.** The provisions of the Original Preliminary Agreement are hereby amended and restated by this First Amended and Restated Preliminary Agreement. This First Amended and Restated Preliminary Agreement supersedes the Original Preliminary Agreement. No further waiver, alteration, or modification of any of the provisions of this First Amended and Restated Preliminary Agreement shall be binding on any party unless in writing and signed by the party against whom enforcement of such waiver, alteration or modification is sought.

[SIGNATURE PAGES TO FOLLOW]

**SIGNATURE PAGE TO  
FIRST AMENDED AND RESTATED PRELIMINARY AGREEMENT  
(PINE GROVE APARTMENTS)**

**IN WITNESS WHEREOF**, the parties hereto have entered into this Preliminary Agreement by their officers thereunder duly authorized on the date set forth below.

**AUTHORITY:**

**JACKSONVILLE HOUSING  
FINANCE AUTHORITY**

ATTEST:

By: \_\_\_\_\_  
Bernard E. Smith, Chair

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SIGNATURE PAGE TO  
FIRST AMENDED AND RESTATED PRELIMINARY AGREEMENT  
(PINE GROVE APARTMENTS)**

**IN WITNESS WHEREOF**, the parties hereto have entered into this Preliminary Agreement by their officers thereunder duly authorized on the date set forth below.

**COMPANY:**

**POWERS AVENUE APARTMENTS, LTD.**, a  
Florida Limited partnership

By: Powers Avenue Apartments GP, LLC, a  
Florida limited liability company, its general  
partner

By: TRG Member, LLC, a Florida limited  
liability company, its sole member

By: \_\_\_\_\_  
Name: William T. Fabbri  
Title: Executive Vice President

Date: \_\_\_\_\_

**BOARD MEETING  
SUBMISSION FORM**

*(All information must be completed prior to Submission)*

**AGENDA NAME: Single Family \$15 Million Resolution**

*(This is the name of the item to place on the Agenda)*

**Today's Date: 1-11-11**

**Please check only one:**       JHFA                       JHCDC                       NWJEDF

**Please check only one:**

**ACTION ITEM**

**Reports**       **Staff Reports**       **Committee Reports**       **New Business**       **Old Business**

**Name of Person/s that will be presenting item at the meeting: Mark Hendrickson**

**Background/Description:** To apply for the balance of the 2011 allocation, JHFA needs to receive TEFRA approval for an additional \$15 million of single family bonds.

**Are funds available for this item (if applicable):**     Yes     No     N/A                      \_\_\_\_\_  
*Finance Director Signature*

**RECOMMENDATION:** Approve resolution prepared by bond counsel authorizing \$15 million single family bond issue/TEFRA.

\*\*\*\*\*

**ATTACHMENTS**  
(Check Here if N/A  )

<p align="center">Name of Attachment1 Single Family Resolution</p> <p>Name of Person/s responsible for submitting attachment Rhonda Bond-Collins</p> <p>Are there signatures required?    <input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p align="center">Name of Attachment2</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>
<p align="center">Name of Attachment3</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>	<p align="center">Name of Attachment4</p> <p>Name of Person/s responsible for submitting attachment</p> <p>Are there signatures required?    <input type="checkbox"/> Yes    <input type="checkbox"/> No</p>

Moved: \_\_\_\_\_ Second: \_\_\_\_\_ Other: \_\_\_\_\_ Quorum # \_\_\_\_\_

*Motion Note:*

**A RESOLUTION APPROVING THE ISSUANCE BY THE JACKSONVILLE HOUSING FINANCE AUTHORITY OF ITS HOMEOWNER MORTGAGE REVENUE BONDS IN ONE OR MORE SERIES IN AN ORIGINAL AGGREGATE FACE AMOUNT NOT TO EXCEED \$15,000,000 FOR THE PURPOSE OF PURCHASING MORTGAGE LOANS ORIGINATED BY PARTICIPATING LOCAL LENDING INSTITUTIONS TO FINANCE THE PURCHASE OR REHABILITATION OF NEW OR EXISTING OWNER-OCCUPIED RESIDENCES SITUATED IN DUVAL COUNTY, FLORIDA OR PURCHASING SECURITIES EVIDENCING INTERESTS IN OR BACKED BY A POOL OF SUCH MORTGAGE LOANS, INCLUDING SECURITIES GUARANTEED BY THE FEDERAL GOVERNMENT OR AGENCIES THEREOF OR FOR THE PURPOSE OF REFUNDING OUTSTANDING BONDS OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY PREVIOUSLY ISSUED FOR SUCH PURPOSE; PROVIDING FOR THE HOLDING OF A PUBLIC HEARING; REQUESTING THE INTRODUCTION OF A RESOLUTION OF THE COUNCIL OF THE CITY OF JACKSONVILLE, FLORIDA APPROVING THE ISSUANCE OF THE BONDS; AUTHORIZING SUBMISSION OF A REQUEST FOR A PRIVATE ACTIVITY BOND VOLUME CAP ALLOCATION; AND PROVIDING AN EFFECTIVE DATE.**

**BE IT RESOLVED** by the Jacksonville Housing Finance Authority that:

**SECTION 1. AUTHORITY.** This Resolution is adopted pursuant to Part IV, Chapter 159, Florida Statutes, as amended, Chapter 55, Ordinance Code of the City of Jacksonville, Florida (the "City"), as amended, Ordinance 2007-839-E of the City, as amended and other applicable provisions of law (collectively, the "Act").

**SECTION 2. FINDINGS.** The Jacksonville Housing Finance Authority (the "Authority") hereby finds, determines and declares as follows:

A. The Authority, pursuant to the Act, has the authority to issue its homeowner mortgage revenue bonds, in one or more series, in an aggregate face amount of not to exceed \$15,000,000 (the "Bonds") for the purpose of purchasing mortgage loans, and promissory notes executed in connection with such mortgage loans (the "Mortgage Loans"), made for the construction, purchase, improvement or rehabilitation of owner occupied single family residences located in Duval County, Florida (the "County") or securities evidencing interests in or backed by a pool of such Mortgage Loans, including, without limitation, securities guaranteed by the federal government or agencies thereof (the "Project") or to refund outstanding bonds of the Authority to provide funds for the Project.

B. The Project and the issuance of the Bonds to finance the Project in the County will have a substantial public benefit.

C. The issuance of the Bonds must be approved by the Council of the City, the applicable elected representative within the meaning of Section 147 of the Internal Revenue Code of 1986, as amended, (the "Code") prior to the issuance thereof.

**SECTION 3. AUTHORIZATION OF BONDS.** The Authority hereby approves the issuance of the Bonds in an aggregate face amount not to exceed \$15,000,000. Such Bonds will have the terms and conditions set forth in a subsequent resolution of the Authority adopted prior to the sale thereof. The Bonds will not constitute a debt, liability, general or moral obligation, or a pledge of the faith or loan of the credit of the Authority, the City, the State of Florida (the "State") or any political subdivision thereof, within the meaning of any constitutional or statutory limitations or provisions. Neither the Authority, the City, the State nor any political subdivision thereof shall be liable thereon, nor shall the Bonds be payable out of any funds or property other than as expressly provided in the indenture with respect to such Bonds.

**SECTION 4. INTRODUCTION OF COUNCIL RESOLUTION.** The Authority hereby recommends the issuance of the Bonds and the financing of the Project for approval to the Council of the City (the "Council") and hereby requests introduction to the Council of a resolution, approving the issuance of the Bonds for the purposes of Chapter 55 of the Ordinance Code of the City and Section 147(f) of the Code.

**SECTION 5. VOLUME CAP.** The staff and financing team of the Authority are authorized to prepare and submit an application for allocation of the private activity bond volume cap for calendar year 2011 as described in the Council resolution.

**SECTION 6. TEFRA HEARING.** As permitted by Section 147(f) of the Code, a public hearing with respect to the Bonds will be scheduled, noticed, conducted and held by the Executive Director (or her designee) on behalf of the Authority. The Director of the Authority (or her designee) is hereby designated as the hearing officer of the Authority for such purpose, and, in furtherance thereof, he/she shall prepare and file with the Council a report of the public hearing. The form of notice of public hearing attached hereto as EXHIBIT A is hereby approved and the publishing thereof approved and/or ratified by the Authority.

**SECTION 8. SEVERABILITY.** If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall continue in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted despite the invalidity or ineffectiveness of such section, paragraph, clause or provision.

**SECTION 9. REPEALING CLAUSE.** All resolutions or parts thereof of the Authority in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**SECTION 10. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

**APPROVED AND ADOPTED** this 19<sup>th</sup> day of January, 2011.

**JACKSONVILLE HOUSING  
FINANCE AUTHORITY**

(SEAL)

By: \_\_\_\_\_  
Bernard E. Smith, Chair

ATTEST:

By: \_\_\_\_\_  
Name:  
Title:

**FORM APPROVED:**

By: \_\_\_\_\_  
Office of the General Counsel

**EXHIBIT A**

**NOTICE OF PUBLIC HEARING**

**NOTICE IS HEREBY GIVEN**, pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended, of a public hearing by the Jacksonville Housing Finance Authority (the "Authority") to be held on [\_\_\_\_], 2011, at 214 N. Hogan Street, 8th Floor, Jacksonville, Florida 32202, at [\_\_\_\_], or as soon thereafter as possible, for the purpose of receiving comments and hearing discussion concerning the issuance by the Authority of its Homeowner Mortgage Revenue Bonds in one or more series, in an aggregate face amount of not to exceed \$15,000,000 (the "Bonds"). Proceeds of the Bonds will be used to (a) purchase mortgage loans originated by participating local lending institutions to finance the purchase or rehabilitation of new or existing owner-occupied single-family residences situated with Duval County, Florida, by persons or families of low, moderate or middle income, or to purchase securities from a master servicer evidencing interests in or backed by a pool of such mortgage loans, including, without limitation, securities guaranteed by the federal government or agencies thereof (the "Project"), or (b) to refund portions of previously issued homeowner mortgage revenue bonds to thereby make funds available for the financing of the Project.

All interested persons are invited to attend said hearing and, either personally or through their representatives, present oral or written comments and discussion concerning the proposed issuance of the Bonds for the purposes described in the preceding paragraph and the nature and location of the Project. Written comments may be submitted to the Jacksonville Housing Finance Authority at 214 N. Hogan Street, 8th Floor, Jacksonville, Florida 32202. Should any person decide to appeal any decision made by the Authority at this hearing, or by the Council of the City of Jacksonville with respect to the approval of the issuance of the Bonds for the purposes described in the preceding paragraph, he or she will need a record of the proceedings, and he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate in this proceeding should contact the Jacksonville Housing Finance Authority at (904) 255-8200.

All interested persons are invited to attend and be heard and present their comments.

**JACKSONVILLE HOUSING FINANCE AUTHORITY**  
Wight Greger, Director

[\_\_\_\_], 2011

# **Approval for Cedars at Baymeadows**

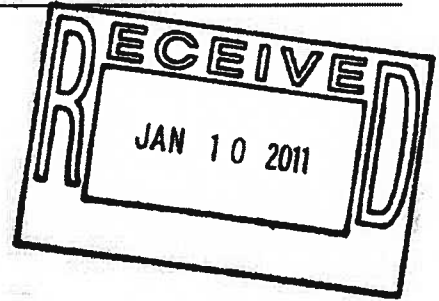


# C.A.U. CEDARS, INC.

An Affiliate of the NHP Foundation

January 4, 2011

Ms. Laura Stagner Anderson  
Jacksonville Housing Finance Authority  
214 North Hogan Street, 8<sup>th</sup> Floor  
Jacksonville, Florida 32202



Re: Duval County Housing Finance Authority  
\$8,725,000 Multi-Family Housing Mortgage Revenue Bonds  
Eagles Pointe North and Cedars of Baymeadows Projects  
1997 Series A

Dear Ms. Stagner:

As follow up to the approval of the sale of Eagles Pointe North to QR Capital LLC by the Jacksonville Housing Finance Authority Board on October 13, 2010, please accept this letter as a formal request for the Board to review the following proposed transaction:

Sale by Obligor C.A.U. Cedars, Inc. of the Cedars of Baymeadows apartment complex ("Cedars") to QR Capital LLC Atlanta, Georgia (the "Cedars Buyer") for a gross purchase price of \$3,300,000.00.

The Obligor is hopeful that the sale transaction can be closed substantially simultaneously with the sale of Eagles Pointe North, and thus effect a complete redemption of the Bonds without an intermediate partial redemption. However it is too early in the process to say with assurance this will be done.

The sale of Cedars, standing alone, would result in a partial redemption of the Bonds. The transaction would include the assumption by the Cedars Buyer of the Bond Land Use Restriction Agreement applicable to the apartment complex.

The Obligor respectfully requests the Board's approval of QR Capital LLC, or its designee, as a new owner of Cedars pursuant to the Bond Land Use Restriction Agreement and a sale of Cedars that would result in a partial redemption of bonds.

Please direct all communications regarding the matter to Mr. Patrick Fry, who may be reached at:

Patrick Fry, Vice President  
The NHP Foundation  
(646) 336-4946  
pfry@nhpfoundation.org

122 East 42<sup>nd</sup> Street ■ Suite 3605 ■ New York, NY 10168 ■ 646.336.4940 ■ Fax .646.336.4941  
1090 Vermont Avenue, NW ■ Suite 400 ■ Washington, DC 20005 ■ 202.789.5300 ■ Fax 202.789.1990  
[www.nhpfoundation.org](http://www.nhpfoundation.org)

Ms. Laura Stagner  
January 4, 2011  
Page 2

We look forward to working with the Authority on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Burns', is positioned above the typed name.

Richard F. Burns  
President  
C.A.U. Cedars, Inc.

cc: Rhonda Bond-Collins, Esq., Greenberg Traurig, P.A.  
Mark Hendrickson, The Hendrickson Company  
Jay Samuels, Esq., Windels Marx Lane & Mittendorf, LLP  
Patrick Fry