JACKSONVILLE HOUSING FINANCE AUTHORITY

Board of Directors Meeting

MINUTES

OF

REGULAR MEETING

August 17, 2017

August 17, 2017: JHFA Board Meeting

12:00 pm

214 North Hogan Street, 8th Floor

BOARD MEETING:
Present at the meeting were:

BOARD MEMBERS
Kenneth Filip, Acting Chair
Spencer Cummings, Member
Ruth Owen, Member
Jeffery Rosen, Member

PROFESSIONAL STAFF:
Mark Hendrickson, The Hendrickson Company, Financial Advisor
Susan Leigh, Community Concepts Group, Financial Advisor
Priscilla Howard, Community Concepts Group, Financial Advisor
Helen Feinberg, RBC Capital Markets, Investment Banker
Cameron Hill, RBC Capital Markets, Investment Banker
Rhonda Bond Collins, Bryant Miller Olive, Bond Counsel
Emerson Lotzia, City of Jacksonville Office of General Counsel

CITY STAFF:
Laura Stagner
Jane Bouda

PUBLIC:
Steve Moore, Vestcor
Kevin Troup, Vestcor
Michelle Tappaini, Ability Housing
Stephanie Sinito, Millennia Housing Development
Geoff Harlan, Blue Sky Communities
Ely Banks, Richman Group of Florida

BOARD MEETING
Acting Chair Filip called the meeting to order at 12:00 pm

Minutes
Ms. Owen moved, with a second by Mr. Cummings, that the **Board approve the minutes of the June 21, 2017 Board meeting.** The motion passed 4-0.

Public Comments
Mr. Steve Moore, Vestcor Companies, made a presentation updating the Board on Mary Eaves Senior Village and Lofts at LaVilla. He stated that both developments are over 90% leased. Mr. Hendrickson reminded the Board that they awarded HOME match dollars to Mary Eaves which allowed the

development to successfully compete in the Florida Housing Finance Corporation's HOME Application.

"To-Do" List

Mr. Hendrickson presented the "to-do" list from previous meetings, noting that all items have been cleared except for the issue on the MOU for staffing services with the City, which is currently on hold. He stated that the list from Vestcor Companies stating the types of jobs and employers of persons moving into Lofts at LaVilla will be discussed under old business.

Staff Report and Financial Report

Ms. Stagner presented the financial and staff report. Ms. Stagner reported that revenue to date is exceeding projections. Ms. Stagner informed the Board that up to $1.8 million is available for loans that could be made under the Notice of Fund Availability that will be discussed and voted on by the Board later in the meeting.

Board Member Conflicts

There were no Board Member conflicts.

2017 Bond Allocation

Mr. Hendrickson corrected the Financial Advisor Memo stating that no action is needed on the 2017 Bond Allocation. He informed the Board that there will be enough Bond Allocation to fund potential multi-family developments that may result from the NOFA and Millennia Housing Development if approved by the Board. Ms. Bond-Collins added that there is still time to request more Bond Allocation from the State Pool, if needed.

Local Government Area of Opportunity Funding (Preference)

Mr. Hendrickson put on record that Ms. Leigh and Ms. Howard are recused from this conversation because of a possible future conflict.

Mr. Hendrickson gave Board a brief history of the Local Government Area of Opportunity Funding (Preference), including:

- JHFA was the first county given the opportunity to select developments under the new Preference requirement.
- The Preference has now been expanded to other large counties except Miami Dade.
- Some developers attacked the local preference system and urged FHFC to return to a lottery system.
- At the direction of the Board, Chairman Gulliford wrote a letter to FHFC urging them to continue the local preference.
- FHFC has agreed to keep the preference system for the upcoming 9% Housing Credit RFA 2017-113.

Mr. Hendrickson reminded the Board that an applicant that receives the "Local Government Area of Opportunity Funding (Preference)" receives 10 points, while the smaller local government contribution only receives 5 points. He also noted that the applicant receiving the Preference automatically receives the maximum score for "proximity" to services and is not penalized if the development is within the FHFC "death penalty" distance from other developments under construction or built and not yet stabilized. Mr. Hendrickson stated that the applicant receiving the Local Area of Opportunity Funding should be awarded Housing Credits unless they make an error in their application that caused them to fail threshold.

Mr. Hendrickson further explained to exercise the right to select a development for Preference in the 9% Housing Credit competition; a local government has to provide a larger local contribution, with the amounts noted in the FA memo.

Mr. Hendrickson directed the Board to the draft NOFA and Application for the Local Government Area of Opportunity Funding, particularly on the section related to selection criteria.

As Chairman Gulliford was absent from the meeting, Mr. Hendrickson stated that he had discussed the priorities with the Chair, and the Chair recommended keeping the same basic selection criteria, but to expand the geographic target area to include the original boundaries of the City of Jacksonville prior to the City-County consolidation. Mr. Hendrickson added that as their Financial Advisor, he recommended that the Board consider a selection criteria related to applicants who agreed to an affordability period beyond the minimum 50 year requirement..

Acting Chair Mr. Filip stated that the Board did discuss last year that they would consider expanding the target area outside of the Central Business District. He said that the target area for the local government preference should be revisited every year. Ms. Owen added that she would like to see the Arlington area considered in a future year.

Mr. Hendrickson explained that JHFA also needs a backup application submitted to FHFC, in case the application selected for the preference fails threshold through applicant error. He stated that the NOFA issued will be clear that the JHFA may select backup application to receive the 5-point local government contribution from those that apply for the 10-point preference funding.

The Board discussed the geographic targeting, the affordability period, and the other selection criteria. After discussion, Mr. Cummings moved, with a second by Ms. Owen, that **the Board**

- **Authorize Publication of an Area of Opportunity Funding NOFA for applicants seeking Housing Credits under FHFC RFA 2017-113, with a due date of November 8,**
- **Direct that the NOFA to make clear that JHFA may select a backup application from those applying under this NOFA to receive the 5-point local government contribution (historically, NPV of $75,000, which translates into a $115,000/20 year/0% loan),**
- **Expand the geographic target area for Local Government Area of Opportunity Funding to include any area within the boundary of the City of Jacksonville pre-Consolidation, 1968,**
- **Add a selection criteria related to applicants who agree to an affordability period beyond the 50 year minimum, and**
- **Keep all other selection criteria from last year.**

The motion passed 4-0.

<u>Local Government Contribution—Minimum Required in Conjunction with SAIL or Housing Credits</u>

Mr. Hendrickson put on record that Ms. Leigh and Ms. Howard are recused from this conversation because of a possible future conflict.

Mr. Hendrickson stated that FHFC requires a smaller level of local government contribution to be provided to all SAIL applicants and Housing Credits applicants not awarded the larger Local Government Areas of Opportunity Funding (Preference). He stated that the NPV of the contribution must equal or exceed $75,000, which requires an $115,000/20 year/0% loan. Mr. Hendrickson reported that FHFC had indicated that they would publish FA 2017-108 (SAIL) with an application deadline of October 5.

Ms. Owens moved, with a second by Mr. Cummings, that **the Board (1) authorize publication of a Local Government Contribution NOFA for applicants seeking SAIL funding under FHFC RFA 2017-108, with a due date of September 11, and for applicants seeking Housing Credits under RFA 2017-113, a due date of November 8, and (2) retain the same selection criteria as last year.** The motion passed 4-0.

New Rental Financings: TEFRA Delegation and Millennia Portfolio

Mr. Hendrickson reminded the Board that a NOFA for 2017 allocation was published and is now "open" to applications on a first-received first-evaluated basis. He explained that the Finance Team works expeditiously to analyze and make recommendations to the Board. However, sometimes there is a need to quickly request bond allocation – which cannot take place without TEFRA approval.

TEFRA Delegation: Ms. Bond-Collins added that the TEFRA approval process can be lengthy because it involves coordination with City Council agenda deadlines and procedures, and that waiting to hold TEFRA hearings until after the JHFA induces a deal can create timing issues for some non-controversial transactions. Ms. Bond-Collins explained that the Board could delegate authority to JHFA staff and counsel to publish TEFRA notice and hold TEFRA hearings prior to Board's Inducement of the development. She stated that the Board will have the added benefit of knowing if there is any public opposition prior to inducing the development. Ms. Bond-Collins stated that holding the TEFRA hearing does not obligate the Board to pass the Inducement Resolution. After discussion, Mr. Cummings moved, with a second by Ms. Owens, that **the Board adopt policy delegating bond counsel and staff to publish TEFRA notices and hold TEFRA hearings prior to Board action on an application for multi-family bond financing**. The motion passed 4-0.

Mr. Hendrickson announced that Oakwood Villa closed on June 30, 2017.

Millennia Portfolio Inducement: Mr. Hendrickson gave background information on the Global Ministries financing, which included all of the properties that are now in the Millennia Portfolio proposed acquisition and rehabilitation financing. He explained the problems with that financing, including lack of rehabilitation of the properties and poor management. Mr. Hendrickson stated that because of problems with Global Ministries Foundation properties in eight states, the United State Department of Housing and Urban Development (HUD) got involved because of the Section 8 funding attached to the properties. He stated that HUD searched for a single buyer for the entire Global Ministries Foundation portfolio (including properties in Jacksonville), and that HUD selected and brokered a deal with Millennia Housing Development.

Mr. Hendrickson reported that Millennia Housing Development has submitted four applications for JHFA bond financing, for a total of $76.02 million (both phases of Eureka Gardens—Valencia, Moncrief Village—Estuary Estates, Southside Apartments—Oyster Pointe, and Washington Heights—Charlesfort Commons. He stated that two other properties – Market Street and Springfield Residential – were deemed to be in such condition that refinancing/rehabilitation is not feasible. Mr. Rosen asked what will happen with the residents of these properties. Ms. Stephanie Sinito, Manager of Operations, Millennia Housing Development stated that the units will be purchased, with the goal to receive HUD approval to transfer the Project Based Section 8 contracts to another property that they own and then move the residents to the other property. Mr. Hendrickson pointed out that the purchase price for the portfolio was brokered by HUD, and was high, but that JHFA has a choice to either assist with the resale of these properties and rehabilitate the units for the benefit of the City and residents (the higher public purpose), or let HUD take away the Project Based Section 8. Ms. Sinito added that Millennia has negotiated new 20 year Project Based Section 8 contracts for the properties in Jacksonville. Acting Chair Filip asked if

there was a process in place to assure the amount of rehabilitation done on the properties. Mr. Hendrickson assured the Board that throughout the rehabilitation that inspections will be performed by JHFA's credit underwriter, FHFC's credit underwriter, and the equity provider. Ms. Owens asked for clarification on purchase price as it relates to the appraisal. Mr. Hendrickson explained that this transaction will also be evaluated by FHFC because it needs the 4% Housing Credits and that FHFC typically requires any amount over the appraised value comes out of Developer Fee. Mr. Rosen asked if the JHFA financing depended on approval of the financing for the other properties in the portfolio that are not located in Jacksonville. Ms. Bond-Collins stated that the Inducement Resolutions are drafted to make sure these are stand-alone deals.

After discussion, Mr. Rosen moved, with a second from Mr. Cummings, that the **Board approve Inducement Resolutions prepared by bond counsel for Valencia Way, Estuary Gardens, Oyster Pointe, and Charlesfort Commons, subject to all conditions in the JHFA MF Handbook and the recommendations included in the full FA analysis of these applications**. The motion passed 4-0

Mr. Hendrickson informed the Board that Chairman Gulliford, Laura Stagner, and he will visit each Council member that has one of the properties in their district.

Single Family

Ms. Bond-Collins announced that another bank has been approved for the MCC Program – Centennial Bank

2018 Legislative Update

Mr. Hendrickson thanked the Board for their 2017 contribution of $15,000 towards the Sadowski Education Efforts (SEE), stating that without SEE, SHIP funding would be severely reduced or eliminated. He stated that Jacksonville will receive $3,946,988 of SHIP funds for FY 17-18, which translates into a 263-1 return on investment for JHFA's $15,000. Mr. Hendrickson asked Board to consider their donation for 2018 Legislative Session.

After discussion by the Board, Acting Chair Filip asked Finance Team to prepare a chart showing the SHIP amount received by each local government and the amount contributed to the SEE. He then asked that action on this issue be postponed until the next meeting.

Old Business

Mr. Steve Moore, Vestcor Companies, presented the list requested from the Board of the types of employers and jobs held by tenants moving into Lofts of LaVilla**. Mr. Rosen asked if Mr. Moore could share where the tenants were moving from to relocate downtown**. Mr. Moore explained that he would have to wait until the tenants actually moved in to determine if this information could be captured.

Adjournment

On a motion by Ms. Owen and seconded by Mr. Rosen, the Board voted 4-0 to adjourn the meeting at 1:45 PM