

JACKSONVILLE HOUSING FINANCE AUTHORITY



Jacksonville Housing Finance Authority Board of Directors Meeting

March 21, 2018

Noon

214 North Hogan Street, 8th Floor

- AGENDA -

Call Meeting to Order

Chair

Approval of Minutes of January 17, 2018 Meeting

JHFA Board

I. Public Comments

A. Public Comments

Public

II. REPORTS

A. "To-Do" List Earlier Meetings

Mark Hendrickson

B. Staff and Financial Report

Laura Stagner

- Financial Statement

- Report on TEFRA Hearing

C. Financial Advisor Memo

Mark Hendrickson

IV. ACTION ITEMS

A. Board Members Declare Conflicts, if any

Board

B. Consider Amendments to Bylaws

Emerson Lotzia

C. Consider Election of Vice-Chair and Secretary

Board

D. Consider Inducement Resolution: Single Family

Rhonda Bond-Collins

E. Consider Inducement Modification: The Waves

Mark Hendrickson

F. Consider Inducement Resolution: Caroline Arms

Mark Hendrickson

G. Consider Sponsorship of FLALHFA Conference

Susan Leigh

H. Consider Modification of 2018 JHFA Meeting Calendar

Mark Hendrickson

I. Consider Authorization of Travel to FLALHFA and NALHFA Conferences

Susan Leigh & Laura Stagner

V. NEW BUSINESS

VI. OLD BUSINESS

A. Update on Single Family Program

Mark Hendrickson

B. Update on Existing Rental Properties

Mark Hendrickson

- Recent JHFA Activities/Developments

- Occupancy Report

C. Update on 2018 Legislative Effort

Mark Hendrickson

VII. ADJOURN JHFA MEETING

Chair

JACKSONVILLE HOUSING FINANCE AUTHORITY



JACKSONVILLE HOUSING FINANCE AUTHORITY

Board of Directors Meeting

MINUTES

OF

REGULAR MEETING

January 17, 2018

January 17, 2018: JHFA Board Meeting

12:00 pm

214 North Hogan Street, 8th Floor

BOARD MEETING:

Present at the meeting were:

BOARD MEMBERS

Tripp Gulliford, Chairman
Dee Bumbarger, Member
Spencer Cummings, Member
Ruth Owen, Member

PROFESSIONAL STAFF:

Mark Hendrickson, The Hendrickson Company, Financial Advisor
Susan Leigh, Community Concepts Group, Financial Advisor
Helen Feinberg, RBC Capital Markets, Investment Banker
Randy Clement, Bryant Miller Olive, Bond Counsel
Emerson Lotzia, City of Jacksonville Office of General Counsel

CITY STAFF:

Laura Stagner
Dayatra Coles

PUBLIC:

Ryan Hoover, Vestcor
Chuck Shealy, LISC Jacksonville

BOARD MEETING

Chairman Gulliford 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 November 29, 2017 Board meeting.** The motion passed 4-0.

Public Comments

There were no public comments.

“To-Do” List from Earlier Meetings

Mr. Hendrickson presented the list, noting that only one item was outstanding.

Staff Report and Financial Report

Ms. Stagner presented the financials through December 31, 2017, and staff report. She reported on the funds available for operations and loans, noting that the funds in the Operating Account \$2.3 million more than the Board’s objective of having three years of operating reserves in that fund. were at a level that would permit transfer of some to the loan accounts. Board discussion followed on the three-year

operating reserve policy and the financial strength of the JHFA. After discussion, Mr. Cummings moved, with a second by Ms. Owen, that **the Board authorize the transfer of \$2.2 million from the Operating Fund (721) to the Loan Funds (722 and 723).** The motion passed 4-0.

Board Member Conflicts

No conflicts were declared by Board members related to items before the JHFA at this meeting.

2017 and 2018 Bond Allocation

Mr. Clement and Mr. Hendrickson updated the Board on the 2017 and 2018 bond allocation. After discussion, Ms. Bumbarger moved, with a second by Ms. Owen, that the Board **authorize bond counsel to designate \$50 million of carryforward bond allocation for single family and \$50 million for multi-family.** The motion passed 4-0.

Single Family

Mr. Hendrickson explained the situation involving FHFC Hardest Hit DPA funds, stating that this program was allowing the JHFA to offer \$15,000 of DPA to borrowers at no cash-outlay to the JHFA, and with a profit of over 2% on the sale of MBS from the first mortgages. Mr. Clement explained the timing needed to convert bond allocation to Mortgage Credit Certificates. After discussion, Mr. Cummings moved, with a second by Ms. Bumbarger, that the **Board authorize a 2018 MCC Program in the amount of \$80,250,000, including publication of the notice, entering into an origination agreement or addendum to the existing agreement with eHousing upon review and approval by staff, bond counsel, issuer's counsel, and financial advisor, filing required documents with the Division of Bond Finance, making the election to convert with the IRS, and any other items necessary to implement the program.** The motion passed 4-0.

Multi-Family Updates

Mr. Hendrickson reported on the Millenia Portfolio, a potential problem with FHFC and the allocation of 4% Housing Credits, the Local Government Area of Opportunity Funding applications, and The Waves bond transaction.

2018 Legislative Update

Mr. Hendrickson reported on the 2018 legislative situation and outlook for funding. He also reported on outcome of federal legislation that had threatened to eliminate housing bonds.

2017 Annual Report

Ms. Stagner presented the 2017 JHFA Annual Report, which had been sent to the Mayor and City Council.

Realtor Data

Ms. Stagner presented market information developed by the Florida Realtors for 2017.

Lofts at LaVilla Grand Opening

Mr. Hoover invited the Board to the Grand Opening of the Lofts at LaVilla, scheduled for February 12 at 9:30 AM. He also reported that the development was 100% occupied after only two months of leasing. **The Board directed Mr. Hendrickson to work with Mr. Hoover to obtain a list of occupations of the residents of Lofts at LaVilla.**

Existing Rental Properties

Mr. Hendrickson reported on the high occupancy level of JHFA financed properties.

Adjournment

On a motion by Mr. Cummings seconded by Ms. Owen, the Board voted 4-0 to adjourn the meeting at 12:51 PM

JHFA Board Meeting Calendar 2018

JANUARY						
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JHFA Meeting Locations

8th Floor

Meeting Rooms Located at 214 North Hogan Street, 8th Floor, Jacksonville, Florida

FHFC Meeting Dates & Locations

January 26, 2018, Turnbull Conference Center

March 16, 2018, Tallahassee City Hall

May 4 Tampa, Grand Hyatt Tampa Bay

June 15 Tallahassee, City Hall

July 27 Tallahassee, City Hall

September 14 Fort Lauderdale, Marriott Harbor Beach

October 26 Panama City Beach, Sheraton Bay Point

December 14 Orlando, Hyatt Regency Orlando Airport

NALHFA Annual Conference, May 9-12, 2018- Hotel Monteleone, New Orleans

Florida ALHFA Conference July 11-14, 2018- Vinoy Hotel, St. Petersburg

Florida Housing Coalition Conference, August 27-29, 2018- Rosen Centre Hotel, Orlando

JHFA Direction to Team
From September 17, 2015, & January 17, 2018 Meetings

Board Direction	Staff	Status
September 17, 2015		
Board withdrew approval of earlier MOU for staffing services with City, and directed that new agreement be brought back to them for review and approval of document and staffing commitments.		Waiting for City. Will place on April 2018 JHFA agenda.
January 17, 2018		
Board directed Mr. Hendrickson to work with Mr. Hoover of Vestcor to obtain a list of occupations for the residents of Lofts at LaVilla	Mark	In Board Packet for March 2018 JHFA meeting

THE HENDRICKSON COMPANY & COMMUNITY CONCEPTS GROUP

To: Board of Directors, Jacksonville Housing Finance Authority
From: Mark Hendrickson & Susan Leigh, Financial Advisors
Subject: March 21, 2018 JHFA Meeting
Date: March 11, 2018

I. Amendments to JHFA Bylaws—Action

1. The bylaws need to be updated to conform to current ordinance and practices.
2. Mr. Lotzia (JHFA's OGC counsel) and Ms. Stagner have worked to update the bylaws to:
 - Update to conform with Chapter 52 of City Code (number of members, quorum)
 - Election of Vice-Chair, Secretary, and Assistant Secretaries
 - Signature authority to Chair of Vice-Chair without need for attestation by Secretary
3. **Recommendation:** Adopt bylaw amendments drafted by Mr. Lotzia

II. Election of Officers—Action

1. The Chairman is appointed by the Mayor. However, the Board can elect other officers.
2. The vacant positions (if bylaw amendments are adopted) are Vice-Chair and Secretary. The bylaws designate all other members as Assistant Secretaries.
3. **Recommendation:** Elect Vice-Chair and Secretary.

III. 2018 Bond Allocation—Informational

1. The 2018 allocation is \$48,155,194, an increase of \$3,143,590 (7.0%) over 2017:

Year	Single Family Amount	Multifamily Amount	Unallocated	Expiration
2018			\$ 48,155,194	
2017	\$50,000,000	\$156,500,000	\$	December 31, 2020
2016		\$119,900,000		December 31, 2019
2015	\$80,250,000			December 31, 2018
TOTAL	\$130,250,000	\$276,400,000	\$48,155,194	

2. To reserve the 2018 allocation, a TEFRA approval is required. Bond counsel has drafted a single family resolution to start that process.
3. **Recommendation:** Adopt \$50 million single family bond resolution, and authorize counsel and staff to take the actions necessary to hold a TEFRA hearing, seek City Council approval, and apply for bond allocation.

IV. 2013 Single Family Loan Program—Informational

1. The **current program guidelines:**

- 1st mortgage: 4.875%, 1% origination fee, FHA, VA, RD, 5.125% for Freddie Mac loans & 5.00% for HHF loans
- First time homebuyers.
- Income and Sales Price limits identical to bond issue.
- Minimum credit score of 640
- Interest rate set by the HFA of Hillsborough County, with rate set at level that is anticipated to generate a premium when sold.
- Loans purchased by the master servicer (US Bank) and converted into MBS.
- MBS are purchased by the HFA of Hillsborough County, on behalf of all HFA's
- MBS are sold, with each HFA keeping its pro rata share of any net premium or loss realized from the sale of the MBS.
- Down payment assistance: \$7,500 second mortgage, due on sale of property, or maturity of first mortgage
- Mortgage Credit Certificates providing homebuyers a credit in the amount of 50% of mortgage interest paid annually (up to a \$2,000 annually).

2. **DPA:** \$88,796 was received from FHFC. The JHFA has funded another \$1,306,010. The JHFA set the DPA amount at \$7,500 in effective January 2017. Loans totaling \$27,500 have paid in full.

3. **Hardest Hit Fund (HHF) DPA:** The HHF DPA Program (\$15,000 forgivable loan) is available. FHFC's share of these funds was fully used at the end of December. The interest rate on these loans is 5.00% (FHFC controls), with a current profit of 2.5%. As of March 10, there are 65 loans for \$9,377,106 in the pipeline—which **will generate a profit of \$234,428 when sold.** The volume will increase.

4. **Available DPA Funds:** \$1,553,000 total:

- \$250,000 authorized by the City Council
- At the May 2015 meeting, the Board (using the power granted under the new legislation) increased the amount of available DPA funds by \$200,000.
- In June 2015, the Board authorized the use of an additional \$400,000
- In September 2017, the Board authorized the use of an additional \$703,000

5. **Rate Change:** The interest rate was increased from 3.875% to 4.875% in February 2018.

6. **Program Demographics:**

Sales Price/ # Loans	Loan Amount	Borrower Income	Borrower Age/ Gender	Borrower Family Size	Housing Type	Borrower Ethnicity	MCC Amount
\$131,309 194 loans +39 loans	\$125,078	\$44,606	36.0 46% female	2.3	SF Detached 91% Condo: 1% Townhouse: 9% Existing: 95% New: 5%	Black: 31% White: 37% Hispanic: 17% Mixed: 1% Asian: 10% Other: 5%	\$7,444,900 \$57,712.40 avg. 129 buyers

7. **Lender Originations:** SWBC (70), Academy (59), DHI (5), Fairway (24), Prime (15), Bank of England (7), Network Funding (6), Pacific Union (5), Open (2), and Ameris Bank (1).
8. **MCC's:** The HFA converted \$120 million of bond authority into \$30 million of MCC's. Tranche 1 (\$5.25 million) expired at the end of 2015 with \$1,109,274 not utilized. Tranche 2 (\$10.0 million) expired at the end of 2016, with \$9,668,903 not utilized. Tranche 3 (\$14.75 million) expires at the end of 2018. The Board authorized a conversion of the \$80,250,000 of single family bond allocation that will expire at the end of 2018 to MCC's (conversion will take place in June). The MCC's will be available for through December 31, 2020.
9. **MCC Program: What Does it Mean to Home Buyer:** With the HFA's average loan of \$120,000 and a 4.875%/30 year mortgage, interest payments in Year 1 = \$6,052. With the 50% MCC rate that the HFA has chosen, **the homebuyer would be able to claim a tax credit of the full \$2,000 per year maximum allowed by federal law** (slightly declining after year 10 as more of monthly payment is principal) until the home buyers sells or moves from the property. The \$2,000 of tax savings lowers the "functional" mortgage rate for the program from 4.875% to approximately 2.5%.
10. **MBS Sales:** The HFA has executed 61 sales, with net revenues of \$425,835 (net meaning after payments to RBC and counsel) coming to JHFA.
11. **Hedges & Exposure:** Hillsborough County has 26 hedges totaling \$30.039 million in place. With full delivery, the projected net revenues are estimated at \$601,110 (shared pro rata with counties based upon originations). The unhedged pipeline as of March 9 is \$0 (changes daily).
12. **Size of Program:** The initial legislation wherein City Council authorized the program limited it to no more than \$1.5 million of loans in pipeline at any time. In June, the Board changed the authorization to \$1.5 million of unhedged loans. Loans originated or in progress are \$24.265 million. **Sixty of the 194 loans in the program have originated in the last two months.**
13. **Recommendation:** None.

V. Local Government Area of Opportunity Funding (Preference)—Informational

1. FHFC kept the preference system for the 9% Housing Credit RFA 2017-113.
2. The HFA selected Lofts at Jefferson Station for the LGAOF preference, and Springfield Plaza as a back-up (\$115,000/20 year/0% loan). Both of those deals submitted applications. FHFC staff have completed their scoring, and have recommended Lofts at Jefferson Station to their Board for funding. After Board action, the legal appeals will commence.

NAME LOCATION	DEVELOPER& CONTACT	UNITS	DEMOGRAPHIC & DESIGN	TDC COST PER UNIT	JHFA LOAN REQUEST	Hard Cost/Unit
Lofts at Jefferson Station 799 Water Street NW corner of Main & W. 4 th	Vestcor Ryan Hoover	98	Family Mid-Rise 4-Story with Elevator & Parking Deck (1 building) New Construction	\$20,943,699 \$213,711/unit	\$225,750	\$141,750 66% of TDC
Springfield Plaza 1424 N. Main Street Immediately east of Lofts at La Villa (by Jefferson Station)	Roundstone Bob Colvard	96	Family Mid-Rise 4-Story with Elevator &; Outdoor parking; Retail on 1 st floor (1 building) New Construction	\$19,508,242 \$203,211/unit	\$625,750	\$127,996 63% of TDC

3. **Recommendation:** None.

VI. New Rental Financings—Informational

1. The 2018 bond NOFA had a due date of January 8, 2018—with no new applications received. The NOFA is now “open” to applications on a first-received first-evaluated basis.
2. **Caroline Arms:**
 - An application was received on February 15, and was supplemented by answers to questions posed by the Financial Advisor, as well as additional documentation.
 - The financing is for the acquisition and rehabilitation of a 48-year-old Section 8 development located in Arlington. The financing sources are a first-mortgage and tax credit equity (no SAIL or local government funds).
 - Due to the configuration of the units and the budget limitations, some JHFA requirements, according to the developer, cannot be met. A waiver request letter is attached.
 - A detailed analysis of the application is also attached.
 - The credit underwriting will include a Construction Needs Analysis (third party report ordered by the CU), which will determine if the proposed scope of rehabilitation is adequate. In any case, the proposed rehabilitation will significantly improve the property.
 - From a policy perspective, the waiver request seems reasonable (relatively minor items), subject to verification during credit underwriting.
 - Seltzer Management has been assigned as the credit underwriter for this transaction. Seltzer is the best CU in terms of dealing with FHFC or acquisition tax credit issues.

3. **Millennia Portfolio:**

- TEFRA approval by City Council October 24, 2017
- Developer received extensions on sales contracts
- Development is now moving into credit underwriting, with a target closing date of late May.

4. **Pine Grove** received TEFRA approval by City Council on 11-28-17, but did not receive SAIL funding. The application has been withdrawn.

5. **The Waves:**

- TEFRA hearing was held February 28, with TEFRA consideration by the City Council in April. Some Jacksonville Beach officials and residents appeared at the TEFRA hearing. A summary of their comments is attached.
- As happens many times in TEFRA hearings, the public mistakenly views TEFRA as a new zoning and development regulation process—rather than the hearing to determine if the financing has public policy merit. All financings must meet local zoning and development regulations. TEFRA cannot be used to stop an affordable housing development when it otherwise meets applicable local regulations.
- Developer reports that FHFC's legal process for SAIL funding is expected to be resolved May 4, with development moving into credit underwriting and a closing late 2018
- Applicant has added one scattered site to the development, and has requested approval of that addition as well as a change in unit mix (same number of units, changing from 14 1-bedroom, 56 2-bedroom, 44 3-bedroom, 13 4-bedroom units to 14 1-bedroom, 46 2-bedroom, 50 3-bedroom, 17 4-bedroom).
- Bond Counsel advises that the additional sites should be included in the Inducement Resolution, and has prepared an amended Inducement Resolution.
- The developers (Jacksonville Housing Authority and Vestcor) have been notified that they need to actively participate in the education of City Council members prior to TEFRA consideration.

6. **Recommendations:**

- For **Caroline Arms**, (1) Approve Inducement Resolution prepared by bond counsel, subject to all conditions in the JHFA MF Handbook and the recommendations included in the full FA analysis of each application (part of the Board Packet), and (2) Approve waiver request, subject to verification by the credit underwriter.
- For **The Waves**, (1) Approve Amended Inducement Resolution, and (2) Approve request for addition of sites and change in bedroom mix.

	The Waves	Caroline Arms
Developer/ Location	Jacksonville Housing Authority & Vestcor Jacksonville, FL	Lincoln Avenue Capital Santa Monica, CA
Development Location	Nine scattered JHA public housing sites in Jacksonville Beach	6457 Fort Caroline Road Arlington
City Council District	Bill Gulliford	Joyce Morgan
Type	New Construction Garden	Acquisition & Rehabilitation Garden
Bond Request	\$17,750,000 \$139,764/unit	\$14,200,000 \$69,608/unit
TEFRA Hearing TEFRA Approval Preliminary Agreement Expiration	2-28-18 Scheduled for 4-10-18 12-31-18	TBD
Credit Enhancement	Private Placement to SunTrust Bank	Cash Collateralized Short-Term Bonds Fannie Mae Permanent 1st
Credit Underwriter		Seltzer
Closing Date	Late 2018	Summer 2018
Units	127	204
Permanent 1st Mortgage Estimate	\$6,600,000	\$14,100,000
SAIL, ELI, HOME (FHFC)	\$7,600,000	\$0
JHFA Loan	\$115,000	\$0
Housing Credits	Wells Fargo Bank \$7,799,289 \$61,416/unit	Pillar Financial (SunTrust) \$6,507,801 \$31,901/unit
TDC	\$23,377,628	\$22,727,210
TDC per unit	\$184,076	\$111,408
Land Cost	\$0 \$1 per year lease	\$940,000 \$4,608/unit
Acquisition of Building	NA	\$10,810,000 \$52,990/unit
Hard Construction or Rehabilitation Cost	\$15,068,550 \$118,650/unit \$104.53/Sq. Ft.	\$5,596,291 \$27,432/unit \$32.31/Sq. Ft.
Set Aside Period	50 years	50 years
Set Aside Levels	90%<60% AMI 10%<33% AMI	100%<60% AMI

Current Name	Eureka Gardens I & II	Moncrief Village	Southside Apartments	Washington Heights
New Name	Valencia Way	Estuary Estates	Oyster Pointe	Charlesfort Commons
Revised New Name	Valencia Way	The Weldon	Palmetto Glen	Calloway Cove
Developer/Location	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH	Millennia Housing Development Cleveland, OH
Street Address	1214 Labelle Street	1650 Moncrief Village North	2414 Westmont Street	4229 Moncrief Road W
City Council District	Garrett Dennis	Katrina Brown	Lori Boyer	Reginald Brown
Type	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation	Acquisition & Substantial Rehabilitation
Bond Request	\$38,780,000 \$96,950/unit	\$9,190,000 \$97,766/unit	\$7,160,000 \$96,757/unit	\$20,890,000 \$104,450/unit
TEFRA Hearing TEFRA Approval Preliminary Agreement Expiration	9-19-17 10-24-17 6-30-18	9-19-17 10-24-17 6-30-18	9-19-17 10-24-17 6-30-18	9-19-17 10-24-17 6-30-18
Credit Enhancement	R4 Private Placement	R4 Private Placement	R4 Private Placement	R4 Private Placement
Credit Underwriter	First Housing	First Housing	First Housing	First Housing
Closing Date	TBD	TBD	TBD	TBD
Units	400	94	74	200
Permanent 1 st Mortgage Estimate	\$38,780,000	\$9,190,000	\$7,160,000	\$20,890,000
SAIL/FHFC Funds	\$0	\$0	\$0	\$0
JHFA or City Loan	\$0	\$0	\$0	\$0
Housing Credits	R4 \$20,058,866 \$50,147/unit	R4 \$4,242,648 \$45,135/unit	R4 \$3,906,029 \$52,784/unit	R4 \$10,698,579 \$53,493/unit
Total Development Cost	\$64,042,483	\$14,327,577	\$12,440,322	\$34,755,018
TDC Per Unit	\$160,106	\$152,421	168,112	\$173,775
Land Cost	\$2,600,000 \$6,500/unit	\$600,000 \$6,373/unit	\$470,000 \$6,351/unit	\$1,600,000 \$8,000/unit
Acquisition of Building Cost	\$23,400,000 \$58,500/unit	\$5,400,000 \$57,447/unit	\$4,230,000 \$57,162/unit	\$14,400,000 \$72,000/unit
Hard Rehabilitation Cost	\$21,725,475 \$64.29/Sq. Ft. \$54,314/unit	\$4,186,400 \$77.93/Sq. Ft. \$44,536/unit	\$4,118,000 \$70.71/Sq. Ft. \$55,649/unit	\$10,196,161 \$56.60/Sq. Ft. \$50,981/unit
Set-Aside Period	50 years	50 years	50 years	50 years
Set-Aside Levels	100%<60% AMI	100%<60% AMI	100%<60% AMI	100%<60% AMI

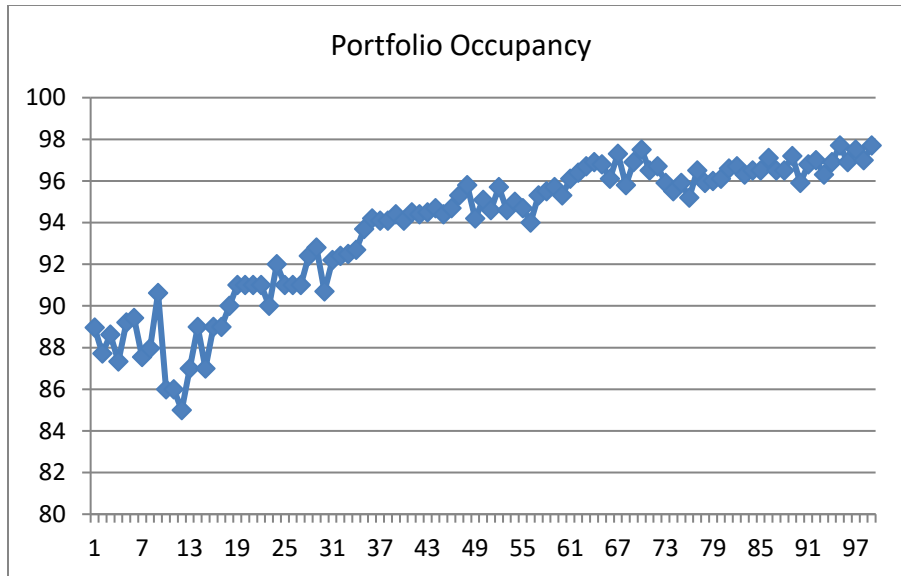
VII. Update on Existing Rental Properties—Informational

1. JHFA marketed its bonds, JHFA loans, and JHFA local government contributions to developers. As a result, the following has been accomplished in the last three years:

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Development	Location	Building Type Demographic	Units	TDC	JHFA Loan
Peyton Ridge	1800 Corporate Square Blvd	3-Story Elevator NC Elderly	120	\$16,894,456	\$115,000
Caroline Oaks	North Main, east side just south of E. 43 rd Street	3-Story Elevator NC Elderly	82	\$14,146,603	\$5.6 million bonds \$2.2 million JHFA loan
Cathedral Terrace	701 N. Ocean St.	High Rise Rehab Elderly	240	\$25,604,057	\$12.5 million bonds \$1.0 million JHFA loan
Mt. Carmel Gardens	5746 Mt. Carmel Terrace	High Rise Rehab Elderly	207	\$21,631,853	\$9.75 million bonds
Mary Eaves	East of intersection of Myrtle Ave. N. & West 16 th St.	Mid-Rise NC Elderly	80	\$13,325,568	\$300,000
Lofts at LaVilla	906 West Bay Street	Mid-Rise NC Family	130	\$23,388,174	\$265,000
Lofts at LaVilla on Monroe	1000 West Monroe Street	Mid-Rise NC Family	108	\$20,962,615	\$303,750
Houston Street Manor	615 Houston Street	Mid-Rise NC Elderly	72	\$21,185,213	\$115,000
Timberwood Trace	12250 Atlantic Boulevard	Garden Rehab Family	224	\$31,238,140	\$16.0 million bonds
Oakwood Villa	8201 Kona Avenue	Garden Rehab Family	200	\$23,092,183	\$12.7 million bonds
TOTAL			1,463	\$211,768,862	\$56.55 million bonds \$4.299 million JHFA loans

2. **Occupancy:** The current portfolio occupancy using a weighted average is 97.7% (+0.2%).
3. The Board requested that the FA work with Vestcor to obtain a list of occupations of the persons residing at **Lofts at LaVilla**. The list is attached, and shows that the development has attracted many downtown workers.
4. **Recommendation:** None.



VIII. State Legislative Update—Informational

1. There is \$321.1 million available for appropriation from the Housing Trust Funds.
2. Final budget information, where the lower level House funding level was accepted is below.
3. **The estimated SHIP allocation to Jacksonville is \$1,294,383. Without the Sadowski Education Effort (SEE) lobbying effort, SHIP funding would have likely been eliminated or limited to distribution only to counties with direct hurricane damage. Jacksonville will also have access to the \$47.51 million of SAIL funding. As a note, Florida ALHFA is working with FHFC to eliminate the structural disadvantage for applicants applying for SAIL with local HFA bonds (applicant only has to check a box on the application if using FHFC bonds, but has to submit a complete bond application to a local HFA if using those bonds—increasing costs and delays).**

	GOVERNOR	SENATE	HOUSE	FINAL BUDGET
Hurricane Recovery: SAIL targeted only to counties with damage Line 2225	\$ 25,000,000	\$60,000,000	\$74,180,000	\$0
Hurricane Recovery: SHIP targeted only to counties with damage Line 2226	\$ 65,000,000	\$30,000,000	\$48,950,000	\$0
Hurricane Recovery: Farmworker Housing Line 2224	\$ 10,000,000			\$0
Monroe County Land Authority Line 2224		\$10,000,000		\$0
FHFC: General Use Line 2225	\$ 76,300,000	\$114,050,000 At least \$57.025 million SAIL \$10,000,000 grant for housing for persons with DD \$7.025 million undesignated		\$79,180,000 At least \$47.51 million SAIL \$15 million for Keys Workforce Housing \$25,000 Study on SAIL \$1.647 million undesignated
FHFC: SAIL Workforce Line 2225	\$ 20,000,000	\$40,000,000 (part of \$104.05 million above)		\$15 million (part of \$79.18 million above)
SHIP Line 2226	\$ 34,000,000	\$103,800,000		\$43,950,000
Homeless Line 2226	\$0	\$3.800,000	\$0	\$0
Catalyst and Homeless Training Line 2226	\$0	\$250,000 Catalyst \$200,000 Homeless	\$500,000 Catalyst	\$500,000 Catalyst
TOTAL HOUSING	\$230,300,000	\$322,100,000	\$123,630,000	\$123,630,000
SHTF SWEEP	\$0	\$0	\$54,600,000	\$ 54,600,000
LGHTF SWEEP	\$ 91,800,000	\$0	\$127,400,000	\$127,400,000
TOTAL SWEEP	\$ 91,800,000	\$0	\$182,000,000	\$182,000,000
Unallocated SHTF	\$0	\$0	\$ 4,910,000	\$ 4,910,000
Unallocated LGHTF	\$0	\$0	\$11,560,000	\$11,560,000

The breakout of FHFC funding:

- FHFC Funding Total: \$79.18 million
- At least \$47.51 million for SAIL
- \$15 million for Keys Workforce
- \$15 million for SAIL Workforce
- \$25,000 for study of early SAIL repayments
- \$1.647 million undesignated– FHFC Board will allocate

Additional Homeless Funding				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$4,107,206	345	Grants & Donations TF	DCF
Federal Emergency Shelter Grant Program	\$7,803,393	346	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants	\$3,590,000	347	GR	DCF
Homeless Housing Assistance Grants Proviso: National Veterans Homeless Support Housing Assistance	\$150,000	347	GR Senate Form 2193	DCF
Homeless Housing Assistance Grants Proviso: Transition House-Bradford County	\$300,000	347	GR HB 3283	DCF
Homeless Housing Assistance Grants Proviso: Citrus Health Network	\$140,800	347	GR HB 3343	DCF
Miami-Dade County Homeless Trust	\$250,000	372	GR Senate Form 2351	DCF
Five Star Veterans Center Homeless Housing & Reintegration Project	\$150,000	577A	GR Senate Form 1775	Veteran's Affairs

Other Projects				
Item	Amount	Line Item	Source	Agency
Habitat for Humanity Neighborhood Infrastructure	\$276,783	2233A	Senate Special Employment Security Administration TF Form 1892	DEO
Building Homes for Heroes	\$1,000,000	2216	GR Senate Form 2100	DEO
Casa Familia Housing for Adults with Intellectual and DD	\$250,000	2216	Senate Special Employment Security Administration TF Senate Form 1421	DEO
City of Hialeah Elderly Housing Building Improvements	\$2,100,000	2216	Special Employment Security Administration TF Senate Form 1868	DEO

4. Senator Passidomo (R-Naples) and Representative Shaw (D-Tampa) filed bills (SB 874 and HB 191) which would prohibit use of monies in the Housing Trust Funds for non-housing activities. The legislation was passed in one committee in the Senate and was never heard in the House—both effectively killed by legislative leadership.
5. **Legislation was passed which grants a tax exemption to all home-ownership local HFA notes and mortgages, not just those associated with bond issues HB 7087). This is an important victory for local HFA's, as it will help level the playing field between local HFA and FHFC mortgage programs.** The provision saves the average JHFA homebuyer \$875, and local HFA homebuyers \$800,000 per year.
6. There were additional housing bills related to hurricane funding and other housing issues, including HB 987/SB1328 (Rep. Cortes and Sen. Perry). None of these bills passed.
7. **Recommendation:** None.

IX. Florida ALHFA Conference Sponsorship—Action

1. JHFA has supported the Florida ALHFA Conference at the Platinum/Host (\$5,000) or Gold (\$2,500) levels for the past few years.
2. All other active HFA's also are conference sponsors. Miami-Dade, Manatee, Hillsborough, Pinellas, and Escambia are sponsoring at the Platinum level, with most other active HFA's at the Gold level.
3. Florida ALHFA's activities on behalf of JHFA include the HHF DPA program and leveling the playing field for SAIL applications using local bonds.
4. **Recommendation:** Consider approval of Florida ALHFA Conference Sponsorship.

X. 2018 JHFA Meeting Calendar—Action

1. The Board adopted a calendar for 2018, with meetings the third Wednesday of each month, except July. The third Wednesday of November is the day before Thanksgiving.
2. In the past, the Board has combined the November and December meetings. The team requests that this be done for 2018, with a meeting date of November 28.
3. **Recommendation:** Approve modified 2018 JHFA meeting calendar, combining the November and December meetings into a single meeting to be held on November 28.

XI. NALHFA and FLALHFA Conference Travel Authorization—Action

1. The NALHFA Conference is scheduled for May 9-12 in New Orleans.
2. The Florida ALHFA Conference is scheduled for July 11-14 in St. Petersburg.
3. **Recommendation:** Consider authorization for travel to either or both conferences by JHFA Board members.

OCCUPANCY LEVELS

2-28-18

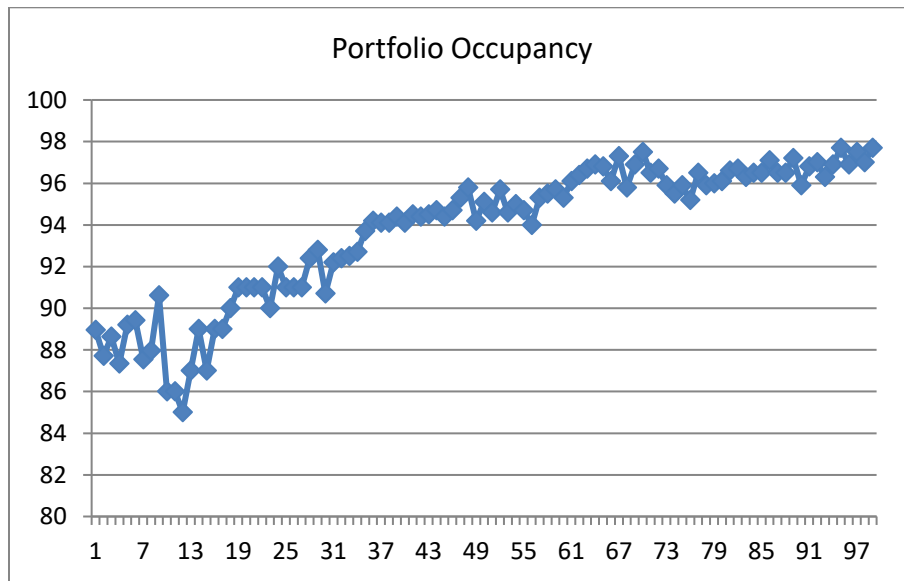
Active Rental Developments—Financed by DCHFA or JHFA

Development & Address	Developer	Original Bonds & Issue Date	Units & Occupancy
Bennett Creek 3585 Salisbury Drive 32216	Richman	\$21,600,000 12-21-10	264 97% (-0%)
Brookwood Forest Apartments 1251 Fromage Way 32225	CED	\$10,000,000 2005	168 98% (+2%)
Camri Green Apartments 3820 Losco Road 32257	Vestcor	\$9,200,000 2003	184 99% (+1%)
Caroline Oaks	Vestcor	\$5,600,000 4-22-15	82 100% (+4%)
Cathedral Terrace	Blue Sky	\$12,500,000 1-21-16	200 98% (+0%)
Christine Cove 3730 Soutel Dr 32208	Carlisle	\$6,000,000 2006	96 100% (+3%)
Hartwood (AKA Hampton Ridge) 11501 Harts Road 32218	Southport	\$5,840,000 2006	110 89% (-4%)
Lofts at LaVilla 995 Water Street 32204	Vestcor	Housing Credits \$265,000 JHFA loan	130 100% (+54%)
Mary Eaves 1250 16 th Street West 32209	Vestcor	FHFC bonds \$300,000 JHFA loan	79 99% (+0%)
Mt. Carmel Gardens 5846 Mt. Carmel Terrace 32216	BREC	\$9,750,000 8-19-16	207 Rolling Rehab 90%
Oakwood Terrace 8201 Kona Avenue	Southport	\$12,700,000 6-30-17	200 Rolling Rehab 81%
Timberwood Trace 12250 Atlantic Blvd. 32225	Southport	\$16,000,000 2-1-17	224 99% (+1%)
Timuquana Park Apartments 5615 Seaboard Ave. 32244	Southport	\$4,300,000 2004	100 96% (-1%)

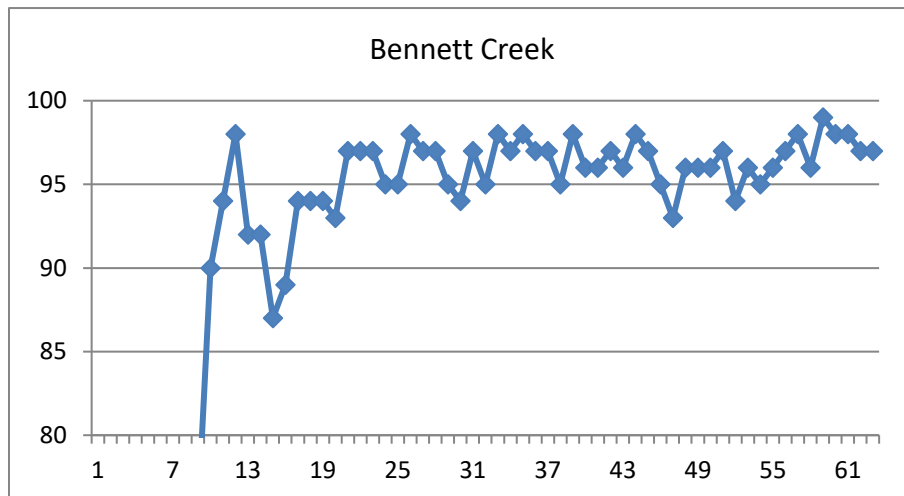
OCCUPANCY LEVELS

2-28-18

99 Month Occupancy Levels—Entire Portfolio Average Occupancy



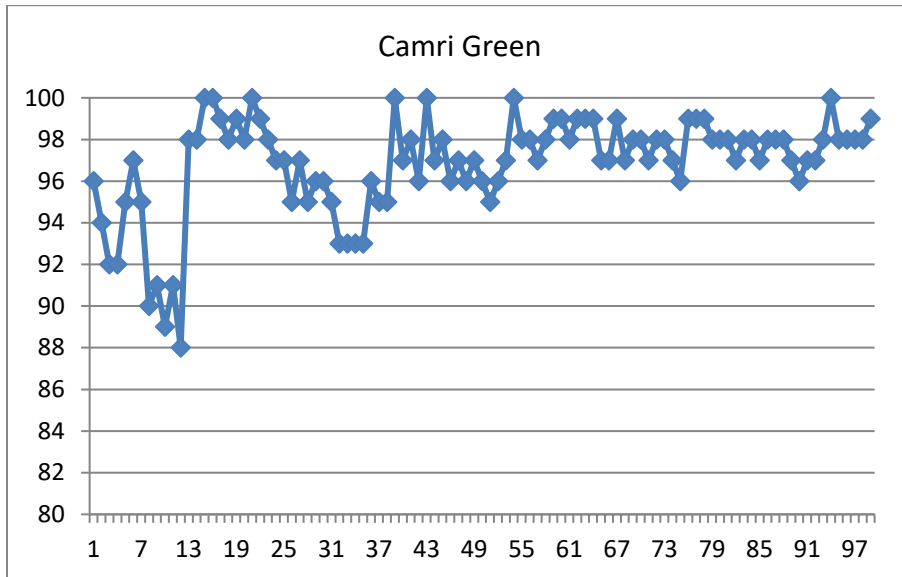
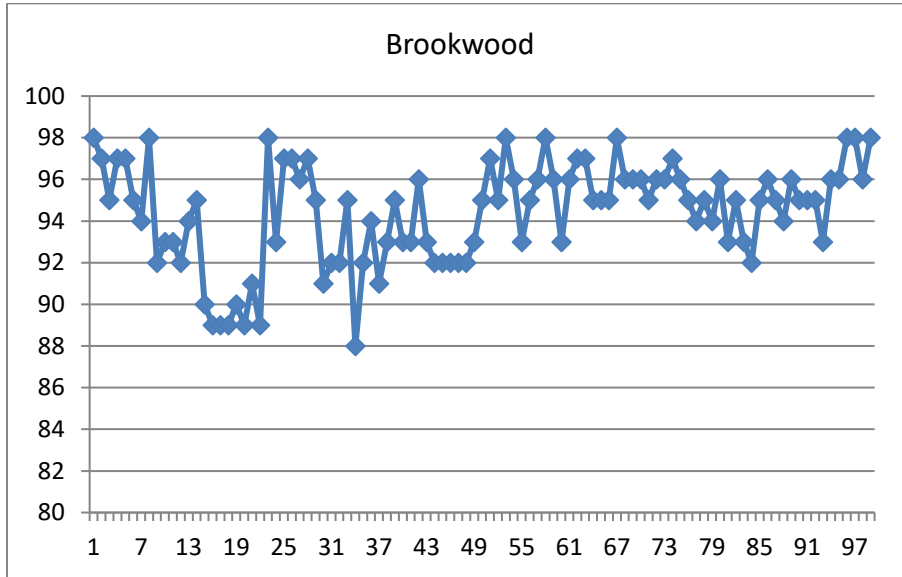
Average Occupancy by Development



OCCUPANCY LEVELS

2-28-18

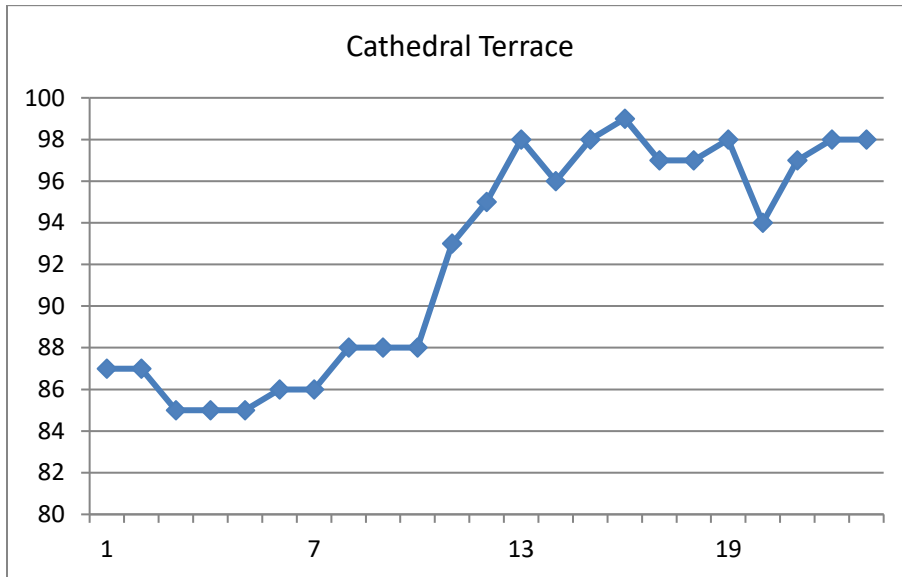
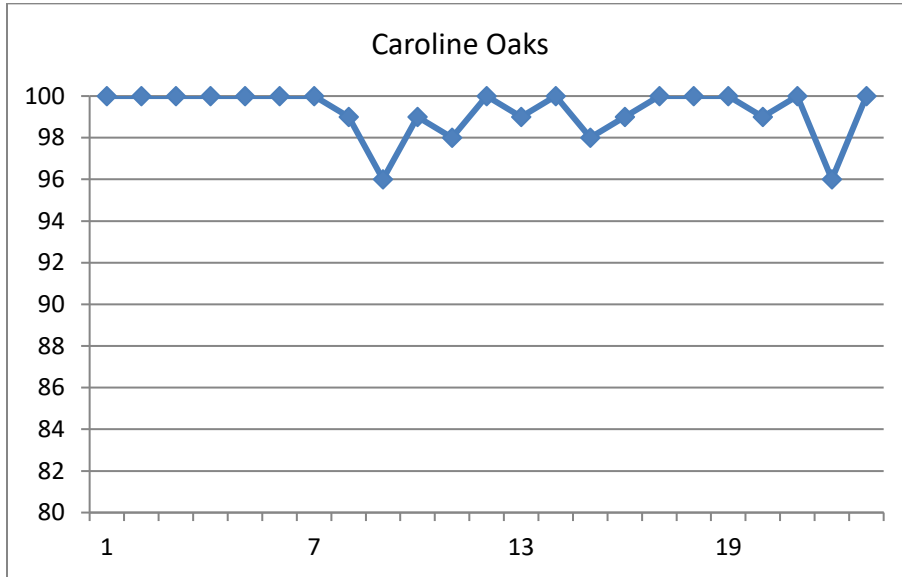
Average Occupancy by Development



OCCUPANCY LEVELS

2-28-18

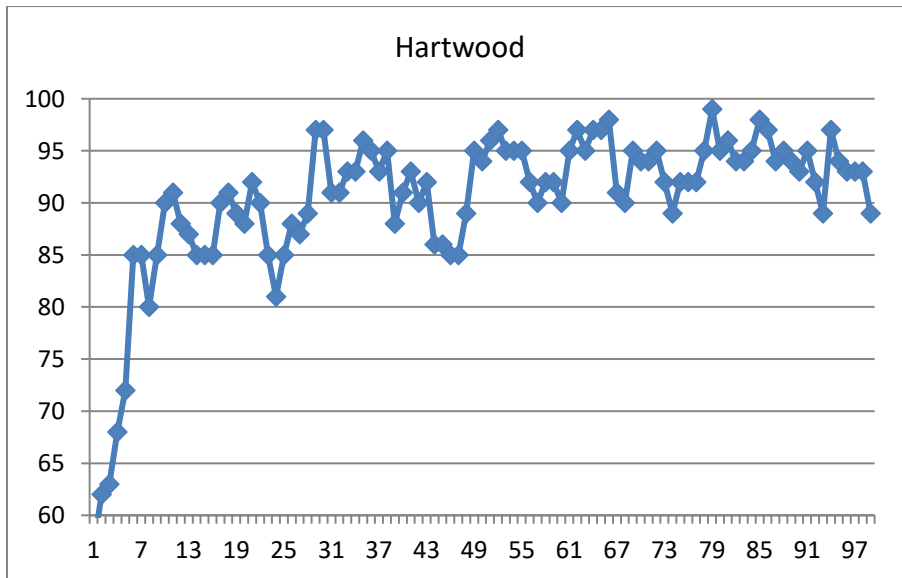
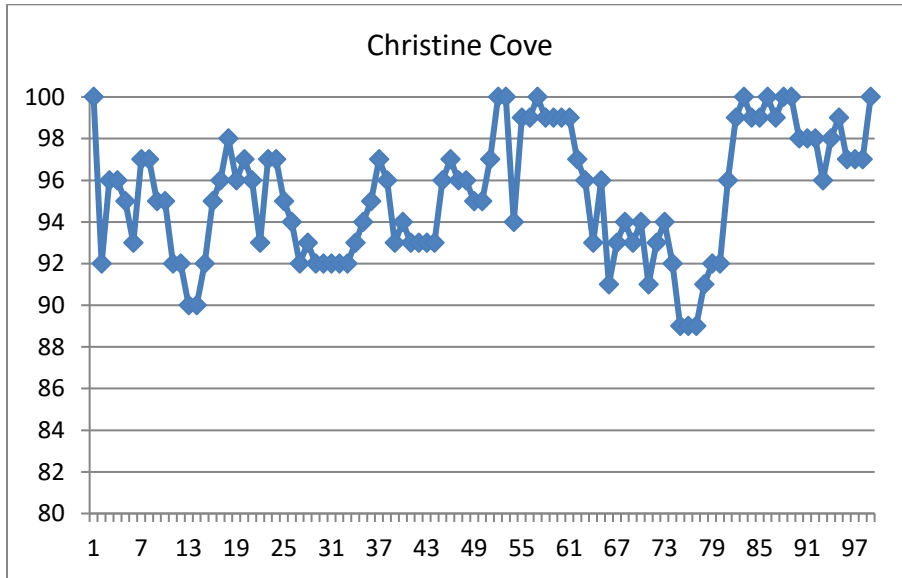
Average Occupancy by Development



OCCUPANCY LEVELS

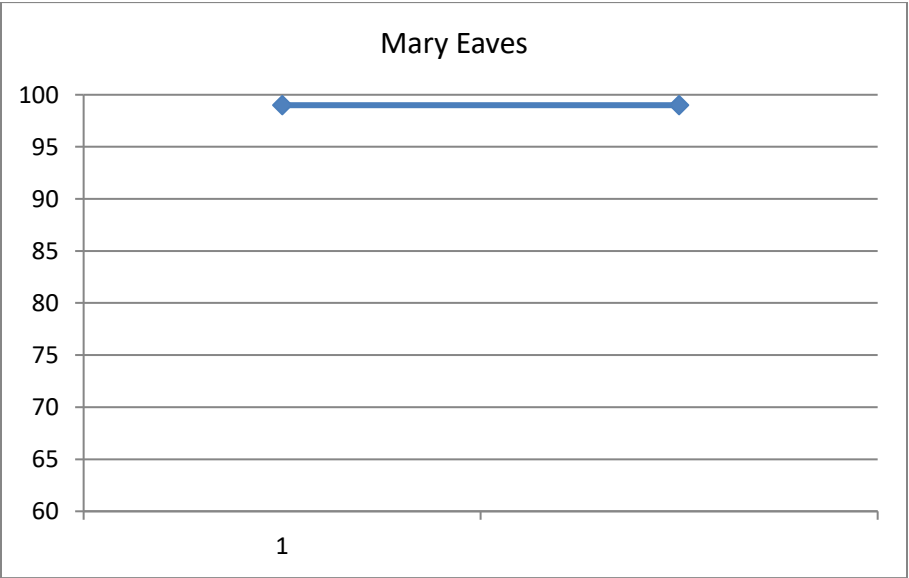
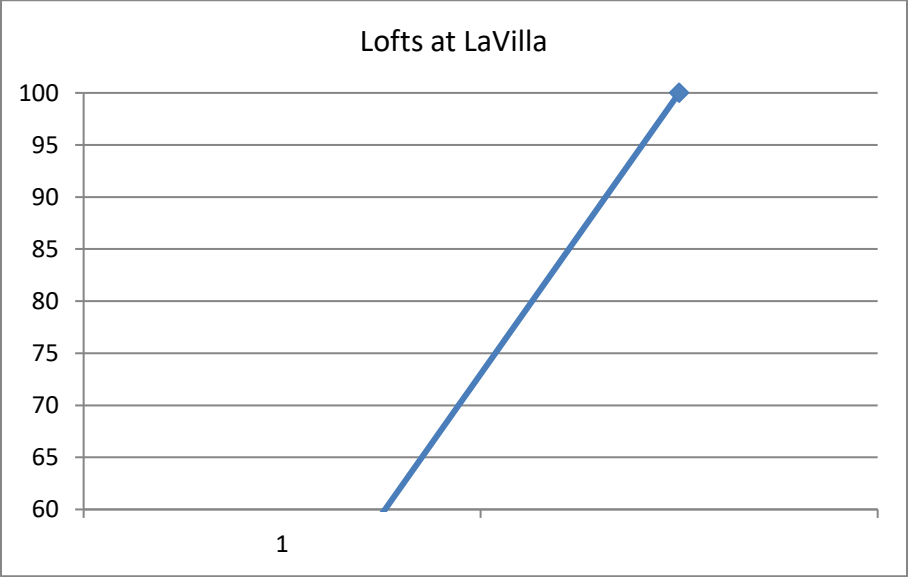
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Average Occupancy by Development



OCCUPANCY LEVELS
2-28-18

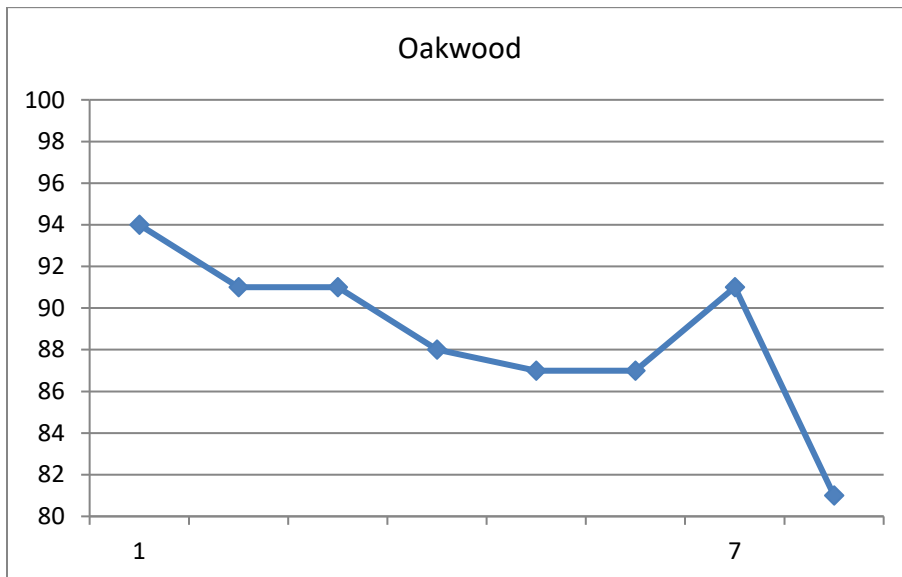
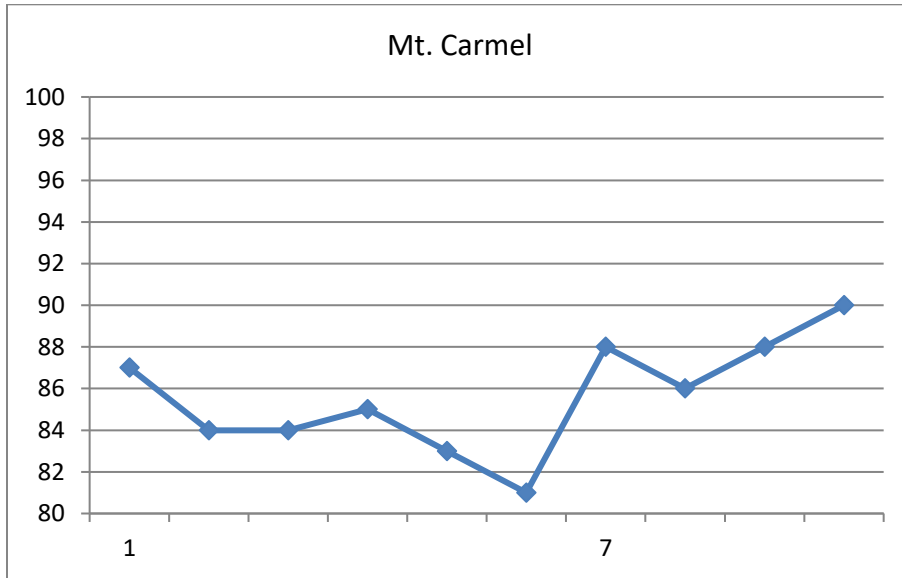
Average Occupancy by Development



OCCUPANCY LEVELS

2-28-18

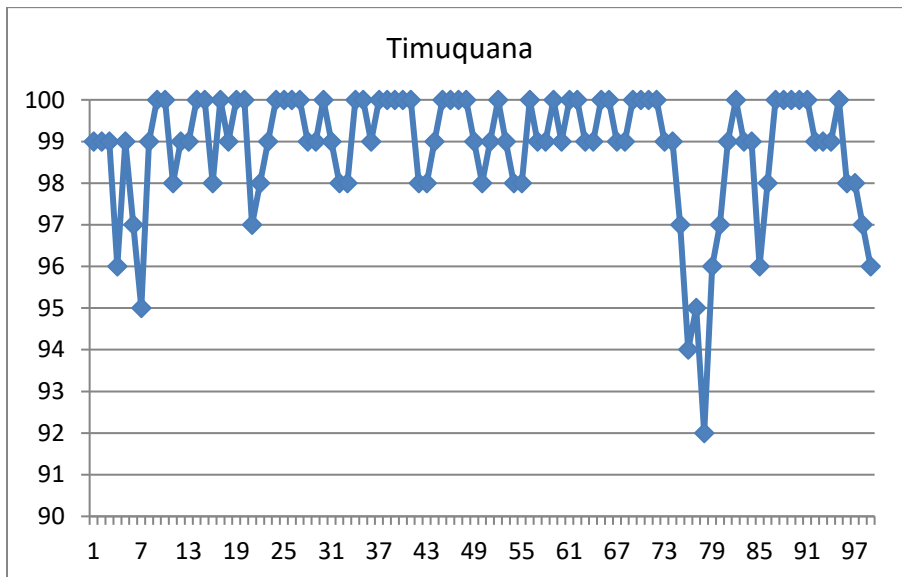
Average Occupancy by Development



OCCUPANCY LEVELS

2-28-18

Average Occupancy by Development



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 \$50,000,000 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 52, Ordinance Code of the City of Jacksonville, Florida (the "City"), as amended, Ordinance 2014-185-E of the City, 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 \$50,000,000 (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 \$50,000,000. 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 52 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 2018 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 Finance Director (or her designee) on behalf of the Authority. The Finance Director of the Authority (or her designee) is hereby designated as the hearing officer of the Authority for such purpose, and, in furtherance thereof, 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 21st day of March, 2018.

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

(SEAL)

By: _____
William I. Gulliford, III, Chair

ATTEST:

By: _____
Name:
Title: Assistant Secretary

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 [____], 2018, at 214 N. Hogan Street, [__] Floor, Room [__], 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 \$50,000,000 (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 within 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, 7th 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

Laura Stagner-Crites, Finance Director

[____], 2018

BYLAWS
OF THE
JACKSONVILLE HOUSING FINANCE AUTHORITY

Dated March __, 2018

JACKSONVILLE HOUSING FINANCE AUTHORITY

BYLAWS

ARTICLE ONE

OFFICES

The principal office of the JACKSONVILLE HOUSING FINANCE AUTHORITY (the “JHFA”), a public body corporate and politic, shall be located in the City of Jacksonville, State of Florida.

ARTICLE TWO

MEMBERS

2.1. General Powers. The affairs of the JHFA shall be exercised and the business and affairs of the JHFA shall be managed under the direction of its committee members (the “Members”) in accordance with Chapter 159, Part IV, Florida Statutes (“Act”), the Chapter 52 of the Ordinance Code of the City of Jacksonville (“Ordinance Code”), as amended, and other applicable laws.

2.2. Number. Pursuant to Section 159.605, Florida Statutes the JHFA shall consist of at least five (5) Members. All Members of the JHFA shall be residents of Duval County, Florida.

2.3. Appointment of Members. Pursuant to Section 52.106, Ordinance Code, the Authority shall consist of seven Members, four of whom shall be Members appointed by the Mayor and confirmed by Council, and three of whom shall be appointed and confirmed by Council. All seven Members shall represent one of the following organizations: labor, finance or commerce. A certificate of the appointment or reappointment of any member of the Authority shall be filed with the Clerk of the Circuit Court of the County, and the certificate shall be conclusive evidence of the due and proper appointment of the member. The Members shall be Duval County residents. Each member shall serve a term of four years. Members shall serve for the term of their respective offices until their qualified successors have been appointed and confirmed. No member may serve more than two consecutive terms. All terms shall begin on July 1.

2.4. Vacancies. An Authority member's term shall automatically expire and his or her office shall be deemed vacant for purposes of appointment of a new member if, while in office, he or she shall cease to be qualified for membership under the provisions herein, or any other laws or regulations. All appointments of the Authority shall be confirmed by the Council. Each vacancy shall be filled for the remainder of the unexpired term.

2.5 Removal of Members. An Authority member may be removed without cause by a three-fifths vote of the Council, or for neglect of duty or misconduct in office by a majority vote of the Council, and in accordance with the removal procedures under the Act.

2.6 Office Holding. The Authority membership shall be considered an office and limited by the office holding provisions as provided for under the Florida Constitution. No Authority member shall be eligible to serve as a member of the Authority while holding other office or being an employee of the City. All Authority Members shall be required to take an oath of office required by the City and found in Chapter 2 (Oaths), Section 2.101 (Oaths of public officials), Ordinance Code.

2.7 Place of Meetings. Meetings of the Members, regular or special, shall be held in the City of Jacksonville, Florida.

2.8 Regular Meetings. Regular meetings of the Members shall be held monthly at such time and at such place as shall from time to time be determined by the Members. All meetings, whether regular or special, shall be held in accordance with Section 286, Florida Statutes, and other applicable laws.

2.9 Special Meetings and Notice. Special meetings of the Members may be called by the Chairman. Written notice of special meetings of the Members shall be given to each Member of the Board at least forty-eight (48) hours before the meeting, unless such special meeting has been determined by the Chairman to be an emergency meeting in which case the notice shall be given to each Member immediately. Unless as otherwise provided by applicable law, notices to the Members shall be in writing and delivered personally or electronically delivered to the Members at their addresses appearing on the books of the JHFA. Notice shall also be given in accordance with Chapter 286, Florida Statutes and other applicable laws.

2.10 Quorum; Required Vote. Pursuant to Section 159.605, Florida Statutes and Section 52.106, Ordinance Code, all business of the JHFA shall be conducted at meetings wherein a majority of the Members are present and voting. A quorum shall consist of four (4) members physically present. The act of a majority of the Members present at a meeting at which a quorum is present when the vote is taken shall be the act of the JHFA. Pursuant to Chapter 286, Florida Statutes, no Member who is present at any JHFA meeting may abstain from voting except when there appears to be or is a possible conflict of interest whereupon such non-voting Member shall comply with the disclosure requirements of Chapter 112, Florida Statutes.

2.11 Compensation of Members. No Member of the JHFA shall receive compensation for his or her services. However, Members shall be entitled to necessary expenses, including travel expenses, incurred in the discharge of duties pursuant to the City of Jacksonville Ordinance Code and other applicable law.

2.12 Chairman. Pursuant to Chapter 52, Ordinance Code, the Mayor of the City of Jacksonville shall appoint a Chairman who shall serve a two (2) year term, provided however, that the Chairman may be re-appointed by the Mayor as such for an additional consecutive two-year

term. The Chairman of the JHFA shall preside at meetings of the Members and shall have such other powers and shall perform such other duties as shall be designated by the Members.

2.13 Officers. Pursuant to Chapter 52, Ordinance Code, the Authority Members shall elect additional officers, as deemed necessary, and, pursuant thereto, the Authority Members shall elect a Vice Chairman, Secretary and one or more Assistant Secretaries, all for one calendar year terms.

ARTICLE THREE

CONTRACTS, CHECKS, DEPOSITS AND CENTRAL SERVICES

3.1. Contracts and other Documents. All instruments in writing necessary to carry out the powers, duties and obligations of Chapter 159, Part IV, Florida Statutes, and in connection with the purposes for which the JHFA was created, shall be executed in the name of the JHFA. All instruments in writing necessary to be executed in the name of the JHFA, including but not limited to any bond documents, shall be executed by the Chairman or Vice Chairman, without any attestation by the JHFA Secretary or Assistant Secretary.

3.2 Checks, Drafts, Loans, etc. All checks, drafts, loans or other orders for the payment of money, notes or other documents evidencing or securing indebtedness issued in the name of the JHFA shall be executed by the Chairman or Vice Chairman, without any attestation by the JHFA Secretary or Assistant Secretary.

3.3 Deposits. All funds of the JHFA shall be deposited to the credit of the JHFA pursuant to the JHFA's policies and procedures.

3.4 Central Services. Pursuant to Section 52.107, Ordinance Code, except as the Council of the City of Jacksonville may provide, the JHFA shall utilize the central services of the City of Jacksonville and shall pay for them on a cost-accounted basis. The JHFA may utilize such other services of the City of Jacksonville as may be mutually agreed upon from time-to-time and may pay for them on a fair and reasonable basis. The JHFA shall be required to use the legal services of the City of Jacksonville except in those cases when the General Counsel determines that the legal staff cannot provide legal services in the required legal area and as set forth by applicable law.

ARTICLE FOUR

CONFLICTS OF INTEREST

Pursuant to Section 159.606, Florida Statutes, no Member or employee of the JHFA shall acquire any interest, direct or indirect, in any qualifying housing development or in any property included or planned to be included in such a development, nor shall a Member or employee have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any qualifying housing development. If any Member or employee of the JHFA owns or controls an interest, direct or indirect, in any property included or

planned to be included in any qualifying housing project, the Member or employee shall immediately disclose the same in writing to the JHFA. Such disclosure shall be entered upon the minutes of the JHFA. Failure so to disclose such interest shall constitute misconduct in office.

For purpose of this Article Four, a “qualifying housing development” means any work or improvement located or to be located in Duval County, including real property, buildings, and any other real and personal property, designed or intended for the primary purpose of providing decent, safe, and sanitary residential housing for four or more families, at least sixty percent (60%) of whom are eligible persons, whether new construction, the acquisition of existing residential housing, or the remodeling, improvement, rehabilitation, or reconstruction of existing housing, together with such related non-housing facilities as the JHFA determines to be necessary, convenient, or desirable”.

ARTICLE FIVE

EMPLOYEES AND AGENTS

Subject to applicable law, each and every employee and agent of JHFA shall possess, and may exercise, such power and authority, and shall perform such duties, as may from time to time be assigned to him or her by the Members.

ARTICLE SIX

FISCAL YEAR

The fiscal year of the JHFA shall end on September 30.

ARTICLE SEVEN

BOOKS AND RECORDS

The JHFA shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members and the JHFA in accordance with Chapter 119, Florida Statutes, and other applicable law. The JHFA shall also keep at the principal office a record giving the names and addresses of the Members. All books and records of the JHFA may be inspected by any Member or his agent or attorney, for any proper purpose at any reasonable time, or by any other person in accordance with applicable law.

ARTICLE EIGHT

AMENDMENTS OF BYLAWS

Unless otherwise provided by law, these Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of two-thirds of the Members at any regular or special meeting, provided such subject has been announced in the notice of the meeting.

ADOPTED AND APPROVED this _____ day of _____, 2018

, Chairman

Date

BYLAWS
OF THE
JACKSONVILLE HOUSING FINANCE AUTHORITY

[Dated March __, 2018](#)

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**ARTICLE FOUR
CONFLICT OF INTEREST**

**ARTICLE FIVE
EMPLOYEES AND AGENTS**

**ARTICLE SIX
FISCAL YEAR**

**ARTICLE SEVEN
BOOKS AND RECORDS**

**ARTICLE EIGHT
AMENDMENTS OF BYLAWS**

JACKSONVILLE HOUSING FINANCE AUTHORITY

BYLAWS

ARTICLE ONE

OFFICES

The principal office of the JACKSONVILLE HOUSING FINANCE AUTHORITY (the “JHFA”), a public body corporate and politic, shall be located in the City of Jacksonville, State of Florida.

ARTICLE TWO

MEMBERS

2.1. General Powers. The affairs of the JHFA shall be exercised and the business and affairs of the JHFA shall be managed under the direction of its committee members (the “Members”) in accordance with Chapter 159, Part IV, Florida Statutes (“Act”), the Chapter 52 of the Ordinance Code of the City of Jacksonville (“Ordinance Code”), as amended, and other applicable laws.

2.2 Number. Pursuant to Section 159.605, Florida Statutes the JHFA shall consist of at least five (5) Members. All Members of the JHFA shall be residents of Duval County, Florida.

2.3 Appointment of Members. Pursuant to ~~Ordinance 2002-1314 E, as amended (the "Housing Reorganization Legislation")~~, the Mayor for the City of Jacksonville is authorized to take all necessary action in structuring the JHFA to ensure compliance with Florida law, provided however, that pursuant to Section 159.605, Florida Statutes, not less than a majority of the members shall be knowledgeable in one of the following fields: labor, finance or commerce. Also pursuant to Section 159.605, Florida Statutes, each member of the Board shall serve a four (4) year term and shall hold office for the term for which he or she is appointed and confirmed and until his or her successor is appointed and confirmed or until his earlier resignation, removal from office or death. Section 52.106, Ordinance Code, the Authority shall consist of seven Members, four of whom shall be Members appointed by the Mayor and confirmed by Council, and three of whom shall be appointed and confirmed by Council. All seven Members shall represent one of the following organizations: labor, finance or commerce. A certificate of the appointment or reappointment of any member of the Authority shall be filed with the Clerk of the Circuit Court of the County, and the certificate shall be conclusive evidence of the due and proper appointment of the member. The Members shall be Duval County residents. Each member shall serve a term of four years. Members shall serve for the term of their respective offices until their qualified successors have been appointed and confirmed. No member may serve more than two consecutive terms. All terms shall begin on July 1.

2.4 Vacancies. ~~A Member may resign at any time by giving written notice to the Chairman of the JHFA. Such resignation shall take effect when the notice is delivered unless the notice specifies a later effective date. Any vacancy occurring in the membership of the JHFA shall be filled in the manner and for the term of his or her predecessor in office.~~ An Authority member's term shall automatically expire and his or her office shall be deemed vacant for purposes of appointment of a new member if, while in office, he or she shall cease to be qualified for membership under the provisions herein, or any other laws or regulations. All appointments of the Authority shall be confirmed by the Council. Each vacancy shall be filled for the remainder of the unexpired term.

2.5 Removal of Members. ~~Removal of a Member of the JHFA shall be in accordance with Section 159.606, Florida Statutes, and other applicable law~~ An Authority member may be removed without cause by a three-fifths vote of the Council, or for neglect of duty or misconduct in office by a majority vote of the Council, and in accordance with the removal procedures under the Act.

2.6 Office Holding. The Authority membership shall be considered an office and limited by the office holding provisions as provided for under the Florida Constitution. No Authority member shall be eligible to serve as a member of the Authority while holding other office or being an employee of the City. All Authority Members shall be required to take an oath of office required by the City and found in Chapter 2 (Oaths), Section 2.101 (Oaths of public officials), Ordinance Code.

2.7 Place of Meetings. Meetings of the Members, regular or special, shall be held in the City of Jacksonville, Florida.

2.72.8 Regular Meetings. Regular meetings of the Members shall be held monthly at such time and at such place as shall from time to time be determined by the Members. All meetings, whether regular or special, shall be held in accordance with Section 286, Florida Statutes, and other applicable laws.

2.82.9 Special Meetings and Notice. Special meetings of the Members may be called by the Chairman. Written notice of special meetings of the Members shall be given to each Member of the Board at least forty-eight (48) hours before the meeting, unless such special meeting has been determined by the Chairman to be an emergency meeting in which case the notice shall be given to each Member immediately. Unless as otherwise provided by applicable law, notices to the Members shall be in writing and delivered personally or ~~mailed~~electronically delivered to the Members at their addresses appearing on the books of the JHFA. Notice shall also be given in accordance with Chapter 286, Florida Statutes and other applicable laws.

2.92.10 Quorum; Required Vote. Pursuant to Section 159.605, Florida ~~Statutes~~Statutes and Section 52.106, Ordinance Code, all business of the JHFA shall be conducted at meetings wherein a majority of the Members are present and voting; ~~provided, however, that whenever, for any reason, a vacancy occurs in the governing body of the JHFA, a~~ A quorum shall consist of ~~a majority of the remaining Members until the vacancy has been filled~~four (4) members physically present. The act of a majority of the Members present at a meeting at which a quorum is present when the vote is taken shall be the act of the JHFA. Pursuant to Chapter 286, Florida Statutes, no Member who is present at any JHFA meeting may abstain from voting except when there appears to be or is a possible conflict of interest whereupon such non-voting Member shall comply with the disclosure requirements of Chapter 112, Florida Statutes.

2.102.11 Compensation of Members. No Member of the JHFA shall receive compensation for his or her services. However, Members shall be entitled to necessary expenses, including travel expenses, incurred in the discharge of duties pursuant to the City of Jacksonville Ordinance Code and other applicable law.

2.112.12 Chairman. Pursuant to Chapter 52, Ordinance Code ~~2002-1314-E, as amended~~, the Mayor of the City of Jacksonville shall appoint a Chairman who shall serve a ~~one~~two (~~1~~2) year term, provided however, that the Chairman may be re-appointed by the Mayor as such for an additional consecutive ~~one~~two-year term. The Chairman of the JHFA shall preside at meetings of the Members and shall have such other powers and shall perform such other duties as shall be designated by the Members.

2.13 Officers. Pursuant to Chapter 52, Ordinance Code, the Authority Members shall elect additional officers, as deemed necessary, and, pursuant thereto, the Authority Members shall elect a Vice Chairman, Secretary and one or more Assistant Secretaries, all for one calendar year terms.

ARTICLE THREE

CONTRACTS, CHECKS, DEPOSITS AND CENTRAL SERVICES

3.1. Contracts and other Documents. All instruments in writing necessary to carry out the powers, duties and obligations of Chapter 159, Part IV, Florida Statutes, and in connection with the purposes for which the JHFA was created, shall be executed in the name of the JHFA. All instruments in writing necessary to be executed in the name of the JHFA, including but not limited to any bond documents, shall be executed ~~in accordance with the City of Jacksonville Ordinance Code and other applicable law~~by the Chairman or Vice Chairman, without any attestation by the JHFA Secretary or Assistant Secretary.

3.2. Checks, Drafts, Loans, etc. All checks, drafts, loans or other orders for the payment of money, notes or other ~~evidence of documents evidencing or securing~~ indebtedness issued in the name of the JHFA shall be executed ~~pursuant to the JHFA's policies and procedures and in accordance with the City of Jacksonville Ordinance Code and other applicable law~~by the Chairman or Vice Chairman, without any attestation by the JHFA Secretary or Assistant Secretary.

3.3. Deposits. All funds of the JHFA shall be deposited to the credit of the JHFA pursuant to the JHFA's policies and procedures.

3.4. Central Services. Pursuant to ~~the Housing Reorganization Legislation~~Section 52.107, Ordinance Code, except as the Council of the City of Jacksonville may provide, the JHFA shall utilize the central services of the City of Jacksonville and shall pay for them on a cost-accounted basis. The JHFA may utilize such other services of the City of Jacksonville as may be mutually agreed upon from time-to-time and may pay for them on a fair and reasonable basis. The JHFA shall be required to use the legal services of the City of Jacksonville except in those cases when the General Counsel determines that the legal staff cannot provide legal services in the required legal area and as set forth by applicable law.

ARTICLE FOUR

CONFLICTS OF INTEREST

Pursuant to Section 159.606, Florida Statutes, no Member or employee of the JHFA shall acquire any interest, direct or indirect, in any ~~“qualifying housing development”~~ or in any property included or planned to be included in such a development, nor shall a Member or ~~a~~ employee have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used in connection with any qualifying housing development. If any Member or employee of the JHFA owns or controls an interest, direct or indirect, in any property included or planned to be included in any qualifying housing project, ~~such~~the Member or employee shall immediately disclose the same in writing to the ~~Chairman of the~~ JHFA. Such disclosure shall be entered upon the minutes of the JHFA. Failure so to disclose such interest shall constitute misconduct in office.

For purpose of this Article Four, a “qualifying housing development” means any work or improvement located or to be located in Duval County, including real property, buildings, and any other real and personal property, designed or intended for the primary purpose of providing decent, safe, and sanitary residential housing for four or more families, at least sixty percent (60%) of whom are eligible persons, whether new construction, the acquisition of existing residential housing, or the remodeling, improvement, rehabilitation, or reconstruction of existing housing, together with such related non-housing facilities as the JHFA determines to be necessary, convenient, or desirable.”.

ARTICLE FIVE

EMPLOYEES AND AGENTS

Subject to applicable law, each and every employee and agent of JHFA shall possess, and may exercise, such power and authority, and shall perform such duties, as may from time to time be assigned to him or her by the Members.

ARTICLE SIX

FISCAL YEAR

The fiscal year of the JHFA shall end on September 30.

ARTICLE SEVEN

BOOKS AND RECORDS

The JHFA shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members and the JHFA in accordance with Chapter 119, Florida Statutes, and other applicable law. The JHFA shall also keep at the principal office a record giving the names and addresses of the Members. All books and records of the JHFA may be inspected by any Member or his agent or attorney, for any proper purpose at any reasonable time, or by any other person in accordance with applicable law.

ARTICLE EIGHT

AMENDMENTS OF BYLAWS

Unless otherwise provided by law, these Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the affirmative vote of two-thirds of the Members at any regular or special meeting, provided such subject has been announced in the notice of the meeting.

ADOPTED AND APPROVED this _____ day of _____, 2018

, Chairman

Date

Document comparison by Workshare 9 on Tuesday, March 13, 2018 4:51:59 PM

Input:	
Document 1 ID	PowerDocs://GC/1189158/1
Description	GC-#1189158-v1-JHFA_Bylaws_(3)_(PRIOR_to_Chapter_52)
Document 2 ID	PowerDocs://GC/1189155/4
Description	GC-#1189155-v4-JHFA_Draft_Bylaws_(3)_(Conforms_to_Chapter_52)
Rendering set	Standard

Legend:	
<u>Insertion</u>	
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Deleted cell	
Moved cell	
Split/Merged cell	
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Statistics:	
	Count
Insertions	41
Deletions	55
Moved from	0
Moved to	0
Style change	0
Format changed	0

Total changes	96
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THE HENDRICKSON COMPANY

MEMORANDUM

To: Jacksonville Housing Finance Authority Board of Directors

From: Mark Hendrickson, Financial Advisor

Subject: Analysis of the Caroline Arms Bond Application

Date: March 4, 2018, revised March 13, 2018

Attached is an analysis of the Caroline Arms bond application. Several items used in the analysis were requested after receipt of the application, and this is part of the normal review process. All additional materials were forwarded to Laura Stagner to be made part of the permanent public record.

I. Summary of Findings

A. Summary of key criteria:

Question	Caroline Arms
Are the developments economically feasible as submitted?	Yes
Are the costs/fees associated with the development reasonable and appropriate?	Yes
Is the experience of the development team adequate?	Yes
If feasible, is it ready to proceed to closing in 2018?	Yes, Summer 2018
Is the product being proposed adequate in terms of design and amenities?	Generally yes, but waivers requested for some items
Is the product being proposed adequate in terms of ongoing resident services?	Yes
Are the income targeting and length of set-aside adequate?	Yes
Any special impact on redevelopment?	Yes, rehabilitating 48-year old Section 8 units
Did the responses within the application contain adequate responses to important questions, relating to financing and other key issues?	Yes, once all materials were submitted
Recommend Inducement?	Yes

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B. Summary of the Proposed Development

<i>Name</i>	Caroline Arms
<i>Owner Entity*</i>	Caroline Arms Preservation, Ltd.
<i>Developer/Location</i>	Lincoln Avenue Capital Santa Monica, CA
<i>Type</i>	Acquisition and Rehabilitation Garden
<i>Street Address</i>	6457 Fort Caroline Road 32277
<i>City Council District</i>	Joyce Morgan
<i>Units</i>	204
<i>Bedrooms</i>	476
<i>Square Feet</i>	173,220
<i># of Buildings</i>	19, 17 residential, 1 laundry, and 1 office
<i># of Stories</i>	2
<i>Bond Request</i>	\$14,200,000 \$69,608/unit
<i>Total Cost</i>	\$22,727,210
<i>Cost Per Unit</i>	\$111,408
<i>Land Cost</i>	\$940,000 \$4,608/unit
<i>Acquisition of Building Cost</i>	\$10,810,000 \$52,990/unit
<i>Hard Construction Cost</i>	\$5,596,291 \$27,432/unit \$32.31/Sq. Ft.
<i>General Contractor</i>	ETC Pyramid
<i>Credit Enhancement</i>	Short Term Bonds, Cash Collateralized—Permanent Fannie Mae Loan
<i>Set-Aside Period</i>	50 years
<i>Set-Aside Levels</i>	100%<60% AMI

C. Summary of Findings and Recommendations for Caroline Arms:

1. The development appears economically feasible.
2. The development's resident programs meet or exceed minimum JHFA requirements. While the unit and development amenities meet most JHFA standards, due to budget and space restraints, they do not meet all JHFA requirements, and a waiver of some features has been requested.
3. The costs and fees associated with the development appear to be reasonable.
4. The development's energy efficiency items meet most JHFA standards, due to budget restraints, they do not meet all JHFA requirements, and a waiver of two features has been requested.
5. Each site is controlled by the Applicant, has proper zoning, and has evidence of availability of water, sewer, roads and electricity. The transactions could close in the second and third quarter of 2018.
6. The developer and development team have extensive experience in affordable housing, and have successfully closed bond deals with JHFA.

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7. The credit underwriter will order and evaluate an independent market analysis.
 8. **Recommendations:**
 - Permit Caroline Arms to proceed through the JHFA financing process.
 - Adopt Inducement Resolution prepared by bond counsel, which includes Preliminary Agreements.
 - All items subject to review and approval of credit underwriter and counsel, including but not limited to preconstruction analysis, appraisal, market study, loan terms and amount, guaranties, credit enhancement, loan and bond documents.
 - All items subject to conditions in this memorandum and each development's individual memorandum.
-

II. Caroline Arms Analysis:

Caroline Oaks is a proposed 204-unit acquisition and rehabilitation of a garden apartment development built in the Arlington area in 1970. The development has 161 of the 204 units with project based rental assistance (Section 8).

A. Financing & Cost Analysis:

1. The financing structure uses short-term cash-collateralized publicly marketed tax-exempt bonds—providing access to 4% Housing Credits. The bonds will be retired after 18 months, with the permanent financing from a Fannie Mae non-bond loan.
2. The Applicant provided a letter of interest for a \$14.25 million permanent loan from Pillar Financial, a division of SunTrust Bank (the Fannie Mae DUS lender). The proposed would have a 16-year term, 35-year amortization, and an interest rate of a spread (currently 1.67%) over the 10-year Treasury (currently 2.85%)—with rate to be locked prior to bond closing.
3. The Applicant provided a Letter of Interest for Housing Credit syndication from Synovus Bank. The price is \$0.96 per \$1 of credits. The letter was provided after the basic application was submitted, and the equity investment does not match the numbers in the sources and uses. However, these numbers are estimates at this point, and the difference can be absorbed with increased deferred developer fee.
4. The Applicant is not applying for SAIL or JHFA subordinate financing.
5. The developer proposes to defer \$2,119,409 of the \$3,246,538 developer fee (65%).
6. **Financing & Cost Issues:**
 - The financing commitments are adequate for this stage of the process.

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B. Sources:

Permanent Loan Period

Source	\$	Per Unit	% of Development Cost
Tax Exempt Bonds	\$14,100,000	\$ 69,118	62%
Housing Credits	\$ 6,507,801	\$ 31,901	29%
SAIL & ELI	\$ 0	\$ 0	0%
JHFA Loan	\$ 0	\$ 0	0%
Deferred Developer Fee	\$ 2,119,409	\$ 10,389	9%
TOTAL	\$22,727,210	\$111,408	100%

C. Development Information, Including Design and Amenities

Unit Mix		
Bedroom/Baths	Number	Square Footage
1/1	40	592
2/1	80	800
3/2	60	911
4/2	24	1,142

1. Caroline Arms is a proposed 204-unit acquisition/rehabilitation family development, in thirty-five garden apartment building constructed in 1970.
2. In addition to meeting all building code, Fair Housing Act, and Americans with Disabilities Act requirement, the following are also required amenities:
 - Air conditioning
 - Cable TV hook-up
 - At least two full bathrooms in all 3 bedroom and larger units
 - Full sized appliances in all units
 - Exterior lighting for all buildings and parking areas
 - Window Treatment: mini-blinds
3. Unit amenities (in addition to those required) include:
 - Ceramic tile bathroom floors
 - Microwave
 - Garbage disposal
 - Steel entry door frames
 - Double compartment kitchen sink

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4. Development amenities include:

- 30-year expected life roofing
- Gated community with “carded” entry or security guard
- Termite prevention/detection system
- Community Center or clubhouse
- Playground/tot lot
- Car care area
- Public transportation located within one-half mile of property
- Library /study room with minimum of 100 books and 5 magazine subscriptions
- Outside Recreation area for older children: Basketball court

5. Mandatory Energy Conservation features:

- Energy Star qualified refrigerator;
- Energy Star qualified dishwasher;
- Energy Star qualified washing machine, if provided by applicant;
- Minimum SEER of 14 for unit air conditioners (excluding buildings with a central chiller system);
- Caulk, weather strips, seal hole, cracks, etc. for rehabilitation developments
- Sealed and insulated heating and cooling system ducts for rehabilitation developments (waiver requested)
- Low-VOC paint for all interior walls (50 grams per liter or less for flat paint; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms--WaterSense labeled products or the following specifications:
 - Toilets: 1.6 gallons/flush or less
 - Faucets: 1.5 gallons/minute or less
 - Showerheads: 2.2 gallons/minute or less.
- Programmable thermostat in each unit

6. Other energy conservation features:

- Energy Star rating for all windows
- Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings
- Eco-friendly flooring
- Eco-friendly cabinets

7. Design, Amenity & Energy Efficiency Issues: Waiver Requests Needed

- The proposed development does not meet all requirements for unit and development amenities and energy conservation feature. They have submitted a waiver request letter, that explains why certain features cannot be provided due to either physical or financial feasibility. A copy of that letter is attached.
- For the unit amenities, the developer can achieve 18 of required 25 points. They cannot provide dishwashers or laundry hook-ups due to space constraints, and cannot provide a sprinkler system

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due to age of property and cost of the work.

- For the development amenities, the developer can achieve 14 of required 16 points. They cannot provide two or more parking spaces per unit due to size of property, and cannot provide an exercise room or swimming pool due to financial constraints of the scope of work.
- For energy efficiency, the developer cannot provide the mandatory SEER 14 rating on 80% of the HVAC, due to cost and fact that most units have been replaced recently with SEER 13 units. The developer can provide 4 of the required 5 optional Green Building features, but cannot provide a 5th due to financial constraints of the rehabilitation budget.
- In summary, deals that have only bonds and 4% Housing Credits as sources of funds cannot create a rehabilitation budget that is equivalent to those of deals with SAIL or 9% HC. When the HFA finances these deals, the cost of basic rehabilitation on older properties can utilize almost all available funds. The question is: will the development be materially improved with the proposed scope of work.

D. Public Purpose/ Resident Services

1. The set-aside period is for 50 years.
2. The income set-aside is 100% at 60% of area median income. However, 161 of the units have project based rental assistance—therefore the actual income of the residents will be much lower than the set-aside requirement
3. The resident services/programs include (no optional services/programs selected):
 - Participation in Crime Free Multi-Housing Program sponsored by the Jacksonville Sheriff's Office (M)
 - Health Care Screening (M)
 - Resident Activities (M)
 - On Site Voter Registration (M)
 - Homeownership Opportunity Program (M)
 - First-time homebuyer seminars (M)

4. Public Purpose Issues: None

- The Applicant is providing services and programs for residents that meet JHFA standards.

E. Ability to Proceed

1. Site control is established by a contract for purchase and sale.
2. The site is zoned RMD-D, Residential Medium Density, for which the development is an allowable use (and the facility already exists).
3. As an existing facility, electricity, water, sewer and roads are available.
4. All other information was submitted as required, and no information submitted indicated there would be issues at this stage that would prevent the project from moving forward.

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5. The applicant's schedule calls for a bond closing in June 2018. This is extremely optimistic—with a realistic date in late summer 2018.

6. **Ability to Proceed Issues: None.**

F. Experience of Development Team:

1. The developer and the members of the team that were identified have adequate experience with affordable housing, bond transactions, and housing credits.
2. One aspect of the ownership structure was amended after initial submission of the application to JHFA. The General Partner is proposed as the Affordable Housing Institute (AHI), a non-profit that has been involved with several bond and tax credit transaction. AHI will not be the developer and will, according to the draft Partnership Agreement, have no power over any major decision (as defined in the Partnership Agreement). AHI is being included because having a non-profit GP allows higher Section 8 rents, and the proposed deal would not be feasible without the higher rent levels.
3. The credit underwriter will review all team members.

Experience of Development Team Issues: None.

G. Other requirements: Expense and Indemnity Agreement

- **The required Expense and Indemnity Agreement was executed.**

H. Site Location and Market

4. This development is located in Arlington It is an existing development with most units having project based rental assistance (Section 8). Accordingly, there are few market concerns.
5. An independent market study will be evaluated by the credit underwriter.

6. **Site Location and Market Issues: None.**

LINCOLN AVENUE CAPITAL LLC

February 21, 2018

Jacksonville Housing Finance Authority
214 North Hogan Street, 7th Floor
Jacksonville, FL 32202

Re: Amenities Waiver Request – Caroline Arms JHFA Bond Application

To Whom It May Concern:

Due to property and project constraints, Lincoln Avenue Capital requests a waiver of the following amenities requirements associated with the Jacksonville Housing Finance Authority 2018 Multifamily Mortgage Revenue Bond Application:

Section IV. 4. C. **Rehabilitation of Existing Development**

- After rehabilitation, the property will achieve 18 of 25 required points. The final amenities will include a 30-year expected life roof, gated community with carded entry, ceramic tile bathroom floors, microwave oven, steel entry door frames, termite prevention/detection system, and double compartment kitchen sinks.
 - Providing laundry hook-ups and space for a washer/dryer in unit is neither physically nor financially feasible for this project.
 - Providing dishwashers in all units is neither physically nor financially feasible for this project
 - Given the age of the property and the limits of the scope of work, adding fire sprinklers is not feasible.

Section IV. 4. E. **Non-Elderly Development**

- After rehabilitation, the property will achieve 14 of 16 required points. The final amenities will include a community center or clubhouse, playground/tot lot, car care area, childcare facility within three miles of the property, public transportation located within one-half mile of the property, library/study room consisting of a minimum of 100 books and 5 magazine subscriptions, and a basketball court.
 - To meet the requirement of two or more parking spaces per unit, the property would have to add 14 parking spaces. Currently, the property does not have sufficient space to add this number of parking spaces.
 - Adding an exercise room or a swimming pool is financially infeasible given the constraints of the scope of work.

Section IV. 4. F. **Energy Conservation Feature**

- *Mandatory Features* – Due to the constraints of the property units and rehabilitation, the units will not include dishwashers. Washing machines are located in the detached laundry building on-site, and not in-unit. Most HVAC units have been replaced recently with SEER 13 models and will be retained due to the length of their remaining useful lives (over 10 years).
 - 80% of the HVAC units will be replaced with SEER 14 models. The incremental benefit of installing SEER 15 unit has proven to not be economical for this project.
- *Optional Green Building Features* - After rehabilitation, the property will include 4 optional green building features, of the 5 required. The features include Energy Star rated windows, daylight sensors and motion detectors for exterior lighting, Eco-friendly flooring, and Eco-friendly cabinets.

LINCOLN AVENUE CAPITAL LLC

- The type of roof replacement being undertaken does not allow for the incorporation of Energy Star roofing material.
- Adding ceiling fans to the bedrooms and living areas, and exhaust fans in the bathrooms is not financially feasible.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan A. Gruskin". The signature is fluid and cursive, with a large initial "J" and a stylized "G".

Jonathan Gruskin, Managing Director
Lincoln Avenue Capital LLC

RESOLUTION

RESOLUTION REGARDING THE OFFICIAL ACTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY RELATIVE TO THE ISSUANCE OF NOT TO EXCEED \$14,200,000 AGGREGATE PRINCIPAL AMOUNT OF ITS MULTIFAMILY HOUSING REVENUE BONDS (CAROLINE ARMS APARTMENTS), SERIES 2018, FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COSTS RELATED TO THE ACQUISITION AND REHABILITATION OF A MULTIFAMILY RESIDENTIAL HOUSING FACILITY FOR PERSONS OR FAMILIES OF LOW, MIDDLE OR MODERATE INCOME; AND FURTHER AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT BY AND BETWEEN THE JACKSONVILLE HOUSING FINANCE AUTHORITY AND CAROLINE ARMS PRESERVATION, LTD., OR ITS PERMITTED SUCCESSORS AND ASSIGNS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Caroline Arms Preservation, Ltd. and its permitted successors and assigns (the "Company") has applied to the Jacksonville Housing Finance Authority (the "Authority") to: (a) issue its Multifamily Housing Revenue Bonds (Caroline Arms Apartments), Series 2018 in a principal amount not to exceed \$14,200,000 (the "Bonds") for the purpose of financing all or a portion of the costs related to the acquisition and rehabilitation of a multifamily residential housing facility to be located at 64578 Fort Caroline Road, Jacksonville, Duval County, Florida 32277 (the "County"), consisting of approximately 204 units to be commonly known as Caroline Arms Apartments (the "Project"), to be occupied by low, middle or moderate income persons in accordance with the Company's application submitted to the Authority, and (b) loan the proceeds of the Bonds to the Company pursuant to Chapter 159, Part IV, Florida Statutes, or such other provision or provisions of Florida law as the Authority may determine advisable (collectively, the "Act"); and

WHEREAS, a determination by the Authority to issue the Bonds under the Act, if so requested by the Company, in one or more issues or series not exceeding an aggregate principal amount of \$14,200,000 and to loan the proceeds thereof to the Company to finance the Project under a loan agreement or other financing agreement which will provide that payments thereunder be at least sufficient to pay the principal of and interest and redemption premium, if any, on such Bonds and such other costs in connection therewith as may be incurred by the Authority, will assist the Company and promote the purposes provided in the Act; and

WHEREAS, the Company shall be required to execute and deliver that certain Preliminary Agreement between the Authority and the Company relating to the issuance of the Bonds, the form of which is attached hereto as EXHIBIT A (the "Preliminary Agreement"); and

WHEREAS, in order to satisfy certain of the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, the Authority will hold a public hearing on the proposed issuance of the Bonds for the purposes herein stated, which hearing will be scheduled at least fourteen (14) days following the publication of notice of public hearing in a newspaper of general circulation in the County (a form of such notice is attached hereto as EXHIBIT B), which public hearing will be conducted in a manner that provides a reasonable opportunity for persons with differing views to be heard, both orally and in writing, on both the issuance of such Bonds and the location and nature of the portion of the Project to be financed with the proceeds therefrom; and

WHEREAS, it is intended that this Resolution ("Resolution") shall constitute official action toward the issuance of the Bonds within the meaning of the applicable United States Treasury Regulations.

NOW, THEREFORE, BE IT DETERMINED AND RESOLVED BY THE JACKSONVILLE HOUSING FINANCE AUTHORITY THAT:

SECTION 1. APPROVAL OF THE PROJECT. The construction of the Project and the financing thereof by the Authority through the issuance of the Bonds, pursuant to the Act, will promote the health and welfare of the citizens of the County and will thereby serve the public purposes of the Act.

SECTION 2. EXECUTION AND DELIVERY OF THE PRELIMINARY AGREEMENT. The Chair or Vice Chair of the Authority is hereby authorized and directed to execute, for and on behalf of the Authority, the Preliminary Agreement providing understandings relative to the proposed issuance of the Bonds by the Authority to finance the Project in an aggregate principal amount not to exceed the lesser of: (a) \$14,200,000 or (b) the cost of the Project, as determined by the Authority with such changes, modifications, deletions and insertions as the Chair or Vice Chair, with the advice of Authority's counsel and bond counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Authority.

SECTION 3. AUTHORIZATION OF THE BONDS. Subject to receipt by the Authority of at least \$14,200,000 of private activity bond allocation from the Division of Bond Finance, there is hereby authorized to be issued and the Authority hereby determines to issue the Bonds, if so requested by the Company and subject to the conditions set forth in the Preliminary Agreement and any subsequent resolution of the Authority related to the Bonds, in one or more issues or series in an aggregate principal amount not to exceed \$14,200,000 for the purpose of financing the Project. The Bonds shall be designated "Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (Caroline Arms Apartments), Series 2018" or such other name or series designation as the Authority may subsequently determine. The Bonds shall not be issued unless such Bonds are in compliance with the applicable terms and conditions of the Authority's Multifamily Bond Allocation Policies and Procedures and Program Handbook (revised November 2016). The rate of interest payable on the Bonds shall not exceed the rate permitted by law.

SECTION 4. RECOMMENDATION FOR APPROVAL TO CITY COUNCIL OF THE CITY OF JACKSONVILLE, FLORIDA. The Authority hereby recommends the issuance of the Bonds and the financing of the Project for approval to the City Council of the City of Jacksonville, Florida (the "City"). The Authority hereby directs the Chair or Vice Chair, at the expense of the Company, to seek approval for the issuance of the Bonds and the financing of the Project by the City as the applicable elected representatives of the County under and pursuant to the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended.

SECTION 5. GENERAL AUTHORIZATION. The Chair, the Vice Chair, the Secretary and counsel for the Authority, the Authority's financial advisor and bond counsel, are hereby further authorized to proceed, upon execution of the Preliminary Agreement, with the undertakings provided for therein on the part of the Authority and are further authorized to take such steps and actions as may be required and necessary in order to cause the Authority to issue the Bonds subject to the terms and conditions set forth herein and in the Preliminary Agreement authorized hereby.

SECTION 6. AFFIRMATIVE ACTION. This Resolution is an affirmative action of the Authority toward the issuance of the Bonds, as contemplated in the Preliminary Agreement, in accordance with the purposes of the laws of the State of Florida (the "State") and the applicable United States Treasury Regulations.

SECTION 7. APPROVAL OF NOTICE OF PUBLIC HEARING. The form and publishing of the notice of public hearing attached hereto as EXHIBIT B is hereby approved by the Authority with such changes, modifications, deletions and insertions as the Chair or Vice Chair, with the advice of the Authority's counsel and bond counsel, may deem necessary and appropriate. The Authority hereby authorizes the public hearing required by Section 147(f) of the Code to be held by the Director of Finance, or her designee related to the Project and the Bonds.

SECTION 8. LIMITED OBLIGATIONS. The Bonds and the interest and premium, if any, thereon shall not constitute an indebtedness or pledge of the general credit or taxing power of the City, the County, the State or any political subdivision or agency thereof but shall be payable solely from the revenues pledged therefor pursuant to, among other things, a trust indenture, a loan agreement or financing agreement and a land use restriction agreement prior to or contemporaneously with the issuance of the Bonds.

SECTION 9. LIMITED APPROVAL. The approval given herein shall not be construed as (a) an endorsement of the creditworthiness of the Company or the financial ability of the Project, (b) a recommendation to any prospective purchaser of the Bonds, (c) an evaluation of the likelihood of the repayment of the debt service on the Bonds, or (d) an approval of any necessary re-zoning applications nor for any other regulatory permits relating to the Project and the Authority shall not be construed by reason of its adoption of this Resolution to have made any such endorsement, finding or recommendation or to have waived any right of the City's or the Authority's rights or estopping the City or the Authority from asserting any rights or responsibilities it may have in that regard.

SECTION 10. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution, or any of the documents attached hereto or contemplated hereby, should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution.

SECTION 11. EFFECTIVE DATE. This Resolution shall become effective immediately upon its passage.

APPROVED AND ADOPTED by the Jacksonville Housing Finance Authority this 21st day of March, 2018.

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

ATTEST:

By: _____
William I. Gulliford, III, Chair

By: _____
Name: _____
Title: Assistant Secretary

APPROVED AS TO LEGAL SUFFICIENCY:

By: _____
Office of the General Counsel

EXHIBIT LIST

EXHIBIT A – FORM OF PRELIMINARY AGREEMENT

EXHIBIT B – FORM OF NOTICE OF PUBLIC HEARING

EXHIBIT A
FORM OF PRELIMINARY AGREEMENT

PRELIMINARY AGREEMENT

This **PRELIMINARY AGREEMENT** (this "Preliminary Agreement") dated as of March [], 2018 between the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a body corporate and politic of the State of Florida (the "Authority"), and **CAROLINE ARMS PRESERVATION, LTD.**, a Florida limited partnership and 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 and rehabilitation of a multifamily residential housing facility for low, middle or moderate income persons to be located at 64578 Fort Caroline Road, Jacksonville, Duval County, Florida 32277 (the "County") to be more commonly known as Caroline Arms Apartments (the "Project"). It is currently estimated that the cost related to the acquisition and rehabilitation of the Project will be approximately \$22,727,210.

(c) 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 (Caroline Arms Apartments), Series 2018 in a principal amount not to exceed \$14,200,000 (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 and rehabilitation 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 aggregate principal amount necessary and sufficient to finance all or a portion of the costs related to the acquisition and rehabilitation 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 costs related to the Project, as determined by the Authority, or (ii) \$14,200,000.

(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 and rehabilitation 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 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 and rehabilitation of the Project all in accordance with the Authority's 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 and rehabilitation 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 Authority's up-front issuance fee in effect at the time the Bonds are issued 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 such that the Bonds shall be issued in compliance with the applicable terms and conditions of the Authority's Multifamily Bond Allocation Policies and Procedures (revised November 2016).

(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, 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, 2018, 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 \$14,200,000 of private activity bond allocation from the Division of Bond Finance 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 for reasonable cause 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 shall pay any and all of the Authority's fees and expenses including, without limitation, the fees and expenses of Authority's counsel, 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.

SECTION 5. DEPOSIT 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 the December 31, 2018, utilizing not less than \$12,780,000 of the Authority's private activity bond allocation. On the basis of the foregoing representation by the Company, the Authority has agreed to reserve \$14,200,000 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, all other applicable guidelines, policies and procedures of the Authority, as well as the terms and conditions set forth herein. The Company acknowledges and agrees that failure to consummate the sale and delivery of not less than \$12,780,000 of the Bonds on or before December 31, 2018 will result in substantial damages to the Authority which cannot be easily or adequately measured. Consequently, in addition to the \$7,500 non-refundable application fee paid to the Authority and a fee paid to the Authority's creditor underwriter for the requisite credit underwriting fee to prepare the credit underwriting report, the Company shall deliver to the Authority on or before [March 31, 2018]: (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 \$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. In addition, the Company shall pay a \$10,000 retainer to bond counsel (the "Retainer"). If Bonds in the principal amount of not less than \$12,780,000 are sold and delivered on or before the December 31, 2018, 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 \$12,780,000 are not sold and delivered on or before the December 31, 2018, the Deposit shall be retained by the Authority as and for full liquidated damages for any defaults hereunder on the part of the Company, unless cancelled by the Company for reasonable cause as provided in Section 4(e) hereof and as determined by the Authority. 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**SIGNATURE PAGE TO
PRELIMINARY AGREEMENT
(CAROLINE ARMS APARTMENTS)**

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

AUTHORITY:

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

ATTEST:

By: _____
William I. Gulliford, III, Chair

By: _____

Name: _____

Title: Assistant Secretary

**SIGNATURE PAGE TO
PRELIMINARY AGREEMENT
(CAROLINE ARMS APARTMENTS)**

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

COMPANY:

CAROLINE ARMS PRESERVATION, LTD.,
a Florida limited partnership

By: Caroline Arms GP, LLC,
a Florida limited liability company, its
general partner

By: _____
Name: _____
Title: _____

EXHIBIT B
FORM OF NOTICE OF PUBLIC HEARING

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 [____], 2018, at 214 N. Hogan Street, 8th Floor, Room [____], Jacksonville, Florida, 32202, at [____]:[____] [a.m.] or as soon thereafter as possible, for the purpose of receiving comments and hearing discussion concerning the issuance by the Authority of its Multifamily Housing Revenue Bonds (Caroline Arms Apartments), Series 2018, in an aggregate face amount of not to exceed \$14,200,000 (the "Bonds"). The proceeds of the Bonds will be loaned to Caroline Arms Preservation, Ltd., or its permitted successors and assigns (the "Company"), and used for the purpose of financing all or a portion of the costs related to the acquisition and rehabilitation of a multifamily residential housing facility for persons or families of low, middle or moderate income located at 64578 Fort Caroline Road, Jacksonville, Florida 32277, consisting of approximately 204 units to be known as Caroline Arms Apartments (the "Project"). Caroline Arms Preservation, Ltd., or its affiliate, is expected to be the owner and operator 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, 214 N. Hogan Street, 7th 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 (the "City") 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 insure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Comments made at the hearing are for the consideration of the Authority or the City and will not bind the Authority or the City to any action it may take.

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

Laura Stagner-Crites, Finance Director



JACKSONVILLE HOUSING AUTHORITY

President & CEO's Office

March 8, 2018

Jacksonville Housing Finance Authority
Attn: Ms. Laura Stagner, Director of Finance
214 N. Hogan St., 8th Floor
Jacksonville, FL 32202

Re: Supplement to "The Waves" Multifamily Mortgage Revenue Bond Application

Dear Ms. Stagner:

The Waves of Jacksonville, Ltd., as Applicant, is providing the following supplemental information to the Multifamily Mortgage Revenue Bond Application (the "Application") it submitted to the Jacksonville Housing Finance Authority for the development of The Waves.

As background, The Waves of Jacksonville, Ltd. is proposing to construct sixteen (16) two story residential multifamily buildings containing one hundred twenty seven (127) units in the City of Jacksonville Beach. Fifteen (15) of the buildings will contain eight (8) units and one (1) building will contain seven (7) units. The development plan with respect to the number of buildings and units remains unchanged.

Subsequent to submitting the Application, the Applicant added two (2) scattered sites, owned by the Jacksonville Housing Authority, to provide flexibility during the final design and engineering process. The Applicant determined that it could use one of the two added sites in lieu of the two smaller parcels identified in the Application. This change would allow the Applicant to use one site plan for all the parcels thereby reducing design and engineering costs. The two (2) parcels were included in the TEFRA Notice to ensure tax-exempt bonds could be used on those parcels if they were ultimately included in the final plans. The parcels added to the Application are set forth on Exhibit 1 attached herewith.

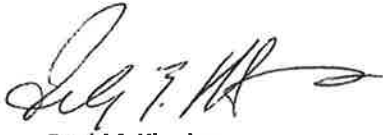
The unit mix has been slightly altered, and is subject to further changes based upon final architectural design. The Application reflected 14 1-bedroom, 56 2-bedroom, 44 3-bedroom, and 13 4-bedroom units. The current unit mix is 14 1-bedroom, 46 2-bedroom, 50 3-bedroom, 17 4-bedroom.

The timeline presented in the Application has shifted due to litigation at Florida Housing Finance Corporation surrounding FHFC RFA 2017-108. The litigation has delayed final award of the SAIL Loan(s). We anticipate the litigation will be resolved by the May 4, 2018 Florida Housing Finance Corporation Board meeting. As such, we anticipate construction to commence January, 2019 with construction completion March, 2020. The Applicant will continue to keep the Jacksonville Housing Finance Authority informed as to its progress.

We respectfully request the JHFA Board accept the changes reflected herein.



Regards,

A handwritten signature in black ink, appearing to read "Fred McKinnies", with a stylized flourish at the end.

Fred McKinnies

President of the Jacksonville Housing Authority, a public body corporate and politic established pursuant to Chapter 421 of the Florida States, the Manager of The Waves GP, LLC, a Florida limited liability company, the sole general partner of The Waves of Jacksonville, Ltd, a Florida limited partnership

Cc: Mark Hendrickson, The Hendrickson Company (via electronic mail)
Tripp Gulliford, JHFA Chair (via electronic mail)

EXHIBIT 1

Address of Sites Added:

5th Ave. S., SE of intersection of 5th Ave. S. and 7th St. S., Jacksonville Beach

5th Ave. S., SE of intersection of 5th Ave. S. and 8th St. S., Jacksonville Beach

The sites included in the Application are shown in RED and the sites added are shown in BLUE.



AMENDED AND RESTATED RESOLUTION

RESOLUTION OF THE JACKSONVILLE HOUSING FINANCE AUTHORITY (THE "AUTHORITY") AMENDING AND RESTATING A PRIOR RESOLUTION REGARDING THE OFFICIAL ACTION OF THE AUTHORITY RELATIVE TO THE ISSUANCE OF NOT TO EXCEED \$17,750,000 AGGREGATE PRINCIPAL AMOUNT OF ITS MULTIFAMILY HOUSING REVENUE BONDS (THE WAVES PROJECT), SERIES 2018, FOR THE PURPOSE OF FINANCING ALL OR A PORTION OF THE COSTS RELATED TO THE CONSTRUCTION OF MULTIFAMILY RESIDENTIAL HOUSING FACILITIES FOR PERSONS OR FAMILIES OF LOW, MIDDLE OR MODERATE INCOME; AND FURTHER AUTHORIZING THE EXECUTION AND DELIVERY OF A PRELIMINARY AGREEMENT BY AND BETWEEN THE JACKSONVILLE HOUSING FINANCE AUTHORITY AND THE WAVES OF JACKSONVILLE, LTD., OR ITS PERMITTED SUCCESSORS AND ASSIGNS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Jacksonville Housing Finance Authority desires to adopt this Resolution (the "Resolution") amended and restating in its entirety its prior resolution adopted on November 29, 2017 in connection with the Project (as defined below); and

WHEREAS, The Waves of Jacksonville, Ltd. and its permitted successors and assigns (the "Company") has applied to the Jacksonville Housing Finance Authority (the "Authority") to: (a) issue its Multifamily Housing Revenue Bonds (The Waves Project), Series 2018 in a principal amount not to exceed \$17,750,000 (the "Bonds") for the purpose of financing all or a portion of the costs related to the construction of scattered site multifamily residential housing facilities to be located at 1st Ave. S., SE of the intersection of 1st Ave. S. and 8th St. S., 1st Ave. S., NW of intersection of 1st Ave. S. and 9th St. S., 1st Ave. S., NE of the intersection of 1st Ave. S. and 9th St. S., 1st Ave. S., SW of the intersection of 1st Ave. S. and 8th St. S., 1st Ave. S., SE of intersection of 1st Ave. S. and 6th St. S., 2nd Ave. S., NE of intersection of 2nd Ave. S. and 8th St. S., 5th Ave. S., NW of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., NE of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., SW of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., SE of intersection of 5th Ave. S. and 8th St. S., 5th Ave. S., SE of the intersection of 5th Ave. S. and 7th Street S., all to be located in Jacksonville Beach, Duval County, Florida 32250, consisting of a total of approximately 127 units to be commonly known as The Waves (the "Project"), to be occupied by low, middle or moderate income persons in accordance with the Company's application submitted to the Authority, and (b) loan the proceeds of the Bonds to the Company pursuant to Chapter 159, Part IV, Florida Statutes, or such other provision or provisions of Florida law as the Authority may determine advisable (collectively, the "Act"); and

WHEREAS, a determination by the Authority to issue the Bonds under the Act, if so requested by the Company, in one or more issues or series not exceeding an aggregate principal amount of \$17,750,000 and to loan the proceeds thereof to the Company to finance the Project under a loan agreement or other financing agreement which will provide that payments thereunder be at least sufficient to pay the principal of and interest and redemption premium, if any, on such Bonds and such other costs in connection therewith as may be incurred by the Authority, will assist the Company and promote the purposes provided in the Act; and

WHEREAS, the Company shall be required to execute and deliver that certain Preliminary Agreement between the Authority and the Company relating to the issuance of the Bonds, the form of which is attached hereto as EXHIBIT A (the "Preliminary Agreement"); and

WHEREAS, in order to satisfy certain of the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, the Authority will hold a public hearing on the proposed issuance of the Bonds for the purposes herein stated, which hearing will be scheduled at least fourteen (14) days following the publication of notice of public hearing in a newspaper of general circulation in Duval County, Florida (the "County") (a form of such notice is attached hereto as EXHIBIT B), which public hearing will be conducted in a manner that provides a reasonable opportunity for persons with differing views to be heard, both orally and in writing, on both the issuance of such Bonds and the location and nature of the portion of the Project to be financed with the proceeds therefrom; and

WHEREAS, it is intended that this Resolution ("Resolution") shall constitute official action toward the issuance of the Bonds within the meaning of the applicable United States Treasury Regulations.

NOW, THEREFORE, BE IT DETERMINED AND RESOLVED BY THE JACKSONVILLE HOUSING FINANCE AUTHORITY THAT:

SECTION 1. APPROVAL OF THE PROJECT. The construction of the Project and the financing thereof by the Authority through the issuance of the Bonds, pursuant to the Act, will promote the health and welfare of the citizens of the County and will thereby serve the public purposes of the Act.

SECTION 2. EXECUTION AND DELIVERY OF THE PRELIMINARY AGREEMENT. The Chair or Vice Chair of the Authority is hereby authorized and directed to execute, for and on behalf of the Authority, the Preliminary Agreement providing understandings relative to the proposed issuance of the Bonds by the Authority to finance the Project in an aggregate principal amount not to exceed the lesser of: (a) \$17,750,000 or (b) the cost of the Project, as determined by the Authority with such changes, modifications, deletions and insertions as the Chair or Vice Chair, with the advice of Authority's counsel and bond counsel, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Authority.

SECTION 3. AUTHORIZATION OF THE BONDS. Subject to receipt by the Authority of at least \$17,750,000 of private activity bond allocation from the Division of Bond Finance, there is hereby authorized to be issued and the Authority hereby determines to issue the

Bonds, if so requested by the Company and subject to the conditions set forth in the Preliminary Agreement and any subsequent resolution of the Authority related to the Bonds, in one or more issues or series in an aggregate principal amount not to exceed \$17,750,000 for the purpose of financing the Project. The Bonds shall be designated "Jacksonville Housing Finance Authority Multifamily Housing Revenue Bonds (The Waves Project), Series 2018" or such other name or series designation as the Authority may subsequently determine. The Bonds shall not be issued unless such Bonds are in compliance with the applicable terms and conditions of the Authority's Multifamily Bond Allocation Policies and Procedures and Program Handbook (revised November 2016). The rate of interest payable on the Bonds shall not exceed the rate permitted by law.

SECTION 4. RECOMMENDATION FOR APPROVAL TO CITY COUNCIL OF THE CITY OF JACKSONVILLE, FLORIDA. The Authority hereby recommends the issuance of the Bonds and the financing of the Project for approval to the City Council of the City of Jacksonville, Florida (the "City"). The Authority hereby directs the Chair or Vice Chair, at the expense of the Company, to seek approval for the issuance of the Bonds and the financing of the Project by the City as the applicable elected representatives of the County under and pursuant to the Act and Section 147(f) of the Internal Revenue Code of 1986, as amended.

SECTION 5. GENERAL AUTHORIZATION. The Chair, the Vice Chair, the Secretary and counsel for the Authority, the Authority's financial advisor and bond counsel, are hereby further authorized to proceed, upon execution of the Preliminary Agreement, with the undertakings provided for therein on the part of the Authority and are further authorized to take such steps and actions as may be required and necessary in order to cause the Authority to issue the Bonds subject to the terms and conditions set forth herein and in the Preliminary Agreement authorized hereby.

SECTION 6. AFFIRMATIVE ACTION. This Resolution is an affirmative action of the Authority toward the issuance of the Bonds, as contemplated in the Preliminary Agreement, in accordance with the purposes of the laws of the State of Florida (the "State") and the applicable United States Treasury Regulations.

SECTION 7. APPROVAL OF NOTICE OF PUBLIC HEARING. The publishing of the notice of public hearing was previously approved by the Authority and the hearing was held on February 28, 2018. The notice of public hearing attached hereto as EXHIBIT B is a copy the final notice of public hearing. The public hearing is required by Section 147(f) of the Code and was held by the Director of Finance, related to the Project and the Bonds.

SECTION 8. LIMITED OBLIGATIONS. The Bonds and the interest and premium, if any, thereon shall not constitute an indebtedness or pledge of the general credit or taxing power of the City, the County, the State or any political subdivision or agency thereof but shall be payable solely from the revenues pledged therefor pursuant to, among other things, a trust indenture, a loan agreement or financing agreement and a land use restriction agreement prior to or contemporaneously with the issuance of the Bonds.

SECTION 9. LIMITED APPROVAL. The approval given herein shall not be construed as (a) an endorsement of the creditworthiness of the Company or the financial ability

of the Project, (b) a recommendation to any prospective purchaser of the Bonds, (c) an evaluation of the likelihood of the repayment of the debt service on the Bonds, or (d) an approval of any necessary re-zoning applications nor for any other regulatory permits relating to the Project and the Authority shall not be construed by reason of its adoption of this Resolution to have made any such endorsement, finding or recommendation or to have waived any right of the City's or the Authority's rights or estopping the City or the Authority from asserting any rights or responsibilities it may have in that regard.

SECTION 10. SEVERABILITY. If any one or more of the covenants, agreements or provisions of this Resolution, or any of the documents attached hereto or contemplated hereby, should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separate from the remaining covenants, agreements or provisions of this Resolution.

SECTION 11. EFFECTIVE DATE. This Resolution shall become effective immediately upon its passage.

APPROVED AND ADOPTED by the Jacksonville Housing Finance Authority this 21st day of March, 2018.

**JACKSONVILLE HOUSING
FINANCE AUTHORITY**

ATTEST:

By: _____
William I. Gulliford, III, Chair

By: _____
Name: _____
Title: _____

APPROVED AS TO LEGAL SUFFICIENCY:

By: _____
Office of the General Counsel

EXHIBIT LIST

EXHIBIT A – FORM OF PRELIMINARY AGREEMENT

EXHIBIT B – NOTICE OF PUBLIC HEARING

EXHIBIT A
FORM OF PRELIMINARY AGREEMENT

PRELIMINARY AGREEMENT

This **PRELIMINARY AGREEMENT** (this "Preliminary Agreement") dated as of March [], 2018 between the **JACKSONVILLE HOUSING FINANCE AUTHORITY**, a body corporate and politic of the State of Florida (the "Authority"), and **THE WAVES OF JACKSONVILLE, LTD.**, a Florida limited partnership and its permitted successors and assigns (the "Company").

W I T N E S S E T H:

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 of scattered site multifamily residential housing facilities for low, middle or moderate income persons to be located at 1st Ave. S., SE of the intersection of 1st Ave. S. and 8th St. S., 1st Ave. S., NW of intersection of 1st Ave. S. and 9th St. S., 1st Ave. S., NE of the intersection of 1st Ave. S. and 9th St. S., 1st Ave. S., SW of the intersection of 1st Ave. S. and 8th St. S., 1st Ave. S., SE of intersection of 1st Ave. S. and 6th St. S., 2nd Ave. S., NE of intersection of 2nd Ave. S. and 8th St. S., 5th Ave. S., NW of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., NE of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., SW of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., SE of intersection of 5th Ave. S. and 8th St. S., 5th Ave. S., SE of the intersection of 5th Ave. S. and 7th Street S., all to be located in Jacksonville Beach, Duval County, Florida 32250, to be more commonly known as The Waves (the "Project"). It is currently estimated that the cost related to the construction of the Project will be approximately \$23,377,628.

(c) 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 (The Waves Project), Series 2018 in a principal amount not to exceed \$17,750,000 (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 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 aggregate principal amount necessary and sufficient to finance all or a portion of the costs related to the construction 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 costs related to the Project, as determined by the Authority, or (ii) \$17,750,000.

(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 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, Duval County, Florida 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 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 of the Project all in accordance with the Authority's 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 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 Authority's up-front issuance fee in effect at the time the Bonds are issued 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 such that the Bonds shall be issued in compliance with the applicable terms and conditions of the Authority's Multifamily Bond Allocation Policies and Procedures (revised November 2016).

(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, 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, 2018, 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 \$17,750,000 of private activity bond allocation from the Division of Bond Finance 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 for reasonable cause 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 shall pay any and all of the Authority's fees and expenses including, without limitation, the fees and expenses of Authority's counsel, 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.

SECTION 5. DEPOSIT 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 the December 31, 2018, utilizing the Authority's private activity bond allocation. On the basis of the foregoing representation by the Company, the Authority has agreed to reserve \$17,750,000 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, all other applicable guidelines, policies and procedures of the Authority, as well as the terms and conditions set forth herein. The Company acknowledges and agrees that failure to consummate the sale and delivery of the Bonds on or before December 31, 2018 will result in substantial damages to the Authority which cannot be easily or adequately measured. Consequently, in addition to the \$7,500 non-refundable application fee paid to the Authority and a fee paid to the Authority's creditor underwriter for the requisite credit underwriting fee to prepare the credit underwriting report, the Company shall deliver to the Authority on or before March 31, 2018: (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 \$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. In addition, the Company shall pay a \$10,000 retainer to bond counsel (the "Retainer"). If Bonds are sold and delivered on or before the December 31, 2018, 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 are not sold and delivered on or before December 31, 2018, the Deposit shall be retained by the Authority as and for full liquidated damages for any defaults hereunder on the part of the Company unless this Agreement is cancelled by the Company for reasonable cause as provided in Section 4(e) hereof and as determined by the Authority. 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 reasonable fees and expenses of the Authority including, without limitation, the fees and expenses of the Authority's counsel (other than bond counsel) and financial advisor.

The Project is subject to final approval from the Florida Housing Finance Corporation ("Florida Housing"). Notwithstanding anything in this Agreement to the contrary, should the Company not receive final approval from Florida Housing (including any challenges to said approval), the Company shall be entitled to a return of the Deposit less the reasonable fees and expenses of the Authority including, without limitation, the reasonable fees and expenses of the Authority's counsel (other than bond counsel) and financial advisor, and shall be entitled to a return of the Retainer less the reasonable fees and expenses of bond counsel.

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

**SIGNATURE PAGE TO
PRELIMINARY AGREEMENT
(THE WAVES PROJECT)**

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

AUTHORITY:

**JACKSONVILLE HOUSING FINANCE
AUTHORITY**

ATTEST:

By: _____
William I. Gulliford, III, Chair

By: _____

Name: _____

Title: Assistant Secretary

**SIGNATURE PAGE TO
PRELIMINARY AGREEMENT
(THE WAVES PROJECT)**

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

COMPANY:

THE WAVES OF JACKSONVILLE, LTD.,
a Florida limited partnership

By: The Waves GP, LLC, a Florida limited liability company, its sole general partner

By: JACKSONVILLE HOUSING
AUTHORITY, a public body corporate and politic established pursuant to Chapter 421 of the Florida Statutes, its manager

By: _____
Name: Fred McKinnies
Title: President & CEO

EXHIBIT B
NOTICE OF PUBLIC HEARING

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 February 28, 2018, at 214 N. Hogan Street, 8th Floor, Room 854, Jacksonville, Florida, 32202, at 10:00 a.m., or as soon thereafter as possible, for the purpose of receiving comments and hearing discussion concerning the issuance by the Authority of its Multifamily Housing Revenue Bonds (The Waves Project), Series 2018, in an aggregate face amount of not to exceed \$17,750,000 (the "Bonds"). The proceeds of the Bonds will be loaned to The Waves of Jacksonville, Ltd., or its permitted successors and assigns (the "Company"), and used for the purpose of financing all or a portion of the costs related to the construction of scattered site multifamily residential housing facilities for persons or families of low, middle or moderate income located at 1st Ave. S., SE of the intersection of 1st Ave. S. and 8th St. S., 1st Ave. S., NW of intersection of 1st Ave. S. and 9th St. S., 1st Ave. S., NE of the intersection of 1st Ave. S. and 9th St. S., 1st Ave. S., SW of the intersection of 1st Ave. S. and 8th St. S., 1st Ave. S., SE of intersection of 1st Ave. S. and 6th St. S., 2nd Ave. S., NE of intersection of 2nd Ave. S. and 8th St. S., 5th Ave. S., NW of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., NE of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., SW of intersection of 5th Ave. S. and 9th St. S., 5th Ave. S., SE of intersection of 5th Ave. S. and 8th St. S., 5th Ave. S., SE of the intersection of 5th Ave. S. and 7th Street S., all to be located in Jacksonville Beach, Duval County, Florida 32250, consisting of approximately 127 units to be commonly known as The Waves (the "Project"). The Waves of Jacksonville, Ltd., or its affiliate, is expected to be the owner and operator 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, 214 N. Hogan Street, 7th 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 (the "City") 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 insure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Comments made at the hearing are for the consideration of the Authority or the City and will not bind the Authority or the City to any action it may take.

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

Laura Stagner-Crites, Finance Director

Employer	Occupation
Liberty Center	Receptionist
Social Security	Retired
CRCT	Transit Driver
Social Security/Clinical Research Studies	Retired
Paradise Retreat	Caregiver
Social Security	
Self Employed	Catering
First Coast Security	Security Officer
JDM Shop	Warehouse Manager
Starbucks	Cashier
Baptist Health	Rep II/Patient Access
State Attorney's Office	Clerk
Shands Jacksonville	Patient Care
Self Employed	Construction
Social Security	Retired
UPS	Loader
T-Rex Corporation	General Clerk I
Asain Barbeque	Server
Multipay Inc	Home Health Aide
ELC Duval	Child and Family Resources
Octapharma	Phelobotmist
Chase Bank	Teller
Social Security	Retired
Self Employed	Spa
AMI Kids Jacksonville	Local Care Counslor
Navy Exchange	Cashier
Social Security	Retired
Social Security	Retired
Compass Bank	Teller
Bella and Me Nail Spa	Nail Tech
Ranstad	Laborer
Alpha Tree Service	Laborer
Childrens Home Society	Child Care
Randstad	Clerical
Citywide Maintenance	Housekeeper
EMSI/Orange Park Dodge	Car Sales/Clerical
Social Security	Retired
Blue Cross Blue Shield	Clerical
Self Employed	Housekeeping
Costco	Cashier
Amazon	Laborer
Live Aloha Landscapes	Landscaper
Social Security/Lambs Marina	Retired/Security Guard
Social Security	Retired
Social Security	Retired

Ranstad	Laborer
Hand and Stone Massage	Estician
Summerset Academy	Teacher
Costco	Cashier
Convergys	Sales
Social Security	Retired
Minds of the Future	Assistant Director
Healthy Schools	Teacher
Brightway Insurance	Clerical
Museum of Science	Program Director
Medtronic	Clerical
Elite Parking	Laborer
Social Security	Retired
Ace Cash Express	Cashier
Jars TD	Clerical
GNC	Manager
Aflac Policies	Batteling Cancer
Amazon	Laborer
Venus Fashion	Laborer
Hyatt Regency	Clerical
Zero Chaos	Clerical
Vactor's Body Shop	Manager
City of Jacksonville	Clerical
City of Jacksonville	Clerical
Social Security	Retired
Assets	Retired
First Coast Security	Security Officer
DCF	Clerical
Aramark	Housekeeper
Social Security	Retired
Blue Cross Blue Shield	Clerical
City of Jacksonville	Clerical
Happy Helpers	Clerical
Arlington Jeep	Laborer
Family Promise of Jacksonville	Case Worker
Floor & Décor/Social Security	Laborer
Caliber Patient Care	Driver
Self Employed	Salon
Social Security/Social Security	Retired
One Call Care Management	Clerical
Publix	Cashier
Quick Fix	Clerical
ccapital Staffing	Clerical
Social Security	Retired
Blue Cross Blue Shield	Clerical
High Tide Burrito	Cook
Shands Jacksonville	Clerical

Optium Services	Clerical
JC Penny/Social Security	Cashier/Retired
Social Security	Retired
Oasis Staffing	Laborer
Chick-fil-a	Cashier
Web.com	Clerical
Self Employed	Driver
Alsco	Laborer
Minute Man Press of Snellville	Sales
Assets	Seeking Employment
Blue Cross Blue Shield	Clerical
ARC Group	Clerical
Smile Direct Club	Smile Guide
Aetna	Clerical
Baptist Health	Cook
Convergys	Clerical
Social Security	Retired
Ace Painting/Ace Painting	Painters
Social Security/Social Security	Retired
JSO	Courtsey Officer
Forfiture Support	Clerical
Social Security	Retired
Cloud 10 Corp	Clerical
EBS HealthCare	Teacher
LaVilla School of the Arts	Clerical
New CompLSHS	Teacher
North Carolina A&T State University	Teacher
Mental Health Resource	Cook
Dupony	Laborer
Ed Waters College	Teacher/Coach
Randstad	Clerical
Social Security	Retired
C@C Inovative Solutions	Clerk
Social Security	Retired
Diamond in a Rough Learning Center	Teacher
Social Security	Retired
WRH Realty Services	Leasing Consultant

Projected SHIP 2018-2019 \$ 44,450,000

Local Government	County Total	County Share/ City Share
ALACHUA	455,095	227,866
Gainesville		227,229
BAKER	350,000	350,000
BAY	358,880	284,664
Panama City		74,216
BRADFORD	350,000	350,000
BREVARD	846,038	468,029
Cocoa		27,919
Melbourne		119,122
Palm Bay		162,693
Titusville		68,275
BROWARD	2,457,924	439,968
Coconut Creek		75,212
Coral Springs		167,139
Davie		131,991
Deerfield Beach		102,250
Ft. Lauderdale		234,978
Hollywood		193,193
Lauderhill		93,401
Margate		75,950
Miramar		178,691
Pembroke Pines		213,839
Plantation		116,260
Pompano Beach		143,543
Sunrise		120,438
Tamarac		83,815
Weston		87,256
CALHOUN	350,000	350,000
CHARLOTTE	355,746	316,934
Punta Gorda		38,812
CITRUS	350,000	350,000
CLAY	391,491	391,491
COLLIER	576,606	544,028
Naples		32,578
COLUMBIA	350,000	350,000
DE SOTO	350,000	350,000
DIXIE	350,000	350,000
DUVAL	1,294,383	1,294,383
ESCAMBIA	521,800	431,789
Pensacola		90,011
FLAGLER	350,000	74,550
Palm Coast		275,450

Projected SHIP based on most recent Conference information (Less: \$5 million DR holdback, Monitoring, & Catalyst funding)

Local Government	County Total	County Share/ City Share
FRANKLIN	350,000	350,000
GADSDEN	350,000	350,000
GILCHRIST	350,000	350,000
GLADES	350,000	350,000
GULF	350,000	350,000
HAMILTON	350,000	350,000
HARDEE	350,000	350,000
HENDRY	350,000	350,000
HERNANDO	360,447	360,447
HIGHLANDS	350,000	350,000
HILLSBOROUGH	1,843,577	1,344,889
Tampa		498,688
HOLMES	350,000	350,000
INDIAN RIVER	350,000	350,000
JACKSON	350,000	350,000
JEFFERSON	350,000	350,000
LAFAYETTE	350,000	350,000
LAKE	544,551	544,551
LEE	999,621	635,859
Cape Coral		250,505
Ft. Myers		113,257
LEON	490,251	167,323
Tallahassee		322,928
LEVY	350,000	350,000
LIBERTY	350,000	350,000
MADISON	350,000	350,000
MANATEE	590,577	503,053
Bradenton		87,524
MARION	567,303	470,408
Ocala		96,895
MARTIN	350,000	350,000
MIAMI-DADE	2,228,408	1,437,101
Hialeah		191,866
Miami		380,166
Miami Beach		75,320
Miami Gardens		92,033
North Miami		51,922
MONROE	350,000	350,000
NASSAU	350,000	350,000
OKALOOSA	374,419	334,431
Ft. Walton Beach		39,988
OKEECHOBEE	350,000	350,000

Local Government	County Total	County Share/ City Share
ORANGE	1,762,917	1,387,592
Orlando		375,325
OSCEOLA	551,276	437,052
Kissimmee		114,224
PALM BEACH	1,887,024	1,430,741
Boca Raton		122,468
Boynton Beach		98,691
Delray Beach		87,747
West Palm Beach		147,377
PASCO	760,188	760,188
PINELLAS	1,326,437	692,931
Clearwater		156,785
Largo		113,012
St. Petersburg		363,709
POLK	953,595	744,090
Lakeland		150,191
Winter Haven		59,314
PUTNAM	350,000	350,000
ST. JOHNS	416,821	416,821
ST. LUCIE	501,121	122,825
Ft. Pierce		73,063
Port St. Lucie		305,233
SANTA ROSA	354,701	354,701
SARASOTA	638,154	552,514
Sarasota		85,640
SEMINOLE	696,584	696,584
SUMTER	350,000	350,000
SUWANNEE	350,000	350,000
TAYLOR	350,000	350,000
UNION	350,000	350,000
VOLUSIA	782,940	550,251
Daytona Beach		98,102
Deltona		134,587
WAKULLA	350,000	350,000
WALTON	350,000	350,000
WASHINGTON	350,000	350,000
TOTAL	38,838,875	38,838,875
DR Holdback & Compliance Monitoring		5,111,125
Catalyst		500,000
Total estimated appropriation		44,450,000