

JACKSONVILLE HOUSING FINANCE AUTHORITY



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Board of Directors Meeting

MINUTES

OF

REGULAR MEETING

September 18, 2019

September 18, 2019: JHFA Board Meeting

Noon

214 North Hogan Street, 8th Floor

BOARD MEETING:

Present at the meeting were:

BOARD MEMBERS

Tripp Gulliford, Chair
Spencer Cummings, Vice Chair
Dee Bumbarger, Secretary
Nadine Carswell, Member
Jim Citrano, Member
Jeffrey Rosen, Member

PROFESSIONAL STAFF:

Susan Leigh, The Community Concepts Group, Financial Advisor
Helen Feinberg, RBC Capital Markets, Investment Banker
Rhonda Bond-Collins, Bryant Miller Olive, Bond Counsel
Lawsikia Hodges, City of Jacksonville Office of General Counsel
Tricia Heintz, Bank of New York Mellon, Trustee

CITY STAFF:

Laura Stagner
Jane Bouda
Thomas Daly, Chief, Housing and Community Development Division
Dr. Johnny Gaffney, Mayor's Office
Taryn Roberts, ECA D9 City of Jacksonville

PUBLIC:

Kevin Troup, Vestcor
Ryan Hoover, Vestcor
Steve Moore Vestcor
Mike Molinari, Southport
Dylan Davies, Southport
Shawn Wilson, Blue Sky Communities
Lee Wilson, Aging True
Hanna Jamar, Lincoln Ave Capital

BOARD MEETING

Chairman Gulliford called the meeting to order at 12:06 pm, with a quorum present.

Minutes

Mr. Cummings moved, with a second by Mr. Rosen, that the **Board approve the minutes of the June 24, 2019 Board meeting.** The motion passed 6-0. Mr. Rosen moved, with a second by Mr. Cummings, that the **Board approve the corrected minutes of February 20, 2019 and May 3, 2019 .** The motion passed 6-0.

Public Comments

Mr. Mike Molinari updated the Board on various developments financed or located in Jacksonville developed by Southport Development. He stated that Oakwood Villas (JHFA Bond) was completed and Oak Villas (9%) was nearing completion. Mr. Ryan Hoover updated the Board on various developments financed by the JHFA. He stated that (1) Lofts at Jefferson was 52% preleased would have move-ins beginning December 2019 and (2) Lofts at Brooklyn is in the permitting process, with an anticipated closing in October 2019 and move-ins in 2020.

Staff Report and Financial Report

Ms. Stagner updated the Board on JHFA financials informing them that the City's August financials have not closed so did not have the monthly financials completed. She said that based on the criteria previously established by the Board to determine the appropriate level of fund balance, there were excess available funds in the Operating Account that could be moved to the Loan Trust Fund Account. She stated that although there were enough funds to handle current obligations, funds would be needed after October 1. She determined that there was an excess fund balance of \$3.2 million and recommended that \$3.0 million be transferred to the Loan Trust Fund for use by the JHFA for future cycles. Mr. Citrano moved, with a second by Mr. Rosen, **that the Board authorize a transfer of \$3.0 million to the loan fund.** The motion passed 6-0.

Ms. Stagner also updated the Board on the delays in the Professional Services scoring process (Investment Banker, Bond Counsel, Trustee, and Financial Advisor), due to the recent hurricane and an issue with one of the RFP's. In addition, she stated that (1) she needed to go to PSEC to explain why there are less than three responses in each category, (2) she informed PSEC that there would need to be another 30-day extension on the contracts since they currently expire September 30, 2019, and (3) she told the Board Scorers that she would be notifying them of when they would be convening.

Board Member Conflicts

Chairman Gulliford and Mr. Citrano disclosed that they might have a conflict related to matters that involved Vestcor, but would disclose any voting conflict before the vote.

Bond Allocation

Ms. Bond-Collins updated the Board on the 2019 bond allocation, and that she would bring recommendations to the next meeting prior to the end of the year as to what would need to be requested for 2020.

Single Family

Ms. Leigh updated the Board on the single-family program and indicated that JHFA loans would continue to be slow until FHFC \$15,000 forgivable DPA loan program expired.

Multi-Family Updates

Ms. Leigh informed the Board that the Waves is scheduled to close this month and has requested bonds in an amount not to exceed \$17,750,000; the Credit underwriting is complete, and the deal is ready for Board Action. Ms. Bond-Collins distributed the resolution that provides for all the needed actions for Board Approval. She also explained to the Board that this was a HUD Rental Assistance Demonstration transaction (RAD) that takes a Public Housing property and changes it to a Project Based Section 8 Property. She also said that the closing is conditioned on final HUD approval. Ms. Carswell moved, with a second by Mr. Rosen, **that the Board approve The Waves Bond Resolution as presented by counsel.** The motion passed 5-0. (1 abstention Citrano).

Ms. Leigh informed the board that 2019 Bond Application is now “open” meaning that applications would be received and considered on a first-come first-evaluated basis.

Ms. Stagner informed the board that the 2020 Bonds with SAIL NOFA and application were published with a due date of September 5. She stated that two applications were received (Cedar Stations and Parkway Commons), and that the analysis was attached in the Board Package. Ms. Leigh stated that she has recused herself from any work on the NOFA, Application and Analysis and has not participated in the deliberations of staff nor in the drafting of the memo or the analysis. Ms. Stagner indicated that both applications are recommended for funding of the minimum amount required by FHFC. Mr. Rosen moved, with a second by Mr. Citrano, that the Board (for both Cedar Stations and Parkway Commons)

- **Approve local government contribution of \$115,000 loan**
- **1% interest rate, interest only payments (cashflow), 20-year term**
- **All loan commitment and loans governed by Ordinance 2014-185-E.**
- **Authorize the Chairman to sign loan commitment letter, letter to FHFC confirming that a complete bond application has been received by JHFA, and authorize Chair or other Board member to execute loan documents, including subordinations and extension of loan commitment up to 30 days after senior loan closing date;**
- **Loan to be evidenced by Promissory Note and Mortgage, with anticipated subordinate position behind the first mortgage and all FHFC loans (subject to all loan documents and due diligence necessary to evidence and complete the transaction).**
- **Loan documents to include a Land Use Restriction Agreement with all Applicant commitment (City programs, length of set-aside, income restrictions).**
- **The loan documents shall provide for the standard default provisions; and upon default, the loan shall accrue interest at the highest rate then permissible under Florida law from and after an event of default that remains uncured.**
- **Each loan shall be evidenced by a promissory note in the full-face amount of the loan, and secured in its entirety by a subordinate lien mortgage, and shall include such other standard loan documents as necessary to evidence and complete the transaction.**
- **The loan shall not be disbursed until the following minimum due diligence is received and satisfactory (however, additional requirements may be necessary for the project): mortgagee title insurance policy (or a marked-down commitment for the same), boundary survey certified to the JHFA, environmental site assessments certified to the JHFA, and evidence of concurrency and all permits authorizing construction of the project.**
- **Loan commitment expiration date of September 30, 2020**

The motion passed 6-0.

Ms. Leigh updated the Board that **Gap Financing** for developments using JHFA bonds NOFA and application were published and that two applications were received (**Sydney Trace and Ashley Square**) with the analysis of those applications provided for the Board to review. She reminded the Board that the purpose of the funds was to assist those projects to the extent needed for feasibility and that the GAP consideration was given for each of these projects and the recommended funding reflects the same.

Ms. Leigh explained that Sydney Trace requested a waiver of the 50 year affordability period to 30 years, and that the Inducement Resolution prepared by bond counsel reflected that waiver. After discussion, Mr. Rosen moved, with a second by Mr. Cummings, that the **Board approve the Inducement Resolution for Sydney Trace, as presented by bond counsel.** The motion passed 5-0m with Mr. Citrano abstaining.

After additional discussion, Mr. Rosen moved, with a second by Mr. Cummings, that the Board

- **Provide loan commitment of \$1.5 million to Sydney Trace,**
- **Provide loan commitment of \$500,000 to Ashley Square**
- **For Sydney Trace: 1% interest rate, semi-annual payments, 40-year amortization, balloon in 20 years (or sale/refinance if earlier), and permit Qualified Contract option after Year 19**
- **For Ashley Square: 1% interest rate, interest only payments (cashflow), 20-year term (or coterminous with 1st mortgage)**
- **All loan commitment and loans governed by Ordinance 2014-185-E.**
- **Authorize the Chairman to sign loan commitment letter, and authorize Chair or other Board member to execute loan documents, including subordinations and extension of loan commitment up to 30 days after senior loan closing date;**
- **Loan to be evidenced by Promissory Note and Mortgage, with anticipated second mortgage position for Sydney Trace and subordinate position behind the first mortgage and all FHFC loans for Ashley Place (subject to all loan documents and due diligence necessary to evidence and complete the transaction).**
- **Loan documents to include a Land Use Restriction Agreement with all Applicant commitment (City programs, length of set-aside, income restrictions).**
- **The loan documents shall provide for the standard default provisions; and upon default, the loan shall accrue interest at the highest rate then permissible under Florida law from and after an event of default that remains uncured.**
- **Each loan shall be evidenced by a promissory note in the full-face amount of the loan, and secured in its entirety by a subordinate lien mortgage, and shall include such other standard loan documents as necessary to evidence and complete the transaction.**
- **The loan shall not be disbursed until the following minimum due diligence is received and satisfactory (however, additional requirements may be necessary for the project): mortgagee title insurance policy (or a marked-down commitment for the same), boundary survey certified to the JHFA, environmental site assessments certified to the JHFA, and evidence of concurrency and all permits authorizing construction of the project.**
- **Loan commitment expiration date of September 30, 2020**

The motion passed 5-0, with Mr. Citrano abstaining.

Ms. Feinberg brought the Board up to date on an issue regarding Caroline Arms associated with its rental assistance, stating that (1) the development was financed by JHFA and was originally a HUD 236 loan with rental assistance, (2) when it was refinanced HUD provided rental assistance matching its previous assistance, (3) after it was financed, HUD approved funding of additional project based rental assistance when the developer was able to document 42 “at-risk” tenants, (4) the original assistance was managed by Tampa Housing Authority, but the 42 additional project based vouchers were not permitted to be added into their contract, (5) the only option for management of those vouchers is the local Jacksonville Housing Authority (“JHA”), and (6) to date the JHA has not agreed to administer the project based vouchers expressing that they prefer to provide tenant-based vouchers. Ms. Hodges indicated that she was counsel for the JHA, and she was not aware of this issue and offered to facilitate. Ms. Feinberg asked if the board would be willing to write a letter to the PHA urging them to administer the contract. Ms. Bumbarger moved, with a second by Mr. Rosen, that the Board **authorize the Chairman to send a letter of to the JHA requesting them to administer the project-based voucher contract.** The motion passed 6-0.

Millennia:

Ms. Bond-Collins updated the Board on the issue of the developer having paid documentary stamp taxes which were not owed, and their attempts to receive a refund.

Existing Rental Properties

Ms. Leigh updated the Board on the Houston Street Manor issue related to construction and legal issues by informing them that JHFA has been released from the legal proceedings. Ms. Stagner said the JHFA loan still not been made and will not be made as long as there are outstanding construction issues.

2019 Legislative Update

Ms. Leigh reported that committees had begun, and the materials were available for individual Senate and House members on the Florida Housing Coalition website.

Adjournment

On a motion by Mr. Citrano, seconded by Mr. Rosen, the Board voted unanimously to adjourn the meeting at 12:52 PM.