

JACKSONVILLE HOUSING FINANCE AUTHORITY



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Board of Directors Meeting

MINUTES

OF

REGULAR MEETING

October 17, 2018

October 17, 2018: JHFA Board Meeting

11:30 am

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
Jeffrey Rosen, Member
Jane Scofield, Member

PROFESSIONAL STAFF:

Mark Hendrickson, The Hendrickson Company, Financial Advisor
Helen Feinberg, RBC Capital Markets, Investment Banker
Rhonda Bond-Collins, Bryant Miller Olive, Bond Counsel
Emerson Lotzia, City of Jacksonville Office of General Counsel
Tricia Heintz, Bank of New York Mellon, Trustee

CITY STAFF:

Laura Stagner
Dr. Johnny Gaffney, Mayor's Office

PUBLIC:

Steve Moore, Vestcor
Ryan Hoover, Vestcor
Kevin Troup, Vestcor
Ginny Myrick
Bob Colvard, Blue Sky Communities
Brianna Heffner, Southport
Michael Molinari, Southport
Tom Daly, DIA
Brian Hughes, DIA
Trey Mills, Rogers Towers

BOARD MEETING

Chairman Gulliford called the meeting to order at 11:30 am, with a quorum present.

Minutes

Mr. Cummings moved, with a second by Ms. Scofield, that the **Board approve the minutes of the September 19, 2018 Board meeting.** The motion passed 6-0.

Public Comments

Mr. Ryan Hoover updated the Board on the Lofts at LaVilla, Lofts on Monroe, and Lofts at Jefferson Station developments.

Mr. Tom Daily of the Downtown Investment Authority spoke on their selection of Lofts at Brooklyn for funding.

Board Member Conflicts

Chairman Gulliford declared a conflict related to matters involving Vestcor and the selection of a Local Government Area of Opportunity Funding development. Mr. Rosen declared a conflict related to the proposed Molly Crossing development. Mr. Lotzia clarified that the OGC had not completed their review of the situation involving Mr. Rosen and Molly Crossing, and that he may not have a conflict, but had advised Mr. Rosen to abstain from voting on the development until their research was complete.

Local Government Area of Opportunity Funding (Local Preference) for FHFC RFA 2018-112

Chairman Gulliford moved this item to the beginning of the agenda so that Vice-Chairman Cummings, who had a commitment requiring him to leave by 12:30 PM, could participate. Chairman Gulliford did not participate in the discussion or selection process. Mr. Hendrickson noted that the applicant for Molly Crossing had withdrawn that development from consideration for the Local Government Area of Opportunity Funding (LLGAOF), and that it was only to be considered as a potential “back-up” development. Mr. Lotzia clarified that Mr. Rosen could participate in the selection of the LGAOF development, but not in the consideration of Molly Crossing as a potential back-up application.

Mr. Hendrickson outlined the process that the JHFA had followed in the selection process, including establishing selection criteria and publishing a Notice of Fund Availability (NOFA). He reminded the Board that their decision should be based upon the established selection criteria.

Mr. Hendrickson summarized the various applications and their responses to the various selection criteria. A Board discussion followed, including questions on the applications, clarification of selection criteria, and discussion of each Board member’s analysis of the applications and the selection criteria.

After discussion, Mr. Rosen moved, with a second by Ms. Scofield, that the Board **(1) Select the Lofts at Brooklyn for the Local Government Area of Opportunity Funding, to be provided by the City through the Downtown Investment Authority, (2) Require a Land Use Restriction Agreement including all Applicant commitments, including but not limited to resident programs, length of set-aside, income restrictions, unit and development amenities, and energy efficiency standards, (3) Authorize the Chairman to sign any required documents, including the LURA, and (4) Request the Mayor or other official permitted by FHFC to sign the FHFC form required to verify the local government contribution.** The motion passed 4-1, with Ms. Carswell opposed and Chairman Gulliford abstaining.

Back-Up Development for FHFC RFA 2018-112

Mr. Hendrickson discussed the need to select a back-up development to receive the minimum local government contribution, so that if the LGAOF development failed threshold scoring at FHFC, there would be another development in the FHFC system to receive funding. Chairman Gulliford and Mr. Rosen did not participate in the discussion or the vote. Mr. Hendrickson explained that due to FHFC rules, the only applicant that could meet FHFC threshold scoring without the LGAOF designation was Molly Crossing. After discussion, Mr. Cummings moved, with a second by Ms. Carswell, that the Board **(1) provide a loan commitment of \$115,000/0%/20 years/no payments until balloon payment, with the loan commitment**

valid until December 31, 2019, (2) require that the loan to be governed by Ordinance 2014-185-E, (3) authorize the Chairman to sign loan commitment letter, and authorize the Chairman or other Board member to execute loan documents, including subordination and extension of loan commitment to up to 30 days after senior loan closing date, (4) request the Mayor or other official permitted by FHFC to sign the FHFC form required to verify the local government contribution, and (5) require the loan to be evidenced by Promissory Note and Mortgage, with anticipated second mortgage position (subject to all loan documents and due diligence necessary to evidence and complete the transaction), with loan documents to include a Land Use Restriction Agreement with all Applicant commitments, including but not limited to resident programs, length of set-aside, income restrictions, unit and development amenities, and energy efficiency standards. The motion passed 4-0, with Chairman Gulliford and Mr. Rosen abstaining.

Other Actions for LGAOF Applicants

Board members expressed their support of the LGAOF applications that were not selected, stating that the group of applicants was the best that had been submitted, and that the Board wanted to assist the applicants in pursuit of alternative FHFC funding so that the City of Jacksonville would benefit from their construction. Chairman Gulliford did not participate in the discussion or the vote.

After discussion, Ms. Bumbarger moved, with a second by Mr. Cummings, that the Board, for the Ashley Square, Lofts at Cathedral, and Parkview Commons applicants, for any FHFC RFA gap-financing RFA, including SAIL, SAIL workforce and CDBG-DR, to be used in conjunction with JFHA bonds (1) **provide a loan commitment of up to \$115,000/0%/20 years/no payments until balloon payment, with the loan commitment valid until December 31, 2019, (2) require that the loan to be governed by Ordinance 2014-185-E, (3) authorize the Chairman to sign loan commitment letter, and authorize the Chairman or other Board member to execute loan documents, including subordination and extension of loan commitment to up to 30 days after senior loan closing date, (4) request the Mayor or other official permitted by FHFC to sign the FHFC form required to verify the local government contribution, (5) require the loan to be evidenced by Promissory Note and Mortgage, with anticipated second mortgage position (subject to all loan documents and due diligence necessary to evidence and complete the transaction), with loan documents to include a Land Use Restriction Agreement with all Applicant commitments, including but not limited to resident programs, length of set-aside, income restrictions, unit and development amenities, and energy efficiency standards, (6) not require an additional application for bonds and/or gap financing, with the LGAOF application deemed as a complete application for either or both programs, (7) require a letter from the developer indicating the amount of JHFA bonds being requested, any changes to the application, and a revised sources and uses, and (8) waive the payment of any fee required for bond-FHFC gap financing applicants.** The motion passed 5-0, with Chairman Gulliford abstaining.

Staff Report and Financial Report

Ms. Stagner presented the JHFA financials and updated the Board on the procurement process for professional services (Investment Banker, Bond Counsel, Trustee, and Financial Advisor). After discussion, Mr. Cummings moved, with a second by Mr. Rosen, that the Board **ratify the extension of the professional services contracts until December 31, 2018.** The motion passed 6-0.

Single Family

Mr. Hendrickson updated the Board on the single-family program.

Multi-Family Updates

Mr. Hendrickson explained the proposed NOFA and Application for the local contribution required by FHFC in their SAIL and other gap-financing RFA's. After discussion, Ms. Carswell moved, with a second by Ms. Scofield, that the Board authorize the Financial Advisor, legal counsel, and staff to publish the 2019 Local Government Contribution NOFA and Application. The motion passed 6-0.

Mr. Hendrickson explained that a brief special meeting would be needed to approve loan commitments for any applicant seeking the local government contribution that would be applying for SAIL funding from FHFC (SAIL RFA due date before next JHFA meeting). After discussion, the **Board set a special meeting for 3 PM, November 13, 2018, to be held if any applications for Local Government Contributions were received prior to that date.**

Ms. Bond-Collins updated the Board on the Millennia Portfolio transaction, noting that it was scheduled to close one day before the TEFRA approval expired. She explained that if the closing date were not met, and the deal were to still close in 2018, a new TEFRA process would need to be initiated at this time, with the process to be canceled if the deal closed as scheduled. Chairman Gulliford opened the floor for public comment, as this was not on the originally published agenda. There was not public comment. After discussion, Mr. Cummings moved, with a second by Ms. Scofield, that the Board **approve the 2nd Amended and Restated Inducement Resolution for the Millennia Portfolio.** The motion passed 6-0.

Mr. Hendrickson and Mr. Lotzia explained that the set-aside mix had changed (more extremely low-income units) on the recently closed Lofts at Jefferson loan from JHFA.

Existing Rental Properties

Mr. Hendrickson explained the concept of "income averaging", a newly permitted process for federal housing tax credits wherein a developer could have some units at 80% of AMI count as tax credit eligible if they also included an offsetting number of units at levels lower than the standard 60% AMI level. He explained that FHFC had adopted a policy that was complex, and which achieved the required public purpose, and that JHFA did not need to create an overlapping process. After discussion, Mr. Cummings moved, with a second by Ms. Bumbarger, that the Board **approve Income Averaging for JHFA financed properties receiving federal Housing Credits, subject to the Income Averaging being approved by FHFC, and with no additional action needed for each development by JHFA subject to the receipt of the FHFC approval by legal counsel and staff.** The motion passed 6-0.

Mr. Lotzia explained the situation related to the Lots at LaVilla, and the need for the JHFA loan to be co-terminus with the first mortgage.

Mr. Lotzia and Ms. Stagner updated the Board on the Houston Street Manor development.

2019 Legislative Update

Mr. Hendrickson reported on the actions of the Sadowski Education Effort related to the 2019 legislative session.

New Business

Mr. Hendrickson explained that Ms. Leigh was not at the meeting to avoid any appearance of a conflict related to her representation (previously disclosed both orally and in writing to the JHFA Board) of a developer that applied for LGAOF funding.

Chairman Gulliford **directed staff to agenda a discussion of the LGAOF selection criteria, application, and process for the November meeting.**

Adjournment

Chairman Gulliford adjourned the meeting at 12:57 PM.