

**Housing Finance Authority of
St. Johns County, Florida
Regular Meeting**

**January 28, 2021
Minutes**

The Housing Finance Authority of St. Johns County met at 3:00 pm in the Kingfisher conference room in the Health & Human Service Building – 200 San Sebastian View, St. Augustine, Florida 32084.

The meeting was called to order at 3:02 p.m. by Michael O'Donnell, Chair.

Members Present:

Craig Higgins
Linda DeGrande
Robert Marshall
Michael O'Donnell
Malinda Peebles

Members Absent:

(two vacancies)

BCC Liaison: Commissioner Jeb S. Smith was unable to attend and sent his regrets

Guests Present:

Billy Zeits – Corner Lot Development Group
Marianne Edmonds, PRAG (via Zoom)
Rich Komando, Esq. – Bradley, Garrison & Komando
Chauncey Lever, Esq – Foley & Lardner, LLP
W. Henry O'Connell, CPA – W.H. O'Connell & Associates, P.A.
Joseph Cone – Assistant Director, Health & Human Services
Roberto Ortiz – Housing & Community Development Manager
Julie Voorhees – Housing Support Staff
Mary Garcia – Social Services Support Staff

Notices regarding the meeting were sent to all members. No press was in attendance.

Additions/Deletions to Agenda and Approval of Agenda:

Marianne Edmonds asked that the item she would present titled "Consideration of Credit Underwriting Report" be added to the agenda prior to the "Resolution Approval". **Motion** made by Linda DeGrande to accept this change and approve the agenda; motion seconded by Craig Higgins. **Motion passed unanimously.**

Public Comment: None.

Financial Report:

- **December:** Henry O'Connell reported the December income statement and balance sheet were provided in members' meeting packets. Mr. O'Connell said he had not yet heard from the County's auditor and Rebecca Lavie said she does not believe the County has selected a new firm yet. Mr. O'Connell said when he is contacted by the auditor he will likely need Chair Michael O'Donnell to sign documents and Mr. O'Donnell said he would make himself available at that time. Mr. O'Connell said the SBA account is in the process of being closed and this should be complete by February 1, 2021. Mr. O'Connell stated the Bank of America account will be closed once he has confirmation from Raymond James that the "Own a Home Opportunity Program" deposits have been redirected to the Ameris Bank account. Finally, Mr. O'Connell said Julie

Voorhees has the Ameris Bank signature cards with her and he asked that all HFA members sign those before leaving the meeting today. Mr. O'Connell said he will submit completed signatures cards to the Polly Andrews at Ameris.

Bills & Correspondence:

- **December, 2020:** Mr. O'Connell stated there were three invoices to be paid; the monthly retainer for Bradley, Garrison and Komando in the amount of \$1,500; the monthly fee for the services of W.H. O'Connell and Associates, P.A., in the amount of \$873.62; and \$134.63 to the St. Augustine Record for the legal ad posted in December, 2020, listing all 2021 HFA meeting dates, as is required on an annual basis.

Approval of Minutes:

Motion made by Linda DeGrande to accept December meeting minutes; motion seconded by Malinda Peeples. **Motion passed unanimously.**

New Business:

- **HFA Bond Policies and Procedures:** Ms. Edmonds stated the professional team, made up by bond counsel, HFA counsel, financial advisor, and County staff, was asked by the HFA to review the multifamily guidelines written in 2004, and to bring them them up to date. Ms. Edmonds stated the decision was made to completely rewrite the guidelines as much of the document's contents were quite outdated. Ms. Edmonds explained the document provides clarity by indicating what is necessary for a project to be eligible to be bond financed through the HFA by detailing the application process, listing fees, expenses and penalties, as well as an expected timetable. Ms. Edmonds said the basic constrictions for properties seeking to be bond financed through the HFA would be that at least 40% of units must be restricted to tenants whose household income does not exceed 60% of the area median income (AMI), or 20% of the units restricted to tenants whose income does not exceed 50% of the AMI. Ms. Edmonds said tax law requires affordability be maintained for at least 15 years, or the term the bond is outstanding, or the expiration of any Section 8 contract, whichever is greater. Ms. Edmonds said the professional team chose to use a 25 year term for affordability and she said this can certainly be changed if the HFA so chooses as that term does exceed tax law requirements. Ms. Edmonds said the first phase of a potential project would be the Inducement Resolution and explained this would be the HFA's acknowledgement of an application and the need for housing within the County. Ms. Edmonds explained it is simply an agreement by the HFA to look at a proposed project but not necessarily to fund it. Ms. Edmonds said the second phase is a TEFRA hearing, which is a requirement of tax code, and this hearing gives the community a chance to express their thoughts and concerns regarding a potential project. Ms. Edmonds said an application is then submitted to a credit underwriter for review and she explained she will be going over the Credit Underwriting Report (CUR) for the San Marcos Heights project later in this meeting. Ms. Edmonds went on to say there are two approvals required by the St. Johns County Board of County Commissioners during this process; the first is approval of the findings of the TEFRA hearing, as required by tax law, and the second is approval of the bond resolution.

Ms. Edmonds moved on to the fee schedule as written by the professional team which she said was based upon fees and practices by other Florida HFAs. Ms. Edmonds said the fee for application submission is set at \$3,000, to be paid to the HFA and she stated there would also be a fee of \$1,000, due to Board of County Commissioners. Ms. Edmonds stated that also paid by developer at the time of application would be a \$2,500 fee due to bond counsel, in this case Foley & Lardner, and a fee of \$2,500 due to financial advisors, in this case PRAG. Ms. Edmonds said that when the application is approved, and the developer moves on to financing the project, requiring the HFA's team to become involved, a fee of 1% of the requested bond amount would be due. Ms. Edmonds explained that if the project does not go forward for any reason, this amount is refundable, minus professional fees for work already done on project. Ms. Edmonds went on to say there are three credit underwriters used by Florida Housing Finance Corporation

(FHFC) and it is efficient to use one of these three firms, which were selected by procurement process by the State of Florida. Ms. Edmonds said the developer will pay closing costs, which will include 50 basis points of the original principal amount of the bond, and explained the professional team selected this amount after looking at what other comparable HFAs are charging. Finally, Ms. Edmonds referred to short term redemption fees and referenced a chart regarding the variable fee schedule. Mr. O'Donnell asked if there was any reason not to be more aggressive with regard to fees and Ms. Edmonds explained the goal would be not to lose developers to FHFC and explained that is why the professional team worked to be somewhat less restrictive than FHFC and to keep fees under a certain limit. There was brief discussion regarding fees and Ms. Edmonds and Mr. Komando stated the HFA is not held to these guidelines if approved today and they could revisit the fee schedule in the future if they wish to do so. Joe Cone mentioned he does anticipate another application possibly coming in for what he believes may be the other CDBG-DR funded project in the County. Ms. Edmonds said she would be providing a written disclosure to the HFA, as one of the individuals associated with that potential project is involved with the Brevard HFA and she is an advisor to that Authority. **Motion** made by Linda DeGrande to accept the St. Johns County HFA bond policies and procedures as written by the professional team; motion seconded by Robert Marshall. **Motion passed unanimously.**

Administrator's Report: Mr. Ortiz reported the County has received \$7.9 million from the U.S. Treasury as part of the last stimulus package, to use for rental assistance and utility payments. Mr. Ortiz said the County is reviewing the logistics and requirements of the program at this time. Mr. Ortiz also reported the County is working with Legal Aid of Jacksonville, which provides services in St. Johns County, on a CDBG-CV3 grant that would allow them to hire additional attorneys to assist with evictions. Mr. Cone introduced Andy Fink from Ability Housing and asked that he share the details of their planned West Augustine project with the HFA. Mr. Fink said Florida Housing Finance has selected Ability Housing for a 3 story, 92 unit project in West Augustine. Mr. Fink said there is a litigation process they will have to go through before getting final approval and then they can begin the credit underwriting process. Mr. Fink said they hope to start construction in early 2022, with units ready in early 2023.

Old Business:

- **San Marco Heights Project:**

- **Consideration of Credit Underwriting Report:** Ms. Edmonds, Public Resources Advisory Group, explained the purpose of the CUR for the San Marcos Heights development is to ensure all financial aspects of this project come together. Ms. Edmonds said the report also ensures all parties have the wherewithal to follow through on their financial obligations as promised. Ms. Edmonds said the underwriting process will review terms of the financing to ensure they are reasonable and appropriate, that the financing can be supported by the cash flow of the project, and that the project isn't being over-financed. Ms. Edmonds went on to say the underwriting process includes a review of financial attributes of the project and reviews draws taken during construction to ensure money is appropriately spent. Ms. Edmonds reviewed the summary of the CUR, which was handed out to all meeting attendees, and went over the proposed number of units, their breakdown by number of bedrooms, and also the project's financial figures. **Motion** made by Linda DeGrande to accept the Credit Underwriting Report prepared by First Housing Development Corporation of Florida, dated January 25, 2021; motion seconded by Craig Higgins. **Motion passed unanimously.**
- **Resolution Approval:** Mr. Chauncey Lever read the resolution into the record. **Motion** made by Linda DeGrande to approve resolution as read by title; motion seconded by Malinda Peebles. **Motion passed unanimously**

- **Consulting Agreement – Susan Leigh:** Mr. Cone said he would talk with Susan Leigh to see if she is still planning to attend the March HFA meeting to discuss her recommendations to the HFA. Mr. O'Donnell asked Mr. Cone if Ms. Leigh might look into the viability of the HFA acting as

a vehicle for a Public Housing Authority in St. Johns County. Mr. Cone said he would contact Ms. Leigh and make this request.

- **Recommendations:** Mary Garcia stated the recommendation to the Board of County Commissioners to appoint Andrew Evener and Erick Saks to the two vacant seats will be heard at the February 16th County Commission meeting. Ms. Garcia said that if the recommendations are approved, she will invite both individuals to attend the February 28 HFA meeting.
- **HFA Lots:** Mr. Cone introduced William “Billy” Zeits as a representative from the buyers of the lots. Mr. Cone said that Mr. Zeits contacted him a few days earlier and asked if the HFA might consider an extension of the current contract. Mr. Cone informed Mr. Zeits that he would have to make that request of the HFA at their regular monthly meeting. Mr. Zeits said they have been doing their due diligence since the properties came under contract on November 6, 2020. Mr. Zeits said they have everything ready to get their clearance sheets, building permits and so on but they would like to request more time in order to complete all due diligence on all sixteen of the lots under contract. Mr. Zeits said they would like to request that the closing date be moved to July 6, 2021, which is a 120 day extension from the current close date of March 6, 2021. There was some discussion and Linda DeGrande expressed concern at the request for another extension. Mr. Zeits said that time is required to prepare to build on all properties and he said he believes this is the most effective way keep costs down. Ms. DeGrande asked if these home prices would be under \$200,000 and Mr. Zeits said that is their goal and he thinks they will be able to achieve it. **Motion** made by Linda DeGrande to grant a 120 day extension to this contract with Breeze Homes, a subsidiary of The Corner Lot Companies; motion seconded by Craig Higgins. **Motion passed unanimously.** Mr. Zeits will contact Endless Summer Realty in order to have an extension drawn up and forwarded to County staff for signature on behalf of the HFA.
- **Own a Home Opportunity Program Update:** Mr. Cone said Mr. Wranovich has stated that there were three mortgages in December. Mr. Cone said Mr. Wranovich also shared that there have not been a lot of loans lately, though he did say he thought this would change soon. Mr. Cone said Mr. Wranovich said most activity is coming through Academy Mortgage Corporation at this time.

Meeting was adjourned at 4:16 p.m.

Next Meeting: The next meeting of the HFA will be held on March 25, 2021, in the Kingfisher conference room, in the Health & Human Services Center, at 200 San Sebastian View, St. Augustine.

Respectfully submitted,

Secretary