

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

**February 25, 2021
Minutes**

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

The meeting was called to order at 3:01 p.m. by Michael O'Donnell, Chair.

Members Present:

Craig Higgens
Linda DeGrande
Robert Marshall
Michael O'Donnell
Erick Saks

Members Absent:

Andrew Evener
Malinda Peebles

BCC Liaison: Commissioner Jeb S. Smith

Guests Present:

Marianne Edmonds, PRAG (via Zoom)
Rich Komando, Esq. – Bradley, Garrison & Komando
Chauncey Lever, Esq – Foley & Lardner, LLP (via Zoom)
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:

There were no additions or deletions to the agenda. **Motion** made by Craig Higgens to accept the agenda as presented; motion seconded by Linda DeGrande. **Motion passed unanimously.**

Public Comment: None.

Financial Report:

- **January, 2021:** Henry O'Connell reported the January income statement and balance sheet were provided in members' meeting packets. Mr. O'Connell said he spoke to a CPA at the firm of James Moore and Company, who advised him they have been retained to perform the County's 2020 audit. Mr. O'Connell stated the auditor said he could wait until April 15th to discuss HFA with Mr. O'Connell and based on this, Mr. O'Connell estimated the audit probably won't be completed until June 30th or so. Mr. O'Connell stated the SBA account should be closed at this point and he will wait to close the Bank of America account until he has the latest statement from Ameris Bank showing the Raymond James "Own a Home" program deposits have been rerouted into that account.

Bills & Correspondence:

- **January, 2021:** Mr. O'Connell stated there were two invoices to be paid; the monthly retainer for Bradley, Garrison and Komando in the amount of \$1,500, and the monthly fee for the services of W.H. O'Connell and Associates, P.A., in the amount of \$573.75.

Approval of Minutes:

Motion made by Linda DeGrande to accept January meeting minutes; motion seconded by Robert Marshall. **Motion passed unanimously.**

New Business:

- **New Members:** Mary Garcia introduced new member Erick Saks and explained that the Board of County Commissioners approved the HFA's recommendation of Mr. Saks and of Mr. Andrew Evener at their February 16th meeting. Ms. Garcia explained Mr. Evener was unable to attend today's meeting but he did plan to attend the March meeting.

Administrator's Report: Mr. Ortiz referred to the San Marcos Heights project timeline, which was provided in today's meeting packet. Mr. Ortiz pointed out the date of closing has been pushed out to March 5th. Mr. Ortiz stated there will be 132 units in this project and 100% of those units will be rented to households with income at 60% of the area median income. Mr. Ortiz also talked about Victoria Crossing and explained the land contract is set to be approved at the March 2, 2021 County Commission meeting. Mr. Ortiz said he expects the bond application will be submitted to the HFA once the County signs this contract. Mr. Ortiz confirmed that San Marcos Heights and Victoria Crossing projects will remain affordable for forty years.

Old Business:

- **San Marco Heights Project:**
 - **Closing Memorandum – Marianne Edmonds:** Ms. Edmonds reviewed a PowerPoint she prepared, which summarized details of the San Marcos Heights project closing and members were provided a hard copy of this document in their meeting packets. Ms. Edmonds pointed out the total cost of a unit is \$252,998 and \$113,636 of each unit is being paid for with CDBG funding. Ms. Edmonds went on to say the project will be closing on a \$16 million construction loan, a \$15 million CDBG loan, approximately \$1.6 million in tax credit equity and a deferred developer fee of \$723,571. Ms. Edmonds presented these figures next to the credit underwriting report to point out there was little change from completion of that report to the actual draft closing memorandum. Ms. Edmonds also stated there will be a letter from the credit underwriter that documents each of the changes that occur. Ms. Edmonds moved on to administrative fees and stated an origination fee of 50 basis points of the principal amount of the bond was approved. Ms. Edmonds stated that is equivalent to \$80,000 as an initial fee on this \$16 million bond. Ms. Edmonds said a one year fee of 25 basis points of the principal amount was also approved, so each year the HFA would be due a \$40,000 fee. Ms. Edmonds went on to explain, however, that the structure of the financing for the San Marcos Heights project creates an issue with charging fees in this format, as the Bank of America is both the lender and the tax credit equity investor during construction. Ms. Edmonds said that due to this structure, there are tax rules that limit the fee that can be charged to 12.5 basis points per year. Ms. Edmonds stated this means the HFA can only collect a \$20,000 origination fee and \$20,000 for the first year at closing in order to be compliant with necessary regulations. Ms. Edmonds went on to say the HFA will be paid a \$110,000 conversion fee in approximately two and a half years, when the Bank of America construction loan is converted to permanent, and this will make up the difference in origination fee and first year fee. Ms. Edmonds went on to say that each year after the conversion, the HFA will be paid an ongoing annual fee of \$40,000. Ms. Edmonds

reviewed the draft closing memorandum briefly and stated that after close, First Housing Development Corporation would act as agent for the HFA, servicing the loan during construction, and monitoring compliance with low income housing restrictions during the term of the bond. When Ms. Edmond's presentation was completed, Mr. O'Donnell inquired about the delay in full payment and the time value of money. Ms. Edmonds said there is a possibility that the conversion could happen more quickly than the forecasted 2.5 years but she also stated there is no way around compliance with the substantial user requirement. Ms. Edmonds did say if interest rates were to go up a great deal then increasing the conversion fee would be an option that could be considered. Ms. DeGrande asked what would occur if the project is not completed in 2.5 years and Ms. Edmonds stated the developer would have to negotiate extensions but it is in their best interest to complete the project on time. Roberto Ortiz added that HUD and DEO have imposed a deadline of February 28, 2023 for this development to be fully occupied. Mr. O'Donnell asked that the HFA be notified of the groundbreaking date for San Marcos Heights. Mr. Ortiz said he would speak to his contact at SHAG Development to make sure all parties are made aware of this date.

- **Consulting Agreement – Susan Leigh:** Mr. Cone said he spoke briefly with Susan Leigh recently and she stated she is still planning on presenting before the HFA at their March meeting. Mr. Cone said he has asked Ms. Leigh to add information regarding the HFA's ability to act as a public housing authority conduit to her report and Ms. Leigh agreed to add that item as an addendum.
- **HFA Lots:** Julie Voorhees reported the extension agreement with Breeze Homes, which was approved by the HFA at their January meeting, was signed on February 9th. Ms. Voorhees stated the new closing date is set for July 6, 2021.
- **Own a Home Opportunity Program Update:** Ms. Voorhees reported there was an additional loan reservation made by Loan Depot on February 18th.

Meeting was adjourned at 3:38 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