

HOUSING FINANCE AUTHORITY OF LEE COUNTY, FLORIDA

MINUTES OF REGULAR MEETING

July 15, 2020

4:10 p.m.

On Wednesday, July 15, 2020, at 4:10 p.m. in the offices of PHILIP L. BURNETT, P.A., 2449 First Street, Fort Myers, Florida, E. Walter Barletta, Chairman of the Housing Finance Authority of Lee County, Florida (the "Authority"), called the meeting to order.

Immediately thereafter, the Chairman called for a roll call of the members. Philip Burnett, Esq., counsel for the Authority, called the roll. E. Walter Barletta, Virginia Yates, Michael Villalobos and Walter Ferguson were present at the meeting. Kirk Frohme appeared by phone. Also appearing by phone were Tim Wranovix with Raymond James and Associates, Inc. ("Raymond James"), the Authority's managing underwriter, Claire Merritt with Hilltop Securities, Inc. ("Hilltop Securities"), the Authority's Financial Advisor, Mark Mustian, Esquire and Alex Fischer, Esquire with Nabors, Giblin & Nickerson, P.A., the Authority's Bond Counsel, Debbie Berner with RBC Capital Markets ("RBC"), a co-managing underwriter, Sue Denihan and Paloma Miranda with Housing and Development Services, Inc. d/b/a eHousingPlus ("eHousing"), and Scott Schuhle with U.S. Bank, the Trustee for most of the Authority's bond offerings.

The Chairman then opened the floor for public comment. No members of the public were present at the meeting. Accordingly, no public comment was made. Thereafter, the Chairman closed the opportunity for public comment.

The Chairman next suggested that the Authority address the approval of the Authority's Minutes for its prior meeting. Thereafter, on motion duly made by Mr. Ferguson and seconded by Mr. Villalobos, the members of the Authority unanimously approved the minutes of the Authority's March 19, 2020, regular meeting.

The Chairman next suggested that the Authority consider Item V on its Agenda, i.e., The Chairman recognized Mr. Wranovix and asked him how the Authority's Own a Home Opportunity Program ("OAHOP Program") was going. Mr. Wranovix said that it was doing good, that it made loans and grants in the amount of \$47 million from the middle of March to date, mostly in the form of grants. Mr. Burnett asked Mr. Wranovix if he would explain the proposed GSE Forbearance LLPA and Supplemental Settlements Acknowledgement Form ("Acknowledgement Form") that U.S. Bank has submitted to the Authority dealing with how U.S. Bank and the Authority's relationship will operate in the event of possible forbearance of mortgage loans in the Authority's OAHOP Program that are undeliverable to the GSE. Mr. Wranovix briefly explained the Acknowledgement Form and suggested that the Authority place an "X" in the second box, have the Chairman execute it, and return it to U.S. Bank. He said that by doing so the Authority can continue its OAHOP Program and, should any first Mortgage Loans not be able to be delivered to

the GSE, the Authority agrees to purchase and Second Mortgage Loans from U.S. Bank or reimburse it for any grants funded by it in connection with first Mortgage Loans made and U.S. Bank may hold or sell the first lien Mortgage Loans and U.S. Bank will service the Mortgage Loans and Second Mortgage Loans. On motion duly made by Mr. Villalobos and seconded by Mr. Ferguson, the members unanimously approved of the Acknowledgement Form, authorized the Chairman to mark an "X" in the second box and execute it on behalf of the Authority.

Next, Mr. Burnett asked Mr. Wranovix to address the issue that has arisen in the Authority's OAHOP Program with respect to the Authority's continued participation in the Freddie Mac Program ("FMP") for conventional loans. Mr. Wranovix said that the FMP has been revised such that, in the event that a loan made in the FMP is placed in forbearance, the Authority will be required to assume the responsibility for LLPA/forbearance risk which could be 5 to 7 points. He said that seven percent (7%) of the loans made in the OAHOP Program have been conventional loans. Further, that there are presently eleven (11) conventional loans in the pipeline, two of which are loans made in Palm Beach County and one in Broward County. He said that the Authority's Professional Staff had temporarily suspended the FMP so as to limit the Authority's and possibly other HFA's and Counties' exposure and to allow the members of the Authority to address the issue. Mr. Frohme asked if it is an easy process to restart the offering of the FMP if so desired. Mr. Wranovix and Ms. Denihan indicated that it is easy to restart the offering of the FMP. Ms. Miranda noted that the FMP could only be offered in Lee County if so desired. On motion duly made by Mr. Villalobos and seconded by Mr. Ferguson, the members of the Authority unanimously approved the actions of the Authority's Professional Staff in temporarily suspending the offering of the FMP and delegated the authority to the Authority's Professional Staff to reinstate the FMP without the necessity of an Authority meeting.

Mr. Burnett next said that he wanted to have the Authority address whether or not the OAHOP Program should accept electronic signatures from lenders in the Program. After a brief discussion, the members of the Authority unanimously agreed that the Authority's OAHOP Program should allow lenders to use electronic signatures in connection with their processing of loans in the Authority's OAHOP Program. Mr. Burnett then suggested that the Authority address whether or not borrowers should be allowed to use Powers of Attorney in the OAHOP Program. Ms. Denihan stated that the Florida Housing Finance Corporation allows borrowers to use Powers of Attorney in its single family program. Ms. Yates said that Powers of Attorney are used quite often in her business subject to the closing agent making sure that the Power of Attorney contains a provision allowing for its use in the encumbrance of real property. Thereafter, on motion duly made by Mr. Villalobos and seconded by Mr. Ferguson, the members of the Authority unanimously approved allowing borrowers to use Powers of Attorney as long as the closing agent verifies that the Power of Attorney contains a provision allowing for the encumbrance of real property.

The Chairman next suggested that the Authority consider Item VI on its Agenda, i.e., consider, discuss and vote on a Resolution approving the issuance of the Authority's Single Family Mortgage Revenue Bonds of up to \$40,000,000 and authorizing the initiation of action in the event such bonds are not issued to establish a mortgage credit certificate program ("MCC Program"), authorizing the exchange of up to \$40,000,000 of single family private activity bond allocation for

up to \$10,000,000 of mortgage credit certificate authority. The Chairman then recognized Mr. Burnett and he suggested that Mr. Mustian address this matter. Mr. Mustian said that the Authority is being asked to consider adopting a new MCC Program in that its present MCC Program is only good for two years and that it expires at the end of the year. Accordingly, the Authority's Staff has drafted and circulated proposed Resolution No. 20-02 to the members and Staff for consideration. If the members of the Authority approve Resolution No. 20-02, the Authority will be able to proceed with the necessary steps to be able to be able to timely offer the new MCC Program He said that the Authority's Staff recommends that the Authority seek \$40 million of tax exempt volume cap allocation to create a new MCC Program which would allow the Authority to exchange the allocation for \$10,000,000 of mortgage credit certificate authority. Thereafter, on motion duly made by Mr. Ferguson and seconded by Ms. Yates, the members of the Authority approved a proposed new MCC Program, adopted Resolution No. 20-02, authorized the Chairman and the Secretary to execute it on behalf of the Authority, and authorized the Authority's Professional Staff to take the steps necessary to apply for up to \$40 million of tax exempt volume cap allocation and set up the new MCC Program. Immediately thereafter, on motion duly made by Mr. Ferguson and seconded by Ms. Yates, the members of the Authority unanimously agreed to temporarily adjourn the meeting to conduct the Tax Equity Fiscal Responsibility Hearing ("TEFRA Hearing") on the proposed new MCC Program.

The TEFRA Hearing was conducted with no members of the public making an appearance. As a result, on motion duly made by Mr. Villalobos and seconded by Ms. Yates, the TEFRA Hearing was adjourned.

The Chairman then reconvened the meeting of the Authority noting that the roll call of the members was the same. The Chairman then asked the members of the Authority to approve the Minutes of the just concluded TEFRA Hearing. On motion duly made by Mr. Ferguson and seconded by Ms. Yates, the members of the Authority unanimously approved the minutes of the just concluded TEFRA Hearing.

The Chairman next suggested that the Authority consider Item VII on its Agenda, i.e., discussion of and possible action with respect to the Authority's Investment of its surplus funds, including, but not limited to its investment with the Florida Municipal Investment Trust. After a brief discussion, it was agreed that, given the present economic times, this matter should be tabled for the time being.

The Chairman next suggested that the Authority consider Item VIII on its Agenda, i.e., discussion of and possible action with respect to the proposed Limited Development Areas ("LDA") for 2020 from the Florida Housing Finance Corporation ("FHFC"). The Chairman recognized Mr. Burnett. Mr. Burnett said that this matter had been put on the Authority's Agenda as the FHFC had requested input from the Authority as to the proposed LDA as it affects Lee County. He said that the proposed LDA for Lee County provides for limited development for Farmworkers but that it does not affect Family and Elderly demographics. After a brief discussion, it was agreed that no action should be taken by the Authority.

The Chairman next suggested that the Authority consider Item IX on its Agenda, i.e., consider, discuss and vote on the Authority's Financial Statements for the second quarter of 2020 (the "Authority's Statements"). The Chairman then recognized Ms. Yates. Ms. Yates said that the Authority's Statements had previously been sent to all of the members by Mr. Burnett's Office. After a brief discussion, on motion duly made by Mr. Frohme and seconded by Mr. Villalobos, the members of the Authority unanimously approved the Authority's Statements for the second quarter of 2020.

The Chairman next addressed the necessity of the Authority considering Item X on the Authority's Agenda, i.e., consider, discuss and vote on a proposed Budget for the fiscal year ending 9/30/21. The Chairman recognized Ms. Yates. Ms. Yates said that Mr. Burnett's Office had circulated a final draft of the proposed Budget to all of the members and the Authority's Professional Staff this morning for their review. She also thanked Mr. Schuhle, Mr. Wranovix and all of the other people that assisted in compiling the income and expenses for the proposed Budget. A discussion then took place as to the proposed Budget. Mr. Frohme noted that there was no proposed dollar amount inserted in the Income Single Family Section for the MCC Program. Mr. Wranovix said that the Authority had issued approximately 60 MCC's last year. Based on that, it was suggested and agreed that \$6,500 should be inserted for the MCC income. Mr. Frohme then asked if there would be any income for Vista Palms proposed bond offering. Mr. Burnett said that he had attempted to communicate with them concerning their proposed bond offering but that it was apparently not progressing so that he did not think that there would be any additional income for it in the Authority's next fiscal year. Mr. Burnett said that he had also attempted to contact Pondella Preserve but that he was unsuccessful so he did not think that there would be any additional income from them in the Authority's next fiscal year. Last, Mr. Burnett said that no provision was made for income in the Authority's next fiscal year for East Pointe Phase II, LLC because they have yet to file their complete bond application. He said that he had been in communication with them and that they had indicated that their bond application should be filed soon, hopefully before the Authority's August meeting if the Authority has one. Mr. Burnett noted that the proposed Budget does contain projected income from Andros Isle, which is now known as Vista Palms Apartments and that the line item for Andros Isle should probably be revised to Vista Palms Apartments f/k/a Andros Isle. Mr. Burnett concluded his remarks by suggesting that Mr. Wranovix address the proposed income and expenses for the Authority's OAHOP Program. Mr. Wranovix said that the projection of \$775,000 of income and \$900,000 of expense are purely the best guess of what the income and expenses will be for the Authority's next fiscal year based on past history and the best guess of what next year will bring, particularly given the coronavirus pandemic, racial tension and elections. Mr. Frohme asked what the reason was for the disparity between last year's numbers and the projected numbers. Mr. Wranovix said that it is just a projection based upon his best guess given present economic times, which include the extremely low interest rate environment and the fact that the majority of the down payment assistance ("DPA") for borrowers has been in the form of grants versus second mortgages. He said that the DPA in the form of grants does not require the Authority to advance funds, the Authority just earns premiums versus DPA in the form of second mortgages where the Authority presently advances approximately \$7,500 per loan. It was then noted that the Expense line item for the OAHOP Program is titled TBA Program Expense and it was agreed that the Expense line item should be amended to be the same as the OAHOP Program. Thereafter, on motion duly made by

Mr. Villalobos and seconded by Mr. Frohme, the members unanimously agreed to accept and approve the proposed Budget as revised.

At the conclusion of the discussion of the above matter, Ms. Yates and Mr. Burnett said that they would like for the members of the Authority to consider an adjustment to how the Authority treats its second mortgage accounts receivables (“Accounts Receivables”) in its financial statements. More specifically, the Authority presently writes off its Accounts Receivables down to zero each year. However, the Authority has at least a seven year history of receiving a portion of its Accounts Receivables each year. Accordingly, they said that they were concerned that the Authority was possibly not properly reflecting them in the Authority’s financial statements. They said that the Authority had originally determined that the Accounts Receivables should be written off each year because there was concern as to whether or not any of them would be collectable. They said that this has been discussed with the Authority’s auditors over a period of years and, given the Authority’s history of receiving a substantial sum of money each year, it is possibly time to make an adjustment to the Authority’s treatment of its Accounts Receivables. A rather lengthy discussion then took place at the conclusion of which, Mr. Frohme agreed to review the matter and to make a recommendation to the Authority as to how the Authority should treat its Accounts Receivables in its financial statements in the future.

The Chairman next addressed the necessity of the Authority considering Item XI on the Authority’s Agenda, i.e., consider and discuss bills and invoices submitted to the Authority for approval and payment. The Chairman then recognized Ms. Yates. Ms. Yates said that since the Authority did not meet in April, May or June she would like for the members of the Authority to approve the payments made in those months plus the bills and invoices that were submitted in July for approval and payment, all as set forth below:

April 2020

Ck # 1649 Philip L. Burnett, P.A. Retainer/Fees/Admin	\$ 9,145.35
Ck # 1650 CliftonLarsonAllen (“CLA”)	\$11,812.50

May 2020

Ck # 1651 Philip L. Burnett, P.A. Retainer/Fees/Admin	\$ 8,036.56
Ck # 1652 Florida ALHFA	\$ 5,000.00
Ck # 1653 Papryus	\$ 19.99
Ck # 2519 HFA transfer from Savings to Checking	\$50,000.00

June 2020

Ck # 1654 Philip L. Burnett, P.A. Retainer/Fees/Admin	\$ 8,334.26
Ck # 1655 Markham Norton	\$ 2,650.00

July 2020

Ck # 1656 Philip L. Burnett, P.A. Retainer/Fees/Admin	\$ 8,334.26
Ck # 1657 Hilltop	\$ 3,750.00
Ck # 1658 Markham Norton	\$ 4,050.00

Mr. Frohme asked if the payment to CLA was the final payment for their audit of the Authority's Financial Statements for its fiscal year ended 9/30/19? Further, he asked if the full amount paid to CLA was as represented in their engagement letter. Ms. Yates responded yes to both questions. Immediately thereafter, on motion duly made by Mr. Frohme and seconded by Mr. Ferguson, the members of the Authority approved the payment of the Authority's expenses for April, May and June as well as the invoices for July of 2020.

The Chairman next suggested that the Authority consider Item XII on its Agenda, i.e., such other matters as may come before the meeting. There being none, the Chairman then asked when the Authority needed to have another meeting? Mr. Burnett said that the only matter that he was aware of that might necessitate an Authority meeting in August would be to consider an Application for bond financing from East Pointe Phase II, LLC if they timely file one in time for the Authority to consider it in August. The members then agreed that a meeting of the Authority be tentatively set for August 20, 2020, at 4:00 P.M. at Mr. Burnett's office.

The Chairman then asked if anyone had anything further to bring before the Authority. There being no further business to come before the Authority, on motion duly made by Ms. Yates and seconded by Mr. Villalobos, the meeting was adjourned at 5:04 p.m.

Respectfully submitted,


E. Walter Barletta, Chairman


Kirk Frohme, Secretary

Approved at the 10/22/20,
Meeting of the Housing Finance
Authority of Lee County, Florida