

# **HOUSING FINANCE AUTHORITY OF LEE COUNTY, FLORIDA**

## **MINUTES OF REGULAR MEETING**

**October 22, 2020**

**4:00 p.m.**

On Thursday, October 22, 2020, at 4:00 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, Kirk Frohme and Walter Ferguson were present at the meeting. Michael Villalobos appeared by phone. Also appearing by phone were Tim Wranovix and Misty Dalke with Raymond James and Associates, Inc. ("Raymond James"), the Authority's managing underwriter, Tim Nelson 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, 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. Frohme, the members of the Authority unanimously approved the minutes of the Authority's July 15, 2020, regular meeting.

The Chairman next suggested that the Authority consider Item V on its Agenda, i.e., consider, discuss and vote on the issuance of Housing Finance Authority of Lee County, Florida, as Issuer of its Multi-Family Mortgage Revenue Bonds, Series 2021, in the aggregate principal amount of \$17,369,000 in connection with the application filed by Crossings Cape Coral Preservation, Ltd. ("Crossings Preservation") for its acquisition, rehabilitation, and equipping of a 168 unit residential rental Project located at 1150 Hancock Creek South Boulevard, Cape Coral, Florida. The Chairman recognized Mr. Burnett. Mr. Burnett said that the Authority's Professional Staff had reviewed the Application filed by Crossings Preservation and written to them concerning certain matters in their Application. He said that they had responded to the Authority's Professional Staff's letters, copies of said responses were provided to each of the members. He said that the letters deal basically with the type of financial statements that they provided or need to provide, their request to submit a market study during the credit underwriting as opposed to the initial application and their failure to

respond to a request for information concerning the Applicants, their Parents, Owners, or Principals regarding any criminal, civil, tax liens, or bankruptcy proceedings. He said that other than the last item dealing with the requested information on the Applicants, their Parents, etc., which the Applicant responded to, the other issues were matters that the members of the Authority would have to decide. Mr. Burnett said that he felt that the biggest issue that the members needed to address was the type of financial statements that the Authority would accept as he thought that, given that the Crossings Preservation is acquiring an existing residential facility, it would be okay for them to provide the market study during the credit underwriting. With respect to the types of financial statements that the Authority finds as acceptable, there are the financial statements of the principals, etc. and the Authority's requirement that the Applicant submit three years of audited financial statements. The financial statements that were submitted for the individual were very basic unsigned Statements of Financial Condition. In lieu of three (3) years of audited financial statements, the Applicant submitted Combined Financial Statements (With Supplemental Information) and Independent Accountant's Compilation Report as of June 30, 2020 from "Tidwell Group, LLC". The Chairman recognized Mr. Frohme. Mr. Frohme said that the financial statements that were filed with the Authority were grossly inadequate. A discussion then took place as to whether or not the Authority should accept the financial statements that were filed. Mr. Frohme then asked if the Authority's acceptance of these financial statements will bind the Authority as to the type of financial statements that it requires in future transactions. The Chairman recognized Mr. Wranovix and Mr. Nelson. They both agreed that the acceptance of the financial statements presented would not be precedent setting. Further, they said that the credit underwriter on this transaction would delve into the developer's financial statements to make sure that there aren't any problems. Last, they both said that their firms have had prior dealings with the Applicant's principals and that they are comfortable with the developer. The Chairman then asked if the credit underwriting in this transaction will be part of a public record. Mr. Burnett said that, given that the Authority is a quasi-public entity, any documents submitted in connection with the financing will become part of the public records of the Authority. Mr. Burnett said that, in anticipation of the Authority possibly approving the Application, he had prepared a proposed Resolution No. 20-03, dated October 22, 2020 for the Authority's consideration. He said that it is an Inducement Resolution and Memorandum of Agreement and, if the Authority approves the Application, the Chairman and Secretary should sign it so that the process can proceed so as to enable the Authority to ultimately apply for tax exempt volume cap allocation from the Division of Bond Finance. Immediately thereafter, on motion duly made by Mr. Frohme and seconded by Ms. Yates, the members of the Authority unanimously approved the Application and Resolution 20-03 and authorized the Chairman and Secretary to execute it on behalf of the Authority and instructed Mr. Burnett to submit it to the Applicant for its execution.

The Chairman next suggested that the Authority consider Item VI on its Agenda, i.e., consider, discuss and vote on the issuance of Housing Finance Authority of Lee County, Florida, as Issuer of its Multi-Family Mortgage Revenue Bonds, Series 2021, in the aggregate principal amount of \$10,065,000 in connection with the application filed by Fort Myers Redevelopment, LLC ("FM Redevelopment") for its acquisition, construction, and equipping of a 125 unit residential rental Project located at 3611 and 3612 Cleveland Avenue, Fort Myers, Lee County, Florida and for the Authority's issuance of a letter to FM Redevelopment for its use, if necessary, in meeting the

requirements for its possible application to the Florida Housing Finance Corporation for financing. The Chairman recognized Mr. Burnett. Mr. Burnett said that FM Redevelopment had filed a Short Form Application (the "Application") with the Authority for bond financing. He said that he and the Authority's Professional Staff had reviewed the Application and that there appear to only be two major issues with the proposed Project. First, there are apparently some environmental issues that need to be dealt with on the subject property before the Project can go forward. He said, however, that the seller of the property on which the Project is to be built is apparently responsible for remediation of the problem before closing. Next, he said that FM Redevelopment doesn't have control of the site as of yet, they only have a Letter of Intent with the seller of the property. Mr. Burnett said that he had been advised by FM Redevelopment that they will hopefully be entering into a Purchase Contract soon, probably before November 10, 2020. Based upon the foregoing and the fact that this is only a Short Form Application, Mr. Burnett said that he and the Authority's Professional Staff recommend that the members of the Authority approve the Application and issue the letter requested by FM Redevelopment and that the Authority authorize Mr. Burnett to hold the requested letter in trust pending receipt of satisfactory proof of their control of the site, i.e., receipt of an executed Purchase Contract reflecting same. After a brief discussion, on motion duly made by Mr. Ferguson and seconded by Mr. Frohme, the members of the Authority unanimously approved the Application and the Authority's issuance of the requested letter with instructions for Mr. Burnett to hold the letter in trust pending timely receipt of FM Redevelopment's Purchase Contract with the seller of the subject property.

The Chairman next suggested that the Authority consider Item VII 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 the Authority had earned \$50,000 in fees in October of 2020 and that it made loans and grants in the amount of \$10 million in the same time period using 17 different lenders. The Chairman then recognized Ms. Denihan. She said that many lenders are originating loans but that the sale of homes is slowing down, which is typical. Mr. Wranovix said that he was working well with Ms. Denihan and eHousing to get lenders involved with the Authority's Program. The Chairman recognized Ms. Miranda. She said that she wanted to point out that the Authority's MCC Program has seen a substantial increase in activity.

The Chairman next suggested that the Authority consider Item VIII on its Agenda, i.e., consider, discuss and vote on a possible amendment of the Authority's Budget for its FYE 9/30/21 with respect to the Sadowski Educational Effort ("SEE") Contribution and any other necessary revisions. The Chairman recognized Ms. Yates. Ms. Yates said that this matter had been put on the Authority's Agenda because, when the Authority's Budget for its FYE 9/30/21 was approved the Authority budgeted \$15,000 for its SEE Contribution based on what the Authority had contributed last year. She said, however, that Florida ALHFA had requested a contribution of \$20,000, the amount that the Authority had contributed in the year prior to its SEE Contribution last year. On motion duly made by Mr. Frohme and seconded by Mr. Ferguson, the members of the Authority unanimously approved the amendment of the Authority's Budget for its FYE 9/30/21 increasing the line item for the Authority's SEE Contribution from \$15,000 to \$20,000.

The Chairman next suggested that the Authority consider Item IX on its Agenda, i.e., consider, discuss and vote on the proposed Engagement Letter submitted by CliftonLarsonAllen (“CLA”) for the audit and examination services to be rendered by them in connection with their audit of the Authority’s Financial Statements for its fiscal year ended September 30, 2020 (the “Authority’s Statements”). The Chairman then recognized Mr. Burnett. Mr. Burnett said that he had reviewed the proposed Engagement Letter and that he had made suggested changes to it dealing with possible interest due on statements that the Authority may fail to timely pay and with possible attorney’s fees due to CLA. He said that CLA had agreed with the suggested changes and that the Engagement Letter that has been presented to the Authority for approval reflects the changes. He said that the fees that CLA is requesting is the same as they were last year. Immediately thereafter, on motion duly made by Mr. Frohme and seconded by Mr. Villalobos, the members of the Authority unanimously approved CLA’s proposed Engagement Letter and authorized the Chairman and the Treasurer to execute it on behalf of the Authority.

The Chairman next addressed the necessity of the Authority considering Item X 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 August or September 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 October for approval and payment, all as set forth below:

August 2020

|   |             |
|---|-------------|
| Ck # 1659 Philip L. Burnett, P.A. Retainer/Fees/Admin | \$ 8,829.87 |
|---|-------------|

September 2020

|   |              |
|---|--------------|
| Ck # 1660 Papryus                                     | \$ 65.97     |
| Ck # 1661 Philip L. Burnett, P.A. Retainer/Fees/Admin | \$ 8,543.42  |
| Ck # 1662 Nabors Giblin                               | \$ 3,750.00  |
| Ck # 2520 HFA transfer from Savings to Checking       | \$100,000.00 |

October 2020

|   |             |
|---|-------------|
| Ck # 1663 Hilltop Securities                          | \$ 3,750.00 |
| Ck # 1664 FL ALHFA MMB                                | \$ 1,000.00 |
| Ck # 1665 Philip L. Burnett, P.A. Retainer/Fees/Admin | \$ 8,927.15 |
| Ck # 1666 Markham Norton                              | \$ 4,050.00 |
| Ck # 1667 Sadowski                                    | \$20,000.00 |


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 August, September as well as the invoices for October of 2020.

The Chairman next suggested that the Authority consider Item XI 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 before setting the date for the Authority's next meeting he wanted to bring to the attention of the members that East Pointe Phase II, LLC had not filed an amended Application yet so it isn't ripe for any action. Further, he said that he had been contacted by a representative from Pondella Preserve, LLC who said that they were going to be filing another Short Form Application with the Authority. He said that they would be requesting that the Authority again approve the Application and that the Authority issue a letter to it to be used by them in their filing for SAIL funding with the FHFC. Mr. Burnett said that as to the Authority's next meeting the Authority should probably consider having a meeting in November to approve the minutes of a Tax Equity Fiscal Responsibility Act hearing on the proposed financing for Crossings Preservation in Cape Coral so that we can submit the matter to the Lee County Board of County Commissioners this year. The members then agreed that a meeting of the Authority be tentatively set for November 12, 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. Frohme, the meeting was adjourned at 4:54 p.m.

Respectfully submitted,

  
E. Walter Barletta, Chairman

  
Michael Villalobos, Assistant Secretary

Approved at the 11-12-20,  
Meeting of the Housing Finance  
Authority of Lee County, Florida