

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

## **MINUTES OF REGULAR MEETING**

**March 17, 2022**

**4:03 p.m.**

On Thursday, March 17, 2022, at 4:03 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 and Kirk Frohme were present at the commencement of the meeting. Walter Ferguson, and Michael Villalobos had excused absences. Also appearing by phone were Tim Wranovix with Raymond James and Associates, Inc. ("Raymond James"), the Authority's managing underwriter, Tim Nelson, Claire Merritt, and Megan Rahmes with Hilltop Securities, Inc. ("Hilltop Securities"), the Authority's Financial Advisor, Alex Fischer, Esquire with Nabors, Giblin & Nickerson, P.A., the Authority's Bond Counsel, Helen Feinberg and Cameron Hill with RBC Capital Markets ("RBC"), a co-managing underwriter, Paloma Miranda with Housing and Development Services, Inc. d/b/a eHousingPlus ("eHousing") and Chris Kessler, CPA with CliftonLarsonAllen ("CLA"), the auditor of the Authority's Financial Statements.

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 Ms. Yates and seconded by Mr. Frohme, the members of the Authority unanimously approved the minutes of the Authority's February 17, 2022, regular meeting.

The Chairman next suggested that the Authority consider Item V on its Agenda, i.e., consider, discuss and approve the Authority's audited financials for its fiscal year ended September 30, 2021. The Chairman then recognized Mr. Burnett. Mr. Burnett said that he had forwarded the members for their review copies of a draft of a proposed audit of the Authority's financial statements for its fiscal year ended September 30, 2021 ("Authority's Audited Financial Statements"), along with a proposed Management Representation Letter ("MRL") to be executed by the Chairman and Treasurer on behalf of the Authority and submitted to CLA so as to enable them to conclude their audit of the Authority's Audited Financial Statements. Mr. Burnett said that Mr. Frohme had raised some questions that were responded to by CLA. The Chairman then recognized Mr. Kessler. Mr. Kessler briefly summarized the results of their audit of the Authority's Audited Financial Statements. He said that CLA's draft of the Authority's Audited

Financial Statements is just a preliminary version of them as the final version of them is still under final review. He said, however, that the draft that the members have in their hands is substantially final. Mr. Kessler said that, in its audit, CLA had made one "Finding", which is noted on page 22 of the draft of the Authority's Audited Financial Statements. He said that it relates to the calculation of uncollectible Second Mortgages in the Authority's OAHOP Program. He said that it was a \$127,000 mistake, due to a mathematical error that they caught in the audit procedure. He said, however, given that it is material, CLA is required to report it as it was an error in internal controls. Mr. Kessler said that the Authority's response to the "Finding" is that "The Authority's public accounting firm in charge of the bookkeeping will conduct manager and partner review of all workpapers, calculations and other supporting documentation in preparation of each quarterly compilation of the Authority, as well as the year-end financial statements provided to the auditors." Mr. Frohme asked if this type of "Finding" is something that the Florida Auditor General would identify as a major area of concern. He then asked if CLA would be comfortable in saying that it was a simple mistake, a clerical error. Mr. Kessler said that CLA could probably revise the language of the "Condition" of the "Finding." Ms. Yates asked if the dollar amount of the error is what makes it a material weakness? Mr. Kessler said yes. The Chairman asked Mr. Kessler if it was purely a clerical mistake. He said it was. Mr. Frohme then again asked if CLA could modify the language to say that it was a simple mistake, a clerical error. Mr. Kessler said that he would put himself on mute, draft revised language to be inserted under the "Condition" on page 22 of the Authority's Audited Financial Statements and email it back to Mr. Burnett for the members' review of a possible revision to the language in the "Condition" section on page 22. Immediately thereafter, the Chairman noted that this matter was temporarily tabled pending receipt and consideration of the revised proposed language to be prepared by and emailed back to Mr. Burnett.

The Chairman then suggested that the members consider Item VI on the Authority's 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 2022, in the aggregate principal amount of not to exceed of \$24,000,000 in connection with the proposed bond offering for financing the acquisition and rehabilitation of the 168-unit multifamily project known as Crossings at Cape Coral located at 1150 Hancock Creek South Boulevard, Cape Coral, FL 33909. The Chairman recognized Mr. Burnett. Mr. Burnett said that, as directed by the Authority at its last meeting, he and the other members of the Authority's Professional Staff had prepared and sent a letter to the Applicant describing the apparent deficiencies in the Application and requesting that Applicant file an Amended Application responding to the various deficiencies. He said, however, that the letter to the Applicant was not sent to the Applicant in sufficient time for the Applicant to respond. Mr. Burnett then suggested that this matter be tabled until such time as the Applicant responds appropriately. The members of the Authority agreed, and the matter was tabled.

The Chairman next suggested that the Authority consider Item VII 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 2022, in the aggregate principal amount of not to exceed of \$25,150,000 in connection with the proposed bond offering for financing the acquisition and rehabilitation of the 229-unit multifamily project known as Vista

Palms Apartments located at 10276 Stratford Creek Court, Lehigh Acres, FL 33936. The Chairman recognized Mr. Burnett. Mr. Burnett said that, as also requested by the Authority at its last meeting, he and the other members of the Authority's Professional Staff had prepared and sent a letter to the Applicant advising the Applicant that consideration of its application has been tabled. He said that the Applicant had been advised that any further consideration of its application will be deferred until the Authority receives communications from the FHFC that all of its issues, if any, have been resolved and that it will agree to subordinate the SAIL Loan and ELI Loan to the proposed financing. Mr. Burnett then said that he had received an email from Matthew Wallach, who is apparently an independent contractor who drafted the Applicant's application inquiring as to what the Applicant needs to do to move its application forward. Mr. Burnett said that he had advised Mr. Wallach that he thought that the letter sent to the Applicant stated what it needs to do to move the application and Project forward. Mr. Burnett then suggested that this matter be tabled until such time as the Applicant responds appropriately. The members of the Authority agreed, and the matter was tabled.

The Chairman next addressed the Authority's consideration of Item VIII on the Authority's Agenda, i.e., consider, discuss and vote on such agreements, resolutions, authorizations, funding, Interlocal Agreements, documents and related matters as are necessary for the Authority to proceed with or amend its Own a Home Opportunity Program ("OAHOP Program") with Raymond James & Associates, Inc. and such other actions as may be appropriate. The Chairman recognized Mr. Wranovix and asked him to bring the members of the Authority up to date as to how its OAHOP Program is going. Mr. Wranovix said that the Authority had a settlement today but that not much is moving in the Authority's OAHOP Program. He said things are slowing down primarily due to the low inventory of affordable homes for sale. Mr. Wranovix was asked if the Authority needed to advance any additional money to the OAHOP Program at this time and he said no.

The Chairman next suggested that the Authority address consideration of Item X on the Authority's Agenda before its consideration of Item IX. Item XI deals with the Authority's consideration and discussion of the Authority's prospective use of its tax-exempt volume cap allocation. The Chairman recognized Mr. Burnett. Mr. Burnett said that he, Mr. Mustian, Mr. Nelson, Mr. Wranovix, Ms. Miranda and Sue Denihan had all been working on various issues dealing with the Authority's use of its tax-exempt volume cap allocation. He said that one very important part is how much tax-exempt volume cap allocation of the Authority will be needed to provide for the anticipated demand for Mortgage Credit Certificates ("MCC") in the Authority's Mortgage Credit Certificate Program ("Authority's MCC Program") that the Authority anticipates adopting. Mr. Burnett said that David Brandt, the Executive Director of the Palm Beach County HFA, had contacted him to see if the Authority would be willing to allow and/or authorize the Palm Beach County HFA to participate in the Authority's MCC Program. Mr. Burnett said that he advised Mr. Brandt that his request is a decision that the Authority will have to make, particularly given that the Authority would be agreeing to use some of the Authority's and Region 8's tax-exempt volume cap allocation to be used outside of Region 8 if it should decide to let the Palm Beach County HFA participate in the Authority's MCC Program,. He then said that Mr. Nelson and Ms. Miranda have put in a lot of effort in assisting us in trying to determine how many

MCCs would be needed to meet the anticipated demand for them in the Authority's MCC Program, with and without the addition of the Palm Beach County HFA, and, further, how many dollars of tax-exempt volume cap would be necessary to convert to accomplish whatever the Authority decides its goals are. He then suggested that Mr. Nelson and Ms. Miranda address these issues for the benefit of the Authority. The Chairman first recognized Mr. Nelson. Mr. Nelson said that he recommends that the Authority use \$18 million to \$20 million of tax-exempt volume cap allocation to convert to MCCs for the Authority's MCC Program. He said that should be sufficient to cover the anticipated demand for MCCs in a new MCC Program. Mr. Nelson said that the Authority's present MCC Program uses a 50% credit range. However, to make more MCCs available using less tax-exempt volume cap, he suggests reducing the credit down to 20% to 35%. Ms. Miranda said that she agrees with Mr. Nelson's recommendations. She also said that some issuers issue MCC Programs in a smaller size and some over a shorter period of time, thereby reducing the amount of tax-exempt volume cap allocation that they need to use in any given year. Further, she said that numerous things can be done with the MCC Programs to meet whatever the Authority decides that it is trying to accomplish. Mr. Burnett asked if there would be any additional administrative fees and costs of issuing smaller MCC Programs over shorter periods of time. Ms. Miranda said that there would not be any additional administrative fees. The Chairman then suggested that this matter be tabled until such time as the Authority can get Mark Mustian, Esquire's input on it. Mr. Burnett then asked how much in dollar amount of MCC's were left on the table and not used in the Authority's prior MCC Programs. Ms. Miranda said that she could provide the numbers requested by Mr. Burnett but that it will take a little time. Thereafter, on motion duly made by Ms. Yates and seconded by Mr. Frohme, the members of the Authority unanimously agreed to table this matter until a later date when Mr. Mustian will be able to participate in discussions on this matter and Mr. Nelson and Ms. Miranda will be able to respond to some of the questions given that they will have additional time to review the records of the Authority's prior MCC Programs.

The Chairman then noted that Mr. Burnett's Office had just received an email from Mr. Kessler with the proposed revised language with respect to the "Finding" that Mr. Frohme had requested. Copies of the email were given to each member to review. After a brief discussion of the proposed revision to the "Finding" as drafted by Mr. Kessler, on a motion made by Mr. Frohme and seconded by Ms. Yates, the members of the Authority unanimously approved the draft of the Authority's Audited Financial Statements and Findings, as modified. The proposed Management Representation Letter ("MRL") from the Authority to CLA was then briefly discussed. Immediately thereafter, on motion duly made by Mr. Frohme and seconded by Ms. Yates the members unanimously approved the MRL and authorized the Chairman and the Secretary of the Authority to execute the MRL on behalf of the Authority.

The Chairman then suggest that the Authority address Item IX on the Authority's Agenda, i.e., consider, discuss and approve the proposed Engagement Letter ("EL") with Hilltop Securities ("Hilltop"). The Chairman recognized Mr. Burnett. Mr. Burnett said that, due to certain time constraints, he and Mr. Villalobos had not been able to respond to Hilltop's February 16, 2022, draft of Hilltop's proposed EL until recently. Therefore, he suggested that the Authority table consideration of the Hilltop's latest proposed EL until a later date to give them a reasonable

amount of time to review and respond to the comments set forth in the response to the proposed EL. A brief discussion then took place concerning Hilltop’s proposed EL and the comments in the letter response to it. Mr. Nelson asked if the comments in the letter responding to the proposed EL were just Mr. Villalobos’ response to it or if it is the response of all of the members of the Authority? He said that he wanted to know whether they should just negotiate with Mr. Villalobos or with the whole Authority. The Chairman said that the members of the Authority had previously delegated the responsibility to Mr. Villalobos to work with Mr. Burnett on the EL in trying to get answers to any questions that the members of the Authority have with respect to the proposed EL and to try resolve any open issues. The Chairman then said that, as a result, Hilltop will have to work with Mr. Villalobos and Mr. Burnett with respect to the Hilltop EL. Mr. Burnett then suggested that Mr. Nelson might be asking if the issues raised, and the questions asked were just those of Mr. Villalobos or if they are issues raised and questions asked by all of the members of the Authority so that they know if it is only Mr. Villalobos that has issues or questions or is it all of the members. The Chairman, Mr. Frohme and Ms. Yates then each stated that they want to know what specific services that Hilltop proposes to or is providing for the Authority and the proposed compensation for each such service. They said that they do not want generalities as to services that Hilltop might perform, if asked, they want specificity as to the services that are actually to be performed, not generalities. Further, they want to know what services Hilltop recommended that it perform for the Authority in the past, what services the Authority agreed for Hilltop to perform in the past and what services Hilltop agreed to and did perform in the past. They also said that they would like to see copies of information and documentation from Hilltop that evidence services rendered to or for the specific benefit of the Authority, particularly with respect to the Authority’s issuance of multifamily bonds in the past. Thereafter, on motion duly made by Mr. Frohme and seconded by Ms. Yates the members of the Authority unanimously agreed to table and defer consideration of Hilltop’s EL until the Authority’s May of 2022, meeting with the caveat that a draft EL response to the Authority’s letter from Mr. Villalobos and Mr. Burnett and the comments of the members of the Authority today be received by the Authority’s April 14, 2022, meeting.

The Chairman next addressed the Authority’s consideration of 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 she would like for the members of the Authority to approve the bills and invoices that were submitted for payment in March for approval and payment, all as set forth below:

March 2022

Ck # 1718 Walter Barletta- Advance for NALHFA	
Conf in New York	\$ 2,621.81
Ck # 1719 CliftonLarsonAllen-Audit	\$15,000.00
Ck # 1720 Philip L. Burnett, P.A. Retainer/Fees/Admin	\$ 9,030.45

Immediately thereafter, on motion duly made by Mr. Frohme and seconded by Ms. Yates, the members of the Authority approved the payment of the Authority’s bills and invoices for March

of 2022.

Ms. Yates then said that the Authority presently has approximately \$1,000,000 in its bank account with Edison National Bank and CDs in the approximate amount of \$250,000 in four separate banks plus over \$1,000,000 invested with the Florida League of Cities. She said that since the rate of return on those investments is so small, she wanted to bring it to the attention of everyone to see if anyone has any suggestions as to where the Authority might invest some of its surplus funds to get a better return. Mr. Wranovix said that, if the Authority's Investment Policy allows it, the Authority could consider investing some of its surplus funds in U.S. Treasury Obligations as the rates on them are moving up. Mr. Burnett said that he thinks that the Authority's Investment Policy allows the Authority to invest in U.S. Treasury Obligations. It was agreed that Mr. Wranovix and Mr. Nelson would explore such possible investments and report to the Authority at its April 14, 2022, meeting.

Next, the Chairman raised the issue of the Regional meeting that was tentatively scheduled for the second Thursday in April, i.e., the 14<sup>th</sup> or the second Thursday in May. Mr. Wranovix said that his office has polled the various parties and that April 14, 2022, at noon at the Hilton Garden Inn works best for the most people. He said that his office has reserved one of the luncheon meeting rooms at the Hilton Garden Inn at 12600 University Drive off of Summerlin in Fort Myers for the Regional meeting and that the regular Authority meeting would be held immediately thereafter. The members agreed that the Authority's May meeting will be held on May 19, 2022, at 4:00 P.M. at Mr. Burnett's office.

The Chairman next addressed Item XII on the Authority's Agenda, i.e., such other matters as may come before the meeting. The Chairman recognized Ms. Yates. Ms. Yates asked the members if they wanted her to purchase shirts for each of the members and counsel for the Florida ALHFA Educational Conference in Sarasota in July of 2022. The members then unanimously agreed that she should purchase shirts for said Conference. The Chairman then recognized Mr. Wranovix. Mr. Wranovix said that he had emailed a projection to Mr. Burnett and Mr. Nelson of the possible earnings that the Authority can expect to be generated from its OAHOP Program for use in connection with the Authority's preparation of its Budget for its fiscal year 10/1/2022 to 9/30/2023. Mr. Burnett said that he had received it and forwarded a copy of it to each of the members. Mr. Wranovix then said that he would work with Mr. Nelson, Ms. Miranda, Mark Mustian, Esq. and Mr. Burnett to address how to best use the Authority's tax-exempt volume cap allocation. The Chairman then recognized Mr. Burnett. Mr. Burnett said that he had been in contact with the developer of the Fort Myers Redevelopment, LLC and that they had advised him that they would be filing an Application for bond financing relatively soon so that everyone should be on the lookout for it. He then said that his wife had forwarded an article on the internet to him concerning the Chairman of the Lee County Board of County Commissioners ("BOCC") taking an interest in affordable housing in Lee County, that he had forwarded to members of the Authority. Further, he inquired as to whether or not the members of the Authority think that it would be a good idea for the Chairman to reach out to the Chairman of the BOCC to discuss affordable housing and see how the Authority might be able to coordinate with him and other parties to use the tools that the Authority has with respect to affordable housing. The Chairman

said that he had reviewed the article on the Chairman of the BOCC and that he thought that it would be a good idea for him to reach out to the Chairman of the BOCC and to try to set up a meeting with him, the Chairman of the Authority and Mr. Burnett to introduce the Authority, let him know what the Authority does and to see if the Authority's tools and services might be beneficial or assist in the providing of affordable housing in Lee County. The Chairman then said that he hopes that all of the members of the Authority and its Professional Staff will be in attendance at the meeting of HFAs and Counties in Region 8 and other HFAs and Counties participating in the Authority's Programs. He said that he will probably ask various parties to make reports of the various matters concerning the Authority's Programs and the upcoming Florida ALHFA Educational Conference in July in Sarasota.

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 5:13p.m.

Respectfully submitted,



E. Walter Barletta, Chairman



Kirk Frohme, Secretary

Approved at the 4-14-22,  
Meeting of the Housing Finance  
Authority of Lee County, Florida