

HOUSING FINANCE AUTHORITY OF LEE COUNTY, FLORIDA

MINUTES OF REGULAR MEETING

October 25, 2018

4:45 p.m.

On Thursday, October 25, 2018, at 4:45 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, Walter Ferguson, and Virginia Yates were present at the meeting and Thomas Birch arrived shortly after the meeting started. Michael Villalobos had an excused absence. Kirk Frohme was present in person. Also present in person were Jeff Staley, with New Vision Housing Foundation and Ashok Kumar with Creative Choice Group both on behalf of Vista Palms Apartments LP ("Vista Palms"). Appearing by phone were Tim Wranovix and Steve Smalling 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, Alex Fisher, 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, Scott Schuhle with U.S. Bank National Association ("U.S. Bank"), the Trustee on the majority of the Lee Authority's bond offerings, and John P. Grygiel, Esquire, with Zimmerman Kiser Sutcliffe, counsel for Vista Palms.

The Chairman then opened the floor for public comment. Other than Mr. Frohme, Mr. Staley and Mr. Kumar, there were no members of the public present. There was no public comment 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 Ms. Yates, the members of the Authority unanimously approved the minutes of the Authority's August 16, 2018, meeting.

The Chairman then suggested that the Authority address Item VII 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 2019, in the aggregate principal amount of not to exceed of \$12,480,000 in connection with the application of Vista Palms' 229 Unit Project known as Vista Palms Apartments located at 10276 Stratford Creek Court, Lehigh Acres, Lee County, Florida, 22.93 acres, more or less and to enter into an Inducement Resolution with said entity. The proceeds of such bonds may be used to finance the acquisition, construction, rehabilitation and equipping of said Project. The Chairman then recognized Mr.

Burnett. Mr. Burnett suggested that Mr. Staley briefly summarize the Project and what Vista Palms was requesting the funds for. Mr. Staley said that Vista Palms is proposing to acquire and remodel the 15-year old 229-unit apartment project, including new appliances, windows, painting, new roofs, etc. The Chairman asked Mr. Staley what he meant by new roofs. Mr. Staley said that they would be replacing the shingles and not necessarily the plywood on the roofs. Mr. Burnett then said that, although Vista Palms had submitted numerous amendments to its initial Application for funding, the members of the Authority's Professional Staff now feel comfortable in recommending that the Authority proceed with the inducement of the Project, particularly given that they now have a better understanding of the proposed development team structure, the fact that the Applicant has now submitted financial statements of the principals, and that a credit underwriter will be reviewing the proposed Project before the bonds are actually issued. Thereafter, on motion duly made by Mr. Ferguson and seconded by Ms. Yates, the members of the Authority unanimously agreed to move forward with the proposed financing and authorized the Chairman and Secretary to execute the proposed Inducement Resolution and Memorandum of Agreement on behalf of the Authority. The Chairman then asked about the timing of the proposed financing. Mr. Burnett said that the earliest that the proposed financing could start to proceed would be in December because that is when the possible tax exempt volume cap allocation from the Florida Housing Finance Corporation ("Florida Housing") will become available. He said that after that the proposed financing will require the Lee County Board of County Commissioners to approve a Tax Equity Fiscal Responsibility Act hearing, which the Authority must conduct, and a credit underwriting of the proposed financing must be completed. Mr. Kumor asked if the credit underwriting could proceed before the Authority receives the tax exempt volume cap allocation. Mr. Wranovix said that he thought that it could, assuming that the Applicant agrees to pay the cost of the credit underwriting. Mr. Kumor said that Florida Housing is already proceeding with Seltzer Management as their credit underwriter. Mr. Burnett suggested that the Authority also use Seltzer Management to keep the cost of the credit underwriting down.

The Chairman then suggested that the Authority address Item V on the Authority's Agenda, i.e., consider, discuss and vote on the request of Alden Torch Financial, the owner of Willow Creek Apartments, Phase II ("Willow Creek"), for the Authority to subordinate the Land Use Restriction Agreement ("LURA") that it entered into with Willow Creek in connection with the Authority's issuance of its Multifamily Housing Revenue Bonds (Willow Creek Apartments, Phase II) Series 2002, including, but not limited to the Authority's entering into that certain proposed agreement known as the "HUD Amendment to Restrictive Covenants" ("HUD Amendment") and such other and further documents as are necessary to allow Willow Creek to redeem, pay off, defease and discharge the aforementioned Bonds. The Chairman recognized Mr. Burnett. Mr. Burnett said that Willow Creek wants to pay off and defease the aforementioned Bonds but to do so with its new financing, it requires the Authority to subordinate its LURA to the lien, covenants, and enforcement of the Security Instrument issued or to be issued in connection with the financing from AGM Financial Services, Inc. by entering into that certain proposed HUD Amendment to Restrictive Covenants. Immediately thereafter, on motion duly made by Ms. Yates and seconded by Mr. Ferguson, the members of the Authority unanimously approved the proposed action and authorized the Chairman and Secretary to execute the HUD Amendment on behalf of the Authority.

The Chairman then suggested that the Authority address Item VI on the Authority's Agenda, i.e., consider, discuss and vote on the request of University Club Partners, Ltd. ("University Club"), for the Authority to subordinate the Land Use Restriction Agreement ("LURA") that it entered into in connection with the Authority's issuance of its Multifamily Housing Revenue Bonds (University Club Apartments) Series 2002A and Taxable Multifamily Housing Revenue Bonds, Series 2002B (University Club Apartments) (collectively the "Bonds"), including, but not limited to the Authority's entering into that certain agreement known as the "Amendment to Land Use Restriction Agreement (University Club Apartments Project)" or the possible termination of the LURA and such other and further documents as are necessary to allow University Club to redeem, pay off, defease and discharge the aforementioned Bonds. The Chairman recognized Mr. Burnett. Mr. Burnett said that the aforementioned Bonds have been redeemed in full and are no longer outstanding. As a result, he said that University Club wants the Authority to either subordinate or terminate its LURA. He said that University Club had originally requested that the Authority enter into an Amendment to Land Use Restriction Agreement ("Amendment to LURA"), which he and Mark Mustian, Esquire, the Authority's Bond Counsel have reviewed and approved. He said, however, that he and Mr. Mustian had been advised by University Club that the LURA should be terminated. But, due to the lateness in the request for the termination of the LURA and the fact that Seltzer Management needs to sign off on a possible termination, it could not be determined if the LURA should be terminated, particularly given the recent Hurricane Michael having hit the Panhandle of Florida, nor could a Termination Agreement be drafted and approved in time to present it to the Authority at this meeting. Mr. Burnett said that as a consequence he suggested that the Authority approve Amendment to LURA which will be held in trust pending Seltzer Management's determination of whether or not the LURA should be terminated. Assuming that Seltzer Management agrees that the LURA should be terminated and a Termination Agreement is prepared, it will be presented to the Authority for its consideration and execution at the Authority's next meeting and the Amendment to LURA will be destroyed. Further, if Seltzer Management determines that the LURA should not be terminated, the Amendment to LURA will be submitted to University Club for its execution. Mr. Burnett then asked Mr. Schuhle whether or not the above proposed action was acceptable to U.S. Bank, as Trustee of the above described Bonds and he said that it was. Thereafter, on motion duly made by Mr. Ferguson and seconded by Mr. Birch, the members of the Authority unanimously approved the proposed action and authorized the Chairman and Secretary to execute the Amendment to LURA on behalf of the Authority, with the understanding that it will be held in trust as described above pending Seltzer Management's determination as to whether or not the LURA should be terminated and the above procedure be followed.

The Chairman then suggested that the Authority address 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 (the "Program") with Raymond James, and such other actions as may be appropriate. The Chairman recognized Mr. Wranovix. Mr. Wranovix said that the Program seems to be shifting back toward more second mortgage loans and away from grants. He said that, as a result, the Authority is using a lot more money to fund its second mortgage loans. He said that the Authority presently has approximately \$330,000 in its Custody Account with

U.S. Bank for use in its Program and it owes U.S. Bank approximately \$100,000 to reimburse U.S. Bank for second mortgage loans that it has purchased from lenders in the Program leaving approximately \$230,000. Mr. Wranovix said that, based upon the above, he is requesting that the Authority authorize the expenditure of up to an additional \$500,000 from the Authority's earnings in the Program along with additional new funds as needed from the Authority to be able for the Authority to keep funding its second mortgage loans in its Program. Thereafter, on motion duly made by Ms. Yates and seconded by Mr. Birch, the members of the Authority unanimously authorized the Authority to expend up to an additional \$500,000 to fund second mortgage loans in its Program either from earnings in the Program or from new funds to be transferred from its accounts into the Authority's Custody Account with U.S. Bank. Mr. Wranovix then said that he was requesting that the Authority authorize the cash distribution of up to a cap of \$250,000 of additional funds from its accounts to its Custody Account with U.S. Bank as needed for the funding of future second mortgage loans in its Program. On motion duly made by Mr. Birch and seconded by Mr. Ferguson, the members of the Authority unanimously authorized the Authority's Treasurer to transfer up to a cap of \$250,000 as needed from its accounts to its Custody Account with U.S. Bank to fund future second mortgage loans in its Program.

The Chairman then suggested that the Authority address Item IX on the Authority's 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, 2018, and the related Assurance Information Exchange Portal Agreement ("AIEP Agreement"). The Chairman recognized Mr. Burnett. Mr. Burnett said that the proposed Engagement Letter is very similar to past Engagement Letters with CLA and that the projected fees for the audit are \$22,000, which was what the fees were last year. As a result, he recommended that the Authority approve and execute the proposed Engagement Letter with CLA. He concluded by saying that Ms. Yates and Markham Norton are working diligently to get the documents, financial statements, and other data to CLA to hopefully be able to timely complete the audit of the Authority's financial statements this year. Immediately thereafter, on motion duly made by Mr. Ferguson and seconded by Mr. Birch, the members of the Authority unanimously approved the proposed Engagement Letter and authorized the Chairman and Treasurer to execute it on behalf of the Authority. Mr. Burnett said that the next thing that he wanted to bring before the Authority was the proposed AIEP Agreement that CLA proposed that the Authority enter into with CLA for the electronic transfer of documents between CLA and the Authority. He said that he only had one major problem with the proposed AIEP Agreement. He said that it states that the AIEP Agreement was made and entered into in the State of Minnesota and that it is to be construed under the laws of the State of Minnesota. Mr. Burnett said that he had conveyed his objection to such provisions to Marty Redovan, CPA, the Principal of CLA who is responsible for CLA's audit of the Authority's financial statements, particularly when CLA and the Authority all know that any agreement with Authority will be made and entered into in Florida and not Minnesota. He said the he was advised by Mr. Redovan that CLA will not make any revisions to the AIEP Agreement. A rather lengthy discussion then took place concerning this matter. At the conclusion of the discussion, it was agreed that Mr. Burnett should advise CLA that the Authority is surprised by CLA's inflexible position with respect to the AIEP Agreement and that the Authority cannot and will not enter into an agreement that provides that the agreement is made and entered into in the State of

Minnesota and to be construed under the laws of the State of Minnesota, particularly given that all parties concerned know that everything is being transacted in Fort Myers, Florida. Mr. Burnett said that he would convey the Authority's position.

The Chairman next suggested that the Authority consider Item X on its Agenda, i.e., consider, discuss and vote on amending the Authority's 2018 Budget to include the expense for publication of the MCC Notice in each of the various participating counties. The Chairman recognized Mr. Burnett. Mr. Burnett said that the reason for this request is that Mr. Mustian asked the Authority to have the MCC Notice published in all of the counties participating in the Authority's MCC Program, which he said his office did in Lee County. He said, however, that when his office had sent the request to Don Hadsell with Sarasota County to publish in Sarasota County, his office was advised that the cost to publish it in Sarasota County was approximately \$1,450 and that they did not have the funds to do so. Mr. Burnett said that he again confirmed with Mr. Mustian that it was necessary to publish in all participating counties and, as a result, he thought that the Authority should be made aware of and approve the additional cost. Thereafter, on motion duly made by Mr. Birch and seconded by Mr. Ferguson, the members of the Authority unanimously agreed that the line item for the Authority's MCC Program should be increased by \$1,635.00 to cover the increased cost of publishing the MCC Notice in all the participating counties.

The Chairman next suggested that the Authority consider Item X on its Agenda, i.e., consider and discuss the bills and invoices submitted to the Authority for approval and payment. The Chairman recognized Ms. Yates. Ms. Yates said that she wanted the Authority to consider and discuss the bills and invoices submitted to the Authority for approval and payment for September and October. Ms. Yates said that the following bills and invoices, all of which were budgeted for, were submitted for approval and payment:

September Expenses:

#1559 Papryus	\$ 425.46
#1563 Markham Norton	\$ 4,050.00
#1564 P. L. Burnett, P.A. September Retainer/Fees/Admin	\$10,033.69
#1565 Walter Barletta Reimbursement for Authority's Contribution To NAMI for Phil Harloff's son	\$ 300.00

October Expenses:

#1566 P. L. Burnett, P.A. October Retainer/Fees/Admin	\$ 9,469.72
#1567 Hilltop Securities	\$ 3,750.00
#1568 Sadowski Donation	\$20,000.00
#1569 Florida Department of Economic Opportunity	\$ 175.00
#1570 Royal Palm Coast Realtors Assoc.	\$ 300.00
#1571 Florida ALHFA	\$ 1,000.00

Immediately thereafter, on motion duly made by Mr. Birch and seconded by Mr. Ferguson, the

members of the Authority approved the payment of all of the abovementioned bills. Next, Ms. Yates said that the Authority's CD with BBT was renewed on 9/27/18 and that its CD with Edison National Bank was renewed on 10/21/18. Last, she said that the audit preparation is on target to go to the Authority's auditors on November 1, 2018.

The Chairman next suggested that the Authority consider Item XI on its Agenda, i.e., such other matters as may come before the meeting. The Chairman recognized Mr. Burnett. Mr. Burnett said that he wanted to bring something to the attention of the Authority. He said that he had forgotten to mention that the Public Notice for the Vista Palms matter had stated that the amount of the proposed Bond Offering was \$10,480,000 of tax exempt bonds when in reality the actual amount of tax exempt volume cap allocation requested was \$12,480,000. He said that the reason for the difference is that the Applicant changed the amount requested after the notice was prepared. However, the Inducement Resolution and Memorandum of Agreement previously approved by the Authority provides for the larger amount, i.e., \$12,480,000. He said that he did not think that this created a problem as the matter was publicly noted and it was discussed in at this meeting. The Chairman and others noted that the amended Application that was sent to the members of the Authority also reflected the \$12,480,000 and all of the members agreed that it is not an issue. Mr. Burnett said that he also wanted to let the members know that he had been meeting with John Talmadge with the City of Fort Myers about various possible affordable multifamily projects as well as the Authority's OAHOP Program. Last, he said that he had been asked to speak at an Affordable Housing Conferenced in November to describe what the Authority does.

The Chairman next recognized Mr. Wranovix and Mr. Nelson. They said that they are still working on possibly collapsing three of the Authority's outstanding Single Family Bond Programs. They said that they thought that they were going to be able to induce the GIC providers to contribute some funds so that the Bond Offerings can be collapsed but they haven't been successful. They said that they will continue working on the matter and that they will bring the matter back before the Authority when they think that the Authority's Single Family Bond Programs are in a position to comply with the Authority's parameters for collapsing the Programs. Mr. Wranovix then asked if the Authority wanted his office to set up a Regional meeting for January of 2019. It was agreed that it would be a good thing to have a Regional meeting in January and Mr. Wranovix said that he would have his office attempt to set it up.

The next matter to come up was the Authority's next meeting. It was agreed that the Authority's next meeting would be tentatively be held on December 6, 2018, at 4:30 p.m. at Mr. Burnett's Office if one is needed and that, if a meeting is not needed, it can be cancelled.

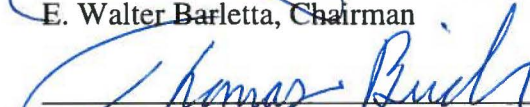
The Chairman next recognized Mr. Burnett. Mr. Burnett said that since Mr. Frohme had made the effort to attend the Authority's meeting that he would appreciate it if Mr. Frohme would briefly describe his background for the members. Mr. Frohme then proceeded to do so. He said that he had been a member of the Housing Finance Authority of Broward County, Florida from 2006 until he recently moved to Bonita Springs. He said that he is a CPA and that he was a partner with Coopers & Lybrand until he resigned to work full time for the Miami Dolphins organization and that he was self employed as a CPA from 1987 until his retirement. A discussion then took place as

to Mr. Birch's desire to resign from the Authority when an acceptable replacement could be found to replace him. Mr. Frohme said that he would like to be considered as Mr. Birch's replacement. The Chairman asked if the County appointed members of the Authority by jurisdiction and if Mr. Frohme would qualify if such is the case. Mr. Burnett said that it was his understanding that the appointments were no longer made by jurisdiction but that he would check with the Lee County Government and let everyone know. It was agreed that Mr. Frohme will continue to attend the Authority's meetings until it can be determined as to the County's policies on appointment of members.

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 Mr. Ferguson and seconded by Mr. Birch, the meeting was adjourned at 6:04 p.m.

Respectfully submitted,


E. Walter Barletta, Chairman


Thomas Birch, Secretary

Approved at the 12/6/18,
Meeting of the Housing Finance
Authority of Lee County, Florida