MINUTES OF THE MEETING OF
THE MEMBERS OF THE
OSCEOLA COUNTY HOUSING FINANCE AUTHORITY

May 7, 2024

The meeting of the Osceola County Housing Finance Authority was held at the Hart Memorial Library, Roseada Room, 211 E. Dakin Avenue, Kissimmee, Florida on the 7th day of May, 2024 at 1:00 p.m.

The following members were present:

Duane "Rocky" Owen, Chairman
Karen Giel, Vice Chair
Jacob Dorn, Assistant Secretary
Jorge Figueroa, Assistant Secretary

Also present were:

George S. Flint – GMS – CF, LLC
Jan Carpenter, Esq. - Latham, Luna, Eden & Beaudine, LLP
Jeanne Adams - Latham, Luna, Eden & Beaudine, LLP
Steve Auger – Falcon Trace Birdsong Housing (by phone)
Mike Watkins – Greenberg Traurig – Bond Counsel (by phone)
Justin Coles – Seltzer Management – Underwriter (by phone)
Helen Feinberg – RBC Capital Markets (by phone)

ITEM #1 **Call to Order**

Mr. Owen called the meeting to order at 1:00 PM. Four Board Members were physically present, constituting a quorum.

ITEM #2 **Public Comment Period**

Mr. Flint state as far as public comment, we have developer representative and Bond Counsel here, so we don't have any other members of the public, other than staff and Board members.

ITEM #3 **Approval of Minutes**

A. December 5, 2023 Board Meeting

Mr. Flint asked if there were any questions, corrections, or notations?

> On MOTION by Ms. Giel, seconded by Mr. Dorn, with all in favor, the minutes of the December 5, 2023 Board meeting were approved, as presented.

B. November 8, 2023 TEFRA Hearing – Falcon Trace II

Mr. Flint asked if there were any questions, corrections, or notations?

> On MOTION by Ms. Giel seconded by Mr. Dorn, with all in favor, the minutes of the November 8, 2023 TEFRA Hearing for Falcon Trace II were approved, as presented.

ITEM #4 Completion Bonds for Falcon Trace II

A. Consideration of Credit Underwriting Report ("CUR") for Osceola HFA

i. For information only: Credit Underwriting Report ("CUR") for Florida Housing Finance Corporation

Ms. Carpenter stated this is the main purpose for the meeting. Falcon Trace II, as you know, in 2022 we closed on 55 million in bonds funded through Bank of America during the construction process. Construction costs raised exponentially. And if you recall, for Heritage Crossings, we did the same thing, basically adding completion bonds, which is a small series of bonds to allow the developer to meet the 50% test required to the tax-exempt bond code. So the borrower, Steve Auger, is on the phone on behalf of Falcon Trace and Birdsong partners. The approval was up to $7 million but they requested a $5 million completion bond to be issued by the HFA. Again, it'll be funded through a loan from BOA who had approved up to $7 million if it was needed. The Underwriting Report is included, which shows that that $7 million increase makes sense, and it works with the construction costs and with the other approvals.

Mr. Dorn requested to see the full report as opposed to the summary letter that was provided.

Ms. Carpenter asked Mr. Justin Coles, on the phone, to go through the report and give some of the highlights to the Board members.

Mr. Coles stated the main increases to the construction costs is due to the change orders required from all the extra site work they had to do. The changes in sources, mainly only going to be an increase to the construction place mortgage, they went up about $2.8 million and then the Osceola County loan went up $7 million. Besides that, there weren't any other changes in the sources, and the property is still meeting Debt Service coverage requirement as well as the 50% coverage.

Ms. Carpenter stated basically this increase is just during the construction period, so the Debt Service coverage isn't going to be impacted, because that's part of the permanent period calculations.

Mr. Coles stated that is correct.

Mr. Figueroa joined the meeting at this time.

Ms. Carpenter stated BOA are stringent lenders, and they approved up to $7 million. We also attached, just for information, a copy of Florida Housing's underwriting letter update. And the reason we included that is because there is a subordinate loan, that Florida Housing has a subordinate sale loan, and I think ELI loan, and that those loans have to be also reapproved by Florida Housing with the higher first loan amount ahead of them. This is the report that will go to the Florida Housing board this Friday. Our approval is conditioned on Florida Housing's approval on Friday, but it's going in with this recommendation that it be approved, so we don't foresee any problem there.

Mr. Dorn stated I object to the idea that the developer is getting part of their deferred development fee out of the increase, they're getting over $2 million out of this $5 million increase that we're approving.

Ms. Carpenter responded all the developer fee payments are restricted by the Florida Housing rules which this board adopts, so they are held to a certain level that's underwritten, so they can only receive the amount that's approved by State regulation.

Mr. Dorn asked where is the project construction wise? What is the status?

Mr. Auger stated it's a good question about the developer fee, and just as a matter of fact, it's in the County's commitment of additional County loan funds that at least half the developer fee has to be deferred. So if developer is hitting all eight cylinders, they're getting their full developer fee plus 90% of cash flow. When the fee is deferred, that deferred portion replaces the cash flow. If you think about it as, you're not getting that full fee, and because of the construction cost increase, half of that fee has to be deferred. The fee is being capped by the County. In terms of where the construction is at, these are pictures taken at the site on the 29th. There are 16 residential buildings and the clubhouse and the clubhouse is about done. We've got six of the first eight slabs poured and vertical topped off on a couple of those. We had anticipated originally placing the first group of buildings in service in September. We're probably looking more like October/November, with that first group of buildings. So we're a couple of months behind between the rain and the site work issues.

> On MOTION by Ms. Giel, seconded by Mr. Owen, with Ms. Giel, Mr. Owen and Mr. Figueroa in favor and Mr. Dorn opposed, the Credit Underwriting report ("CUR") for Osceola HFA, was approved. Motion Passed 3-1.

B. Consideration of Bond Delegation Resolution 2024-01 & Exhibits

Ms. Carpenter stated the next thing on the agenda is the bond delegation, resolution 2024-01 with the exhibits, and we have Mike Watkins, who's our Bond Counsel from Greenberg Traurig, and Mike, would you like to go through that?

Mr. Watkins stated it is the approval for the additional $5 million. It is your standard bond approval resolution with the exhibits.

Ms. Carpenter stated if you want more detail, it goes line by line through all the requirements of State law. The bonds we're authorized to issue up to $5 million of the First Amendment to the Trust Indenture with the Trustee. First Amendment to the Loan Agreement that the transaction costs are all being bought by the borrower. We have a First Amendment to Land Use Restriction Agreement to assure it's all affordable. A Supplemental Promissory Note for the $5 million. An Arbitrage Rebate Agreement, which was required by the tax code to make sure if there are more earnings on the money than the tax-exempt rate, that money goes back to the IRS. A Global Modification and Amendment so the other documents that we have a closing guarantees, and all are modified to include the extra $5 million bond issue. It's a private placement that the Trustee will continue to be US Bank, that the rebate analyst will be in place and do what they have to do to for arbitrage, and then it delegates authority to the Chairman, Vice Chair, or other Board member to sign the required documents for closing. Attached to that are the amendments. As Mike said, there's an Amendment to the Trust Indenture, the Loan Agreement, Land Use Restriction Agreement and the Arbitrage Rebate, as well as a Global Modification. It's the type of resolution you've signed on all the other transactions.

> On MOTION by Mr. Figueroa, seconded by Ms. Giel, with all in favor, the Bond Delegation Resolution 2024-01 & Exhibits, was approved.

ITEM #5 **Buen Vecino Apartments – Request to Change Borrower Entity from an LLC to a Limited Partnership to Conform to HUD Requirements**

Ms. Carpenter stated the next thing is Buen Vecino apartments is in underwriting now, they are getting their financing through HUD, which takes quite a while, months and months and months. And HUD has requested that they switch from an LLC to a Limited Partnership. Most of the deals we see now are LLCs, but HUD wants a Limited Partnership under the HUD 202 program, which is the program where they're requesting the financing. It really doesn't make any difference to the HFA what entity form they have. So if HUD still wants partnerships, which we don't see as many, we are totally fine with that, so we would recommend approving that change.

Mr. Dorn stated I have a conflict because I have an affiliation with the borrower entity.

Mr. Flint provided Mr. Dorn with the Form 8B.

On MOTION by Mr. Figueroa, seconded by Ms. Giel, with all in favor, Buen Vecino Apartments – Request to Change Borrower Entity from an LLC to a Limited Partnership to Conform to HUD Requirements, was approved 3-0 with Mr. Dorn abstaining.

ITEM #6 **Ratification of Disbursements #144 - #145; Consideration of Disbursements #146 - #147**

Mr. Flint stated item six is ratification of disbursements #144 and #145 and then consideration of #146 and #147 are there any questions on those?

On MOTION by Ms. Giel, seconded by Mr. Figueroa, with all in favor, Disbursements #144 - #145 were ratified and Disbursements #146 - #147 were approved.

ITEM #7 **Attorney's Report**

A. New Bond Allocation Pools for Housing Finance Authorities in Florida Beginning 1/1/2025 (2 Attachments)

Ms. Carpenter stated there's been quite a bit of talk and quite a lot of work in the legislature over changing the bond regions. We have been in the region with Orange County for years and years and years, and they're basically Statewide changes. There have been a whole bunch of different proposals along the way, but luckily, Osceola ended up in a Region 7, which would just be

Osceola and Seminole Counties, which is nice because then we won't be in the same region as Orange County, which tends to issue a lot more bonds. Whereas, Seminole rarely issues bonds, or if they do, they've been issued by other counties, because Seminole doesn't have an HFA at this point. They took some of the big counties, Duval, Orange, Palm Beach, and put them in their own regions, which is nice because it's been sort of squeezing the smaller issuers out of allocation. Although we had a good relationship with Orange County, it'll be nice not to have to kind of balance the allocation.

Brief discussion about other counties HFAs ensued.

B. Discussion of Issuing Bonds for Other Counties

Ms. Carpenter stated the next action would be to consider issuing for Seminole County. Would you want to issue for Seminole or just wait and see if they're going to do their own HFA? We don't issue bonds for them. We just compete for allocation to issue bonds. We don't have anything to do with their issues, we just have to compete with them. If they do three or four applications, we would just be in a lottery with our applications, where you can consensually say, Division of Bond Finance, we want to put these in this order until we run out of allocation.

Mr. Figueroa asked if we issue bonds it will help us?

Ms. Carpenter responded yes, if we issued bonds, we'd also get the fees for it, and at the same time it would help us trying to make sure the folks that came in first would be able to get bonds first, rather than the strict lottery, which is how the Division of Bond Finance handles it. They take all of the applications for each Region and it's a lottery of who gets the allocation first.

Mr. Owen stated probably a good idea as long as we increase out fee for an out of County project.

Ms. Carpenter stated I would look into it, but I don't see any reason why we couldn't do that.

> On MOTION by Ms. Giel, seconded by Mr. Figueroa, with all in favor, authorizing staff to draft an Interlocal Agreement, discuss with Seminole County how the projects would be ranked and an increased fee for out of County issuances, was approved.

ITEM #8 Other Business

A. Presentation of Occupancy Reports

Mr. Flint stated we have the occupancy reports here for your information.

Ms. Carpenter stated pretty much 97 - 99%.

B. Florida ALHFA 2024 Education Conference – July 10-13 Casa Monica Hotel – St. Augustine, Florida

Mr. Flint stated Stacie sent out the information about the Florida ALHFA Education Conference. We reimburse you after for your meals, mileage and hotel.

ITEM #9 Authority Member Requests/Comments

There being none,

ITEM #10 Adjournment

On MOTION by Mr. Owen, seconded by Mr. Figueroa, with all in favor, the meeting was adjourned.

Duane Owen, Chairman/Vice Chairman