

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

September 17, 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 17th day of September, 2024 at 1:00 p.m.

The following members were present:

Duane “Rocky” Owen, Chairman
Jorge Figueroa, Assistant Secretary
Jacob Dorn, 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
Mike Watkins – Greenberg Traurig
Francisco Rojo – Landmark *via telephone*
Hunter Clements – Landmark *via telephone*
James Riley – Lincoln Avenue

ITEM #1

Call to Order

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

ITEM #2

Public Comment Period

Mr. Flint stated as far as public comment, we don't have any members of the public, other than staff and Board members.

ITEM #3

Approval of Minutes

A. July 16, 2024 Board Meeting

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

On MOTION by Mr. Figueroa, seconded by Mr. Dorn, with all in favor, the minutes of the July 16, 2024 Board meeting were approved, as presented.

ITEM #4

Consideration of Applications for New Developments

A. San Jose Apartments – Seminole County

i. Approval of Resolution by and/or Interlocal Agreement with Seminole County for Osceola HFA to Issue Bonds for San Jose Apartments

Ms. Carpenter stated this is San Jose apartments, and this was an application filed by Lincoln. This apartment development is in Seminole County but it has a Winter Park address. It's in Casselberry. This would require an interlocal agreement between our HFA and Seminole County, because under Chapter 159 if we are going to operate outside of our area of operation, Seminole County would have to approve that. And we have a draft that we presented to you, so anything the Board approves will be subject to that interlocal agreement being signed by Seminole County. Seminole County staff has said they see no objection to it. They're still reviewing, as we talked about, an interlocal agreement to do kind of have a broad brush. We can do any deals in Seminole County, but they have not yet gotten that through staff. So this would be an interlocal just for this development. James, you're on from Lincoln. Could you give a quick introduction of your development and your proposed acquisition rehab so the Board can kind of hear from you a quick summary of your application?

Mr. Riley responded As mentioned, my name is James Riley. I'm a project partner to you with Lincoln Avenue, and today, before you, as was mentioned, is the San Jose apartments, a property was 121 affordable units in Winter Park, the restrictions vary between 50% AMI and 60% AMI units as part of our recent indication, our plan is to use tax exempt bonds as well as the 4% supply tech credits to maintain this affordability for another extended period. We'll be requesting a 25.5-million-dollar tax exempt bond award at the end of the year for the 2025 application cycle, and really as part of that rehab, we are looking to do a pretty large scale rehab at the property to ensure its long term durability and overall living conditions for the next 15 plus years. We plan to include things like new roofs, all new unit appliances, new unit cabinets, countertops and finishes throughout and throughout the site, doing upgrades to the community amenities LED lighting, full scale HVAC replacements, as well as just general site work repairs that are in need at the property, I guess I can pause there and happy to answer any further questions.

Mr. Dorn asked the package we have here says you're going to have a 30-year covenant on affordability and you just mentioned 15 years, can you clarify that?

Mr. Riley responded I apologize, the property will have an additional 30 years of affordability at minimum. When I was mentioning the 15 years, it was more in regards to the tax credit compliance period, not the extended use period. So just to confirm it will be affordable for 30 years, my comment on 15 just regards to tax credit compliance period.

Mr. Dorn stated I was curious if the units had fire sprinklers?

Mr. Riley responded off the top of my head, I don't believe they do, just given the age of the property, that's one thing that, as we get further into the design we have to look at. I'm not sure if it will be feasible here. We always obviously need to meet code and make sure that doing anything we can to help on the life safety side. So it's an item that we will be exploring.

Ms. Carpenter stated for the Board's benefit, I spoke with Jacob for good 30 minutes or more yesterday going through some questions he had on the applications, and that when they talk about recent indication, what that means is their original tax credit 30 years is wearing out, so it would no longer be affordable. This way they do an acquisition rehab and the IRS code explains how much has to be spent to qualify. You can't just paint. You have to actually do rehab assistance and capital improvements. And that's all regulated by the tax code for the bond issue and then the tax credit agreement he spoke of. There's a 15 year compliance period for the tax credit folks, and then the state puts another 15 years to get that 30 year extended use period for affordability and occupancy.

Mr. Dorn stated the occupancy is probably near 100% right now, and during the rehab period, some people will have to be inconvenienced and/or relocated. But I also noticed that some of the existing tenants are paying less than the maximum HUD allowed rents, and that's probably because their income was constrained in terms of paying rents. Are those people going to be given some accommodations to return or will they have to find alternatives housing if they can't meet the HUD maximum net rent?

Mr. Riley stated to address the first part there on relocation during construction. As part of the renovation here, we'll be doing some pretty extensive ADA upgrades just for the accessibility so those units will require that the tenants be relocated. What will happen there is that our management company as well as us will work with those tenants in those identified units, and we will be paying for accommodation, typically at an extended stay type place, so, you know, a hotel for them, which

is paid for by the partnership here, just while those significant upgrades are occurring in their unit, our goal is to always limit the amount of time that folks have to be displaced. And in regards to the rest of the property, all of those tenants will be able to remain in place. The work will be occurring between nine and five, and they'll be left each day with a unit that is suited for occupancy. So there should also be minimal folks that have to be relocated for the short term, but the cost of those accommodations are covered within our development budget. As for the folks that are under the average lease or under the maximum allowable rent, I can try and pull up what was submitted here. I will note though that there are a handful of 50% AMI restricted units. So it's possible that you might be looking at the 50% AMI units there, in which case those units will remain and those folks will not be displaced.

Ms. Carpenter added in the chart you sent us it's primarily the 50% units under the tax credit developments, it's rare to see 50% usually they're all at 60%. So this does reach out to a lower income group, and it's typical.

Mr. Owen asked how old is the property?

Mr. Dorn responded 50 years old.

Mr. Owen asked are you acquiring this?

Mr. Dorn responded if you read the sales contract, yes and no. Is he requiring it? Because the sales contract gets signed by the same party, the seller and the buyer. Now, are they the same limited partners? That's a good question to ask.

Ms. Carpenter added there will be different limited partners, because the new tax credit people will come in and they'll be the limited partner in the new entity.

Mr. Riley stated there's a currently in place, a 2203F HUD loan, and that will remain outstanding for about 31 years. The real benefits of that are that loan was originated back in 2020, and the interest rate is significantly lower than what we would otherwise be able to get from HUD. So right now, I believe the interest rate on that existing loan is at 2.85 so significantly below market. So we're going to keep that financing in place, then also being that we're doing a large scale rehab here to help finance that, HUD allows us to do what is called a 241A supplemental loan. And those are really intended for large scale rehabs like we're doing here. So we'll be getting the additional permanent debt from HUD as well, in the form of that 241A mortgage.

Mr. Dorn asked so is that a second lien on the property?

Mr. Riley responded technically it would be a second mortgage. The way it works for sizing purposes is that we'll still be subject to the same DSCR requirements that you all, as well as Florida housing have, if we weren't doing two different tranches of financing here. So for all intents and purposes, there's two HUD mortgages, but the new mortgage will be sized basically to not over leverage the property and be in compliance with the requirements that you all have.

Ms. Carpenter stated the first thing for the Board to consider is the interlocal agreement with Seminole County. This is very similar to the one we proposed to Seminole County for all their deals, just limiting it to one deal. Mike Watkins of Greenberg Traurig is here as bond counsel. He's gone through this and given his input to it. Seminole County is good with the idea, and the Osceola County Attorney yesterday gave his opinion that doesn't have to go before the Osceola County Commission, because the way the statute's written, it only has to go before the Board that's going to allow you to work in their jurisdiction. I know there's some discussion on that, but do I have a motion and second?

On MOTION by Mr. Dorn, seconded by Mr. Figueroa, with all in favor, the Resolution by and/or Interlocal Agreement with Seminole County for Osceola HFA to Issue Bonds for San Jose Apartments was approved subject to the Seminole County attorney agreeing to put it on the County Commission's agenda for informational purposes.

ii. Consideration of Inducement Resolution 2024-02

Ms. Carpenter stated the next item is consideration of the inducement resolution 2024-02 and Mike Watkins is here, our Bond Counsel.

Mr. Watkins stated this is sort of the first step in the financing process. The IRS regulations require that we make a declaration of official intent to issue the bonds. This allows the borrower to start keeping track of its costs and get reimbursed for costs from 60 days prior to this date going forward. So it's the first step in the process, and it authorizes to go ahead and have the temporary hearing and start moving forward. After we have the temporary hearing, we'll have to get allocation, and then before we're done, we'll be back before the Board for the authorizing resolution with all the documents and everything like that.

Ms. Carpenter stated procedurally, we'll work on getting that Interlocal first so we aren't expending funds until we know for sure Seminole County signs on. Then the next step would be the

TEFRA hearing, which is a public notice and that happens in Seminole County, and the town County Commission approves it.

On MOTION by Mr. Figueroa, seconded by Mr. Dorn, with all in favor, Inducement Resolution 2024-02 was approved.

i. Approval of TEFRA Hearing and Assignment of Credit Underwriter, Bond Underwriter and Bond Counsel

Ms. Carpenter stated the last item is approving, moving forward, hearing, signing. Credit Underwriter, Bond Writer and Bond Counsel. This HFA has used RBC as the Bond Underwriter and Greenberg Traurig as Bond Counsel, and the Credit Underwriter generally, has been Seltzer or one of the other approved Florida housing underwriters as they went through the bidding process with Florida housing Lincoln Avenue. Are you okay with Seltzer being the Underwriter for this? Or have you started with the state, with a different underwriter?

Mr. Riley responded we have not started with the State. And yes, we're okay with Seltzer being the Credit Underwriter.

On MOTION by Mr. Figueroa, seconded by Mr. Dorn, with all in favor, the TEFRA Hearing and Assignment of Seltzer as Credit Underwriter, RBC as the Bond Underwriter, and Greenberg Traurig as Bond Counsel, was approved.

B. Simpson Crossings Apartments – Osceola County

i. Consideration of Inducement Resolution 2024-03

Ms. Carpenter stated Next on the agenda is Simpson Crossings Apartments. This is in Osceola County, and this is Landmark Florida. They have two representatives on the phone. Hunter or Francisco, if you'd like to just give a quick overview of the development, and I appreciate Francisco you sending over the information about the easement and explaining that, because that was a question that came up yesterday access to the property.

Mr. Rojo stated This is Francisco Rojo with Landmark I'm here also with Hunter Clements. Simpson Crossings is a proposed 118 unit development and the intersection of Simpson Road in Bonaventure Boulevard. The property generally sits behind a shopping center, and the access to Simpson is, by way of an access easement to the shopping center property. So the development is new construction. It's going to be garden apartment type construction. We are currently seeking a couple of different financing options for the development the prior in July of this year, we submitted

an application to Florida housing for their 9% credits. And Florida housing has not issued yet invitations to credit underwriting. They have issued a preliminary list of applications that would be indicated to be selected for funding, and this property is on that list for 9% credits. But it's very customary that because of the Florida housing process, with regards to challenges from third parties and all those kinds of things, that developers like us, will be pursuing all their various options. So we are hopeful, and I want to be clear with regards to this, because we want to come before you all. We're spending time in Osceola County, and whether it's on this property or other developments, we want to be able to come before you all and have you all consider our developments as this one currently sits, there's a possibility that we will get the 9% credit. I don't know what Florida housing would issue those invitations for underwriting. That's our key event, and my guess is that might happen somewhere in the next 30 days or so. But separate from that, we wanted to submit an application to Florida housing for their second mortgage sale program, and for what would be a development that would be financed with tax exempt bonds and sale funds for Florida housing. And in that application, we're given the option to apply to the local housing fund. So we submitted an application to you all for the tax exempt bonds. This development would proceed with taxes and bond financing number one, if it was not selected for 9% credits. And number two, if our application to Florida housing for sale was successful, and that will also take some time to sort out, but we submitted the application to you all because if we wanted to pursue local bonds of the local HFA, we needed to submit the application to you all. That's a Florida housing requirement. It is not unusual for developments to pursue alternative sources of funding when there is new construction. At these early stages, it is in the City of Kissimmee. The City of Kissimmee is supportive of the development, and I am glad to take any questions.

Ms. Carpenter stated to get the allocation for 2025 we have to go through the process of doing the TEFRA credit underwriting, so they're starting the process now. Obviously, if they don't get the sale funding, they won't need the bonds. So we will go forward and do the TEFRA until those announcements from the State come back. If we don't get the preliminary process started now, we won't be able to request allocation, which has to have the TEFRA done, and go before the Board of County Commissioners all by year end. Bond Counsel can file those requests for allocation from the State. The IRS gets all the allocation to the State, and then the State issues it to the various regions. This is a preliminary application, but hopefully we want to take the first steps in having an inducement resolution. So as soon as the funding comes through, we certainly hope it comes

through with the sale and our HFA bonds, we're in a position to move forward. Otherwise, we won't move forward and just pull the application.

Mr. Rojo stated we have a timeline where we would sort of issue the bonds in March, April of 2026 I'm wondering what the best path is. Regarding Florida housing, all it would really require is that the inducement resolution has been passed. They don't require the bonds to be pulled in 2025 I would say the chances of an end of 2025 closing are not high, waiting for a first quarter of 2026 closing would not be a problem. Does that present the problem for you all in terms of requesting for the bond in 2025 for 2026?

Ms. Carpenter responded I don't think it'd be a problem putting off requesting until 2026 we would just go ahead and begin credit underwriting when you credit underwrite with Florida housing so they could be underwritten together. So really today, we are just looking at an inducement resolution to get the tax clock starting, and then hold off on the TEFRA, assign an underwriter to move forward, assuming it moves forward, and they wouldn't be held up and need another meeting.

On MOTION by Mr. Figueroa, seconded by Mr. Dorn, with all in favor, Inducement Resolution 2024-03, was approved.

- ii. **Timing and Fee Issue for TEFRA and Future Actions**
- iii. **Approval of TEFA Hearing and Assignment of Credit Underwriter, Bond Underwriter and Bond Counsel**

Ms. Carpenter stated we just need approval to do a TEFRA hearing, assigning a Credit Underwriter, Bond Underwriter, and Bond Counsel. And again, RBC has been the Bond Underwriter. Greenberg Traurig has been both approved through the State Request for Proposals (RFP) and then assigning an Underwriter. We generally use Seltzer unless somebody has started underwriting with Florida housing. Is that acceptable to you all?

Mr. Rojo responded yes.

On MOTION by Mr. Figueroa, seconded by Mr. Dorn, with all in favor, holding a TEFRA hearing in 2025, assigning Seltzer as the Credit Underwriter, subject to whether or not Florida housing assigns someone else, assigning RBC as the Bond Underwriter, assigning Greenberg Traurig as Bond Counsel and the Developer will pay the balance of the fee if bonds get approved, was approved.

ITEM #5

Ratification of Disbursements #150 - #151; Consideration of Disbursement #152

Mr. Flint stated item five is ratification of disbursements #150 and #151. #150 is legal fees, #151 was for the ALHFA conference, and #152 is for GMS.

On MOTION by Mr. Figueroa, seconded by Mr. Dorn, with all in favor, Disbursements #150 - #151 were ratified and Disbursement #152 was approved.

ITEM #6

Discussion of Sadowski Education Effort Contributions

Ms. Carpenter stated the Sadowski fund is funded with tax from Doc stamps, from recording of deeds, the legislature last year has been great in giving that money to affordable housing before they swept funds and use it for other budget items. This HFA has given \$10,000 in the past. Most HFAs have pledged \$20,000 and their request this year is for \$20,000 so we wanted to see if the Board wanted to stay at \$10,000 or increase it, because this is really the one legislative body that works for HFAs in the State.

On MOTION by Mr. Dorn, seconded by Mr. Figueroa, with all in favor, contributing \$15,000 to the Sadowski Education Effort, was approved.

ITEM #7

Attorney's Report

Ms. Carpenter stated obviously, we've been busy the last couple months with applications, and a number of developers have called asking about Osceola County. Those are the two applications that came through. We'll see how the year goes, Buen Vecino is in underwriting now, hopefully that will close this coming year proceeding, and we've had some questions from RBC about fees and going through the motions for them to get underwriting approved if some others are under construction. We'll keep you posted when those get open. The only other thing of interest that I know GMS is well aware of, the legislature passed in the criminal statutes, a blurb about human trafficking. Every government that enters into a contract with a private entity has to have an affidavit from that private entity that says they have not coerced anyone for purposes of human trafficking. It's an affidavit which is notarized. It's added another couple steps to closings, to agreements, to all kinds of things.

ITEM #9

Other Business

A. Presentation of Occupancy Reports

Ms. Carpenter stated I will reach out to Seltzer, and we can try to reach out to the state, and I know the head of their compliance has been unavailable for a bit, but we can talk to them as to if there's anything they can do to try to speed up getting the reports.

Mr. Dorn stated Osprey Park is 78%, what's going on there?

Ms. Carpenter but for low income they're 100% occupied, so they are meeting their low-income requirement. The empty ones are market rate units.

ITEM #10

Authority Member Requests/Comments

There being none,

ITEM #11

Adjournment

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



_____, Chairman/Vice Chairman