

**Daytona Beach Housing Authority**

**July 16, 2021 Board Meeting 10:05 a.m.**

- I. Call to Order** - Meeting was called to order at 10:05 a.m.
- II. Roll Call** - Commissioners Jass, Jamison, Brown-Crawford, Ivey, and Daniels were present for roll call.
- III. Invocation** - Invocation was led by Commissioner Ivey.
- IV. Recognition of Visitors**
  - A.** Dwayne Alexander, Jacksonville Housing Authority - briefly outlined his housing, development and RAD experience for discussion of potential interlocal agency agreement.
  - B.** HUD Field Office Director Larry Hayes and Tiffany Brown, PIH, Division Director
  - C.** FSS Graduate Willischia Bolden - A letter was read that Ms. Bolden wrote. Ms. Bolden then thanked the housing authority for support. She was then presented with a check.
  - D.** LEAD Center Graduates Nhyiah Wade, James Griggs Jr. - Tarneisha Thomas, the program manager for Learn to Earn and Development Center, presented the graduates, Nhyiah Wade and James Griggs, Jr., with their diplomas. The program is contracted with CareerSource of Volusia County and the Housing Authority.

V. **Public Comments** - No public comments.

VI. **Approval of Minutes**

A. **Special Board Meeting - June 17, 2021 - Commissioner**

**Present: (KD, HI, SJ, IJ)** - Commissioner Jamison made a motion to accept special board meeting minutes from June 17, 2021 as written. Commissioner Jass seconded the motion. Unanimously approved.

B. **Regular Board Meeting - June 18, 2021 - Commissioners**

**Present: All** - Commissioner Jass made a motion to approve the regular board meeting minutes from June 18, 2021. Commissioner Jamison seconded the motion. Unanimously approved.

C. **Special Board Meeting - June 25, 2021 - Commissioners**

**Present: KD, HI, SJ, KBC)** - Commissioner Brown-Crawford made a motion to approve the special board meeting minutes from June 25, 2021. Commissioner Jass seconded the motion. Unanimously approved.

D. **Special Board Meeting - July 1, 2021 - Commissioners**

**Present: All** - Commissioner Jass made a motion to approve the special board meeting minutes from July 1, 2021. Commissioner Jamison seconded the motion. Unanimously approved.

**VII. Approval of Agenda** - Commissioner Ivey made a motion to approve the agenda. Commissioner Jass seconded the motion. Unanimously approved.

**VIII. BGC Advantage** - Fannie Brown from BGC Advantage made a presentation to the board. Ms. Brown started her presentation with a report on The WM at the River. She stated the variances have been voted on and approved. The RAD conversion commitment should be completed before the end of July. The CHAP has been updated. Underwriting is in the final stages. Plan and cost review should be completed within the next few weeks. There will be a meeting to discuss it. The tax credit application is in third party underwriting and will be submitted to the state. All of the survey and elevation certificates are completed. The legal documents are in review. Permits are in process.

Ms. Brown discussed the second project, which is the Daytona RAD Family, which includes Caroline Village, Palmetto Park, Walnut Oak, new construction at Halifax, Northwood Village I, and Northwood Village II. The scope of work has been approved. Some units will get more, some will get less, but by the time the rehab process is completed, it will be like living in brand new units.

Ms. Brown stated that once the RCC has been received from HUD, the concept call will be requested. Once that is

completed, resident meetings will take place to update the residents and keep them involved. The financing plan will then be submitted to HUD. Due diligence has been started with the equity partner, which is Redstone. Lender is Citi Bank. Gibraltar Construction has been chosen as general contractor. Ms. Brown then took questions from the commissioners.

Commissioner Jass asked if the units will have washers and dryers. Ms. Brown stated that washers and dryers will be included.

Attorney Gilmore asked where Gibraltar Construction is located. Ms. Brown stated she wasn't sure and would get back to the commissioners.

Ms. Smith-Wells told Ms. Brown that the concept call for the Daytona RAD Family took place on the past Monday.

Commissioner Ivey asked about the second RAD. Chair Daniels stated that it wasn't on the agenda about whether or not things were moving forward. Attorney Gilmore stated that Attorney Marty Walsh will be on the call and can add some clarity to Commissioner Ivey's questions.

**IX. Consent Agenda (Matters included under the consent agenda are self-explanatory and are not expected to require review or discussion. Items will be enacted by one motion. If discussion is required by any member of the Board, then**

**that item will be removed from the consent agenda and considered separately.)** Commissioner Jamison made a motion to approve the consent agenda. Commissioner Jass seconded the motion. Unanimously approved.

- A. Resolution 2022-02 Emergency Housing Vouchers Waivers**  
*Recommendation: Interim Chief Executive Officer recommends approval.*

**X. Old Business**

- A. Status of SAC Application (Development Tracking) -**

Kara Lennard provided a monthly tracking sheet on where staff is on various development projects. There were no questions from commissioners.

- B. CEO Employment Services -** Ms. Smith-Wells stated that she is ready to move forward regarding working with the chosen vendor for the employment services to begin the search for a new CEO. She sent an email to the commissioners to pick dates and times to speak with the vendor about needs and desires for the new CEO. Ms. Smith-Wells would like to give the vendor three dates as options.

Commissioner Ivey asked if it needs to be done together as a board or individually. Attorney Gilmore stated that it's better to do it individually because otherwise, it would be considered a meeting. Also,

doing it individually works better so that the individual commissioners can speak on what they're looking for.

**C. Real Estate** - Ms. Smith-Wells stated that she and the director of development had a call with HUD to make them aware of what the housing authority had plans regarding the Mason and Nova property. She said there are some steps that the housing authority needs to take in order to purchase the property.

Attorney Gilmore stated that he spoke to HUD about the status of the lots, and it has to be on hold until HUD finishes their evaluation about how the lots were purchased and whether there's any type of DOT on the property.

Commissioner Brown-Crawford asked if the housing authority would use restricted funds if they did choose to move forward with the lot. Ms. Lennard stated she's not aware of any unrestricted funds to be spent on the property. She believes the intent is to use capital funds for the property purchase.

Commissioner Brown-Crawford asked if it would have to meet the Faircloth Housing Act. Ms. Lennard stated there would be a review.

Commissioner Ivey stated that he thought there were funds that were earmarked that needed to be spent by a certain time that needed to be put in the plan. He asked where the funds came from if they were restricted. Ms. Lennard stated that the funds were capital funds, not restricted funds.

Ms. Smith-Wells stated that HUD has to approve it. Mr. Gilmore stated that HUD must approve it before the board can go to the next step.

Mr. Gilmore stated that the offer that was made was not accepted, but a counteroffer was received. However, no further steps can be made until clarification is made from HUD about funding.

**D. Rose/Vernon Property & Vacant lots** - Chair Daniels stated this agenda item echoes the previous agenda item on real estate.

## **XI. New Business**

**A. Authorizing Resolutions - Reno & Cavanaugh PLLC and Greenberg Traurig LLP** - Attorney Marty Walsh stated that there has been significant progress on all fronts since the workshop. Jonathan Flugstad stated that there are three ongoing processes that feed off of each other. These include the due diligence that's required by all the parties, the Florida Housing

Finance Corporation approval process, and then HUD's RAD approval.

Mr. Flugstad stated that the board should have received the latest drafts of the transaction documents that are going to be signed by the housing authority or its affiliate. The board also would have received an annotated list of transaction documents, which provides a breakdown of the role that each document plays within the greater transaction and why it's important. A transaction status memorandum was sent, which provides an overview of the transaction and the pieces that are involved, different types of financing that's part of it, and provides a little bit of explanation on the items. It also highlights purchase option, right of first refusal.

Mr. Flugstad stated that as an exhibit to the memo are the latest financial projections that were received from the investor, Redstone. It was prepared as of the previous Friday afternoon. There have been some slight changes to the projections. There are also resolutions attached, which there were some changes made to the resolutions.

With respect to the purchase price under the right of first refusal under the agreement, there is going to



be an amount that would be sufficient to pay all the debt, including fees under a cash flow waterfall in the project owner's partnership agreement and the projected taxes that would be due, if any, by the limited partner or special limited partner in the scenario.

Mr. Walsh stated that Mr. Flugstad summarized the lowest price that can be received under tax rules for the repurchase. The other component that was negotiated with the investor is a reallocation of losses such that the investor's capital account does not go substantially negative over the 15-year period. Losses, together with tax credits, are what decrease a capital account.

Commissioner Ivey asked if the housing authority would have to purchase the property back from the investors at the market rate. Mr. Walsh stated that the market rate is not a defined term. He said all the various restrictions would have to be taken into account. The right of first refusal is exit taxes, which is shown in the projections as very close to zero, plus existing debt.

Commissioner Ivey asked if the housing authority, after 15 years, would have to come up with \$60 million

to exercise the first right of refusal. Mr. Walsh stated that right of first refusal is not fair market value. The right of first refusal is the minimum price permitted under code, which is the exit taxes of the investor, plus the existing debt. The existing debt is assumed at that point. He stated he's never seen a deal come back at \$60 million because all the restrictions factored in and an appraiser looks at cash flow, there's no economic benefit at that point. Mr. Flugstad then discussed a fee joinder. He stated that based on feedback that's been received from the lender's counsel, they recommend that the concept be eliminated from the documents.

Mr. Flugstad stated if you look at the MDA and compare it to the financial projections, they match. The business deal is a 50/50 split cash flow. The capital funds loan to be potentially used in connection with elevators or not has been scrubbed from the documents, which is one of the updates to the authorizing resolutions.

Another change that was made was to the interest rate. The board memorandum recited interest rates of .5 percent and 3 percent for the seller and the replacement housing factor funds loans. It's actually

going to be 2.07 percent. He stated it's not uncommon for interest rates to move up or down slightly in the financial projections.

Mr. Flugstad stated that another change in the resolution is that the notes in the resolutions are projected to be paid from up to 75 percent of cash flow. The deal is 50 percent of cash flow, but Fannie Mae has a regulatory cap on how much cash flow could be directed to pay the debt. Fannie Mae's counsel requested the change. The business deal is a 50/50 split.

Mr. Flugstad stated that the release of the RAD conversion commitment was expected. He believes it will be issued early the following week. After that, there will be the RAD submission package, which will include title commitment, the RAD use agreements, forms of the transaction documents that have been circulated to the board previously.

Mr. Flugstad stated that the housing authority is doing well on due diligence. There was a delay in getting the credit underwriting report done. Mr. Flugstad stated it's not uncommon for third party reports to experience delays.

Jean Wilson stated that he is responsible for minimizing the housing authority's responsibilities and legal liabilities in that acting as a conduit issuer, the housing authority is not the obligor of the bonds because of the tax exemption. The housing authority is the government entity that has to be the named obligor on the bonds, but all of the responsibilities are transferred to the borrower, which the development entity affiliate is a partner. Mr. Wilson told the commissioners that before them today is a bond resolution, an authorizing resolution, for the board to consider. The resolution is 181 pages, but the resolution itself is about eight pages, with the remaining being attachments that reflect the list of issuer documents. The board, as the conduit issuer, will be asked to approve the documents. In section three of the resolution, the board is being asked to authorize the issuance of bonds in an amount not to exceed \$28 million, pursuant to terms that are delineated in section four. Section 4b reflects the fact that the bonds will be out no longer than 40 years and the interest rate will be no more than 10 percent.

Section five discusses the sale of the bonds. Once the bond is issued, it is then sold to the underwriter, who then delivers the bonds to the purchaser. There is an authorization for the sale to happen at a purchase price of not less than 95 percent of par and no more than 105 percent of par, which are parameters that allow the underwriting to be structured to meet the terms of the market.

Section six deals with the tax code requirements. To have bond counsel be able to give the opinion that the interest on the bonds is exempt from federal income taxes, there are certain things that have to be done and certain certifications that have to be made.

Section eight makes clear that there is no personal liability for either the authority or any of the board members.

Mr. Wilson stated that at the workshop, there was discussion about relying on the credit underwriting report that was being produced. He was hoping to have had the document made available to be included in the package, but the document has been delayed primarily because of two main third party reports that the credit underwriter relies on to reach their conclusion and recommendations of the transaction. Mr. Wilson

spoke to the company that is doing the work on the credit underwriting report. The plan and cost review should be available in the next couple of weeks, which is what will be used to review the construction cost and construction contract. The other document that the credit underwriter doesn't have is the appraisal. Mr. Wilson was informed that the appraisal is four to six weeks away from being received. This has caused a significant delay in the credit underwriting process. Mr. Wilson stated that the volume cap that is received from the state of Florida expires on August 28th. Mr. Wilson said that a validation action can be filed in order to get beyond the August 28th. Once the action is filed, the August 28th termination date of the volume cap is tolled. That would allow additional time to work through issues.

Mr. Wilson told the commissioners that they're being asked to approve the bond resolution without the benefit of the credit underwriting report. Mr. Wilson recommends that the board approve the resolution but put it in escrow with Mr. Gilmore who will hold it until all the issues have been worked out, including the credit underwriting report.

Mr. Gilmore stated that if the commissioners approve the resolution today, the documents will be held. Once the credit underwriting report is done, the board will review it, Mr. Gilmore will send the commissioners an email letting them know he is releasing the documents and the deal will move forward. Mr. Gilmore believes that to be the most efficient way to proceed.

Mr. Gilmore stated that as the gatekeeper, if he sees something in the report that's unexpected which makes the deal not feasible, he will not release the documents.

Chair Daniels expressed concern over approving the document on record but then not moving forward with it. Mr. Gilmore stated that if the transaction does not move forward, the commissioners will meet and say on record they won't move forward. There will be a vote to undo the resolution.

Mr. Hayes asked for clarification on the \$1 million that was set aside for elevator repairs that was being removed. Ms. Smith-Wells clarified to Mr. Hayes that the board decided not to add the additional funds for an additional external elevator. However, there will be complete work with the four existing elevators.

Commissioner Brown-Crawford made a motion to extend the meeting time to 12:25 if needed. Commissioner Ivey seconded the motion. Unanimously approved.

**a. Credit Underwriting Status Update**

**b. Resolution of the Housing Authority of the City of Daytona Beach Authorizing the Rehabilitation and Financing of the WM at the River (R&C)**

**Resolution 2022-03** - Commissioner Brown-Crawford made a motion to approve Resolution 2022-03, noting that Attorney Gilmore will be the gatekeeper. Chair Daniels seconded the motion. Unanimously approved.

**Bond Resolution 2022-04** - Commissioner Ivey asked about delay on the projected August 28 RAD closing. Mr. Wilson stated that it certainly looks like there's a very real chance that the closing will be beyond the August 28 date. Commissioner Ivey expressed concern about having time review the underwriting report. Mr. Wilson stated that there will be time to review the AmeriNat Credit Underwriting Report. Commissioner Brown-Crawford made a motion to approve bond



Resolution 2022-04. Commissioner Ivey seconded the motion. Unanimously approved. Attorney Gilmore stated he will be the gatekeeper of the bond resolution 2022-04 as well.

**c. Financial Projections from Redstone** - Mr.

Walsh stated that the key items were the favorable changes he summarized before. He discussed the reallocation of losses so that there's no exit taxes in year 15 that are projected. Mr. Walsh stated that the key items were discussed earlier.

**XII. Information Items**

**A. Attorney report** - Attorney Gilmore stated he was tasked with talking to the Cocoa Housing Authority, the Orlando Housing Authority, and the Jacksonville Housing Authority as possible partners to have a local agreement during the transition period with an eye towards their experience with development and RAD. The Orlando Housing Authority stated their plate was pretty full. The Cocoa Housing Authority indicated interest. HUD stated that the Cocoa Housing Authority is under the Miami field office, whereas the Jacksonville Housing Authority is under the

Jacksonville field office. The split of the two offices is not in the best interest of the board. Mr. Gilmore also stated that Mr. Hayes from HUD indicated his support for Mr. Alexander from the Jacksonville Housing Authority.

Mr. Gilmore stated that there's been work done with Mr. Alexander and he's had a lot of development experience. Mr. Alexander stated that he would be interested. Attorney Gilmore had a conference call with Mr. Alexander, his chair, the board's chair, and Ms. Smith-Wells. Mr. Gilmore then introduced Dwayne Alexander, who was on the call.

Mr. Alexander introduced himself as the president and CEO at the Jacksonville Housing Authority for the past three years. He's been in the business for 30 years. Chair Daniels stated he's spoken to Mr. Alexander, and then asked the commissioners if they had any questions.

Commissioner Brown-Crawford asked Mr. Alexander how many RAD deals he's completed, which he responded three. Commissioner Ivey asked Mr. Alexander if he bundled the three RAD deals, which Mr. Alexander responded individually. Commissioner Brown-Crawford asked Mr. Alexander how many units there were, which

Mr. Alexander responded with more than 600 units.

Commissioner Brown-Crawford asked Mr. Alexander if he used the same or different developer for each, which Mr. Alexander stated they used the same developer for two.

Attorney Gilmore suggested utilizing Mr. Alexander to work with Ms. Smith-Wells to provide input that could be helpful concerning the deals.

Attorney Gilmore introduced Larry Hayes from HUD Jacksonville field office, who was on the call as well. Mr. Hayes stated that the Jacksonville Housing Authority is in the top 1 percent housing authorities in the nation according to HUD headquarters.

Mr. Gilmore stated that Ms. Bates asked Mr. Gilmore to obtain a copy of the unedited audio from the two special board meetings. Ms. Smith-Wells sent the audios to Ms. Bates the previous day.

A. Attorney report

- a. Interim CEO** - Mr. Gilmore stated that, through an interlocal agreement with Jacksonville Housing Authority (JHA, the current interim CEO will handle the day-to-day duties of the agency, with the support

of JHA management for RAD and development activity.

**b. Situational Protocol** - Mr. Gilmore stated he's going to bring a proposed policy for the board to review at next month's meeting. The policy makes it clear who speaks in what situations on behalf of the housing authority, which would be the CEO or interim CEO. On behalf of the board, it would be the chair. If there are any type of legal ramifications, that would be handled by general counsel. Mr. Gilmore stated he will bring some examples as to why it's important to be clear.

Mr. Gilmore stated he needed authorization to move ahead with trying to finalize the interlocal agreement with the Jacksonville Housing Authority.

Commissioner Brown-Crawford made a motion to move forward with the interlocal agreement between the Jacksonville Housing Authority and the Daytona Beach Housing Authority, noting that Ms. Smith-Wells and Chair Daniels will work out the finance details

and number of days. Chair Daniels seconded the motion. Unanimously approved.

Mr. Gilmore clarified that the interlocal agreement is between the agencies.

- B. Travel Report - Commissioners** - Commissioners Brown-Crawford and Jass traveled to Alexander, Louisiana, on July 5th to see what BGC Advantage had done with a housing authority in Louisiana. Commissioner Brown-Crawford stated she was wowed by what was done with the family sites. Commissioner Brown-Crawford stated she felt more confident in BGC Advantage in what they can do and what they had done.
- Commissioner Jass stated she agreed with Commissioner Brown-Crawford. She stated she spoke to tenants while there. The tenants were happy about the new homes.
- Attorney Gilmore stated that the Tampa Housing Authority listed September 28, 29, or 30th as potential dates for them to have a visit. Chair Daniels stated that he agreed with Commissioner Brown-Crawford in seeing what they board is getting from the developer they're working with.
- C. HUD Approval - Annual Plan** - HUD approved the annual plan.

**D. 2019-001 Section 8 Housing Choice Voucher Program HUD**

**Correspondence** - Ms. Smith-Wells stated that a letter was received. The Section 8 department has responded back to the letter.

**XIII. Monthly Departmental Reports**

**A. Director of Finance Report** - Mr. Edgar was out.

**B. Housing Choice Voucher** - Corey Franklin stated that the HVC department continues to issue vouchers to applicants on the waiting list. As of June 30, 2021, the Housing Authority City of Daytona Beach has 1,108 of vouchers under contract. Program utilization was increased by 3 percent in June. At the start of the year, the HVC program was at 80 percent utilization. Now, it's at 83 percent utilization.

The Housing Authority City of Daytona Beach was awarded two additional vouchers, bringing the total to 31 vouchers. The HVC department has issued all 31 vouchers as of June 30, 2021. The department has issued \$1,510 in housing assistance payments. One family moved into a unit as of July 1, 2021.

Chair Daniels asked about the emergency vouchers. Mr. Franklin stated that the emergency housing vouchers were getting referrals through continuum of care. He

stated that all 31 vouchers have been issued. As of the date of the meeting, five families had moved in.

**C. Development and Business Management Report -**

**D. Community Engagement and Partnerships Report -**

**E. Affordable Housing Reports -**

**F. Chief Operating Officer (COO) Report -**

**XIV. Commissioners Comments -** Commissioner Jass stated that

she's glad the board is moving forward on things.

Commissioner Jamison stated that she went to a city meeting the other night. The mayor and commissioners attended. The city received \$15 million and will receive \$15 million next year and was asking what should be done with the money.

Commissioner Jamison stated that about 85 percent of the people said affordable housing. She said she was amazed at how important affordable housing is in the community, with people assuming the lack of affordable housing.

Commissioner Ivey clarified to Commissioner Jamison that the city was awarded a total of \$15 million. They were given \$7.5 million, and they've drawn down this year and they can draw down another \$7.5 million next year.

Commissioner Jamison stated that it was stated in the meeting there's a total of \$30 million.

Commissioner Brown-Crawford suggested giving Ms. Smith-Wells an increase in pay.

Commissioner Ivey thanked Ms. Smith-Wells. He stated that the city has an award of \$15 million total, with \$7.5 million to be used this year and \$7.5 million next year. He said the mayor and the city manager are looking at piggybacking with the city and to look at the flood issue in Caroline Village. The funds could help in that area. Commissioner Ivey agreed with Commissioner Brown-Crawford that if Ms. Smith-Wells is doing the job, she deserves the pay that goes along with it even though it may be interim. Commissioner Ivey stated that when Chair Daniels finishes the interlocal agreement, he asked that it be shared with the board and then set a time to meet with Mr. Alexander as a board.

Attorney Gilmore stated that other housing authorities, when the COO is placed in the interim CEO position, there is a pay adjustment for that time period. If the board decided to adjust the COO's pay, it would be retroactive to when Ms. Smith-Wells assumed the position. Mr. Gilmore agrees that Ms. Smith-Wells has done a great job.

Chair Daniels thanked everyone in the room. He thanked the commissioners for staying positive and how things have moved forward. Chair Daniels stated that he sat down with Ms. Bates for about an hour before she left.



**XV. Motion to Adjourn** - Chair Daniels made a motion to adjourn the meeting. Commissioner Jamison seconded the motion.

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