Daytona Beach Housing Authority

Special Board Meeting

June 25, 2021 9:09 A.M.

Terril Bates: Good morning.

Kim Brown-Crawford: Good morning.

Rick Gilmore: Good morning.

Kim Brown-Crawford: Good morning.

Kelvin Daniels: All right. So, good morning all. This is a special--I guess a special board meeting. Today is Friday, June 25, 2021.

So, we have Holly for an hour and 45 minutes? Okay. All right. So, then, BCG, go ahead and get started.

Rick Gilmore: Could I--if you don't mind, Holly, could I make a couple of comments before you get started? Holly?

Holly Knight: Oh, I'm sorry. I'm sorry.

Rick Gilmore: Oh, I'm sorry.

Holly Knight: I thought you were waiting--.

Rick Gilmore: --Terril--.

Holly Knight: --Okay--.

Rick Gilmore: --Tell me sooner or later to move closer to the mic.

Terril Bates: Okay.

Holly Knight: Well, first of all, I would like to say thank you--.

Rick Gilmore: --Holly.

Kim Brown-Crawford: No. No. No. No.

Rick Gilmore: Holly.

Holly Knight: Yes?

Rick Gilmore: I asked could I make just a couple of really quick comments just before you get started.

Holly Knight: Sure. No problem.

Rick Gilmore: I'll be--.

Holly Knight: --This is your meeting.

Rick Gilmore: I'll be--no, it's not my meeting, but I'll be uncommonly brief. The reason why I suggested--because I don't want this to be perceived as my meeting, but the reason I suggested--.

Kim Brown-Crawford: --Terril said it--.

Rick Gilmore: --That this occur is because--

Terril Bates: --They can't hear you if you're not talking into that mic.

Rick Gilmore: The reason why I suggested that this occur is because last Friday, it became apparent that there's confusion, maybe not enough information about what needs to happen about the family deal. I believe there isn't much confusion about the WM except for the elevator issue.

But rather than just continue to have confusion, you putting in your time, your effort, we need to have the opportunity for everyone to get enough information to move forward and so you have clear understanding of what the board's desire is.

So, I suggested that we have this meeting so we could get clarity. So, this is everybody's opportunity to ask questions. And I wanted to say at the beginning, since I did say I thought we ought to have this meeting, commissioners, we need to make sure we understand that this is not a game. This is serious.

Automated Voice: Recording in progress.

Rick Gilmore: Oh, good. I wasn't recording before I got to that. This is serious. We said we wanted to do development. We're near the end of one of our development deals. If we're going to be serious about this, we got to get a course and stay the course.

But on your end, you must have enough information, I understand that. Now's the opportunity. I was hopeful that all commissioners could be here so all questions could be asked, any unreadiness could be addressed, and any ramifications of not moving forward on the family deal could be discussed.

That's one of the reasons why I suggested that there be a sheet that kind of had the pros and cons and whatever could occur if in fact we moved ahead or you didn't move ahead.

So, Holly, thank you for letting me kind of give that preview because we didn't get a chance to talk. I wanted you to know what my thought was--is this is your opportunity to answer questions. It's their opportunity to ask questions, so we're not kind of--we don't have unreadiness as we move forward.

So, that was the only thing I wanted to make sure I put on the record in the beginning. And thank you, Holly, for letting me use some of your time to do that.

Kim Brown-Crawford: Do we have that pros and cons sheet?

Holly Knight: Yeah, no problem. I was just going to ask the commissioners to also just kind of recap to make sure I--.

Kim Brown-Crawford: --We need to do roll call--.

Holly Knight: --That I cover everything in the presentation this morning. Can we just get a roundtable and just give me some of your, you know, top three concerns or questions or things that you're confused about just to make sure that I cover them?

Terril Bates: Okay. Holly, I appreciate that, but we really need to officially start the meeting and get a roll call. And then, I think you would be ready to go.

Holly Knight: Okay. No problem.

Kelvin Daniels: All right. So, we introduced this meeting already. We don't have minutes. So, we'll go ahead and just get a--.

Kim Brown-Crawford: --Can we have an invocation--?

Kelvin Daniels: --Invocation from Commissioner Brown-Crawford.

Kim Brown-Crawford: Okay. Thank you, chair. Gracious Father, thank you for this day. Lord God, we thank you for this board and we pray that the time that we're here, that it be productive and understanding.

Lord God, we also want to pray for the community of Daytona Beach. We want to pray for the officer that was shot a few nights ago. We want to pray for his family as our community goes through this together. In Jesus's name I pray, amen.

Kelvin Daniels: Amen.

Rick Gilmore: And if I may, this is a special board meeting. So, we at least have to ask if there's any public forum.

Kelvin Daniels: Also, (INAUDIBLE).

Rick Gilmore: That's correct.

Kelvin Daniels: All right. No problem. All right. So, then, we have any public comments? Seeing and hearing none, then--well, do we have any visitors present?

Rick Gilmore: Roll call, too.

Kelvin Daniels: All right. Seeing and hearing none, we'll go ahead and take our attendance, Ms. Walker.

Lateisha Walker: Commissioner Jass.

Sally Jass: Here.

Lateisha Walker: Commissioner Jamison. Commissioner Ivey.

Hemis Ivey: Here.

Lateisha Walker: Commissioner Brown-Crawford.

Kim Brown-Crawford: Here.

Lateisha Walker: Commissioner Daniels.

Kelvin Daniels: I'm here. All right. So, now--.

Terril Bates: --Commissioner--I'm sorry. Can we just let the record reflect that Marty Walsh and Jonathan Flugstad from Reno & Cavanaugh are also on the Zoom call?

Kelvin Daniels: Are they? Okay.

Terril Bates: They're not showing, but they're there. Thank you.

Kelvin Daniels: All right. So, now, Ms. Knight, I think all particulars are taken care of. So, we'll go ahead and hear from you. You were saying something about a roundtable and any concerns that commissioners might have. So--.

Holly Knight: --Yes. Can we just start a little dialogue about--like, maybe if you could pick your top three issues to make sure that I cover them today? You know, each of you probably has different questions or different points of view.

And so, if we could just go around the table and if you could just share with me a little bit about what's on your mind, what are your questions, and what are your concerns.

Maybe--you know, let's start with the top three.

Kelvin Daniels: All right. So, does anybody have any list of concerns that they want to have Ms. Knight address? We'll go ahead and take them in order. Ms. Jass.

Sally Jass: I don't know. It's--one of the main concerns about--is that not knowing exactly when everything's going to start. I know that it can't be helped but it still, I think, makes it a little more anxiety and frustrating. And especially with the tenants, too. That's all I really--my concern.

Rick Gilmore: Commissioner Jass?

Sally Jass: Yes.

Rick Gilmore: Is that about the family sites or just in general?

Sally Jass: Just in general.

Rick Gilmore: Okay. Would you cut your mic off?

Holly Knight: Okay. I can appreciate that. And certainly, after working on these deals for so many years and working directly with the resident groups, I think that your concern is very valid. And I know it's even frustrating for me.

So, I will talk a little bit more about the uncertainties. And I really appreciate that. Thank you, Commissioner Brown-Crawford.

Kelvin Daniels: No, that was Commissioner Jass. Commissioner Brown-Crawford is up now. She has some concerns.

Holly Knight: Oh, I'm so sorry.

Kim Brown-Crawford: She's taller than me.

Holly Knight: I can't--I actually can't see. Now I can, Terril. I can see a little bit more now.

Kim Brown-Crawford: Good morning, Holly. So, this would be related to the family site. There's a couple of different things.

I had a meeting last night and just a project came up. Two things. And I was able to address this with the group, you know, based on what they saw of the family sites. They sort of felt like we were just putting a Band-Aid on the buildings. And I had to explain to them that we could not just tear those down and start over because of where they're located and the HUD and the Faircloth group.

So, I was able to address that. And I--you know, I told them, they can go, you know, do some research on that, but we could talk about that for, you know, a long time why we can't just demolish those. You know, we'd have to have a place for everybody to go even if we could build there.

So, I was able to address that because they just felt like, you know, it's just some paint that's going over there. You know, some landscape. They, you know, want to see larger family sites because people have larger families these days.

So, I think I did address that with the group that I had a meeting with last night.

Another concern--one of my major concern is the retention. And I think--I've shared with you that one reason is because there's all--there's already a lack of trust in the--in that community. I can't say the whole minority, but in that community when projects are being done.

So, we want to make sure that whatever we do, wherever we start construction, whatever we do with the back--whenever we're digging and all that kind of stuff, we want to make sure that there is no--I mean, it floods there now. We want to make sure it does not--it's not worse.

We're hoping that it gets better, if it can. Our former city manager said it couldn't. But, you know, that goes over my head. That's architecture, engineering, and that kind of stuff.

And I think that just came based on there was a canal that was pretty much covered up. And at that time, I don't believe that there was proper studies or maybe even the knowledge of, you know, that kind of flood area. So, we want to make sure that that is done.

And then, we know at least have a--we want a--before we close on that property, I would like to feel comfortable that we have done everything possible as it relates to that retention as a board because once we close, it doesn't become our--we can't even address it because it's not ours at that point.

So, that's what I want the board to be very, very careful on, is for the family sites.

I think we have the--what's it? The WM? The WM. I think we're past that, other than the elevators. You know, some people feel we should, some maybe wish we don't.

But the family sites, I am so concerned about that because we--we're not there yet. And I do--I think--if you can correct me, once we close on the--I'm so sorry--the WM within--how long will we close on the family sites? That's what I don't know.

Is that--I know it's not--I don't think it's a package, but I think it goes together. So, if we close on the WM--let's just say--I'll make up a date--on July 1st, is it just written in stone that we have to close on the family site on August 1st or 90 days later?

I don't want to--I don't feel comfortable closing on the family sites until we get a little bit more engineering information about that pond. Those are--that's my only concern. Because I know we can't--.

Holly Knight: --That's great--.

Kim Brown-Crawford: --Do anything--.

Holly Knight: --Okay--

Kim Brown-Crawford: --With the paint. We can't do anything with the buildings, you know? But one other question. So, on the family sites, we are going to be redoing the windows and all that kind of stuff? I thought so. I made that comment last night. I was just--yeah.

Holly Knight: Yes, ma'am.

Kim Brown-Crawford: Okay. Okay.

Holly Knight: And I will--and let me just say I'm so glad that you--I mean, I know you've been at the meetings. This board is very engaged.

But I'm so very pleased that you were able to communicate the concerns and issues. That's very impressive. Not all board members leave, you know, meetings with that kind of level of understanding. So, that's so important while you're out in the community. And that really goes to speaking to some of that anxiety issues. So, I'm really glad that's the case.

And so, now, Commissioner Brown-Crawford, I will be addressing some of the retention issues. And since the last meeting where you asked for more, we have consulted with landscape, architect.

We've had our civil engineer work on addressing--and I think I'll be able to show you some of the work that they've done. And then, we're still waiting on our elevation certificate, but I'll talk a little bit about that in the presentation today.

And then, I will go through the timeline on both projects. So, thank you. I think I can address those as well.

Okay. One left.

Kelvin Daniels: We have two left.

Rick Gilmore: Two left.

Kelvin Daniels: Commissioner Ivey is up now.

Hemis Ivey: I'm good.

Kim Brown-Crawford: You're good?

Kelvin Daniels: All right. Okay, Holly. Then, Commissioner Ivey doesn't have anything. So, my concerns are as follows.

It was said last meeting that we wanted to see what you all were doing with the WM first before we actually signed off on the family sites. I still feel that way. I want to see what we're getting before we move forward to the other closing.

I heard you last week continuously say Commissioner Ivey pushed you all, pushed you all, and I say it again that we're a board. And so, nobody can push one person unless the board is pushing you. You kept using his name in your speech and I don't know how that was necessarily said, but at least three of the four times you said Commissioner Ivey said do this, do this, do this.

And I recall one person--you know, he usually says no big--great big I or little T or something like that.

Hemis Ivey: And little U.

Kelvin Daniels: So--yeah. And a little U. So, I heard you all using that, but, you know, as I continue to say, it's a board. So, if the board's pushing you, then that's something. But I don't know how you can use that and use--and bring his name up like that.

So, that's where I am. I don't know if that'll change, but I'm here to listen to your presentation. But right now, I want to see how we do our WM project and then, you know--and I understand we have documents that we've signed.

Commissioner Brown-Crawford has mentioned the retention. And so, that is the issue for all of us, but kind of want to see what are we doing with our first project before we give everything to our next project, how we're working. And then, we'll know how we should address the other one. So, that's kind of my concern. And you can, you know, go over retention and things, but that's where I am.

Kim Brown-Crawford: So, that comes with the closing time.

Kelvin Daniels: Yeah. We don't have to close this year.

Rick Gilmore: Commissioner Ivey.

Kelvin Daniels: Oh. Commissioner Ivey would like--will like to go now.

Hemis Ivey: Commissioner Daniels, I appreciate you making that comment because I don't think I have really pushed anything since we had the retreat. I don't think I have asked a question unless it was on--in front of the board.

So, I want to make sure--and I really appreciate you bringing that up because I haven't said anything unless we're in the board meeting on any question pertaining to this WM or the family sites.

So, I appreciate you making that clear because I do realize and recognize that we are a board and I'm sitting around listening, too. And I'm like you, I want to hear the presentation today. And then, I would like to come back if--you know, and ask questions based on the presentation.

Kelvin Daniels: Okay.

Hemis Ivey: Thank you.

Kelvin Daniels: That makes sense.

Hemis Ivey: Now, nothing.

Kelvin Daniels: Okay. So, without further ado, Ms. Knight, you can go and present your information and we'll just sit back and take notes. And then, we may have further questions, it sounds like.

Holly Knight: Okay. That sounds fabulous. And again, I appreciate all of the comments. And I do realize that you're a board, you know, and so, I will speak to the board versus any individuals. And I understand that you act as a board as well.

So, I appreciate that caution and will heed those comments as well. And I think, again--I think I can address the timing and some of the questions as we move forward. So, thank you.

Okay. Let's go to the first slide. Oh, I think we've covered this. Board leadership questions and discussion points. All right. Next slide.

I'd like to just go over the WM at the River proforma. As I mentioned, when we first started, numbers will always fluctuate. You know, interest rates fluctuate. The investor is going through plan and cost review right now. And so, these will always fluctuate somewhat.

But just wanted you to, again, see what the project is, where the money's going, what's happening with the project. And so, I'd like to just go through this.

So, starting with land, you are actually going to hold the ground lease. And so, the land will continue to be yours and you will actually sell the improvements that are on the land to the limited partnership. And that's the building acquisition.

The hard costs are $21 million.

Terril Bates: Holly, can you just stop for a second?

Holly Knight: Sure.

Terril Bates: I don't want to miss this.

Kelvin Daniels: Well, we on a time.

Terril Bates: Okay, sorry.

Holly Knight: Keep going?

Kelvin Daniels: Go ahead.

Terril Bates: Go ahead. Yeah.

Holly Knight: Okay. And then, you'll see soft costs. And people often say, oh, that's a lot of costs. Well, the soft costs include the engineers, they include the architects, they include all the reports. They include financing costs.

So, it is a lot. It does cost a lot to do these projects, especially the bond projects. And so, they are relatively, you know, a large number in comparison to a large project.

And then, if you'll notice, you're putting $1.4 million in reserves. And so, you've got two--a couple of different reserves. You've got your replacement reserve which is liken to your savings account to replace items as it's needed according to your useful life physical needs assessment.

And then, of course, you've got a development fee that we are actually--the IRS allows the development fee to be allowed to pay people for their risk and rewards for doing these very challenging projects.

Let's just go through the sources. So, you'll see in the sources we have a mortgage. That mortgage of 11.4 million is a Lument loan backed--really, it's through Fannie Mae. So, Lument is our lender, Fannie Mae is the agency or the entity that's backing our loan as well as providing the securities for the bonds.

And then, you'll see the PHA funds of 1.9 million. And then, a seller note of 15.9. Now, you'll notice that the seller note and the building acquisition match.

And there is a requirement by HUD that you not be able to take cash out of the sales proceeds during your first RAD transaction. You can do it on your last transaction or there's some other circumstances that you can do it, but HUD really knows that you're not--you haven't paid for the property in the limited partnership, and they don't expect you to.

They allow the sale of the property on paper so that it can generate the tax credits. We actually get tax credits based on the 15.9. So, that's important to note. It's really more of a paper transaction that HUD allows so that you can get the tax credits.

The next number is cash flow during rehab. So, HUD allows for the RAD rehab payments during the renovation, and we will have cash flow. And so, that is another source during construction that we are using for the proforma.

And then, developer equity. These are our, meaning Daytona Beach and us, it's our developer equity that we're putting in. Sometimes you'll hear that called a deferred developer fee. And then, the equity is coming from Redstone, and that's the 21 million that we are receiving in equity from the Redstone group.

And then, I just wanted to show you that by putting in $1.9 million, you're actually leveraging--for every dollar you put in, you're leveraging $27. So, just like if you had an IRA that matches your investments, that's a huge return on your investment.

So, I want to move to the next slide that actually spells out how much you're getting each year.

Terril Bates: Holly, Commissioner Ivey has a question.

Holly Knight: Sure. Go ahead.

Hemis Ivey: Holly, on the last slide that you just showed, and I think that was one of the things that was on the question on your sources. I'm pretty well--the board has said okay on the 900,000 that's been in your present slide, but that other million that you asked the board about for the elevator was not--I don't think was voted on--.

Kim Brown-Crawford: --Right--.

Hemis Ivey: --Yet. But again, we're showing it as we've already done it. And that's some of the things that I, as a board member, concerns me because that's something that the board needed to discuss, again, before we include it.

But when you're presenting it, it's like it's already a done deal. And I don't think--I think a couple of board members made some comments on that, that we are having this discussion because, again, you want the housing authority to continue to put money into a project that is not going to be ours to a degree.

And I just--I question that source being put in the slide already because we're going to get to it. There's some other questions as your slide come in on some funds that I'm sure we're going to talk about on our--at the end of our meeting.

But I notice that's already been put in there. That's, again, the board hasn't discussed that.

Holly Knight: Okay. So, again, after the last board meeting where we discussed this, I--it's my responsibility to show you the underwriting and to show you the needs as well as the sources that could make it happen.

And I do want you to understand that this is not just a new elevator. These are costs also on the--we had a--oh, not just a mechanical engineer but a specialist on the actual elevators come in and analyze all of the four elevators. So, we had increased cost on the cab and each of the elevators.

And so, we don't have to do them. I mean, we would have to take away the new one. We have to do the rehab on the others.

So, the increased costs are not something that I could have foreseen. And I think it's good that we went ahead and did the extensive due diligence to find out what really the issues were before we closed and then we had a problem and, you know, couldn't finish the project. So, you know, we did take the time to do those. It is totally your call.

The PNA does say that the four elevators need to be addressed as well as the engineers. And so, we'll have to pick one or the other. And so, that is certainly your call. And I put it in there to show you the impact.

Now, you could fix the elevators before the project starts, but if you do that, you lose the equity that you would gain which is--I don't want to say free money, but the equity is not a loan. It's more of, like, a grant. It doesn't have to be paid back.

And we also would've had to have delayed closing or done something about the fact that, you know, the elevators would be under construction. We were concerned that if the housing authority undertook it, you would, A, lose money, and then, two, we would have issues with being under contract. We've done that in a couple of places, and it has been difficult and it is a challenge.

So, I did put this in. Since the last proforma--and remember, every board meeting, I'm changing these. And I brought my book of board meeting PowerPoints just so that in case there's any questions, you know, I'm updating. And you, as a board, have to approve these. And so, certainly, it's your prerogative, but I will tell you it is a need, and it is a health and safety issue in the towers.

So, I appreciate that. And you are absolutely right. I'm showing you this today. And I had it in the proforma, you know, but we didn't get a chance to go through more details last board meeting.

But you are raising equity on your investment. Just the extra million dollars, you know, does help leverage about $300,000. So--I'm sorry, about $400,000, a little under that.

So, let me show you--.

Kelvin Daniels: --Well, one moment before we just move on because you--Commissioner Ivey brings up a good point. And now, I had to go back to things I've heard.

When we first started this, it was all of our--I guess I'm speaking for the board, but I think listening to this, we ought to expect that the elevators--the original elevators would be included in the monies that we were using.

Now, you just said that these elevators are not included. Not even the new elevator, which is something we have to vote on. But it almost sounds like you just said these four that we need, we have to choose between improving those four elevators or doing something different. And maybe I'm misquoting you, but this is what I just thought I heard you say.

Holly Knight: Yeah. No. I appreciate that you, you know, made me stop and resay this. So, we have all four elevators in the project and the new elevator, but we had escalated costs associated with all of it. And so, there were--after we brought the engineers in, there were additional costs that we did not foresee in the rehab elevator.

So, everything's in. The issue is that we have to do the old elevators. We have to. That's a must. The new elevator is hey, we would like to do a new elevator. And I'm talking about in HUD's eyes. I'm not talking about in what we want to do.

So, we always call it--you're an owner in this project, as we are. You're an owner. And so, we call it owner wishes and then the have-tos dictated by HUD or dictated by the investor. Or dictated by the housing finance agency.

So, that's--I mean, your question is valid. So, I'm saying that if we don't have enough money now because of elevated cost that I can't do anything about that, then we'll have to make a choice on what we want to do. And the elevator is the most logical choice. It's about the same that we're asking for and it's not a have-to.

So, you can make decisions. You can say we don't want to put a million dollars in, and we will get rid of the elevator or the new elevator because we know that we have to do the rehab of the existing. They're in poor condition. They continue to breakdown. They are a fire and safety hazard. And the investor and HUD and the housing finance agency are not going to let us, you know, not address these aging elevators that have issues.

So, it's all about choice. And it's all about you guys making strategic policy decisions and financial decisions. And it's my job to show you the impacts and discuss them with you. And you certainly can make those decisions. So--.

Kelvin Daniels: --All right. Mr. Gilmore wants to say something. I have another question behind that, but I'll let him go. And then, I want to go back to this. Go ahead.

Rick Gilmore: Holly, the only thing I wanted to say is that explanation you just gave, you know, what's required--.

Holly Knight: --Required--.

Rick Gilmore: --Can you hear me? Okay. What's required and what the choice may be.

One of the things I'm hoping from this meeting will happen is if you'll make a list of, you know, things that we're addressing and what the explanation is so it's reduced to paper so that can be referred to. So, we're not relying three months from now on what the board--and when I say me, I mean the board, what they thought they remembered about what you said and what the explanation is.

I think that will go a long way to help shape how we have less misunderstanding and what can be the positive outcome from this meeting.

So, I know you don't have enough to do. So, if you don't mind making a checkmark by that saying in my opinion, that's one of the things that needs to be on a list that comes out to the board from this meeting of what we discussed and here is the explanation about the elevators. Potentially five elevators, at least four--I'm paraphrasing--at least four of them have to be addressed. One is wishful. I'm paraphrasing. And due to some changes, some of the finance to do that was not in the original proforma. Is that a fair overview?

Holly Knight: Sure.

Rick Gilmore: Okay.

Holly Knight: You want the options. And we do keep--I have a binder here with me that I do keep all of the presentations that I give and the discussions. And then, I know some--these are public meetings, so we they get recorded. So, we can always go back. But I can keep a running list of the highlights.

In fact, Jennifer, while I'm presenting, if you don't mind taking some of these higher points of discussing and just--so we can put together a--maybe a topic list or a pointed topic list or something of that nature. Okay. Thank you.

Kelvin Daniels: Well, this elevator thing is new. And we do, like you said, do have recorded board meetings and we can go back to those. However, this is my first time hearing about we ran out of money to fix the elevators--the four elevators. This is a new comment because we all would probably chimed in on that.

So, one of the questions from last week I saw that when I want to say Marty or Jean was presenting, we didn't use all of the bond money originally on that sheet they presented. And so, I was wondering if there was more money still left from what we were getting for bonds. Why is that not applicable to the elevators since you say we ran out of money? But that's not on the slide they showed us, though.

Holly Knight: No, because the bonds are not an actual source of funding. They are--I mean, they are and they aren't. So, the bonds are--you can see that the bonds are about half of what our total sources are, and we use those bonds as a way of leveraging 4 percent tax credits.

So, the bonds, in this case, are debt. It's actually debt for the project. So, a portion of the bonds will be paid off at the end of construction closing.

So, we always ask for an up to amount of the bonds that they will allow us to go up to, you know, however much it is or up to this amount. And so, you know, our hope is that we don't have to do it. But if we have cost overruns or something happens, we always have to be able to meet what's called our 50 percent test. And I'm sure that Marty can help a little bit more with that.

We'll put that as a discussion about, you know, the bonds and why can't we just use the maximum bond amount. And we'll let Marty take that, you know, after I finish the conversation because that's a very technical question and I feel that he can probably advise you more. But it's a good question. That's a really good question.

Kelvin Daniels: Does this come down to how much money people are trying to get back? Let's just call it--I'm just curious because I understand that these are investors and business.

So, when it comes to using a word we've run out of money, sort to speak, is that because there's a certain return on investment that these people are looking at? So, that means we have to get more money from the partner or something? I mean, you know, because--.

Holly Knight: --No.

Kelvin Daniels: Okay.

Holly Knight: No, sir, that's not it. It's we have more hard costs than we do sources. That's it. So--.

Kim Brown-Crawford: --Because we have more what? I'm so sorry.

Kelvin Daniels: Hard costs than we have sources.

Holly Knight: We have more hard costs, more construction cost--.

Kim Brown-Crawford: --Okay--.

Holly Knight: --Than we have sources.

Kim Brown-Crawford: Okay.

Terril Bates: Can I say something?

Kelvin Daniels: Yeah.

Terril Bates: So, this doesn't really have anything to do with Holly and maybe we can go back at another meeting. But if you remember a few months ago, I--the elevators just got to such a bad place that we got the elevator consultant to come out and, you know, kind of really help us figure out. And at that point, we were talking about we might have to replace those elevators and not wait for this to happen because the condition was so bad.

The elevators were down, like, every single day. So, I think from that and that consultant's report, we came to have a better understanding of the whole elevator situation. But maybe in a different meeting we can circle back to that. And it is in the report that the consultant was here and possibly there may have had to have been a decision not to wait for this project because, you know, the elevators will be almost a year down. And they were down every day.

So, maybe we could circle back to that at some other time.

Holly Knight: Yeah. And that's what we, you know, used in conjunction with the mechanical engineer and the architect and also our contractor so that we could further define, you know, the scope. And it was a little bit worse than we had expected.

So, okay. So, obviously, these are your decisions. I'm just laying them out today and pointing out some of the points.

One of the other things that I don't have on the slides but I would like to show you is there is a hard cost chart that to be able to leverage the higher rents, we actually have to put in this HUD chart what the hard costs are. And so, I'd like to show you that.

We actually have enough hard costs that HUD is allowing us to have 60 percent of our rent not be RAD but be PVE, which are higher rents.

And so, it is something that as we've started, I've discussed the blend, the section 18 RAD blend. And we are maximizing the opportunity to have the most amount of subsidy coming to the project.

The higher your hard costs are--you know, there's a limit because you can't spend more than what you have money for, but the higher the hard cost and the more you're investing in the units, the higher rents that HUD will give you so that you have more money to leverage mortgage or to, you know, pay debt service. And so, that's a really good incentive that I wanted you to know that we're taking advantage of, and it's relatively new.

And so, we've changed our direction. We were going 75/25 percent split. And now, under the hard cost blend, we're actually leveraging 60 percent. At the end of the presentation, Jenny can have those two worksheets--HUD forms and I'll go over them with you just so you can also--you know, I want you to be aware that we're maximizing, you know, everything we can just to--I think that was Commissioner Daniels who said can we get more. I want you to see that we've gotten--we got four bids on equity and this was the highest bid.

We've gone back and, you know, have mortgage-backed securities on our bonds so that we're leveraging the most amount of investor there. We're leveraging the most in subsidy. We really are trying to work to get the very best dollars to your project without overextending it, without not meeting debt coverage ratio or any of those kind of things.

So, if you'll allow me to go to the next slide, I do want to show what are the PHA effects. And this is something that we do so you can see how much every year this is what's coming back to you.

So, if you'll see, when we close, you'll get a developer fee of 740,000. And then, after we finish construction completion, another 740,000. And then, in year four, 997,000. So, you will have back in the non-profit pockets that are non-federal funds more than what you invested in capital funds.

And remember, this is a benefit to your agency. Capital funds are highly restricted. When these 740 come back, these are limited to supporting affordable housing. So, these come back to your non-profit and you can spend them in any manner you see fit that's not public housing.

You can spend them to build home ownership. You could spend them on training. If you wanted to have a development task person in your non-profit, you could spend it on that.

You could spend it on consultants. And you wouldn't have to have HUD's approval. I mean, obviously, you'll get audited and you have to spend it for affordable housing but that is a wide gamut.

So, now, I know I probably shouldn't say this, and the attorneys may cringe, but it's kind of washing your money. So, you're taking public housing money of 1.9 and you're putting it in but you're getting this money back in a developer fee that's paid out of equity, and it is not restricted by HUD. That's a good thing. Because then there's a lot more flexibility for you to spend it. Does that make sense? Nobody's responding.

Kim Brown-Crawford: I'll respond. I'll just ask the question that I asked to our director but she explained it to me but I just want to make sure. When I see the word fee, it--to me, it sounds like an expense. But--so, I was just asking her, you got that total--I mean, that's just my thought.

Holly Knight: No, that's common sense. If we--developer fee.

Kim Brown-Crawford: So, I just want to make--you know, I just said it to somebody the other day, no question is stupid unless you don't ask and you go away with the wrong impression.

Holly Knight: That's right. That's right.

Kim Brown-Crawford: So, I have the year and the total is at the bottom, that 4 million. And I guess I'm just trying to figure out why there's two columns. You got total, then development fee, because that's where the money is coming from?

Holly Knight: Yes, ma'am.

Kim Brown-Crawford: Okay.

Holly Knight: And I'll show you--you're going to see another one where you have fees coming back to you in other columns.

Kim Brown-Crawford: Okay. And so, before I--.

Holly Knight: --But for this one, we're paying deferred developer fee, you know, and so that's where--that's why it says deferred developer fee. But understand, remember I showed you the developer fee of 8 million? Four million's coming to you, 4 million's coming to us.

But look, Ms. Brown-Crawford, you're getting your money back so quickly. And again, it's more flexible than your capital fund. So, that's a really good thing to you that probably a lot of people don't point out the benefit.

Kim Brown-Crawford: Right. And I think this is very good because I had no idea that, like, at year three, we would have that much money. I was thinking it would be, you know, toward year 15 or, you know, I thought this chart would be upside down, the opposite way. But I mean--but that's good. I get it. Now, I can see it. So, you know, I'll make sure that we have this power--.

Holly Knight: --No, no, I appreciate that. Well, you know, you have a finance mind and a finance background. So, you know--.

Kim Brown-Crawford: --Yeah, because that's the way I would've seen it. It would've been--this chart would be reversed, you know. So, I'm seeing this.

And I--like I said, I don't have any background in development. So, this is definitely the reverse from where I see. Most people don't start making money until way, way, you know, in it. But this is good.

Now, so, let me ask this, Holly, and I may be jumping or I don't know where this is coming from.

Holly Knight: Sure.

Kim Brown-Crawford: So, once these--once we start renting these spaces out, okay, we get a portion of that money, too?

Holly Knight: That's--well, yes and no.

Terril Bates: You're right.

Kim Brown-Crawford: Okay.

Terril Bates: No. Yes. In the waterfall.

Holly Knight: So, the answer is yes. The no answer is in reality, you're paying your developer fee on this project.

Kim Brown-Crawford: Okay.

Holly Knight: But we--but hold that thought for the family because the family cash--it has a lot more cash flow than this project does.

Kim Brown-Crawford: Okay. All right. I just--yeah.

Holly Knight: This is the type of project.

Kim Brown-Crawford: And Terril has something to say. Go ahead.

Terril Bates: So, yeah. Part of what we will get is cash flow.

Kim Brown-Crawford: Mm-hmm.

Terril Bates: So, a separate pot of money. And part of the proforma, part of the operating budget assumes cash flow. So, as we get to full occupancy and the building needs are taken care of, whatever bills we have are paid, the funds left over are cash flow.

Kim Brown-Crawford: Mm-hmm.

Terril Bates: And if there is cash flow, then that money is split. So, it's an additional revenue source that we don't see right away.

Kim Brown-Crawford: Right.

Terril Bates: But in the--it's called the waterfall.

Kim Brown-Crawford: Okay.

Terril Bates: There is a cash flow position.

Kim Brown-Crawford: Okay. And then, just one other clarification, Holly.

Holly Knight: Sure.

Kim Brown-Crawford: So, I mean, I like the money that we're getting, especially. I mean, I--like I said, I thought this would be reverse.

So, I know we said we can use--these are non-federal funds. And I just want to make sure I'm clear. I know we keep saying we can do anything with this, but can we use--do we have to meet a Faircloth housing rule if we use this money to build houses?

Holly Knight: No, you do not.

Kim Brown-Crawford: Okay. That's what--I want to put that out there.

Rick Gilmore: Well, while you have the money.

Holly Knight: You do not.

Terril Bates: But we have obligations.

Holly Knight: So, that's why--that's another reason--.

Kim Brown-Crawford: --Yes. Yeah--.

Holly Knight: --You want to partner in these deals. Your goal as a board when we discussed was to be your own developer one day.

Well, these--this is seed money that can seed your non-profit to where you can do--I mean, that's a lot of money coming in as a capital into your non-profit quickly and unrestricted. And that--you can use that to do home ownership. You could do that--use it if you wanted to do soft mortgages. You could use it to have a developer staff.

You just have to meet your non-profit charter.

Kim Brown-Crawford: Right.

Holly Knight: And so, it is much more flexible. It's an unrestricted, you know--it just has to be used for--I'm assuming in your charter that your non-profit is community development--.

Kim Brown-Crawford: --Right--.

Holly Knight: --Or affordable housing oriented.

Kim Brown-Crawford: And meeting our other obligation. So, Holly, this is great. So, in the list that Rick is asking you to create, can you just say, you know, just what you said, you know, this--these funds--whenever we get these funds, they can be used? Because I know we're going to have to go back to this and this is going to be, like, my little bible or bylaw. So, when things--.

Holly Knight: --Yes, ma'am--.

Kim Brown-Crawford: --Come up and if I'm still on this board, I can say, hey, guys, remember, we can use this for development wherever, but we still have to be within our certain guidelines and our obligations as a non-profit. So, we just want to make sure that there's--.

Holly Knight: --Well--.

Kim Brown-Crawford: --No--.

Holly Knight: --And I think that would be another good one because I don't really deal with your non-profit except you're our development partner. So, regulatory wise, you'll have to meet your state--.

Kim Brown-Crawford: --Right--.

Holly Knight: --Requirements. And then, of course, the IRS. So, that would be a good one for the attorney to explain.

But I do know the difference in restricted, non-restricted. And you have not seen it--is there something wrong, Jenny? Sorry.

You have not seen this in this manner. And so, when you guys were asking questions, I'm always trying to think, okay, what is it I'm missing or what have I not shared?

And so, you're seeing this presented today in a different way. And so, I am so glad you stopped and said, okay, I didn't understand that before. Thank you. Because I'm trying to show you things differently because maybe it's--you know, I'm not communicating well or I'm not, you know, explaining it right.

So, I'm so glad that you--I did--you know, we presented it a little different and just showed you what your return on your--it's not just the return on your investment. This is actually saying, you know--now, if we don't lease up, neither one of us get paid.

Kim Brown-Crawford: Mm-hmm.

Holly Knight: If we overspend, neither one of us get paid. You know what I mean?

So, these impact both of us. We are both owners in this project. We're joined at the hip. And so, if something happens to the asset, you and I, our agencies don't get paid.

But we're hedging our bets. We have a 5 percent vacancy rate. And you guys usually run 2 percent vacancy. So, I don't see an issue, you know, with--these are very valid, very--I think they're conservative, meaning you could get more.

If you lease up faster and keep things leased and have, you know, a 2 percent vacancy versus a five, you'll get more sooner.

Terril Bates: So, before we go on, I do want us to pause and make a note. Holly's information about the money being unrestricted is absolutely correct. Attorney Gilmore, perhaps at another meeting, can remind you that what we have is an instrumentality.

So, what we can do with the non-restricted money and the instrumentality will mirror what we can do as the housing authority. Holly has nothing to do with that.

But again, I think for a follow-up point, you know, at another time, Attorney Gilmore can just, you know, kind of keep that in mind for us so it doesn't appear that we were given information that, you know, is not--.

Kim Brown-Crawford: --No, we got it.

Terril Bates: Yeah.

Kim Brown-Crawford: Yeah. I think yeah. I just wanted to make sure because I'm just--I'm asking questions--.

Terril Bates: --Mm-hmm--.

Kim Brown-Crawford: --That I feel at some later point we could forget or--.

Terril Bates: --Yeah--.

Kim Brown-Crawford: --Just may, you know, just confuse, you know, a little bit. But, like, I keep saying to everybody is that--and Holly, thank you for, you know, taking your time and going over it and showing us this. I feel a whole lot better based on what we get up front.

But we have to do this. I don't think--I don't know. Terril may be--and you, of course, but I know all of our board, we have never gone through this. And so, it is just, like, those books used to come out--.

Holly Knight: --Right--.

Kim Brown-Crawford: --What is it? Development 101 for dummies. And not to be, you know--put anybody down, but that's where we are. That's where I am when it comes to the money side and the development side and this whole project. I mean, we all have painted a room before, but this is going to affect people's lives.

So, I'm glad we're taking this time to do this today. So, thank you.

Holly Knight: Sure. I appreciate that. I really do.

Rick Gilmore: If I may, Holly, just before you go, and Commissioner Ivey may not like that developer for dummies thing--.

Kim Brown-Crawford: --He'll be all right--.

Rick Gilmore: --But--.

Kim Brown-Crawford: --He know I love him.

Rick Gilmore: The thing that I was talking about or I'm suggesting to go on that little list we're talking about had more to do with the waterfall and how it works than anything else. Because I think that was, like, the base of the question, which is when will we get money and how do we get money.

So, I think that's the most important thing. I agree with what you said about unrestricted, and I agree with what Terril said about we have to be mindful of the fact that we're an instrumentality.

But for that list, I think the answer to Commissioner Brown-Crawford's question about the waterfall and how it works and how you get money is the most important thing to be on that cheat sheet, if you will, for them to be able to refer back to.

Kim Brown-Crawford: She's on mute.

Terril Bates: Holly, you're on mute.

Holly Knight: Sorry. I am very sorry. I know you can every now and then hear those dogs in the background. I can't help that today. I'm very sorry. I think somebody was cutting grass.

So, okay. So, I'm really glad that this helps. And I do want to also mention this. In the closeout notice that HUD has, the money that is not spent, they can't--it's subject to recapture. So that the money that you have when you're going through the RAD process, you know, you're closing out each of these projects as you go along. And so, that's another thing.

It is wise--now, it's your decision. I'm just saying it makes sense especially for a board like you that has a lot of other activities outside of just public housing, it makes sense, put your public housing in, don't get it--you know, don't chance it getting recaptured or anything of that. Put it in. And then, get the non-restricted funds back. Then, you can do so many more things.

You could send staff to training. You could send board members to training. You could hire a staff to work on home ownership. You know, there are so many different things that you could do, whatever it is. And again, I really--your non-profit is our partner, but I really can't speak to your non-profit, charter, and all of those things. So, I think that's really good that we showed this.

And you know, like, we will close when we close and they record it, a couple of days later, you will have your money. So, it's--it is exciting and it gets you on your start to having money also if you want to do other developments.

So, okay. Next slide.

So, these are just another way--I'm just trying to show different ways of looking at it. So, that had to do with--that was just a chart for you, but I also wanted you to see what the fee splits are.

So, you can just see that we are get--both getting 50/50 split. We think this is important. A lot of other developers don't do this. But the reason that we do this is we want to see money going back into your non-profit and you turning it back into money that you can turn and provide other affordable housing and betterments in your community.

So, we're happy to do a 50/50 split with you. You've been a good partner. And we expect that you will continue to be a good partner. And this is a huge way of getting a shot in the arm, sort of speak, into your development non-profit.

Any questions here? This is just another way of looking at, you know, what are you getting paid, what are we getting paid. Anything?

Kim Brown-Crawford: Holly, I just want to just say a shoutout to--I think it was Commissioners Daniels and Ivey that suggested the 50/50 split. And you all accepted it and that was good. I was maybe thinking a little less because I thought maybe I wouldn't but, you know, you never know unless you ask because if you never ask a question, it's always going to be no. So, good looking out for the--you two for suggesting that. See, I do remember.

Holly Knight: Well, we are a little unusual and will accept that because we are--we're not just turnkey developers that are just going to do the deal, turn around, and here's your keys. We're development partners. We're working on this with you and your staff together.

So, again, you know, it makes sense. We're all looking out. We're all bringing up issues, like you brought up today, hey, the community's concerned about this, residents are concerned about this. I mean, these are all issues that partners discuss. So, I appreciate it. So, good. Okay. Next slide.

Okay. So, you've seen this timeline. It does get adjusted. I am--all I can do is say I'm sorry and tell you that I can promise you timelines and numbers will change. We are doing the very best we can in updating both you and the residents, you know, on every step we take. For example, as soon as we have our concept call, we will have another resident meeting with the family members.

Very soon, as soon as we have our RCC, we will have another outreach with the residents to discuss next steps, what does relocation look like. And then, right before we close, we will have the contractor come in and talk to the residents about what we can expect.

So, you know, we're--we try but lots of times we're hurrying up and submitting paperwork, and then we're waiting on people. So, you know, all I can do is say I will educate you and I will share and I will inform, but there will be changes. I cannot say that there won't.

Now, we have a hard deadline of closing in August. So, for the bonds, we know that we have to close August 28th. So, what you're seeing is, you know, an aggressive timeline. And as we wait on HUD or as we wait on other entities, we will adjust this.

But we push and we like to present here's our timeline, here's our timeline, here's what we're trying to do, but the reality is that we're on other's--what is it called? Other people's time.

So, you know, to the comment about timing and how frustrating it is, I get frustrated as well, commissioners, I do. I'm not real patient. And so, I'm, like, why is it taking so long? Who do we need to call? What do we need to do? We need to push.

And so, you can ask Terril, you can ask any of my staff, you can ask even your staff, I push, you know, too, because you guys want this to get closed. I know you do. You've communicated it as a board to me. And so, it has a sense of urgency.

And honestly, we need to get it closed with the interest rates being the way they are and then the 4 percent fix. We don't know what's going to come down the line. And we can't afford another year like we did with COVID and all the slowdowns.

So, okay. Next slide.

So, now, if there aren't any other questions for the family--I mean, for the WM, I'm going to go ahead and talk a little bit about Daytona RAD Family. Is that okay?

Kelvin Daniels: Anybody got questions?

Holly Knight: This is probably where we're going to spend the bulk of our time today. Okay.

So, you know what the--what all developments are going into Daytona RAD Family. Caroline Village, Palmetto Park, Walnut Oak, the new construction, Northwood Village I, and Northwood Village II. Okay? Next slide.

So, a little bit on the Daytona RAD Family org chart. I know you've seen this. But just in case there are any questions, I want to go through this with you one more time.

So, first of all, remember that you are only selling the improvements to the limited partnership. And then, you also are part of the ownership.

So, when you say you're selling it and you're not going to own it, it's not really true exactly. It may feel like that and sometimes, you know, perception is reality. But technically, you are still an owner and HUD requires that you still maintain some control over the property even when you sell it.

And so, the only reason that we sell it to the partnership is so that it can go into a partnership that can take benefit of the taxes. So, you, as a non-profit, cannot benefit from, you know, receiving a break from the IRS, but American Express can, Shell Oil can, Citibank can. And so, that's why we put these holdings or these assets into the partnership.

And then, the two of our groups, the Daytona Housing Authority and--or your Daytona Housing Development Corporation and BGC, we both are members in the partners--in the general partner and we handle all the day-to-day activities. And so, you know, I want you to understand, you control the ground lease. You are in the partnership.

When the investors leave at 15 years, you have the right of first refusal. You maintain control via, you know, HUD's requirements. And so, I just wanted to go over this one more time.

And then, I also realized that you've had some changes in the board of directors, and that's not reflected here. These are our initial org docs and we'll certainly be making adjustments to the Daytona Housing Development Corporation moving forward.

Terril Bates: Holly, could I have one second, please? I just--this just occurred to me, and I'll share this with the board. I got an email from PNC Bank about one of the developments, Lakeside. Remember, this is a different deal that we're a part of but it's going to show that we never don't have oversight.

So, the questions that they asked was about the first quarter performance of Lakeside.

Kim Brown-Crawford: Okay.

Terril Bates: So, that was 2006. And here we are in 2021, the housing authority. And so, of course, you know, I expect Precern, just like I would expect Holly's group, to give me a response. So, after all of these years, the investors, the lenders still required the housing authority to have ultimate oversight if something happens with the partnership that they have concerns about.

So, I'm going to just send this to you so that you, you know, have something that you can actually see when the deal is many, many years out that there's still--and I've shared a little bit with you about the engagement that we have. But I think it will be good for you to just see this so you can see that no matter what anybody says, you have evidence of how the housing authority remains involved.

Kim Brown-Crawford: Okay. That's good.

Holly Knight: Okay. That's great. That's a good point. Okay. So, next slide.

So, this is just a breakdown of our organization and I wanted to make sure that you saw this. So, BGC--and I know we've talked about this, but this is a time to just dive a little bit deeper because in closing documents, you may see some of these entities.

So, I am the manager and the sole owner of Knight Advantage. And then, my partner that is a 50/50 partner is MT Resources. And then, that is made up essentially of two families, the McConnell family and the Temple family. And so, you'll see Patrick Temple for KPL and William McConnell or Billy McConnell for the McConnell Southeast Holdings.

So, I just wanted you to see these names. And they do have conversations with the investors. And we do have to send in financials. And these are also the people that are guaranteeing the project, as well as myself.

So, we are all providing project guarantees. And so, I just wanted you to see, you know, that breakout. Okay. Next slide.

So, again, I think I covered this--.

Kim Brown-Crawford: --Holly, I'm sorry. That last slide. So, the two families, basically, they're two different LLCs. So, basically, when you have--you've got 50 percent MT Resource Group and you've got 50/50, wouldn't that be 25 for KPL and 25 for McConnell? I'm just trying to figure out--y'all got--those numbers don't add up.

Holly Knight: So, it's--they are--each of them owns 50 percent of MT Resources. And MT Resources owns 50 percent of BGC Advantage.

Kelvin Daniels: She's going down the MT line.

Michael Edgar: This line starts at 100 percent again. So, 50 percent of BGC--.

Kelvin Daniels: --Yeah--.

Michael Edgar: --Is made up of MT Resources and then that self is 100 percent. Fifty percent KPL goes into MT resources; 50 percent of McConnel goes into MT Resources. So, 50, 50 is 100. Each line gives us 100 percent.

Rick Gilmore: It adds up to that.

Kim Brown-Crawford: I got it. I got it. I think I--yeah.

Holly Knight: Thank you.

Rick Gilmore: Find out if Holly's going to--.

Holly Knight: --Okay, next--.

Rick Gilmore: --If she's going to provide the board with a copy of this.

Kim Brown-Crawford: Yeah.

Holly Knight: So, I--.

Kim Brown-Crawford: --So, Holly, you are going to provide us a copy of this slide.

Holly Knight: You can have that whole presentation. Yes, ma'am.

Kim Brown-Crawford: Yeah. So, we--after this meeting, yeah, that would be great. I mean, that's what I meant, the whole presentation.

Holly Knight: Well, it's--and it's also in the operating documents. So, you'll see the actual operating documents. But it's a--this is a good little cheat sheet.

Kim Brown-Crawford: Right. Yeah.

Holly Knight: I like cheat sheets.

Kim Brown-Crawford: Yeah. If we can have that sooner than later because the notes that I'm taking here, I would like to actually put them on that PowerPoint.

Terril Bates: We'll get them to you today.

Kim Brown-Crawford: Okay. Thank you.

Holly Knight: Okay.

Kim Brown-Crawford: Mm-hmm.

Holly Knight: Sure.

Hemis Ivey: Holly, I have a question. On your last slide--and I'm just curious to know why are we going to lump all of these sites into one versus letting them stand on their own individually like they currently are.

Holly Knight: Sure. Because it's too expensive. And so--it's too expensive to do the financing for the smaller sites. So, that's why we pulled them together. And they are all like sites. And so, that's why we bundle them together, which is very common for a 4 percent bond deal.

Now, in the 9 percent world, you may do a smaller site but certainly not 24 units. You know, you're looking--that's, like, a rural development project. And it's very hard to operate financially very small entities.

If you have one vacancy, it can drop your vacancy rate below 95 percent like that. Whereas if you have 300 units, you know, there's more--the cost to issue bonds or the cost to do a financing deal are spread amongst all of those units. Whereas if you only had 24 units and you were spending money to do a deal, the cost per unit would be just outrageous and not feasible. Does that make sense?

Kelvin Daniels: Yeah. Well, not really because last week, you said it wasn't a bond deal. So, is that a Freudian slip? Because originally, you said--don't cut me off, Ms. Bates. You said it's not like a bond deal last week. It wasn't going to be a bond deal.

And you're saying the bond--now, you're saying we're--y'all going to issue bonds. We can't do it publicly is what was said. So, y'all still trying to do a bond deal?

Holly Knight: That's never changed. No, sir. So, there must have been a misunderstanding last week. These projects have always been financed and underwritten--.

Kelvin Daniels: --They said we couldn't do a bond deal--.

Holly Knight: --At 4 percent bond deals.

Kelvin Daniels: That's public housing. We couldn't do a bond deal.

Holly Knight: So, that--I'm sorry--.

Kelvin Daniels: --But they said we're going to do a bond deal--.

Holly Knight: --But that's certainly a misunderstanding. No. We're going to go over the finances with this.

Kelvin Daniels: All right.

Holly Knight: But it's always been a bond deal proposed and we haven't changed that.

Terril Bates: So, what changed is that the housing authority wouldn't be issuing the bonds. It would be the state of Florida. That was the conversation.

Holly Knight: We talked about that. And I actually--.

Rick Gilmore: --That's true--.

Holly Knight: --Took action on it, but I could be wrong. But we talked about that at the--.

Kelvin Daniels: (--Inaudible--)

Kim Brown-Crawford: --The state of Florida--.

Holly Knight: --Retreat and even the next morning. And all agreed that this was your--the WM is your first bond deal and that we would do the second one through the state. And there are also some timing benefits by doing it through the state.

So, yeah, it's always been a bond deal.

Kelvin Daniels: So, we have an issuer.

Holly Knight: It's still a bond deal. And we'll talk more about it.

Kelvin Daniels: All right. So, with public property, it's something we can't be an issuer or something what Jean was saying last week, but this is a bond deal for public property. Right. Public housing. Okay.

Holly Knight: It's through the state housing finance agency.

Kim Brown-Crawford: Yeah. And if I'm remembering correctly, during our retreat, Attorney Wilson had that slide that showed, you know, which one we could issue the bond for and which one the state would be.

And we--there's a slide that he had and it did tell--you know, I think I asked a lot of questions on that with conduit and all that kind of stuff like that. And that's the--I always knew it was a bond. But--and I knew the first one was okay. I did know one of them would be state but I just, you know--I'm recalling it correctly.

Rick Gilmore: Well, this might be an easy way to kind of start remembering the difference. Conduit--.

Kim Brown-Crawford: --See, I remember that. Mm-hmm--.

Rick Gilmore: --Is what we're doing--.

Kim Brown-Crawford: --Mm-hmm--.

Rick Gilmore: --With the Windsor/Maley. When you hear 4 percent, 9 percent, when you hear those figures, that's from the Florida Housing Finance Corporation.

Kim Brown-Crawford: It's the state.

Rick Gilmore: So, that's the state issuance.

Kelvin Daniels: All right.

Rick Gilmore: So, any time you hear 4 percent, 9 percent, just think state.

Kim Brown-Crawford: State.

Rick Gilmore: We don't have to issue anything. We have to apply to get that.

Kim Brown-Crawford: Okay.

Hemis Ivey: But I think, too--and if I'm hearing the board right because that's why we need to make sure we can understand these type things. And that's maybe why we shouldn't rush because to me--and I understand what Holly's saying, yeah, it'll be a lot cheaper if it was--if it was lumped together. I do understand that part of it.

But what I don't really too much agree with it is because if something goes wrong, everything goes wrong because it's all lumped together. I like keeping things separate in the way they are, just like you have. Lakeside is separate from Pine Haven. Pine Haven is separate from the other ones.

So, for me, I hope we continue to have this discussion to go through and get comfortable with making these particular decisions. And it goes back to when we were in commissioner classes, when they were first talking about RAD when we went to different places, there was some pros to RAD and there is some cons to RAD.

And if we lump everything together, I just will like for us to continue to look at it the way that we're doing because I want to get through this WM and let's see how it continues to work as we hash out these different workshops like attorney suggested.

Holly Knight: Okay. So, I think that, you know, again, why are we doing this structure? HUD supports the partnerships. And it--the whole reason that we're doing RAD is because you don't have enough money to fix up your units. They are continuing to have physical needs and you don't have the cash and you're not going to be getting the cash to fix them up.

And you could do HOPE VI but that's going to get you a lot less money. And you could do capital fund financing, but that's not going to get you much money.

So, the--that's why HUD developed the opportunity for housing authorities to get release from the declaration of trust and change the subsidy and actually increase the subsidy that's going to the projects because they want to see affordable public housing preserved.

This is the preservation program. You're preserving affordable housing. And then, in your case, because we are lumping the projects together, you're able to afford some new construction. You wouldn't be able to do 20 units of new construction alone on a 4 percent deal.

So, by lumping them together--and you're a little bit larger than the tower project but not considerably larger. And so, lumping them together gives you the financial wherewithal to preserve your housing and even produce new units coming out of the ground for the community.

The public-private partnerships, again, are--a public part is you, the housing authority entity, and then, of course, private are us as your co-developer as well as Redstone bringing private money to the table. And so, these entities are getting something out of putting their money in.

And then, we share risk and reward. Now, you don't have much risk in terms of the project because you're not--you are not providing any guarantees, but you are receiving a reward for all the hard work. And the reward is your developer fee or your developer fee money that you get.

And then, lastly, again, the investor is using tax breaks that the IRS provides. And they're saying to the investor, hey, if you put money into low-income housing, into affordable housing, we'll give you these tax breaks. And so, that's why--their reason--these private entities, why they want to do this.

Now, we--I'll talk a little bit more about our investor for the WM--I mean, for the family project. Their higher tier investor is also looking for a minority community to invest in, an opportunity zone to invest in, and they want a women-owned business.

So, we're--we fit the bill for the women-owned business. And then, you know, we're investing in a minority community and this project has opportunity zone. So, it is phenomenal that we have, you know, been able to place the project in a fund that is looking for these, you know, checkboxes. Okay? Next slide.

Hemis Ivey: But Holly--so, if you're able--you just said new construction. So, if we're able to do RAD, why can't we build on our old sites as well in order to add density and really give them (INAUDIBLE)?

Holly Knight: So, the new construction that we're doing has no section 8 vouchers in it. And it has no public housing in it. It is a tax credit deal. And so, you do not have to go through site and neighborhood standards with fair housing. If you tear down your units where you are now, you will have a hard time with fair housing.

Hemis Ivey: But ain't that the purpose of RAD to be able to do that? I'm just asking.

Holly Knight: The purpose of RAD is to preserve your affordable housing. Key word is preserve. You still have to meet the regulations.

And so, where--I guess where this is different, if you're just rehabbing and you're not changing the unit mix and you're not changing the occupancy type, like going from, you know, family to senior or restricting people, then fair housing, you know, it doesn't trigger it. But the minute that you tear down a unit and try to rebuild, fair housing's triggered.

And yours--and your communities are in minority communities. They're going to want you in non-impacted communities, non-minority communities. So, you'll be taking--you would essentially be taking everything out of your community and putting it in a non-minority community.

Rick Gilmore: That's something that's another point you wanted to make.

Kim Brown-Crawford: Yeah. And so--.

Holly Knight: --I'm not making the rules. I'm just telling you about the policy.

Kim Brown-Crawford: Right. So, Holly, that was one of the things that was asked to me last night about why couldn't we, you know, knock down a few--I don't know what the--what family site they said and rebuild them. And I said just what you said, because we would not meet the Faircloth Act about where new housings and development would be because of the neighborhood and all those kind of clause. And I just told him to go look that up and what the government says about where public housing can go.

So, I think I did a good job of letting them know that. And I said just like you said, it's not the board, because they were talking the board--it's not our decision to not do that. If it was my choice, we'd just mow them all down and pick them up.

Because the question came up--and I don't know if it was in reference to a presentation that our director made at the city hall, but they just felt like we were just painting and, you know, putting Band-Aid. Although, they knew it would look good, so they--you know, they started talking about the windows. And I said, I'm--yeah, that's all going to change or whatever.

But that was the same reason, you know, I asked. And I just said to them, you know, if you tear down--you know, one thing, we'd have to have somewhere for everybody to go. The next thing, we have to meet certain requirements from HUD, which is the Faircloth--I use that word so much. I just told everybody just to go look at--.

Terril Bates: --That's the wrong thing, but we'll talk after.

Kim Brown-Crawford: But anyway.

Kelvin Daniels: It's not Faircloth.

Kim Brown-Crawford: But I just want them to understand that, you know, there's only--there's--you know, we can do, you know, so much. And I let them know, you know, what the government is trying to get away from public housing. That's why we're in the RAD. And have more affordable housing. So, there would not be at some point in time any public housing in the Daytona Beach area. So, that's eventually our goal.

So, I kind of understand that.

Holly Knight: That's your--you explained it perfectly. You know, people don't understand this policy and some people have a lot of problem with it.

When Dr. Carson was the secretary of HUD, he actually wrote a paper and it talked about what--it talked about Harlem and what if people would've made all of the minority community leave out of Harlem, what kind of investment would've been left? And Harlem is such a rich cultural community, you know, but we didn't make these rules. Somebody else did. And we're just trying to do what's best and work with them.

So, I think you did a great job of explaining it. And you really--you get it. And so, it's difficult to understand. And there's, you know, not restriction on these that we're building that are new construction, but there's restrictions--different restrictions on the ones that we're rehabbing.

And, you know--and I know we've talked about this, but, again, you know, there's so many reasons to do this project the way that we're doing it. And I'll talk a little bit about which units are being torn down.

I do want to point out, Commissioner Brown-Crawford, that right now, the need for rental housing is so great and it's--the government is gearing up in that it's going to be worse after the COVID benefits stop because people are going to lose their housing.

And so, that's going to push the affordability issue into really--they've already been using the term crisis. But imagine all these other renters that are going to need rental housing. It can--if they're a higher income level, it's going to push our renters even lower in the market to be able to seek and utilize vouchers.

And so, preservation is important, while also, you know, creating new opportunities is important. And I feel like you're doing both of those activities in this project.

Okay. So, I've talked about the first pieces, about the ownership, that we are co-owners, we're co-developers. We're splitting the developer fee and the cash flow. And that the long-term benefits of the project is that you're going to have stable funding. And let's be honest, we'll go through--it's more than just windows.

We're going to be really increasing the resident quality of life. These are not just Band-Aid fixes. Yeah, it will look pretty, but we are going to be doing things that improve the quality of life.

And then, I just want to remind you that the housing authority has the lease, the housing authority has the seller take back note. The housing authority's money that comes into the project will be--there will be a PHA funds note.

You as the housing authority will maintain control through RAD. And you will have the right of first refusal for these assets at the end of the tax credit compliance period at the end of 15 years.

Now, the non-profit will receive the developer fees. So, if we can go to the next slide.

So, just want to show you this. So, the partners that we--the financial partners that we selected, I do want you to know that it is a tougher market right now. We put out to six different investors to get quotes. Raymond James, Regions, Enterprise, CREA (PH), NEF. These are all equity providers. And we had two submit, Redstone and RBC.

And Redstone was a little bit higher and had the same pay-ins. And so, we went with Redstone, which is great because they came in and this--they put this in a fund with--it's a specialty fund. And like I said, I think we're going to like seeing that this particular fund cares about minority community, women-owned business. Those are the things that they were looking to invest in.

So, we're getting 24 million on the RAD family. And our price--and the credit price is .845. So, you know, 84.5 cents. And then, Citibank is--they will be our private bond buyer. They will buy the bonds. And so, we'll see them--you will see them considered, you know, construction to perm. And they'll buy the bonds and then we'll retire some of the bonds.

So, I just wanted you to see that. We've gotten good pricing. I know I held out a little while on placing this project just because I knew this fund was being created and I thought that this project would pass their committee and be something that would be great. So, we were able to leverage a little bit more cents on the dollar. All right. Next slide.

So, let's just go through the sources and uses on this one. 7.4 on the building acquisition. And again, there's no purchase of land. You'll hold the lease.

The hard costs on this one are 35 million. And so, the--that's a little bit of an exaggerated number of the 100,000. Remember, we're building new construction and then we're doing rehab.

So, because of the increased construction costs that are happening, our new construction is widely expensive. We're close--you know, we're closer to $300,000 a unit on the new construction. And so, you know, there's a lot of money going in to, you know, 20 units. And this is a discussion point.

We could always take the new construction out, but I thought that new units coming out of the ground was really important to the board.

Kelvin Daniels: Okay.

Holly Knight: So, with that--.

Kelvin Daniels: --Holly--.

Holly Knight: --Information in mind, is there some comment you want to make?

Kelvin Daniels: Yes.

Holly Knight: Or--yes.

Kelvin Daniels: Okay. So, here is where I am so that we'll--I can say what my thoughts are. All right.

The elevators wound up being too expensive. We said originally, we needed four elevators. That would've been ideal. Then, we might need an extra elevator.

Now, we have to fund elevators because costs are so high. Now, you want to close on family sites with costs being high. And then, we don't know how much we may have to put in.

So, wouldn't it make sense to show us how much money you've expended already right now? And then, maybe after COVID is over a little bit down the line, that when costs come back to actual again, especially when the market's going to be saturated with housing, that we then look at the cost and how much it's going to cost you all, how much it's going to cost us as the development partner or whatever.

So, instead of closing this year, wouldn't it make more sense to push this back a little further and then--?

Kim Brown-Crawford: --The interest rate--.

Kelvin Daniels: --Get more for our buck instead of going into this market right now?

Holly Knight: Well, you risk a lot by doing that. And you also lose a lot of money by doing that.

So, first of all, you'll have to redo all of your reports, and that's a cost to us. If you withdraw the project, you know, there's a cost for that.

Kelvin Daniels: Can we get those numbers? I want to go ahead and start getting those numbers, please. Do you have those numbers that you're saying we're risking? Do we have those on the slide?

Holly Knight: No, I don't have that.

Kelvin Daniels: Can you give us a ballpark then?

Holly Knight: But we can pull that. I can pull that together for you. So, you've got--.

Kim Brown-Crawford: --That could just be something, Holly--.

Holly Knight: --Architectural costs--yes--.

Kim Brown-Crawford: --That you add to, you know, the list that we're compiling.

Holly, let me ask a question, again. I don't know if this can be done. So, I--we're talking about constructions on 20 new--new constructions--20 new houses on the family side. And we know what that cost is.

Is there any way that we--I know we're talking about the elevator and I'm sure--and I know I'm going back to the Windsor/Maley. But what if we said we only want to do 18 houses on the family side and put that money into Windsor/Maley for your elevators?

Holly Knight: Well, you can't--there's--.

Kim Brown-Crawford: --I'm just asking. I don't know if you can.

Holly Knight: I just know public housing money going into the 20 units--.

Kim Brown-Crawford: --Okay--.

Holly Knight: --Those are all affordable.

Kim Brown-Crawford: All right. That's fine. I've got to ask the question out loud because I don't know.

Holly Knight: Right. Right. Right. And so, let me get through this--.

Kim Brown-Crawford: --Okay--.

Holly Knight: --Because I really think that you would be losing if you delay this project.

Kim Brown-Crawford: We don't want to delay.

Holly Knight: I really do.

Kim Brown-Crawford: I'm telling you, we don't.

Holly Knight: And I'll talk you through why.

Kelvin Daniels: It's not your (INAUDIBLE).

Kim Brown-Crawford: I know.

Holly Knight: First of all, you know--.

Kim Brown-Crawford: --I appreciate your thought--.

Holly Knight: --Redoing all of the reports. Second of all, your interest rates are held right now. But we expect interest rates to decline.

Kim Brown-Crawford: It's the interest rate.

Holly Knight: And then, we've got these construction prices locked in. These are new construction prices. We just bid everything. And so, I would go ahead and get it done. If it's important to you to have the new units, I wouldn't wait. I would do them now.

The--we--and I've got a slide that kind of just shows what's happening with construction. And we can, you know, lock in and our contractor will hold to these prices. So, I would do it now versus waiting.

And the other thing is you're going to have to have another physical needs assessment. Another year goes by and your replacement costs are going to grow. So, you've got a lot of things that would be working against you for not doing this project. So--but we'll--I'll talk through them. I think I've got some of them addressed.

Now, on this slide, if you'll notice, you're only putting in $750,000 and I feel comfortable with that. I don't see that we'll be, you know, needing more money coming back on this one. There--I think we've worked through all the unforeseen activities.

And, you know, we modeled for 150,000 in new construction and came back not quite double that, but that's what I'm seeing in new construction everywhere.

So, I think it's only going to continue to increase. I don't see that need decreasing. And, you know, there's a lot going on in Daytona. And so, I think you're just going to have a harder time the longer you wait.

We do have somebody who is familiar with the Daytona market and, you know, that's going to help with subcontracts and costs.

But, again, we've gotten our SOVs for the contractor back and I feel really good about it. We asked them--I think we spent two weeks going back and forth asking them questions--asking all of them questions. But, you know, we didn't have as much interest on this project from contractors as we did the first time because they're busy. You know, construction is hot.

So, I think we should strike while the iron's hot. And I'll go through some of those concerns. Okay. So, let's go to the next slide.

Terril Bates: So, I just--again, maybe we have a separate meeting about this. But I think, aside from Holly, we need to talk about some of the conditions in the family sites. I mean, you know, if that's not what we want to do, we quickly need to, you know, kind of talk about how we're going to manage some of those things.

Rick Gilmore: Additional, Holly--.

Holly Knight: --Okay. So--.

Rick Gilmore: --You're probably going to talk about it, but I thought--there was some mention of potential loss of the CHAP. But go ahead.

Holly Knight: Oh, thank you. I didn't even think about that. Yeah, you would have problem--I mean, you would have issues. You've told HUD, you've told the community. Yeah, you'd have to go back and redo your PHA plan and, you know, there's a lot you would have to do. But, you--I mean, you can do all of that.

It's just, you know--and then tell the residents--again, as Commissioner Brown-Crawford said, they're desperate. I do these resident meetings and they're desperate for change. They want to see the change. They want the changes.

So, you know, you'd have to go back and, you know, have those conversations. And, you know--and, you know, then that distrust from the community and your residents.

Rick Gilmore: And I--.

Holly Knight: --So, you do have a lot to think about.

Certainly, you can pull out. There will be consequences. But let me talk about the good things today--.

Rick Gilmore: --Okay, but before I--.

Holly Knight: --And why this is--.

Rick Gilmore: --Get off the mic, Holly--.

Holly Knight: --A great project to move forward with--.

Rick Gilmore: --Before you talk about the good stuff, I think we're probably on another page now, but that needs to--everything you just said needs to be in the cheat sheet that we're talking about. It's only, like, 50 pages, probably.

But all of these facts--again, that we're talking about and that's really what I thought needed to come from this meeting.

What's the effect of delay? What's the effect of delay? Real number, real time what could happen.

Kelvin Daniels: Right.

Rick Gilmore: So, that's a really important piece, I think, for the cheat sheet.

Kelvin Daniels: Cost associated.

Holly Knight: I'm looking. Hold on just a second, I want to look at the development--I have the development budget.

All right. Well, let me--we'll pull something together for you because it's not broken out the way you'd want to see it.

So, yeah, there would be definitely impacts with HUD, impacts with the community, impact with, you know, funding. And then, of course, impact with increased expenses.

Okay. So, this is the Daytona RAD family PHA effects, and this one looks different than--it's the same chart, but it looks different than the other one because this one pays off the deferred developer fee early and gets into additional payments. And these are just the payments to you.

So, you can see that in year one, you're going to get a $515,000 developer fee. When we complete construction and convert, you're going to get $2 million.

Now, remember, this one, we're asking you put--to put 750,000 in, and within four years, you're going to have 2.5 million for your non-profit. Your non-profit is our developer partner. You're going to be helping us with boots on the ground, you know, and you're already doing the things like Commissioner Brown-Crawford did at the public meeting. And so, that's why you're getting these payments to, you know, assist with the project.

And so, that--certainly, you would be losing your developer fees if you don't move forward. And this is a pretty good shot in the arm at closing, this 500,000 and the other 740--I mean, that's a pretty good nest egg for your non-profit.

And then, if you'll see in year 13, you start getting the rest of your deferred developer fee and then you get your asset management fee. And then, you get your cash flow note, which is your seller take back note and then the PHA note. And then you get a general partner fee.

So, I mean, this one's a really good cash flowing deal. The cash flow is heavy on this deal. So, it's a great investment. I think it's a good real estate deal. Certainly, you would lose these effects if you structured it differently.

We have met the 60 percent construction cost test to be able to put in the project base vouchers. So, we'll have higher rents. So, that's a really good thing because of the amount of construction that we're doing. So, anyway, I think that this is something, you know, you may want to really take a look at.

This is cash back to your organization quickly. And this project does a good job of cash flowing. Okay? Next slide.

Kim Brown-Crawford: Holly, just for the record, the meeting was not a public meeting. It was an executive board meeting for the NAACP, and we have different reportings that we have to report. And one of the reporting talks about housing.

I asked not to be a part of that board, but the question came up about what's going on with the public housing. So, I was--as a part of that executive committee, I was able to answer those questions. Yeah.

Holly Knight: Oh, that's good. That's good. No, and that's such an important organization. I mean, like I said, you know, feel free to report back that the investor that we have is--actually cares about our minority community and women-owned business. That's what kind of project they were looking to invest in. And, you know--.

Kelvin Daniels: --Well, Holly, what she's saying on the record is that when you say that she was speaking for the board. Sounds as though Commissioner Brown-Crawford was out at the board's behalf when you--a couple of comments. So, she's just clearing that up and not saying she was speaking for the board when she was--.

Kim Brown-Crawford: --But that I--.

Kelvin Daniels: --Talking to those people.

Kim Brown-Crawford: Yeah.

Kelvin Daniels: Because that's how it's sounding on the record, that she--we sent her out.

Kim Brown-Crawford: Yeah.

Kelvin Daniels: She had her shirt on, and she was talking for us. So, you know, answering these questions is Faircloth and it's not Faircloth. So, want to make sure.

Kim Brown-Crawford: Yeah, because I don't know about that. I have a meeting about what was going on.

Holly Knight: Okay. I'm having a little hard time understanding the rest of that, but it sounds like that was just a comment for the board--for the record.

Kim Brown-Crawford: Yes.

Kelvin Daniels: Yeah.

Holly Knight: Okay. Sorry.

Kim Brown-Crawford: Yes.

Holly Knight: My comment was that's great. Sorry. I think those are important organizations, that's my personal opinion for the record. Okay.

So, this is, again, just another way of looking at this. And, you know, it's the same thing as the other, it's just giving you the breakdown. And again, you can see the 50/50 split.

And so, you know, just--it's just another way of, like, looking at what the amounts are. These are when equity is paid in at closing, at completion, at stabilization, and at 8609s. So, it's just a different way of looking at the same numbers. Okay? Next slide.

So, this is just--I want you to know--and you probably have your finger on the pulse of this, but construction prices are high. We want to lock in our construction contracts so that it doesn't continue to escalate.

So, I had a project that I locked in and then we actually bought a reservation of lumber. And so, like, we reserved lumber very early on. And so, like, with the mill--and we did that just because we knew that we had a construction project going on. And so, I don't think these are going to change.

If you look at these kind of lumber prices, construction prices, home builders association has also said that there's an increase of 15 percent in construction prices. There are issues with--you know, we have to work to get, you know, our products from, you know, whether it's a stove or refrigerator, you know, people have--had a run on the market during COVID. And then, there's been slowdowns.

But we're starting to see that balance out in the market. But there is such a high demand with all of the construction and new starts--home ownership is still up because of the low price-

-low interest rates. So, again, I think we should lock all our pricing in and get to closing as soon as we can. Okay. Next slide.

So, just kind of the next steps. So, we're going--we've requested--we're waiting on HUD the conversion overview. And so, all of these items have been submitted for review.

We're working through a utility allowance savings and a CHAP adjustment. We're going to take--again, I've talked to you about this and even during the retreat in November about the 75 percent of the savings for the resident paid utilities.

And then, we're doing the TPV/SAC blend for the section 8. And again, because we are doing a lot of renovation work, we're able to hit the HUD target of 60 percent construction. Or we're meeting the 60 percent of our units being able to be converted to TPV. So, that's really good. That's a great leverage.

I'm proud to say, partners, that we have leveraged the maximum amount of funding that we can get from HUD. And so, I think that's really good for you. Okay. Next.

So, these are the things that are on deck. We've uploaded a good portion of the financing plan. And so, after our concept call, we have to have another resident meeting. And Terril's been pretty good about getting those meeting notices out. And like usually, we can turn things around in a week. And that's due to you guys and how quickly you move on meetings.

And so, we have to have that. And we have to let them know that we're moving forward with the financing plan.

And then, after that, we get our RAD conversion commitment. And along the way, we continue to do RAD letters, RAD resident meetings, and let them know about relocation. And then, it's not required but we also meet with our contractor to, you know, have a construction schedule conversation with them and what to expect, what kind of people to see, what the protocol is for people on the site, that kind of thing. So, next slide.

And then, we will be ready to go for readiness to close. I know that we've already started working on the DOT, the declarations of trust, legal descriptions. We're working on the title and survey. So, all of those are underway.

You'll update your first-year tool. And then, the local field office has already approved your PHA plan, and we will be submitting the request for release of funds for the environmentals. And so, they turned around the request for release of funds for the tower very quickly, so I don't think that will hold us up.

And then, these are the closing checklist. You know, as we work towards closing, these will be things that the housing authority will work through.

Oh, and you know what else I forgot to mention? We actually, in the family, also have a section 8 admin fee that is going to the housing authority. So, the--this will--the family will be a big undertaking and a little bit more difficult and challenging. And so, we've actually put in an administrative fee. Okay? Next slide.

Just kind of where we are with the Daytona family timeline. And again, we probably can go to the second page because you've been seeing all of this. But we're looking to close in the fourth quarter. And so, again, it depends on any delays that we see or any changes that you make to the plan, but we could get this closed by the end of the year if we continue to push and move forward.

We've also submitted our tax credit and bond application to the state. So, that's completed. We've got our investor on board. We're waiting on the LPA, which I expect that we'll be able to see within a couple of weeks. We've already started uploading all of the documents that they've requested just to do the legal work.

I think we've got a couple of organizational documents to work on, but I know that those are underway as well. Okay? Next slide.

And I think this is where we really need to stop and talk a little bit more. So, the scope of work for the Daytona RAD is very comprehensive. So, let's just walk through.

Renovation of the kitchens. Full renovation of the bathrooms, including new plumbing fixtures, new cabinets. We'll be addressing the HVAC. All new lighting that is energy efficient. And interior doors and exterior doors.

You were absolutely right, Commissioner Brown-Crawford, windows and flooring. All new appliances. We are going to tear down the office at Caroline Village and build a new office there.

There will be new interior amenities. And then, we're addressing site and flooding issues, mold and mildew and termite damage that has been a concern. And then, we're going to have new energy efficient building components. And we've discussed those before.

And then, of course, the lipstick is the paint, the interior and exterior paint. We have some ADA compliance issues that we've discovered that will be addressed.

We're going to bring in smart home features, which are items that I presented to the board very early on. And I thought--I think, if I recall, you were very excited about those so that residents have control of digital thermostats. They have electrical outlets and USB charging stations.

So, I'm--I think that having the smart home features will also really show a sense of quality of life for the residents.

And then, we've got a lot of site work to do. Parking, sidewalks, you know, streets, security issues that we've addressed. We met with the police department and our security consultant and talked about what other things can we do and how can we make, you know, key fob access.

And then, landscaping is very important. We don't want to just think that that's an afterthought. And then, just the larger clubhouse and enhancement of the clubhouses will also add an amenity that makes the residents really feel that sense of home. And it will be a place-based location for families.

So, does anybody want to stop and ask any questions about the scope of work? It's so important that you know that this is truly a comprehensive scope of work.

Kelvin Daniels: All right.

Holly Knight: No?

Kelvin Daniels: Any questions?

Holly Knight: Oh, okay. Next slide. Go ahead.

Kim Brown-Crawford: No questions. Just a comment. I just--I'm looking at, you know, everything that's a part of the scope, the smart home features.

I just want, you know, when the residents walk in, they feel like, you know, it's brand new. And, you know, it's just like when you--and Terril and I know about this but when you remodel your home, you know, the only--I did my house last year during COVID.

When you look on the outside--well, this is going to be different from them, but when I look on the outside because I couldn't afford to paint my house at the same time, but when I walk in, it totally looks like a different house. And that's the feeling that I'm hoping that our residents get after this is done.

Holly Knight: Yes.

Kim Brown-Crawford: So, if we're doing this--.

Holly Knight: --You know what--?

Kim Brown-Crawford: --And all of this--.

Holly Knight: --I feel confident, and I--if I--100 percent believe that they will feel that way. I'll give you an example.

We--last year at Christmas time, we had a lease up event because we had to lease up 200 people between November and December.

So, Jenny, who's on the phone working the PowerPoint, myself, even my little 12-year-old, we went and helped show units. I mean, it--and every single person that we called and showed a unit to leased up.

And they said, oh, I didn't want to come here. And I would just say, just come. Just come see what we have, come meet with us, come talk with us. And after they saw--you know, they were, like, oh, I don't want to live there. That's not what I wanted. That has a bad reputation. I'm not so sure about it, or whatever. You know, everybody has their perception.

They would come in and they would look, and they would go, wow. I assure you; we will have that.

I'm going to show you a few pictures today. Unfortunately, I think they're mostly exterior, but I bet Jenny can pull up and have some interior also for you.

But it won't just be lipstick on the outside. We're investing in building systems, you know, improved air quality, I mean, if we get rid of mold and mildew issues. And then, working on the HVAC, you know, that will help.

And then, I want a sense of market rate community. The residents deserve it. And when we rebrand and when we redo, I want you to think these are market rate units and not--they will be affordable, but I don't want you to look at them or think about them being that way.

We are going to be offering the same amenities and some of the same things that are offered. And I would venture to say even better than some of the market rate in your community.

Kelvin Daniels: All right. Holly--.

Holly Knight: --I get excited about this--.

Kelvin Daniels: --Ms. Jass has a comment, and then Attorney Gilmore.

Holly Knight: Sure.

Sally Jass: My question is--and it might be a small one--it's the landscaping because I've been to all the family sites. And so, who's going to be responsible for that? And they're going to have to figure out a way to get the tenants to be more responsible with the landscaping because if we make them feel totally at home, we might not be happy with what they do outside.

Holly Knight: Well, let me just tell you my experience. So, if you hold your standard and your bar here, people will either come up to it or they won't. But I don't think we should set our bar low just because we're affordable housing. And so, that's my personal opinion.

And I do realize that we deal with a clientele that sometimes needs education, sometimes they need incentive. And sometimes, they may even felt defeated and they need a sense of pride.

And so, I have a development that was developed in--not too far from where I live in a town called Canton, Mississippi. And we rehabbed 24 units and constructed another 36. And at this development on Frey Lane, Frey Lane had the highest crime rate in the county. In the entire county. Entire county.

And so, we changed the narrative. We flipped the script. We made it a gated community. We blocked--we worked with the city on the Frey Lane road, and a back gate was only used for access. We dug out the ditch that--or we got somebody to dig out the ditch and it stopped the foot traffic.

We worked on purchasing the property across the street that was run down. And you know what? Three years later, the site still looks amazing.

And I got a call from the sheriff's department, and they were just letting us know that the city police was going to take over it and they said, your development still looks so good, you know, we want you to keep doing what you're doing.

And then, I had a call with the alderman, Alderman Gilkey, from that area and he said, Holly, we don't want to change a thing. He said, you've changed the crime in this neighborhood. My mom lives down the street. She's so happy. Your development still looks really good.

And so, we don't tolerate things and, you know, we have a high level of who we let in. And we don't mind evicting.

Now, with that said, remember, your residents all have the right to return. Nobody can be kicked out in the first RAD conversion.

Kim Brown-Crawford: I was going to ask that question.

Holly Knight: But they do have to meet the lease requirements. So, if they're throwing trash and they get violations and violations, you know, we can move to evict.

So, now, that can be a problem because we will have high standards and, you know--but I find--and this is just my experience--that people rise to the occasion. In fact, I would like to invite you board members to a ribbon cutting.

We have a ribbon cutting July 6th in Alexandria, Louisiana. And if you will come and join me, I can show you the housing authority that has had an entire portfolio converted. And you can come see for yourself. You can see our work, BGC Advantage and the Alexandria Housing Authority together. Come. I'll treat you to some alligator.

Rick Gilmore: Okay.

Sally Jass: We have lots of alligator.

Kim Brown-Crawford: I'm on vacation.

Holly Knight: Yeah, y'all do. Maybe you don't need that.

Kim Brown-Crawford: I might take (INAUDIBLE).

Holly Knight: But we--I can send you the details--.

Kim Brown-Crawford: --Get a free trip--.

Holly Knight: --And I would sincerely like you--I mean, yes, you can go to Tampa, yes, you can go to Miami, but come see our work. Come see what we've done.

Rick Gilmore: So, thank you, Holly. I don't know how much more your presentation is, but we do have Marty and his partner on. And, you know, lawyers sometimes--occasionally can be expensive. So, I wanted to give Marty and his partner an opportunity to ask any questions at this point and/or request any information. Are they still on?

Terril Bates: Can I just send you an email from Marty, please?

Kelvin Daniels: Send it to all of us?

Holly Knight: While we're waiting--.

Rick Gilmore: --Go ahead--.

Holly Knight: --Can I move on?

Rick Gilmore: Go ahead.

Holly Knight: Because I really want to get through--.

Rick Gilmore: --Yeah, go ahead, Holly.

Holly Knight: Because I also have to leave. Okay. I'll go faster. Go. Next slide.

Okay. So, Gibraltar Construction is the company that we've selected. Next slide. They are very experienced. The next activities will be a minority contractor outreach in our section 3. Next slide. And that's on the timeline. Next slide.

Allied Orion is the group that we are partnering with for management. And again, at the end of 15 years, if you want to take over management or if you want to at the--in three to five years take over management, you know, that is something that we can, you know, express to our investor.

And if you gain experience, then the Florida Housing Finance, HUD, and the investor would entertain that. All right? Next slide.

So, let's talk. I think this is also really important about Caroline Village. Go to the next slide. So, this is a rendering for Caroline Village, and you can see there's, you know, additional landscape. We've enhanced the development. It looks nice. But let's get to--I mean, that's the lipstick. Let's get to the retention issues at Caroline Village.

Oh, okay. So, that's the clubhouse--a rendering of the new clubhouse. If you will see on the left-hand side, that is one of our boulevards coming into a development where we do these banners. I mean, we like it to look just like market rate or if you're going to the mall where it is tree lined and you say welcome home.

And that's just one--I think that's--oh, Garden Gates. Yeah. Okay, that happens to be in Alexandria. You can come see that in person. All right. Next slide.

So, this is just the site map. Next slide.

So, this is where you really wanted me to dig in and do some work. And I have spent a lot of time with various organizations and entities working through this. So, this is the current area. And what everybody wanted you to see is that you already a depressed retention area in the middle. So, that's what we want to enhance. And obviously, it's not taking care of everything, and you can't take care of the city. That is what it is. But we can do some other items to help.

And now, I'm relaying from all of the research with the professionals and of course, we're waiting on the topographic survey and there's some more details, but this is what they wanted to share to help you understand some of the work that we're going to do. Next.

So, we did have the--you had the consultation with the city. We met with the St. Johns River/Water Management District, which covers Daytona, and they actually will have to permit all of our construction. And they were very--I mean, they're a regulatory agency, but they're also very helpful in helping with design and tie-in and water run off and water management. So, you know, they'll have to approve all of our plans.

We worked with the civil engineer, landscape architect, and some of the EPA. And we actually got a letter just two days ago from EPA back on our Windsor/Maley with a few more questions, but we're in consultation with them.

And then, remember, we're working on the base flood elevation issues here. I know that that's not your biggest concern, but it is because it helps if we can get a LOMA adjustment for those buildings that are above base flood elevation. Okay? Next slide.

So, there is an eight-foot base flood elevation for your area. That means that it's--the property base elevation is eight feet above sea level. And you can kind of just see the flood zone map there. Okay. Next slide.

This is for insurance purposes, and this is just showing your zone AE. And again, the eight feet. All right. Next slide.

This is an important slide. It shows the contour map of, you know, where your low spots are, where your high spots are. And so, the engineers are utilizing this. And then, of course, with the topographic survey, they'll have more details. Okay. Next slide.

This is about your soil type. So, this is another thing that's important to the retention. And guys, I can't get into exact details, but I can just tell you the way I understand it.

So, you have partially hydraulic soil type. And that just means does it retain water, does it not retain water? You know, is it--it also has an agricultural implementation. Like, do thing--will things grow there? That kind of thing.

But apparently, we're going to be mixing some soils in that enhance soil retention and drain off and slow the storm water drain off. Okay. Next.

So, this is--we are going to be implementing a bioretention facility. And so, this is a simple word. It's a rain garden.

And so, like, I said, what? A bioretention facility? What the heck is that? It sounded like something where you put hazardous materials. And they laughed and they're, like, no, no, no, this is our rain garden. And I said, oh, okay, well, I've heard of that.

And so, this is, like, a rendering of a rain garden. And what it does is it prevents flooding or puddling. It's really green infrastructure. And this is more than just landscaping. It's infrastructure that helps with the flooding issue.

We're also going to use enhanced swales and berms, which you already have some of that. But they're going to--once we get the topographic survey, they're going to work on that as well. And the idea is that this area will retain water to let it soak in, but then also run off.

So, it's not just going to hold it. It'll retain it during the storm and then slowly disperse it. And so, we're also going to may need some French drains or larger drains to tie into the storm water. But from the conversations with these entities, the idea is to during a storm, catch it, puddle it, retain it in the rain garden, and then it slowly comes off.

So, it will actually reduce the amount of storm water run off and slow it. Okay? Next slide.

These are some of the bioretention areas. Okay. Next slide.

I think they look great. And you can call them landscaping, but remember, these are really infrastructure issues. Now, this was the best example that made any sense to me. But this cross-section of the typical rain garden you can see, again, is--you know, you can see the water--where the water storage is, where the plants are, how it dips down into this area.

And then, you've got gravel, you've got soil, and some drainage.

So, I feel--I mean, we've done these type things when I was working on rebuilding after Katrina. We've done them in New Orleans. We've done them in, you know, coastal Mississippi, coastal Alabama. And I think that they will be a success for you. It's the same type of area and low land.

So, I really feel comfortable that we are going to be able to address this. And so, I can't promise this one, Commissioner Brown-Crawford. I can promise the wow factor in the walk-in, but, you know, there are some things that I can't. Like, if God sends, you know, a torrential downpour, I can't fix that. We can only address what we can on our property. I can't fix the city, and neither can you.

And your whole community is low land, just like New Orleans. It floods in New Orleans every time it rains. So--but we can do is we can address our properties and we can assist with the run off and slow the run off.

So, I hope I can answer any of your questions, but does this kind of alleviate your concerns, that you know that we have multiple professionals aware of this? We're working on it. And we assure you that it's going to be addressed in the construction.

Kim Brown-Crawford: Yes. And just to go a second layer--I mean, I truly believe that, you know, as an owner, you're an owner, and will be a co-owner that I don't feel that anybody's, you know, going to build something intentionally knowing, you know, what's going to--you know, that that could happen.

And you're right. Things have changed over the years in Daytona with, you know, global warming and all that kind of stuff like that.

But I do feel, you know, once we, you know, get to the family sites is that, you know, as a board and as, you know, our director is that just what you're presenting here is that we make sure that there is--even if we don't say a community meeting. I know we're going to show this to the residents, but not just to, you know, city hall, but, you know, that we get together and, you know, even if we have to come to one of the black clergy meetings, NAACP meeting because those are the people that are--the residents will go to.

So, if we cut it off--when I say cut it off, make--give them the comfort level. So, when--if something does arise, they could say the same thing because somebody just said something to me the other day about, you know, the flooding.

I mean, even in the Miami area, you know, what's going on down there with that tower. Nobody knows why that fell. You don't know if it had something to do with, you know, the water or what's underground. You just don't know.

But I just think if there's a certain group of individuals and community members and leaders, if they see it and they understand it, a lot of stuff can be cut off before it explodes, if that makes sense.

Holly Knight: Yeah, absolutely. And again, we can be good stewards and do the very best we can on our property. And maybe this will be an example for others. I mean, I'm being serious. Maybe this just hasn't been thought through or addressed or whatever.

But it is going to look good, it's going to feel good, and it's going to be--we're putting in infrastructure. And so, that's what, you know, the engineers wanted me to explain. That's not just landscaping. There's a lot of--you know, I got a lecture.

And so, I was, like, y'all are telling me all kinds of technical things. I need something I can understand. And so, I understand this. I understand that, you know, things are going to flow in. There's going to be some different type of materials that are put in so that things can soak in, and I get that.

So, I apologize for not doing a better job the first time. But again, as long as you always tell me your concerns, I will go back and do the homework and do the research and bring these issues to you.

And again, we'll also have the Fort Johns Water District that can--they'll have to approve everything. So, we'll have them by our side as well. And I'm certain that, you know, getting their approvals and getting their suggestions will also go a long way.

And I think it's a great idea to show what we're doing to the community. I think they'll be excited. I think we can alleviate some of the concerns. I think that's great.

Stakeholders. Let's call them the stakeholders.

Okay. Next slide.

Oh, this was also about utilizing native plants. I laughed and I saw the Indian Hawthorn on this one and I said, oh, my gosh, I had that in my house and the deer ate it all up. But anyway, you know, things can be beautiful and functional as well. Okay? Next.

Palmetto Park. If we'll go to the--I wanted to show you what's happening with the site there. If you can see behind the office, we're tearing down two units because we need to have additional parking.

I think there were two commissioners that came to one of the residents' meetings there and you could experience the parking issues. And so, we noticed that right off.

And then, this site needs additional lighting in a desperate way. So, we're going to be addressing security issues here. And the police department said more lighting, more lighting, more lighting. And so, we heard that.

We're going to have some camera systems. We'll have lighting. And that will be a big enhancement here as well. Okay. Next slide.

Northwood I. You know, they're getting the same package of renovation. This one also has a pond behind it, and it has a community center. And so, we noticed that there wasn't a place--like, there wasn't a playground, so we're adding the playground here.

The community center needed some enhancements. So, those are some of the site work issues that are going to happen at this one. And you can see, we'll be landscaping this as well. All right. Next slide.

Terril Bates: Holly?

Holly Knight: Yes.

Terril Bates: Marty has a hard stop at noon. And so, we want to see if we can wrap up even if we have to reschedule something at 11:30 so that the board--.

Holly Knight: --I'm going to--yeah. If he can talk, I can handle pushing back my meeting because I want to get through the rest of this. So, let's let Marty go and I will handle getting in touch with my appointment and pushing it back. Okay?

Rick Gilmore: No, Holly, go ahead and finish, if you don't mind.

Holly Knight: Are you sure?

Rick Gilmore: Yeah. Just be aware of the time--.

Holly Knight: --Okay--.

Rick Gilmore: --As much as possible.

Holly Knight: Okay. So--and then, Northwood II, we're also going to be addressing some of the concerns that the residents have there as well as putting in a few more site amenities and lighting. All right. Next slide.

Again, same package of renovation at Walnut Oak. Next slide.

New construction, 20 units. Next slide.

I want you to see some of the differences that rehab makes. And Jenny, I know these are mostly--yeah, just keep kind of flashing through. Stop right there. Before and after. Considerable difference.

You can see the landscaping and no more dirt. And the toys and people just mind the lease better when they have something nice to--you know, nice and new. Okay. Next.

Again, these are exterior pictures and I know we have some interior that we want to show, too. New construction. New construction. New construction.

This is a senior development that's under construction. This is a clubhouse that was so terribly damaged. It actually had trees growing through the roof. And you can see, this is a nice community center office space. And this is one of the more rustic looks.

This is some of the interior. You can see bottom-left some of the interior of this particular building. But it was not just a facelift on the outside, but it was salvaging of 1950s original hardwood floors. Okay.

That's some of the different offices and clubhouses. But you can--go back. The other one was a new one. Go back one. Like, that's a new clubhouse at the bottom right-hand corner. So, you can just get a feel for that one. And then, the interior. Okay. Next.

This was--the pictures on the left that you can see. We outfit them with very club-like furniture so that people feel comfortable coming for meetings and gatherings. Okay. Next.

Resident events and supportive services. And again, this is something else we're going to be bringing to the clubhouses. You have had a strong commitment to neighborhood networks and things of that nature. And of course, as your partner, we want to continue those activities. I think that that also is actually an amenity when you have activities for the families and for the seniors. Okay. Next.

Just to kind of show you some of our--these are our tower activities. Bread donations. We had a Martin Luther King luncheon. We had the top chef people do their event and then donate their food. We've had COVID shots on site. Just lots of different fun activities. Okay. Next.

Jenny, do you have--can you pull up some of our interior before and afters? And then, we can let Marty talk while she's doing that.

Rick Gilmore: No, Holly. I think what we want is for you to finish. I don't think Marty's going to have questions for you. He may want to discuss with us what you've presented.

Holly Knight: Okay. How about if I send you some before and afters--?

Kim Brown-Crawford: --Yeah--.

Holly Knight: --Of the inside. But better than that, come. Come July 5th. Come to a groundbreaking. And I will take you around to all of the developments.

Terril Bates: So, at least one of the commissioners is interested. And I'll find out if there's other interest before the meeting is over. I did send Jenny an email asking for hotel information. So, we'll follow up with that this afternoon.

Holly Knight: Okay. And then, the last thing is, you know, I need a green light or a red light or--you know, because I'm proceeding and I don't want to proceed if you're thinking about taking--you know, not doing--not moving this project forward.

You know, I hope that I've addressed the retention issues which seemed to be the issue the last time. And then, something else came up with we don't want to do this project until we get this one so far down the line.

I hope that you have had a lot of questions and answers today, and that you will decide to continue to move the family forward. I think it's important for your residents and your community.

And this is the right time in terms of construction cost and let's lock it all in. I think we've got a good investor and I don't want to scare them away. It was not easy to get an investor here.

So, I hope that you will consider that and move forward. And certainly, in the spirit of the MDA that we both agreed to, I have been moving this forward with questions and answers all the way around. What's wrong? What's--okay.

I'll get off. Thank you.

Terril Bates: Thank you, Holly, and your team.

Holly Knight: Okay.

Rick Gilmore: Okay. Marty, before I turn it over to you, please send Holly a reminder to distribute all of the things that we talked about today as soon as possible.

The--looks like there's interest in the Alexandria trip. I've already talked to--excuse me--Tampa. The Orland Housing Authority is coming to look and do a tour and it might be good if you all thought about doing it in conjunction with them. You can see some other commissioners and also hear whatever they're asking about.

Kim Brown-Crawford: They're doing it on the sixth, too?

Rick Gilmore: No. No. It's further down. There are three dates they're considering. I wanted to give you those dates in case you all wanted to consider it.

Kim Brown-Crawford: Is it Holly's projects that they're looking at?

Rick Gilmore: No. No. This is the Tampa project.

Kim Brown-Crawford: Oh. I want to see what Holly's doing because that's what we're doing.

Rick Gilmore: That's fine. That's fine. I'm just--you had talked about this. This is just--.

Kim Brown-Crawford: --Yeah--.

Rick Gilmore: --An alternative.

Kim Brown-Crawford: Not that I want to see theirs, too.

Rick Gilmore: Or an additional. August 31st, September 23rd, and September 29th, September 30th are the dates that they're kicking around right now. You don't have to do those, but since the tour's already going to be organized at that point, I wanted to make you aware of it.

Kim Brown-Crawford: Can you get that email to us as well so we have it?

Rick Gilmore: Mm-hmm.

Kim Brown-Crawford: Yeah.

Rick Gilmore: All right. And as some of you know, I have to leave soon, but I wanted to make sure I was here at least for the--to give a report on the scoring of the report or the recruiter packages. So, when we can get to that, I'll get my report and then I'll probably exit.

Marty, go ahead. Thank you.

Kim Brown-Crawford: They can't hear you because you (INAUDIBLE).

Marty Walsh: Terril, I--.

Terril Bates: --I know. Yeah, Marty, we're ready for you. Sorry.

Marty Walsh: No, that's fine. And I was thinking here, I mean, that I'd be fielding questions from the board as a follow-up as opposed to having any commentary that I'd offer myself. I mean, I had heard a few questions that I'm happy to kind of run through. I took some notes from Holly's presentation, just listening to the dialogue. So, I can do that. Or if folks just want to ask questions, that's fine, too. Whatever the preference is of the board.

Kim Brown-Crawford: I was hoping our chair could be in here for this because I know this is two of the questions that I think he and Commissioner Ivey have. And I don't really know what would be the difference.

So, Commissioner Ivey and Commissioner Daniels had expressed that they don't necessarily like all of this bundled into one deal. Is that what you guys were saying? Or one development or one entity. You guys would want it to be--.

Hemis Ivey: --You talking about on the family sites?

Kim Brown-Crawford: Yeah. Yeah. Because that's--.

Hemis Ivey: --Yeah.

Kim Brown-Crawford: Yeah. Because I think on the--I feel--I don't know about everybody--I think on the WM, we are okay of then the elevator. But I think on the family sites, I feel better now about the retention. And as long as they do their due diligence with, you know, letting the community know and all the heads up.

I think where I don't understand what is--what--I know Holly says it costs more, but I'm trying to understand--I think their concern is if something happens to one, it happens to all. Am I right, commissioner? If something happens to one, it happens to all.

So, I would like to know from your experience or what you have--not maybe your experience if you haven't had it or what you know from other developments what's the advantage to putting it altogether or the disadvantage of having it separate.

And as our development attorney, what is your recommendation? Because that's--we got to kind of lean on your expertise and your wise and that kind of stuff.

But if anybody see Commissioner Daniels--if somebody can go get him so he can hear it.

Marty Walsh: That's a--yeah, that's a great question. I mean, is it--should I respond here? I couldn't tell if there was a (INAUDIBLE).

Kim Brown-Crawford: Mm-hmm.

Rick Gilmore: Yeah.

Marty Walsh: Okay. Yeah. I mean, so, I think what we're really talking about--like, I heard that concern, too, and it's an important one, right?

I think the concern is, okay, if you have six or so sites as part of one ownership and one financing structure, there's cross-collateralization concerns, right? Like, what if one property doesn't perform and a lender then, you know, forecloses? The collateral, unless it's structured so that this isn't the case, would be all of the sites, right? So, that's a very valid concern.

I mean, the reason for doing it--for bundling the sites and you do see this commonly done with RAD projects across the country is that because you're doing these tax exempt bond, 4 percent tax credit deals, you can--you know, you're spreading the soft costs. And Holly had, you know, numerated those in her budget across six different projects as opposed to having, you know, those costs for each individual project if you finance them separately.

I mean, the--so, in my experience doing a lot of these RAD deals, it's that you often do see a bundling of the deals. One place where this conversation could go is well, what can we do to limit cross-collateralization and to not have it be where--you know, could we do separate mortgages on each site?

Or maybe you group them so it's not all six but it's, like, two--you know, like, two sites and two sites and two sites or something like that where you're somewhat limiting the impact of non-performance at one site on the other sites.

Now, there may be reasons that Holly or her counsel will come back and say, well, we can't do that. Like, they--you know, the lender won't agree to do that. We can listen to it.

But I--it's a totally valid concern. It's one I hear from HUD sometimes raises it in the context of bundling too many RAD deals together. So, it's even conceivable we--you know, we could get a question from them as well, which I have had on some deals that were, you know, a lot of units bundled together.

Kim Brown-Crawford: So, Marty, I have a question for you, then I have a question for our attorney, Rick.

So, I would like us to ask that question. Even if we--if the deal is altogether, can they be individual mortgages? Whether we say we put Caroline Village and Palmetto Park in one. You know, like, two and two like you said. But I understand because, like, you're right. If one underperforms, we don't want the lender to pull every--you know, to foreclose because then that would be everything.

So, now that you've said it that way and the collateralization and, like, I--now, I kind of understand--I'm hoping I understand a little bit more what Commissioner Ivey and Commissioner Daniels was saying.

So, I don't have a problem, me personally, with it all being bundled together if the mortgages could be individual on each property or whether we put two together, two here, two here, and that kind of thing.

And then--and I know it still may cost a little bit more, but if that's going to give us a better comfort level to do that and we can, you know, act or move fast on that, if they can come back and say, hey, we get it, it'll be one package, but individually mortgages or whether they're two together or whatever, I think the board would be a little bit more comfortable. I know I would, looking at it that way.

And it's just the--how do I say that? To me, it's just a price of having a partner. When you don't have a partner, you make all your decisions. But having a partner, I think that's where you come in and partners should not always agree. I always say it. A board should not always agree because why do you need a board if one person's going to make all the decisions?

So, I think it's good, healthy conversation, but I would really like to have Holly's response sooner than later. And I don't know if the bank would say no. I would think the bank wouldn't say no to that.

And if HUD has already expressed some of those concerns, I would really like to see our structure that way. I think we could move faster and making this closing happen, you know, on August 28th, I think that's the date that we had. Because if we could know that before our July 18th meeting, I think we could make an informed decision.

Our chair just came in. And what--I'll ask him the question to Marty was the concern that you both have about the one packet. And what he said is that we can maybe come back and ask that it is one packet but they're different mortgages so that the bank couldn't foreclose on everything.

So, even if we just--we could do every site as a different mortgage or we could bundle two together and have, you know, a couple of them. That would be my comfort level. And I also said, chair, that if we could have that information soon as possible what Holly thinks about that. And he did mention that HUD also has some concerns about bundling it all together. So, I kind of understand it now.

But if we--I personally feel that if we had that information before our July 18th meeting and we could do just what I just said, I think we could give Holly a comfort letter of moving forward and maybe closing on the 28th. That's my thought.

Marty Walsh: To clarify, though. When I was talking about the site, right, I'm talking about the family sites. I mean, I think the structure is--.

Kelvin Daniels: --The family--.

Kim Brown-Crawford: --Yeah. That's what we're talking about. We're only talking about the family sites. We're not talking about Windsor. We're talking about--.

Marty Walsh: --Okay. Got it. Got it--.

Kim Brown-Crawford: --The family site. I think we are past Windsor other than the elevator, but that's something that, you know, whatever.

But I think in order for us--because whenever we close, it affects everything. But in order for us to try to close on August 28th and for Holly and for all of us to feel comfortable, I think we have to separate the mortgages. Not the--.

Terril Bates: --The August 28th doesn't impact the family.

Kim Brown-Crawford: Okay.

Rick Gilmore: That's the bond closing.

Kim Brown-Crawford: Okay. That's the bond closing. But in order for us to move forward on the--.

Rick Gilmore: --Family--.

Kim Brown-Crawford: --Family sites, we would like to feel that it could be one deal but separate mortgages, whether they're all individual mortgages or whether there's two together in a mortgage. And how many family sites we have? Five?

Kelvin Daniels: Something like that.

Marty Walsh: I think there--it looked like six when I--.

Kim Brown-Crawford: --Okay. So, we can do two and two. So, that would be three different mortgages under the family site. So, they all--one loan does not affect all of them. That's my thoughts.

Kelvin Daniels: All right. So, mine are, Marty and--we--she said costs were high, right? And that interest rates were low. Building costs and all of that stuff.

And as you as an attorney, I know you do certain parts and I do different ones. The market right now is a buyer--I guess it's a seller's market, sort of speak.

So--but as--I'm saying this for Mr. Gilmore because he does evictions, too. In a few months from now, there's going to be a lot of houses out. You probably won't be able to give wood away.

So, my thing is if we wait, I just want--like Mr. Gilmore asked, I want you to give us the numbers that we've expended as far as, like, the money. But I'm more in line with waiting until after this time is over with.

And that we may not get the interest rate we might get now, but I'm sure the costs are going to go down because it's going to--a lot--we're--I'm asked right now several times to evict people. And now, I don't do evictions anymore. I don't like that feeling. But I'm getting calls for evictions.

So, I'm sure that there's going to be a saturation of houses. The market is going to be full. And we may not get the interest rate, but I'm sure our costs are going to go down dynamically. They will be having builders knocking at the door if we wait a little bit. That's my thoughts.

So, I just need to kind of know what's the impact of the CHAP they said and a couple of other things--the financials, you know, a list of how that would affect the authority, sort of speak, for the money we've expended.

Commissioner Ivey?

Marty Walsh: Yeah. I think the question, if I can just restate it just because I'm--it breaks up a little bit sometimes--is just the financial impact to the authority of waiting to see, obviously, with the understanding, right, that interest rates, you know, may go up, but also the construction pricing may come down a bit from kind of, you know, the impact we're seeing with lumber prices and stuff like that right now.

I mean, I think that's all valid. I mean, I guess the potential financial impact is--you know, I'm not as worried on the HUD side with the CHAP. I think that'll remain in place and it does. I mean, you know, a lot of housing authorities experience delays for one reason or another.

I do think, you know, bond--like, volume cap allocated for the bonds, like, the financing side of it, that can effectively, like, go stale. And we would have to ask. I mean, I haven't seen the documentation yet from Holly on, you know, any specific funding for--I think she said the application is in for the bonds and the tax credits on the family side.

So, I mean, I think at that point then, it's really just a question of, okay, if you delayed--I mean, would Holly take the position that the deal's become infeasible and therefore she can't move forward? And she'd look to terminate under the MDA? If that was the case, the cost would then be her third-party work product that she's incurred.

So, probably at this stage, it's, you know, some engineering, architectural costs. You know, there's maybe some legal--some things like that that she's incurred that she would say, you know, here are these costs. Like, you can have the work product and I'm out. I mean, I guess that, to me, is the risk.

I mean, I think if the funding is awarded, well, then, it's the risk of losing that funding having to go in for another, you know, another funding application to the state for the bonds and tax credits. And, you know, there's obviously the staff cost and things like that that she'll incur and charge the project as well.

But, I mean, I think the question was asked and I think we can certainly say, well, what are your costs to date? And, you know, and could you just hold those costs if we were going to delay this project until whatever X date? And I think that would be something that she should be able to quantify and say.

I think there's just--you know, I mean, I think you'd preserve the CHAP with HUD. You know, I think you'd have to tell them the reasoning why you're waiting.

You know, you--we should probably anticipate that HUD won't be thrilled with just the idea of we're waiting for cost to come down. I think they--you know, so if there's another rationale that are kind of playing into it.

I think actually one that might be--you know, that HUD might be more receptive to is just we--you know, we want to see the performance on Windsor/Maley be a little further along as our first phase. And therefore, we're trying to kind of, you know, space these a little bit. I mean, I think they might be more receptive to that.

I think otherwise, if it was just hey, we're waiting for costs to come down, I think you might get threats from HUD of, well, you know, then we'll put back your CHAP until you're ready.

Kelvin Daniels: Well, that's my initial one. We want to see what the WM looks like as well. But I also think that way--legally that things are going to come down.

But one of the comments made last week, you heard it from Dr. Jamison, and I guess echoed by a couple of us is that we'd like to see what we were getting first at the WM. And then, we can assess this group and make sure that they're not just putting, you know, the "lipstick" on something as they say. So, we would really like to have that happen.

So, if we can do that in our CHAP as well. That's where I'm at, but I'm just one vote. So, I--Commissioner Ivey has something as well.

Hemis Ivey: Marty--and thank you. I really appreciate you answering all my questions on email. They were very thorough. I'm able to follow up on it.

But going back to a couple of things what the chairman and a couple of commissioners had asked about. I think that a bond--we've given back bonds prior to this one bond closing. So, I think the bond market will be there.

Another thing, when we look at the trends on construction, I do, too, agree with the chairman that I was reading once the market--people get back to work and all of the plants and stuff open back up, the cost of construction is going to go back down some. So, there's a lot of factors.

But however, if--I was listening to some of the reasoning what Holly had stated and I find if you got prices locked in now on the family sites, I would ask why weren't the prices locked in on the WM? But that's not a question for you, but that--those questions come to my mind.

But I--when we're looking at the lumping the family sites together and we're looking at the construction of new homes that we were talking about, that--those new homes probably could've been built with the WM versus being lumped in under this construction because if we tied it in to one loan, wouldn't we have a problem if we was going to try to sell those particular homes? Or what we going to use them for vouchers or what because I don't think that's never been explained to us, except we were going to build 20--18 homes, I think. Something to that, between 18 and 20 homes on that site.

So, those questions haven't been answered neither. So, I'm for the board--what I'm hearing is let's see what's going to happen. And get these questions answered.

Like the chairman had said, tell us our cost, where we're at now where we can make an informed decision on it. But that's where I'm at because I know there might be some other questions.

And it would be hard to separate. If they--if she's looking at doing one bond because she gave it when we looked at her proforma sheet--her sources sheet, excuse me, everything was lumped together. So, I don't see where they would give one mortgage or give--to break up the mortgages into two sites, two sites, and two sites. I don't think they will be able to do that.

And if you--one, a house will have to have a single mortgage on it if you decide to sell it. Or are we keeping them all in a portfolio? So, there's a lot of questions I think need to be answered on that.

Marty Walsh: I mean, I--yeah, I think they're all very valid points. I mean, we have structured deals and closed them and then got HUD approval for them where we did do a single financing--single bond financing with tax credits, but with separate non-cross-collateralized mortgages.

I mean, it's challenging and not every deal's going to work that way. The lender has to agree to it. But we have done it before. It has to be a certain scale for it to work, but it is possible. I don't know. I haven't had this conversation with anybody on this deal until now.

Terril Bates: And just--.

Marty Walsh: --But hearing cross-collateralization is what raised it in my mind.

Terril Bates: So, just for the record, the funding sources would not permit the homes to be for sale. So, those would be rental units.

Rick Gilmore: Okay. So, Marty, I think that you brought up some really good points that we need to ask because that's what this is all about. And the concern about cross-collateralization I think is a valid one. We all have said that. And we need to ask whether there's any pushback as to why, in my opinion, there couldn't be separate mortgages under the same umbrella for one thing.

Before you have to leave, I wanted to ask whether--at one point, we were talking about the closing for the family sites coming directly on the heels, for the most part, of the WM. I can't remember what the actual date was given or whatever.

Terril Bates: October.

Rick Gilmore: October?

Kim Brown-Crawford: Mm-hmm.

Rick Gilmore: But to this point, Marty, there haven't been any documents that you've reviewed or anything of that nature that have put you actively involved in getting towards a closing at this juncture, right?

Marty Walsh: Rick, I'm having--I had trouble--.

Kim Brown-Crawford: --Because he talks so soft--.

Marty Walsh: --Hearing you for that. Could you just maybe resay the question?

Rick Gilmore: All right. I'll have Commissioner Brown-Crawford interpret for me. But since I moved the thing closer, I--maybe you can hear me.

Kelvin Daniels: Turn your mic on.

Marty Walsh: Yeah.

Rick Gilmore: So, I was asking since there was a projection of an October potential closing date whether or not you had reviewed any documents or anything that started as a progression on your end, as our counsel, towards a closing on the family sites for your review.

Marty Walsh: Yeah. No, we have not started work on the family sites at all. I mean, really, the focus has been on Windsor/Maley. And honestly, that presentation was the first I really heard any details on the family structure and redevelopment. So, the answer's no, we don't have any time or documentation on that.

Rick Gilmore: Right. And I also said I thought your comment about being concerned about cross-collateralization that everyone has a valid issue with that and the separate mortgages as a question to Holly. It's appropriate to advance that and ask that so there's enough information. If that's something they don't want to do, I'm sure there'll be a valid reason or there'll be a reason put forth why they may not want to do that. But that helps with the decision tree--.

Kim Brown-Crawford: --Yes--.

Rick Gilmore: --I think for the board members. So, this aspect, I think, was good because this kind of knowledge and these kind of questions needed to occur. And your input needed to occur on what you heard. So, I think it worked well.

The only other thing I'd say is you touched on it, but we definitely want to make sure that however the board proceeds is in line with whatever our MDA requirements are.

Marty Walsh: Rick, I'm losing you a little bit.

Rick Gilmore: Yeah. See, I said that low because I really didn't want to say it, but I want to make sure that we focus on also as part of this analysis whatever the board decides is in line with whatever our MDA requirements are. You touched on it a little bit earlier. I don't want to talk about that in a lot of detail on the record, but we want to be mindful of whatever we've already agreed to is the point.

Kelvin Daniels: Right.

Marty Walsh: Right. And I think what we've agreed to really contractually is the MDA. I mean, that's the one contractual document. And for these--for the family deal, it was really open-ended that they would come back with a proposal like they've done now, and the housing authority would agree, disagree, whatever, you know, it could get refined.

But it's a component of the MDA, but the specifics on it weren't, you know--weren't known at that time and it was just an agreement to, you know, work to agree on the family sites.

So, I think that's the contractual agreement you have. You know, there are, obviously, the termination provisions in the MDA that then have a cost component to them depending on the type of termination. You know, obviously, the least favorable is if you just terminate for no reason, for convenience. There's, like, a developer fee component of that.

Short of that, there's, you know, if it's infeasibility or certainly, default, then, you know, then the cost component is more favorable from the terminating parties' perspective. So, that would definitely be something, you know, for the housing authority to think through.

I mean, short of termination, there's also what--you know, I don't want to speak for anybody, but it sounds like maybe what's being considered is a timing.

And maybe the conversation there is, look, you know, the discomfort is with the current closing schedule and some--you know, some aspects like the cross-collateralization of the deal, but we'd like to see that schedule, you know, extended a bit.

So that--and the corollary of that is the discussion of well, how many--you know, not just how much in cost is the housing authority incurred, but how much has then the--you know, BGC as your developer partner incurred? And what is the housing authority comfortable with?

You know, like, I think that's a topic of conversation is you may want to have--you know, agree up to a point for them to be doing some work so that you're preserving the ability to pursue the family development. But it sounds like there's a discomfort, perhaps, with the pace.

And so, maybe that's where the conversation goes is, you know, we'd be comfortable with predevelopment costs up to this level, but, you know, with a closing date that's pushed out to this point.

You know, and then, probably, if I'm trying to think about it from the developer's perspective, I'm guessing they're going to ask them, well, when would you decide? You know, what would be the time when the authority--like, how far do you need to see things progress with Windsor/Maley in order for there to be the comfort or for the decision to be made basically on the family side?

So, I think those may all be kind of facets of, you know, Rick, as you described it, a decision tree on that family component. And I'm happy to kind of--you know, I'm just saying words right now.

I'm happy--you know, Rick, I think, you know, we emailed a little. I'm happy to put into email kind of my thinking about that, if that's helpful just for the consideration of the--you know, of the board on the family site. Because I think it is--it's, you know, all valid concerns that I've heard raised and it is somewhat of a complicated decision tree where I think the balance is, you know, you want the comfort that it's--that you're making the right decision, but you also don't want to do things that would kind of foreclose possibilities, right, at this point.

And so, it's--I don't think it's an easy, you know, binary choice here that the board's making. But I think it's a complicated one and there's a few different considerations, you know, that should factor into the decision.

Rick Gilmore: And that's why I suggested, Marty, yeah, I do think that input would be valuable. The only reason I suggest that you send it to me is so I can decide whether it's something we want to have on the record or whether it's just something we want to discuss individually.

But I think all of those things--and you definitely have a branch on the decision tree. So, that information about the separate mortgages and other input you've given, I think, is going to be valuable after we also ask Holly about the separate mortgage as an approach. And then, look at whether the date is comfortable. So, I think there's a lot of good information that came from today.

Terril Bates: So, I would like also--because this is the board's first kind of go round with this for Marty and Rick, maybe from a different perspective to be sure that the board is aware from kind of, like, an industry reputation kind of perspective what happens when deals get delayed or stopped. You know, what happens in the future with other developers, with other investors.

It shouldn't weigh one way or the other, but I think the board should really be aware of just how small a circle that we work in in this field.

Rick Gilmore: And I've had part of that discussion with some board members, but I don't want to have it here.

Terril Bates: Yeah.

Kim Brown-Crawford: I just--the other thing I wanted to ask Rick--I never asked that question as it relates to Tampa. Do you know if they bundled theirs all into one mortgage?

Rick Gilmore: The way they did that deal is much different than kind of what we're talking here. And one of the reasons why even though I think you want to go to Alexandria, and I think that's a good move to see what Holly does, is having the opportunity still to talk to someone who's done a lot of these--.

Kim Brown-Crawford: --I'm going to go there, too. That's close--.

Rick Gilmore: --And talk structure.

Kim Brown-Crawford: Mm-hmm.

Rick Gilmore: But every deal has a different structure by the nature. I don't want to tell you what Tampa did and say that's what would be appropriate here. But again--.

Kim Brown-Crawford: --I'm not asking--I'm not saying just because they did it, that's what we should do. I'm just asking is that how they structured their deals.

Rick Gilmore: Some of it is bonding, yes.

Kim Brown-Crawford: Okay, that was the question.

Hemis Ivey: Yeah. But also, Rick, some of this--.

Kelvin Daniels: --Turn your mic on.

Hemis Ivey: Also, some of this was 9 percent tax credit and that makes a big difference.

Kim Brown-Crawford: Okay.

Rick Gilmore: That's what I said, you can't--.

Hemis Ivey: --Also, versus only that 4 percent--.

Rick Gilmore: --You just give a blanket answer--.

Hemis Ivey: --Also, commissioner.

Kim Brown-Crawford: I--thank you for saying that. But I also wanted to ask--.

Rick Gilmore: --Also want to be mindful, Marty's here.

Kim Brown-Crawford: I know, but I had one more question for Marty. And not just maybe for Marty because I know I changed my housing authority tablet. If our director could send the MDA out again, and then that way--because I didn't print mine the last time, but this time, I will print it because I get my paper back. Yeah. Then, that way we--because now, we're closer.

Rick Gilmore: I'm going to send it to everybody.

Kim Brown-Crawford: So, now, we're closer. We know, you know, if we--I like what Marty said. We need to know, you know, what if happens, what are we already contractual for just so that we can, you know, try to look--start looking through some of that stuff. So, we kind of see it ourselves and know what it is. That was it. Thank you.

Kelvin Daniels: I still have a point. Hey, Marty, I know you got to go. It's Friday, too, and I want to go. So, my question to you--I understand--not question, but I want to make a comment. You're here. You heard everything we said, right? We're still comfortable with the WM.

Kim Brown-Crawford: Mm-hmm.

Kelvin Daniels: Last week, it was misconstrued by somebody at this table that we had problems with the WM, and it got back to me as a board member and as the chair, but that's not what we said last week. So, I want to make sure that everybody hears that we're comfortable with the WM and that the family is what we're discussing.

Kim Brown-Crawford: Right.

Kelvin Daniels: Because we didn't last--that came and it was said to you that we were taking back the WM and I know that it got back to me that that's not what we were talking about. I know you had left. But I want to make sure that this is on the record--.

Kim Brown-Crawford: --Family--.

Kelvin Daniels: --That we're talking about the family site so that no one goes back and tells Ms. Knight or tells Marty or anybody else something that we didn't say here. So, now, we want to make this clear.

Kim Brown-Crawford: The only concern we have with the WM is that extra elevator.

Kelvin Daniels: The elevator.

Kim Brown-Crawford: Let's put that out there. I got you.

Kelvin Daniels: But we're not saying we're mixing the projects--.

Kim Brown-Crawford: --Right. Right--.

Kelvin Daniels: --Like they had last week. Go ahead, Mr. Gilmore.

Rick Gilmore: And I was going to say that's why I opened the way I did, because I started out today saying this is really not about the WM other than the elevator issue. It's about the family site. So, I think our record is pretty clear. And you just clarified it--.

Kim Brown-Crawford: --Yes--.

Rick Gilmore: --Again on that.

Kim Brown-Crawford: Thank you, chair.

Kelvin Daniels: All right. So, other than any questions for Marty--it's Friday. He has his polo shirt on, look like he ready to go swing his golf clubs. So, everybody good?

All right. Thank you, sir. We'll see you next time. We'll look for your report.

Marty Walsh: All right. Thank you all.

Kelvin Daniels: All right. All right. So, do we--at this time, I know we do have a quorum, but we don't have Dr. Jamison. Did we need to deal with this elevator or is something that's going to come in our board packet next month?

Terril Bates: So, I think it would be important for underwriting, that if that board doesn't want the money there, we need to--because you're relying on the underwriter's report to make your decision on the 18th, right, to--for me to be able to sign the documents?

Kelvin Daniels: Okay.

Terril Bates: And so, I think the underwriter needs to know that money is there, or it is not.

Kelvin Daniels: So, the motion would be--I guess, we would have to make a motion to approve of $1 million--the motion would have to be that we make a $1 million infusion into the deal or something like that. (INAUDIBLE) because we gave them the $900 for the--.

Rick Gilmore: --But I'm saying you keep saying--.

Kelvin Daniels: (--INAUDIBLE) replacement (INAUDIBLE) funds.

Rick Gilmore: We keep saying $1 million, but if there's a motion, maybe we shouldn't.

Kelvin Daniels: Okay.

Kim Brown-Crawford: Yeah, the first--.

Rick Gilmore: --Because I don't know if it's $1 million or $1.2 million.

Terril Bates: No, it's up to.

Rick Gilmore: That's what I mean. It's up to a million.

Terril Bates: Up to a million, yes.

Rick Gilmore: See, that's the difference.

Kim Brown-Crawford: So, you use the terminology up to $1 million.

Kelvin Daniels: Well, I'm not going to make a motion.

Kim Brown-Crawford: Yeah. I know, but that's what you would need it up to.

Kelvin Daniels: But we need--so, you're saying, right now we need to go ahead and deal with this without it being on our board, without it being written up as a resolution, I guess?

Terril Bates: Yeah, because otherwise, underwriting won't know what to consider. And then, when it comes time for the 18th for you to decide to approve, you know, for me to do closing documents, then the underwriting needs to reflect--I mean, it's the final thing, whatever the money is going to be.

Rick Gilmore: You can--even though--If you're inclined to make a motion, and whatever you do, you can always assign a resolution number--.

Terril Bates: --Oh, yeah, absolutely--.

Rick Gilmore: --To your action. Because they're going to need a resolution.

Terril Bates: And that would be a part of the closing documents. So, when Marty does the closing documents, all of the financial part is part of the closing documents, as well. And there will be resolutions for the 900,000 and the million dollars as part of the closing documents if you were to approve that.

Kelvin Daniels: Okay. Good.

Rick Gilmore: So, I know y'all need to deal with that. I'm not sure if I can help with--in that regard, or the budgets. But if you allow me, I need to give a report on the scoring of the recruiter packages.

Kelvin Daniels: Okay.

Rick Gilmore: And then, I would probably need to leave, if that's okay.

Kelvin Daniels: Got you. Okay.

Rick Gilmore: So, I was told, or asked, by Commissioner Ivey to check with the Waynesville, North Carolina Housing Authority about their ED search, to see if there was a potential for piggybacking.

I spoke with their chair. And basically, they're at the same point we are. So, there's not a piggybacking opportunity.

What you should know is that they had the same issue that we did. They advertised, they only got one response the first time. And advertised a second time, they got four responses.

They now have narrowed down to two finalists. And they're going to make a decision next week or the week after at their board meeting. It just so happens that the two families are (INAUDIBLE).

Kim Brown-Crawford: The same two we have.

Rick Gilmore: So, they're exactly in the same boat that we are. In fact, I promised the chair that I'd call him back and let him know what we did. So, they want to consider piggybacking.

The only other point that I wanted to make--but that was a good suggestion, Commissioner Ivey.

The only other point I wanted to make is, you may have a report that there was some things left out from one of the submissions. Just be aware that under HUD rules and regulations, you can, if you so choose as a board, consider that a minor irregularity, and continue to consider that entity if you so choose. Okay?

Kim Brown-Crawford: I'm confused.

Rick Gilmore: When you all start talking about it, you'll understand.

Kim Brown-Crawford: Okay. Okay.

Kelvin Daniels: All right. Go ahead.

Hemis Ivey: I know Mr. Gilmore has to leave, so--because we're going to discuss this later. Just for clarification and I asked this from Michael, and I sent an email, because we're going to talk about that elevator issue.

I know we have moved money from other family sites just in case because we didn't want the developer to have it. But at the same time, what's going to happen with the unrestricted cash and the restricted cash that currently sits in that account for the WM?

And--or could it be used, should we decide for that million for the elevator?

Kelvin Daniels: That's a good idea.

Hemis Ivey: I just want to make--you know, get an answer before you--.

Terril Bates: --So, remember, all public housing money is restricted. There is no unrestricted money associated with public housing. What was moved was the reserves. And the reserves were very large because I think in 2014 or '15, the housing authority did not expend its capital funds. And HUD made a very unusual provision and allowed the capital fund money to be moved into the reserves in order not to lose capital funds and not to become troubled.

So, on the books, the property had, like, way more reserves than any property would. And that excess that was attributed to that is what I asked Michael to move over to kind of another account, but it's still public housing money and it's still restricted.

We would have to--we could use that for building public housing. That's all it really could be used for if we didn't move forward. But there is no unrestricted money in public housing.

Kim Brown-Crawford: Public housing.

Hemis Ivey: Okay. So, what's the unrestricted cash? What the answer?

Michael Edgar: From the elderly property, we have 600,000 in unrestricted, or I should say, excess cash. Public housing has 4.6 million in (INAUDIBLE).

Terril Bates: So, it's access cash. It's not unrestricted. All public housing money is restricted. And I don't know if Michael maybe missed--used the missed term. He's still new.

Hemis Ivey: Yeah.

Terril Bates: There's no public housing money that's not restricted.

Hemis Ivey: Okay. So, are you able to use restricted money into this deal or not?

Terril Bates: Yes, because it's public housing.

Hemis Ivey: So, if we have restricted funds that can be used that's already sitting there, right? We already have this money sitting there that can be used in this particular project. That's what I'm trying to just make--you all understand what I'm asking?

Kelvin Daniels: Uh-huh. Can you use the money in the private, yes.

Hemis Ivey: Yeah.

Terril Bates: Yes. That's for the--yeses.

Kelvin Daniels: And it's restricted is what she's saying right now. But you're saying the $600,000, unrestricted.

Michael Edgar: That's--the 600,000 is for the elderly properties. You have a little more than 600,000 in the replacement housing factor funds. We have the kick in $900,000 as our initial, "meet our equity investment." The difference of 300,000 would come from those excess cash reserves. Six hundred and change, 300 and change, giving 900,000.

Kelvin Daniels: So, we're already using the 600,000, basically, Commissioner Ivey. We're using the 600,000 for the replacement housing factor fund. So, it's really not there.

Hemis Ivey: Okay. So--and that's where I'm confused at.

Terril Bates: Okay. I can help. So, the replacement housing factor balance total is around $600,000. So, we would use that towards the 900,000.

Hemis Ivey: So, that's what he sent me.

Terril Bates: Yes.

Hemis Ivey: Sent us.

Terril Bates: Yes.

Hemis Ivey: And that's what--.

Kelvin Daniels: --See, that's different, though--.

Hemis Ivey: (--INAUDIBLE) for me.

Kelvin Daniels: That's different because the way you were saying the 900--the way you were saying, it was 900,000, Ms. Bates, was that we had $900,000 sitting in replacement housing factor funds, not 600. So, we're giving six plus three from somewhere else.

Terril Bates: Right. And it could be the capital fund is where it comes from, which is what replacement housing factor funds are. It's easier to use reserves, but it could all come from the capital fund. Or it could come from reserves.

Kelvin Daniels: Okay. So, they have a book, and I try to practice this when I--that's why I do plenty of speeches sometimes. When we were talking about that 900,000, I'm like Commissioner Ivey, I believe that we had 900,000 sitting in that elderly amp for replacement housing factor funds, not 600,000 plus 300 more thousand, you know.

Terril Bates: Okay. So, the money--that money is not in the elderly amp. That's part of our capital fund.

Kelvin Daniels: Okay. Six hundred thousand is what he says that we can move. Six hundred. I thought it was basically 900,000 just sitting waiting to be used, not those 600 plus 300 from somebody else-- from somewhere else.

Terril Bates: So, all of the money--we could move $900,000 from the capital fund. Replacement housing factor is part of capital fund. Each year, there's, I think, three years that has a different piece of replacement housing factor money. And then, in our annual plan and everything else, it refers to RAD using the capital fund if we need to.

So, we have two pools of money, and one pool is replacement housing factor and capital fund. It's one pool.

Kelvin Daniels: Okay.

Terril Bates: And then, the other information that Commissioner Ivey asked about the reserves, that is an amp level pool.

Kelvin Daniels: Six hundred in that--.

Terril Bates: --No.

Kelvin Daniels: No. How much in that?

Michael Edgar: So, the elderly--.

Kelvin Daniels: --Uh-huh--.

Michael Edgar: --Reserves is 600.

Kelvin Daniels: The reserves.

Terril Bates: But that's not (INAUDIBLE). That's reserves.

Michael Edgar: Yes.

Kelvin Daniels: Reserves. And we had to use unrestricted. That would use--.

Terril Bates: --No. Everything in public housing is restricted.

Kelvin Daniels: Is restricted--.

Terril Bates: --Correct--.

Kelvin Daniels: --But we can use it for the replacement housing factor fund.

Terril Bates: No, it's two different things. The replacement housing factor fund is part of capital fund. I think the numbers are similar.

Michael Edgar: The three--yeah, they're similar.

Kelvin Daniels: Oh, okay.

Michael Edgar: So, the three counts in sum to $661,000. We were just saying, when you look at that $900,000 investment that

Holly, our co-developer and the lending partners are looking at our contribution, that 900 would be a piece of the RHF, which we said, for under 600,000. It's, like, 661,000. The difference from that would come from one of two sources.

If it comes from the reserves, the reserves for the elderly have around 600 and some odd thousand dollars in it right now. And we had moved those out and left a month or two to cover operating costs, which legally we are responsible to do according to HUD.

And so, we double checked that with HUD, we double checked that with our fee-based consultants. So, the point being, we wanted to make sure we have enough cash in there to cover any maybe immediate needs that we have. So, it's there if you need it.

Kelvin Daniels: So, we're really giving them a million and three. In layman's terms, almost like a million and two something thousand--.

Terril Bates: --Yes--.

Kelvin Daniels: --That we loan in our project, right?

Terril Bates: No.

Kelvin Daniels: No.

Terril Bates: The total would be 1.9. So, 900,000--.

Kelvin Daniels: --Right--.

Terril Bates: --Of capital funds.

Kelvin Daniels: Yes.

Terril Bates: And remember, RHF is part of capital funds. And then, separately, if you decided that you wanted to add the additional million dollars, it could also come from capital fund, or it could come from the property reserves.

Kelvin Daniels: Okay.

Terril Bates: The reserves can only be used for public housing, and they're easier to manage than--but remember, the capital fund, we have to send a plan into HUD, they have to approve it. Kara would have to do, like, a capital revision. We have to have a 45-day comment period.

So, the money is available in the reserves if we decide that that's what we want to do. Or if you approved it and you wanted the funds to come from the capital funds, which when we did the retreat, we showed you, you know, all those years of money that we have to, you know, come up with a plan for that, too.

So, two separate pools of money, but in the capital pool, there is capital and RHF. RHF is a part of the capital fund.

Kelvin Daniels: So--okay. So, I guess we need to vote and then we're going to figure out where we need to get this money, which one we need to take it from, I guess?

Terril Bates: I mean, you don't have to. You could trust that to the staff. What we need is your okay, if you decide, and then we would work to see what is more feasible in terms of where that money should come from.

But, of course, the decision about rather or not money should be to move would be what the board really should determine. And then, I think the staff would work to figure out where is the best place for the funds to come from.

Kelvin Daniels: Okay. All right. Michael, can you step around that poster for me?

Michael Edgar: Yes.

Kelvin Daniels: All right. Yeah, come on over.

Michael Edgar: Sure.

Kelvin Daniels: All right. So--yeah, have a seat.

Michael Edgar: Sure.

Kelvin Daniels: So, if we take money from our reserves or whatever, will that--and we're trying to close. Once we close, then we wouldn't have to kind of sponsor that building anymore, is that what that money--?

Michael: --I think--and you're speaking about the elderly property.

Kelvin Daniels: Yeah, only the WM.

Michael Edgar: Yes. That's, to my knowledge, correct. Yes.

Kelvin Daniels: Okay. So, would it hurt the agency some kind of way--because I'm hearing rumblings about we don't have money. And I'm--I was wanting to ask you about that. As a matter of fact, let me go ahead and ask you now.

So, I'm understanding that we are running out of money. That's what I've heard, and that we may have to cut staff. And that there's rumblings--not you, Ms. Bates.

And so, I'm asking you, are we--financially, are we at some point that we--in a position that may cut staff? Are we running out of money?

Michael Edgar: So, when you think of where we are right now--so, really two things to focus on. Let's consider the--kind of the elderly one way, public housing one side, Housing Choice Voucher on their side.

So, the COCC, the cost center--.

Kelvin Daniels: --Mm-hmm--.

Michael Edgar: --We're running at a deficit there. Do we have enough reserves to cover that deficit? Yes. Do we have fees coming from the RAD deal, which will also be able to help cover that deficit? Yes, we do. So, we have--the most strain at the COCC.

However, the Housing Choice Voucher, which is very, very important to us, which Corey's doing a great job getting vouchers on the street, growing our leasing, that's where we're earning our fees and bettering our community, is doing very well.

However, we have to staff up there, you know, logically, as we're growing. So, there are expenditures that we're occurring in the near term that are slightly outpacing our revenues at the same time. But the HCV component maintains a very stable balance.

So, in terms of--if you're asking me, should we be concerned, or where should be most concerned? It's really just at the cost center, the COCC, us internally. Because we're really just running off of bookkeeping fees, admin fees, property management fees.

And with COVID and everything that--all the costs we incurred with COVID, some of our fees were down. And then cost that went into the building, for example, those costs were very--you know, they were high, relative to what we initially budgeted.

But in terms of having to lay off staff, no. I feel confident right now, looking out the next three to six months, respective of both fields, both the elderly deal potentially going through and or family going through, with the RAD conversion, if you so choose. I think we remain in a good position.

However, I don't think it's a time right now where we should continue to increase staff anywhere within the agency. In other words, I don't think Corey should grow the staff much more than what we're already budgeting to do, which you saw and approved in our budget. And COCC is tight right now, to say the least. But I think we will capitalize again.

Kelvin Daniels: So, when Mr. Heard was here and Ivey was--.

Michael Edgar: --Yes--.

Kelvin Daniels: --And before Commissioner Brown-Crawford came on--.

Michael Edgar: --Sure--.

Kelvin Daniels: --Our COCC was--and I'll have to go back and look at my notes--.

Michael Edgar: --Sure--.

Kelvin Daniels: --But it was very fat. So, I'd like to know where all that money went then, so to speak, because COVID can't take all our money.

Michael Edgar: No.

Kelvin Daniels: So, where did our money go?

Michael Edgar: Historically, over time, especially the last three years, we were running a positive cash balance. But again, expenditures, primarily administrative related costs, growing the agency, and the fee basis coming from those three components, which I said before--you've got your admin fees, your bookkeeping fees, your property management fees. Those fees have come down. And it was really, honestly, over the last 18 months that that took a big bite out of our cash position.

Kelvin Daniels: (INAUDIBLE), right?

Michael Edgar: Well, if you think about it now, it's almost a year, year and a half.

Kelvin Daniels: A year.

Michael Edgar: Because some of it catches up after the fact. So, we did lose a lot of our fee base there. We really did. So, that was challenging.

Because COCC can only generate money through-- we're not-- we're a cost center, effectively. And so, as we've begun to, you know, staff up, I think we've staffed up in an effective manner, especially in light of the RAD deal, because you can't really find a good developer unless you've got a strong, you know, staff at the COC level to handle all the development needs, all the community building needs, the financial needs internally. So, it's like a lead and lag effect.

And what I mean by that is, sometimes in the near run, you incur greater expenditures, but you have to make those expenditures almost as an investment to kind of grow future revenue streams.

So, I can sit down and draw out a more clear analysis to you.

Kelvin Daniels: Yes.

Michael Edgar: But you're correct in the fact that when Mr. Heard was here--.

Kelvin Daniels: --We had a lot--.

Michael Edgar: --Balances were still relatively fat. Over the last five years, they were relatively fat. But if you look back, and I've done this myself, over the last three years in totality, they have come down. They've declined significantly.

And again, we are running the deficit, but you have to remember, things like, you know, hundreds of thousands of dollars in repairs for things like the roof--.

Kelvin Daniels: --Right--.

Michael Edgar: --The chillers, IT upgrades. We can't use capital funding for, like, any of those things. They all have to come from fees that the agency is generating.

Kelvin Daniels: The roof. You're right.

Michael Edgar: Mm-hmm.

Kelvin Daniels: The roof.

Michael Edgar: So, all of those (INAUDIBLE--.)

Kelvin Daniels: (--INAUDIBLE).

Michael Edgar: Yes, were very costly.

Kelvin Daniels: So, can you do me a favor?

Michael Edgar: Sure.

Kelvin Daniels: Without any interference from anybody else.

Michael Edgar: Yeah, yeah, yeah.

Kelvin Daniels: As I mean, I imagine we can vote for this as a board, too.

Michael Edgar: Sure.

Kelvin Daniels: I want you to give us a RAD amount, how much money we've been spending towards these projects--.

Michael Edgar: --Mm-hmm--.

Kelvin Daniels: --And things like that.

Michael Edgar: Yeah.

Kelvin Daniels: And how much these have come up to. And like you said, the analysis--.

Michael Edgar: --Yeah--.

Kelvin Daniels: --Without any influence from anybody else.

Michael Edgar: Sure. I can do that for you.

Kelvin Daniels: And tell us what--where we actually--where our money went. You know what I'm saying?

Michael Edgar: Sure.

Kelvin Daniels: Like, how did it actually leave?

Michael Edgar: Yes. We can look at a balance sheet and look at exactly where you were with the cost center over time.

Kelvin Daniels: Yeah. Before and now. Go ahead, Ivey.

Michael Edgar: Sure.

Hemis Ivey: For me--and I thank you all for trying to clear that up, because when I look at replacement housing factor funds, I'm thinking that we still had to draw it down.

Terril Bates: We do.

Hemis Ivey: Okay? Right. So, if we still got to draw that money down, I'm more like, tell me what we have liquid right now that we can make a decision on. Okay? That's forecasting money. If you're forecasting--I'm hearing, well, we can draw down $900,000.

Terril Bates: It only takes, like, 24 hours.

Hemis Ivey: No. I know. Okay. But I'm just trying to understand. To me, that's a different pot of money. That's $900,000 in replacement housing factor funds that we're going right to the government, say, hey, send us these funds for this closing, right?

So, now, I got $900,000 that I'm going to get from the government. I'm fine with that because like you say, that's where we going to use it. Not going to beat that to death.

But when I ask, okay, tell me what we have in reserves, now you're saying, well, we have X amount of dollars in reserve, but it's toward replacement housing factor funds. That's confusing me. Or am I looking at it the wrong way? Or did I just misinterpret what everybody said?

Terril Bates: Yes. So, it's two different things. The drawdown--turn your mic off. The drawdown for capital fund is the completion of paperwork and it gets electronically transmitted to HUD, and they release the funds, you know, in 24 or 48 hours.

Hemis Ivey: Right.

Terril Bates: But two different pots. We have one pot of money that is capital funds and replacement housing factor together. That's one pot. HUD controls that and we draw that down. Then, we have another pot of money that is--was at the property level as reserves. And then, because of the--.

Hemis Ivey: --Okay. So, let me be clear right there. So, that second pot, will you say we have it in reserves, right? How much do we have in reserves? That's my question.

Michael Edgar: For the elderly, we have a little bit more--between 600 and 700,000. And a portion of that, two months' worth of operations we kept on the books, on the balance sheet for the elderly.

The other we securely moved. And the reason we moved that, again, was as, you know, Ms. Bates has said before, when the developer see that and when banks--.

Hemis Ivey: --No. No--.

Michael Edgar: --See that, they want you to commit that equity. So, long answer short, we have about 600,000 in excess, and maybe 100, 150,000 on the books, plus the 661, which would be separate, because that was part of the replacement housing factor.

Hemis Ivey: But you're saying it's two different pots. But at the same time, you just saying that 600,000 is part of that 900,000.

Michael Edgar: If we were going to commit $900,000. You were saying, well, where's that 900 coming from? We have 660,000--661, potentially with replacement housing factor. You still have to cover the difference, right?

Hemis Ivey: Right.

Michael Edgar: Nine hundred and 600,000, about 300,000. So, where could that come from? Could come from one of two alternatives. It could come from the excess reserves, and we have about 600--again, in elderly, but about 600,000 and change in excess reserves.

Remember, HUD says we have to keep some of those reserves on the books on our balance sheet. Okay?

Hemis Ivey: No, I understand.

Michael Edgar: So, I'm just saying the 300--when you say how much liquid do we have--you're asking, right, Mr. Ivey--?

Hemis Ivey: --Yeah--.

Michael Edgar: --And Commissioner Daniels? We have 600,000 in reserves that's very liquid, that we could commit to the deal, in addition to the 661,000, which is replacement housing factor.

Kelvin Daniels: So, that's only 1.2 million, but we need 1.9 million. So, where the other 700 coming from then?

Terril Bates: Capital fund. Remember, capital--.

Kelvin Daniels: COCC funds?

Terril Bates: No. Capital fund can only be used for public housing matters. And RHF is a part of the capital fund.

Kelvin Daniels: Okay. How much we have in the capital fund?

Terril Bates: About $3 million.

Kelvin Daniels: Okay.

Terril Bates: Maybe $4 million.

Kelvin Daniels: All right, so we got the--.

Hemis Ivey: But are we going to use that? Is that--any part of that 3 million earmarked to go anywhere else, i.e., we're trying to buy property? And is that the same pot of money that you said that we need to spend for futuristic something, we had to spend that money? Is that part of it?

Kelvin Daniels: Yes.

Terril Bates: So, that money needs to be obligated. And yes, the capital funds could be used for the purchase of the property that we're talking about if the board's decision is that that property will be the Faircloth units, because it would have to be public housing.

So, we could use HOPE VI money for that, or we could use capital funds. So, that's something the board would discuss as we get further along with that.

Hemis Ivey: But Mr. Chairman, I didn't mean to start this conversation and jump. But for me, just listen. If we getting ready to buy that property and we don't address those issues, I'm not for taking this--any part of money and put it down on just elevators when we can get houses and apartments and be purchasing property.

So, that's me. I understand now. You have no gripes for me on that 900,000. They're going to explain, hey, this is how it works it was coming from. I'm good.

Kelvin Daniels: So, that's going to be an issue because according to what Ms. Knight's saying now--and Ms. Jass lives there and I've been on those elevators. If we don't vote on putting money in, not even the extra elevator, but fixing the other elevator--.

Hemis Ivey: --That's already in there.

Kelvin Daniels: No, she--.

Kim Brown-Crawford: --That's in there.

Kelvin Daniels: Well, didn't she say that the four elevators weren't going to be fixed? She just said that.

Kim Brown-Crawford: No. No. She said the cost to rehab them are going up.

Michael Edgar: Yes.

Kim Brown-Crawford: That's what she said wasn't--no. She--.

Kelvin Daniels: --But she--but we need to add this money.

Kim Brown-Crawford: No. No. She said that--what we originally thought was to rehab those elevators, the cost was going up, but they have to do that. That's what I got from that.

What they don't have to do, if we don't agree, is to do the fifth.

Kelvin Daniels: The new one.

Kim Brown-Crawford: The new one. But the other four elevators, it just has to be done regardless of the cost. And it's already in the deal. And we know pricing is going up.

Kelvin Daniels: Yeah.

Kim Brown-Crawford: It's just that fifth one, like you said, we have to decide as a board--.

Kelvin Daniels: --Do we want to do it--?

Kim Brown-Crawford: --Do we want to have five elevators, or do we want to have four? And I'm under the impression--I'm agreeing with Commissioner Ivey, that I would rather have a good--great four elevators working all up to code because I feel--I don't personally feel that we should invest in the fifth one, but Ms. Jass, you live there. So, that's--.

Sally Jass: We need to invest in the fifth one. The other day, we had both elevators out, and that EMTs had to come. So, then they had to go up the stairs and bring the person down.

So--and these elevators, even if they're renovated or whatever, tenants still do things that cause things to happen to them. And so, we--my feeling about the extra one is it could save somebody's life there.

And our high rise, we have a lot of disabled people up higher. And even if they're not disabled, if something happens and the EMTs have to come, they could get to there faster.

These elevators have cost us a lot of money. I've lived there 12 years, and I have seen the money go in, and then the next few days, they're right back to what they were doing.

Hemis Ivey: I heard--me personally--I hope everybody can hear me. I've heard--to me, I heard what Holly was saying. And Holly made that statement when we was talking about the family sites. They have already locked in their builders and material. That's what she stated, that it was locked in.

Seem like to me, the Windsor/Maley was further along than the family sites. And I don't see why those prices wasn't locked in.

Terril Bates: They were.

Hemis Ivey: And we--and if we were going to get a broken--if we're going to fix the elevators, we were going to put new elevators, to my understanding, in there anyway.

Terril Bates: Right.

Hemis Ivey: So, you have all new elevators because they have to address the flood--.

Kim Brown-Crawford: --Right--.

Hemis Ivey: --And things like that. So, that should have been included in the cost--.

Sally Jass: --I thought it was--.

Hemis Ivey: --In the beginning.

Sally Jass: I thought we talked about that in the beginning.

Kelvin Daniels: It was originally said that.

Hemis Ivey: Yeah. So--.

Sally Jass: --Because all the tenants keep asking me about--as soon as one of them goes down, and we've had tenants caught in the elevators.

Hemis Ivey: Well, hopefully they won't go down when we get new ones.

Kelvin Daniels: All right. So, Ms. Bates--.

Kim Brown-Crawford: --So, the elevators are going to be new--?

Kelvin Daniels: --The new elevator goes on the Maley. The fifth one would be on the Maley or on the Windsor is what they were trying to say. Where would that--where would--?

Terril Bates: **--**It is on--.

Terril Bates: --The Maley--.

Terril Bates: --The Maley.

Kelvin Daniels: It was the Maley, right. The disability.

Terril Bates: Exterior.

Kelvin Daniels: On the Maley for the disabled people.

Terril Bates: I mean, it wasn't for--it was for everybody.

Kelvin Daniels: It was supposed to be a larger elevator as well, too.

Terril Bates: Yes, a larger capacity.

Kelvin Daniels: Okay. So--.

Kim Brown-Crawford: --So, let me--so, the four elevators are going to be new elevators?

Terril Bates: No. So, when they say new--.

Kim Brown-Crawford: --Right. Right. Okay--.

Terril Bates: --Elevator, it means like every component, every part gets replaced.

Kim Brown-Crawford: Okay.

Terril Bates: So, in the initial PHA and the initial engineering report for the elevators, let's just say they say, you know, these 10 things needs to be done.

Kim Brown-Crawford: Mm-hmm.

Terril Bates: After that elevator consultant came out--and he spent, I think, like, maybe a week or two on site, that's when, you know, he just kind of dug into it more.

Kim Brown-Crawford: Mm-hmm.

Terril Bates: And he talked about--so it's like the Cadillac replacement, or the replacement.

So, some of the things that he talked about was a new type of component that was--it's, like, failing the exact words, but the coating on it was not subject to some of the things that--the replacement parts were subject to weatherization. And that there was--.

Kim Brown-Crawford: --Okay--.

Terril Bates: --Some new kind of thing that--.

Kim Brown-Crawford: --Okay--.

Terril Bates: --You know, if you replace this part with a brand new part of this, in so many years, you know, you could still have the same problem. But now, there's some new technology that if you do this instead--so it was his--.

Kim Brown-Crawford: --I understand--.

Terril Bates: --Recommendation for if you're going to do this, you know, use different things.

Kim Brown-Crawford: Mm-hmm.

Terril Bates: It's hard because of the components that are there. But anyway, the story is, there was always a plan to replace everything that was there.

Kim Brown-Crawford: Mm-hmm.

Terril Bates: After the consultant came, there was a different view of how--.

Sally Jass: --To replace it--.

Terril Bates: --To replace it. And those things were a little bit more costly.

So, I do believe that what Holly was saying is, the cost consideration for replacing used up more money than anticipated, not that they weren't ever planning to do it. But after the consultant came and he, you know, spent some time, and even went to Tampa to talk to the elevator people for us. And he gave a report and said, you know what, think about it like this. So, that's where that came from.

Kim Brown-Crawford: Okay.

Terril Bates: But you would get four new elevators, regardless.

Kelvin Daniels: Okay. So--.

Kim Brown-Crawford: --I think I get it now--.

Kelvin Daniels: --If we get those four, then that the answers Ms. Jass saying that the elevators keep going down.

There'd be new elevators once they get back to the property. The question is, do we put another elevator, a larger--?

Terril Bates: --Right--.

Kelvin Daniels: --Whatever on the back?

Kim Brown-Crawford: So, that's what the board has to decide because if you're saying they're newer, better, four elevators that's coming, and I--we should not, and as an owner--Holly and our owner, if we're putting that kind of cost in newer four elevators, you guys should not be having that same issue.

If you do, then that becomes--okay. If you do, to me, Jass, it would be the owners, us, and the developers would need to go back to whoever that elevator company is. It would be the same--let me put it in this kind of terms. If I--I can give you a good example.

When I put new floors in my house, okay, you know, I didn't get a whole new concrete slab poured at the bottom. You know, they took the carpet up, they put new floors down there.

So, those floors should work and last. If they don't, then I would be going back to my contractor. Or maybe I would be going back to the company who manufactured the hardwood floors or the vinyl floors. But then that falls back to them because there should be some type of warranty. That's the word I'm looking for.

Terril Bates: Yeah, it would be.

Kim Brown-Crawford: It should be some type of warranty. So, I would tend to think that the residents aren't going to be having that same problem because it would be under warranty.

Terril Bates: That's true. I think the one thing that can't be corrected is the cab size.

Kim Brown-Crawford: Right.

Terril Bates: So, new elevator now doesn't mean--.

Kim Brown-Crawford: --Yeah--.

Terril Bates: --Like tearing out the elevators. It means replacing all the components.

Kim Brown-Crawford: Got it.

Terril Bates: The cab size is terrible in those buildings, and there's no way to, you know, do that unless you just tear the building--.

Kim Brown-Crawford: --Mm-hmm--.

Terril Bates: --All the way apart.

Kim Brown-Crawford: Mm-hmm.

Kelvin Daniels: So, why is it that you all picked the Maley when the Windsor's the elderly property? Who has more visits from like, say, like Ms. Jass just said, from, like, the hospital, you know, needing gurneys?

Hemis Ivey: EMTs and things like that.

Terril Bates: So, I think the Maley is--.

Kelvin Daniels: --The Maley is?

Terril Bates: The Maley is the disabled and elderly. And the Windsor is the elderly. But I think that building configuration lent itself to the exterior design. But the elderly are the ones at the Windsor.

Kelvin Daniels: All right. So, all right.

Sally Jass: And I agree--.

Kelvin Daniels: --Go ahead--.

Sally Jass: --On that, for the designs and things and how it--because we've become--our building is more disabled.

Kim Brown-Crawford: And which building are you in, Ms. Jass?

Kelvin Daniels: The Windsor.

Kim Brown-Crawford: You're in the Windsor?

Sally Jass: I'm in the Windsor.

Kim Brown-Crawford: Okay.

Sally Jass: I'm on the 11th floor.

Kim Brown-Crawford: Okay.

Sally Jass: So, when the elevators go out, or the electricity goes out every once in a while, then people can't get anywhere. My thing is, the elevator parts that I've been told, when something goes out, it takes a long time to get a part because it's so old. And so, then, they sit there--.

Terril Bates: --So, that's what they were saying, change that whole--like, we try to replace it with new stuff. Just rip all that out.

Kelvin Daniels: Like Ms. Jass mentioned, we're going to replace that. You shouldn't have anymore--.

Kim Brown-Crawford: --You shouldn't have the same--.

Kelvin Daniels: --Delay issues.

Sally Jass: I understand that.

Kelvin Daniels: Yeah.

Sally Jass: But I also understand, too, we're going to have to reeducate our tenants.

Kim Brown-Crawford: That's okay.

Sally Jass: You say that, but you don't live there.

Kim Brown-Crawford: Yeah.

Sally Jass: You don't see what happens. Because a lot of people do not understand things. We have several people who do--a lot of people that do not read or write and--or speak our language.

So, reeducating is--and Ms. Bates knows what we deal with there in both buildings. It's just that--we went through this, too, with the air conditioning when we first moved in there. They had to send--they were Korean air conditioners. And so, if your air conditioner went out, you could plan on getting a portable.

So, it's--we have to be careful with who we work with now, so that it doesn't cost us more money in the long run. And I mean the repairs that we've paid for on those elevators, all four of them is--and we're going into hurricane season.

Kim Brown-Crawford: We wouldn't be responsible for that.

Kelvin Daniels: Pushing buttons?

Kim Brown-Crawford: We--Ms. Jass, we wouldn't be responsible for that down down the road. So, that's why I'll say, again, that--.

Kelvin Daniels: --Orion will be--.

Kim Brown-Crawford: --With--yeah, Orion would be. So, with Holly, them, and us being owners, making this initial investment, I am just hoping that they are looking at whoever they're working with and making the best decisions.

And one thing that I could recommend, you know, Ms. Jass, as we're talking to the residents--because you're right. By the time this gets done, you're going to be another year older and some of those residents.

So, at that point when we are--because I know we did say to the residents that there was no guarantee that they will be going back into their same units. So, maybe at some point, I mean, it could be their choice that they don't go back into such a higher level just because the elevator could break.

Just like when, you know, I made a decision to stay in my house, I made sure that I wouldn't doing anymore add-ons because I don't need anything else to clean because I'm getting older.

So, you know, you just--those are the things that they should be thinking about now, because you will be older. We all will be older two years from now. So, maybe they don't want to be on the 12th floor and the 11th floor in case something does happen that they don't--if they have to evacuate, it's not so far to go.

Terril Bates: Well, you want everyone to grab lunch and have a working lunch?

Kelvin Daniels: No. I want to leave.

Terril Bates: Okay.

Kelvin Daniels: But we (INAUDIBLE) at home.

Kim Brown-Crawford: I'll grab my lunch.

Kelvin Daniels: But we either need to vote it or--I mean--.

Kim Brown-Crawford: --Yeah.

Kelvin Daniels: Yeah, we need to vote and see.

Kim Brown-Crawford: I agree, we should vote it.

Kelvin Daniels: So, we need--so, if we're going to put in a million dollars for a new elevator or not is what what we need to kind of go. You're going to get a yay or a nay in a second.

Sally Jass: I know, but I'm partial to this. Not just for me, but for--we have people that are in their late 80's and 90's that lives in these buildings.

Kelvin Daniels: Well, they're not putting it in yours. That's the problem. They're putting it actually--.

Sally Jass: --Right. I--.

Kelvin Daniels: --At the Maley--.

Sally Jass: --Understand. But where would we put--why would the Maley be better to do it--?

Kelvin Daniels: --That's that I was wondering--.

Sally Jass: --Than the Windsor?

Kelvin Daniels: I'd rather it be the elderly. Right.

Sally Jass: Because there's more accessibility in the Windsor to put one on the outside.

Kelvin Daniels: Ms. Bates said it was going at the Maley. And that was her. I don't know why. I thought we'd do it for the elderly if we were considering it. But I guess, disabled have--I mean, have wheelchairs or something. I don't know.

Kim Brown-Crawford: Mr. Chair, if I could--.

Kelvin Daniels: --Yeah--.

Kim Brown-Crawford: --Can I bring a motion to the floor?

Kelvin Daniels: Yeah.

Kim Brown-Crawford: I would like to make a motion that we either approve, or not approve, going forward with the fifth elevator, with the understanding that the four elevators are going to be somewhat brand new parts, you know, inside. The size is not getting any bigger, the size is not getting any smaller.

And if we could just get a roll call from--.

Kelvin Daniels: --Well, just--we got to second it first.

Kim Brown-Crawford: Okay. Sorry.

Hemis Ivey: So, what's the--?

Kim Brown-Crawford: --So, I wasn't--I was wanting to finish.

Hemis Ivey: A motion has to be made in the affirmative.

Kim Brown-Crawford: So, I was trying to finish but he stopped me. So--.

Kelvin Daniels: --No, the motion can't be whether or not. It has to be--.

Hemis Ivey: --Right--.

Kelvin Daniels: --Either that we approve the money--.

Hemis Ivey: So, I make a motion to approve the million dollars for the elevator.

Kim Brown-Crawford: So, that's where I was going next.

Hemis Ivey: And we need to go yes or no.

Kim Brown-Crawford: I was going next with that.

Hemis Ivey: Okay.

Kim Brown-Crawford: But I wanted to get that out first.

Hemis Ivey: Oh, you're clearing.

Kim Brown-Crawford: I'm just clearing, so everybody has an understanding before we say yes or no.

So, the motion would be, for the commissioners, or would--I would like to make a motion that we--.

Hemis Ivey: --Approve--.

Kim Brown-Crawford: --Approve--.

Hemis Ivey: --The million dollars--.

Kim Brown-Crawford: --The million dollars to--for the fifth elevator or not approve it.

Terril Bates: You're saying not.

Kelvin Daniels: But you can't say it in the negative.

Kim Brown-Crawford: Okay. All right. So, I'd like to make it a motion that we do not approve the fifth elevator.

Kelvin Daniels: That's not a--.

Hemis Ivey: --Can I make a motion--?

Kim Brown-Crawford: --Okay. Well, somebody make it. Because I thought she said it'd be either or.

Kelvin Daniels: So, we have a motion. We already discussed it. So, we've already had a discussion.

Kim Brown-Crawford: Okay.

Kelvin Daniels: Good. So, we just need the motion right just whether or not--and I know what you're saying, Kim. But we've already talked about it.

Kim Brown-Crawford: Y'all just make it then.

Kelvin Daniels: It's on the record that we've discussed it.

Kim Brown-Crawford: Okay.

Hemis Ivey: I make a motion that we approve the additional million dollars for the elevator for the Maley.

Kelvin Daniels: And we need a second.

Ms. Jass: Commissioner Jass, I approve it.

Kelvin Daniels: No, you second.

Ms. Jass: I second. I'm sorry.

Kelvin Daniels: All right. So, who's--Ms. Walker's back?

Lateisha Walker: Yeah.

Kelvin Daniels: All right Ms. Walker, we have a motion that's been properly second. We need to vote.

Lateisha Walker: Commissioner Jass?

Sally Jass: Yes.

Lateisha Walker: Commissioner Ivey.

Hemis Ivey: No.

Lateisha Walker: Commissioner Brown-Crawford?

Kim Brown-Crawford: No.

Lateisha Walker: Commissioner Daniels.

Kelvin Daniels: Yes. So, we have a split. When we have a split, we need Dr. Jamison here to break the tie.

Hemis Ivey: Right. So, let's take it to the next--the motion fails. When you got a split team, the motion fails. That's two, two.

Kelvin Daniels: That's why we need five people here today. All right. Well--.

Hemis Ivey: --So, it won't go.

Terril Bates: So, then, I want the board to authorize me to notify the BGC that the board's decision is that we will not approve the use of the extra million dollars.

Kim Brown-Crawford: Yes.

Terril Bates: Is that what I'm understanding?

Kelvin Daniels: For the elevators.

Terril Bates: Okay.

Kelvin Daniels: Yeah. Because the use of that, for me, it sounds like it'll be used for something else.

Kim Brown-Crawford: Yeah.

Terril Bates: For the elevators.

Kim Brown-Crawford: Yes.

Terril Bates: So, I'll--.

Kelvin Daniels: --So, they come back needing something else then we'll know. We'll just (INAUDIBLE).

Terril Bates: Okay. I'll send her a transmittal and copy the board.

Kelvin Daniels: All right.

Terril Bates: Can I just share one thing before we take a break or do whatever? I do want you to be aware that I sent something out to some of the staff who were being--we were talking to about potentially moving over to Section 8 after the transition.

And after last week, when there was maybe some question about whether or not the board was wanting to move forward with the family, I notified staff that we would not be able to make any additional changes in Section 8. Because without those admin fees from those 325 units, we could not afford it.

So, that is--I don't know what communication you had, but that may be a source of that.

Kelvin Daniels: What 325 units? Talking about public housing units?

Terril Bates: Yeah.

Kelvin Daniels: Oh.

Terril Bates: If the family closed and those units became project-based Section 8, we would need more people there. So, that's why we've been hiring up on that side.

Kelvin Daniels: Communication came back, Ms. Bates, is that you went back and said to them that we said we didn't want to do to WM. And so, it was calling me--.

Terril Bates: --That was a lie. I'm just--on the record, I'm telling you, I don't know where that came from.

Kelvin Daniels: I know on the record, Ms. Bates, but it came back and that it was said that way.

Terril Bates: I have no idea who would have shared that.

Kelvin Daniels: That's why we wanted to clear that up.

Terril Bates: But what I did share--.

Kelvin Daniels: --It definitely came right back. And I said, that's not what--.

Terril Bates: --It was absolutely--I have never said that to anyone. What I did was send a communication regarding Section 8. I'm sorry if someone--.

Kelvin Daniels: --Misinterpreted, huh?

Kim Brown-Crawford: Yeah.

Terril Bates: I don't know who or what that could be.

Kelvin Daniels: All right. So, at any rate, we have--we spent hours and I set aside for this, but I'm trusting that you all with the two packets that you all can pick out the person. I think we've done everything pretty much other than--but what was the budgets, by the way?

Michael Edgar: What do you mean?

Kelvin Daniels: What was the budgets?

Kim Brown-Crawford: There's a thing on there that said about budgets.

Kelvin Daniels: Somebody else wanted for budgets.

Terril Bates: Commissioner Ivey. Commissioner Ivey asked that we put that on the agenda.

Hemis Ivey: No, that was just--.

Terril Bates: --Yeah.

Hemis Ivey: We established that--.

Kelvin Daniels: --About the money.

Kim Brown-Crawford: He already--yeah.

Kelvin Daniels: Oh, okay. So, we already--yeah. Okay. So, all that's left, y'all--I'm going to grab mine and go, but all that's left is that I trust who y'all pick to facilitate looking for our CEO--our next CEO.

Kim Brown-Crawford: We only have two people to look at, right?

Kelvin Daniels: Yeah. You have two to look at.

Kim Brown-Crawford: Okay.

Terril Bates: So, do you want to take out budget?

Kelvin Daniels: So, we'll take a break. Yeah. Yeah.

Kim Brown-Crawford: Yeah, we do.

Kelvin Daniels: Yeah, you can have a working lunch--.

Kim Brown-Crawford: --We do--.

Kelvin Daniels: --If you want to, but--.

Kim Brown-Crawford: **--**I do have an appointment at 1:00, but that doesn't mean that I can't come back in. It's going to be here. I mean, I'm going to take it by phone because I already said I had to take it by phone.

(BREAK)

After break, Commissioners Brown-Crawford, Jass, and Ivey participated in the scoring of recruiter packets.

Commissioner Brown-Crawford adjourned the special board meeting of June 25th at 2:04 p.m.

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