

**Housing Finance Authority of
St. Johns County, Florida
Regular Meeting**

**December 9, 2021
Minutes**

The Housing Finance Authority of St. Johns County met at 3:00 pm in the Muscovy conference room in the Health & Human Services Building – 200 San Sebastian View, St. Augustine, Florida 32084.

The meeting was called to order at 3:02 p.m. by Michael O'Donnell, Chair.

Members Present:

Linda DeGrande
Andrew Evener
Robert Marshall
Michael O'Donnell
Malinda Peebles
Erick Saks

Members Absent:

None (currently one vacancy)

Guests Present:

Marianne Edmonds, Public Resources Advisory Group (via Zoom)
Terry Sween, Dominionium (via Zoom)
Ashanti Austin, County Administration (via Zoom)
Rich Komando, Esq., Bradley, Garrison & Komando
Chauncey Lever, Esq., Foley & Lardner
Harry Maxwell, Halo Properties
Matt Mercer, Esq., Attorney for Mr. Maxwell
Travis Fauchald, Dominionium
Carolina Morrow, Habitat for Humanity
Henry O'Connell, CPA, W.H. O'Connell & Associates
Joseph Cone, Assistant Director, Health & Human Services
Julie Voorhees, Housing Dept. Support Staff
Mary Garcia, Social Services Dept. Support Staff

Notices regarding the meeting were sent to all members. Introductions by HFA members, County staff and guests. Quorum was present. No press was in attendance.

Public Comment: None.

Additions/Deletions to Agenda and Approval of Agenda:

Joseph Cone advised he wished to move New Business up on the agenda ahead of Old Business so that the Inducement Resolution could be addressed first. **Motion** made by Erick Saks to accept the agenda as modified; motion seconded by Linda DeGrande. **Motion passed unanimously.**

Financial Report/Review of Bills and Correspondence:

- **November, 2021:** Financial statements through November, 2021 were provided to all HFA members. Mr. O'Connell stated a check payable to Bradley, Garrison and Komando for legal counsel, in the amount of \$1,500.00, was presented for signature on this date. Mr. O'Connell also stated a check payable to W.H. O'Connell and Associates for CPA services, in the amount of \$607.50 was presented for signature on this date. Mr. O'Connell advised \$75,000 was received as bond issue fee and has been deposited.

Approval of Minutes:

Motion made by Linda DeGrande to accept November, 2021 meeting minutes; motion seconded by Erick Saks. **Motion passed unanimously.**

Administrators Report: Roberto Ortiz announced the Oaks at St. John bond issuance item will go before the Board of County Commissioners on December 21, 2021. Mr. Ortiz stated the developers of Victoria Crossing, Turnstone Development, have requested a waiver of financial audit due to minimum activity. Mr. Ortiz explained that unless the Authority has an objection, the waiver will be granted and these deferred months will be covered in the 15 month audit that will ultimately be performed. There were no objections. Mr. Ortiz introduced Harry Maxwell and his attorney, Matt Mercer, who were in attendance at this meeting. Mr. Ortiz explained that Mr. Maxwell provided his rent roll to County staff and this document was sent out to all HFA members for their review, prior to this meeting. Mr. Ortiz congratulated Mr. Marshall for being named "Builder of the Year".

New Business:

- **Inducement Resolution – Oaks at St. John:** Chauncey Lever, bond counsel to the HFA, read the resolution into the record for the Oaks at St. John bond issuance. Mr. Lever stated this resolution expresses the intent of the HFA of St. Johns County to proceed with the bond issuance of its not to exceed \$21,500,000 multifamily housing revenue obligations in one or more series, the proceeds of which will be loaned to Ponte Vedra Beach Leased Housing Associates I, LLLP, to finance or refinance (including through reimbursement) all or a portion of the cost of the acquisition, rehabilitation, and equipping of a multifamily housing project to be known as the Oaks at St. John
- **Public Hearing:** Chair Michael O'Donnell opened the public hearing. Notice of this hearing was published. Mr. O'Donnell called for public comment and there was none; Mr. O'Donnell then closed the public hearing. Mr. O'Donnell asked if there was any discussion regarding this item and as there was none, he then called for a motion. **Motion** made by Erick Saks to approve the resolution as read; motion seconded by Linda DeGrande. **Motion passed unanimously.**

Mr. Lever introduced Travis Fauchald, Dominion, and said he would answer any questions the HFA might have regarding the project. Mr. O'Donnell asked how long this project would extend the affordability of the Oaks at St. John and Mr. Fauchald stated affordability would be guaranteed for an additional 15 years. Mr. Saks asked if tenants would be displaced and Mr. Fauchald stated tenants would remain in place, under existing leases, during the rehabilitation. Mr. Fauchald said the units are 95-96% occupied at this time.

Old Business:

- **Halo Properties Loan – Harry Maxwell:** Matt Mercer explained he has been the attorney for Halo Properties for a decade and he explained the circumstances which caused Mr. Maxwell to be involved in two lawsuits related to his properties, through no fault of his own, that spanned approximately five years and expended resources, time, and focus. Mr. Mercer stated Mr. Maxwell was promised a \$200,000 developer's fee by Florida Housing Finance Corporation (FHFC) that he did not receive as a result of the litigation. Discussion ensued. Mr. Mercer mentioned possible remedies such as forbearance, forgiveness of the loan, or deferment of payment until such a time as the property is sold. Mr. Saks, in reviewing the financial statements provided by Mr. Maxwell, asked where salaries for staff were listed. Mr. Maxwell said he believes the salaries are listed under "repairs" and he stated while he and his wife do not receive salaries, they do currently employ one full time staff member. Mr. Maxwell stated a property nearby is rented as office/warehouse space and it is also listed under that line item. Mr. Saks asked Mr. Maxwell if, as discussed at a previous meeting, a greater effort has been made to assist tenants with applying for Covid relief funds in order to pay their back rent and Mr. Maxwell stated that it has and has been met with some success. After more discussion, Mr. Evener stated his position has not changed and he is not prepared to accept any options other than the resumption of Mr. Maxwell's interest-only payments. Mr. Evener stated the HFA made a goodwill gesture in forgiving three years of interest on this loan and it is his opinion that Mr. Maxwell has not been amenable to pursuing any of the possible solutions that have been offered by the HFA thus far. Mr. Evener pointed out that the lawsuits involving the properties were settled approximately five years ago and no payments were missed during that time but rather

stopped some three and a half years ago, without explanation. Mr. Maxwell explained that when his wife retired it became difficult to keep up with the monthly payments to the HFA and Mr. Maxwell said it was necessary to cash in their 401ks in order to fight the lawsuits. Mr. Maxwell said he intended to use the developer's fee to pay the HFA but he was denied this fee by Florida Housing Finance Corporation (FHFC). Mr. Maxwell said he contemplated filing bankruptcy more than a year ago and at that time was advised to come and speak to the HFA before taking that step. Mr. Komando made the point that the interest only payments on this loan should be coming from the rental payments on his units. Mr. Maxwell said that maintenance fees and non-payment of rent have caused some financial hardship. Discussion turned to the rents that Mr. Maxwell is charging and what is allowed under FHFC guidelines. Mr. O'Connell commented that it appeared that Mr. Maxwell could, with a small monthly rent increase, easily pay the HFA the approximately \$650 per month that is owed. Mr. Marshall agreed and stated that with a small across-the-board increase these rents are still very affordable and well within guidelines. Mr. Komando stated the Area Median Income limits (AMI) were republished two to three years ago and he stated the thresholds for this region have gone up. Mr. Maxwell expressed his belief that his rents cannot exceed \$912 per month. Mr. Komando suggested Mr. Maxwell check the caps and Mr. Maxwell called his wife and partner in Halo Properties and she stated that the current cap imposed by FHFC for 60% AMI is \$1,234.00. Mr. Maxwell said he is concerned he would lose too many tenants if he were to raise rents and Mr. Marshall said these units are currently undervalued and even at the cap Mr. Maxwell's rentals are far more affordable than others in the area. After further discussion, Mr. Maxwell committed to looking into the latest AMI thresholds and limits set by FHFC in order to reevaluate his current rents. Mr. Maxwell and Mr. Mercer agreed to come back to the HFA with a proposal based on his findings by the January 27, 2022 meeting.

- **Own a Home Opportunity Program Update:** Julie Voorhees advised there have been no new loans.

Meeting was adjourned at 4:29 p.m.

Next Meeting: The next meeting of the HFA will be held on January 27, 2022, in the Kingfisher conference room, in the Health & Human Services Center, at 200 San Sebastian View, St. Augustine.

Respectfully submitted,

Secretary