

# **AGENDA**

## **Palm Beach County Housing Finance Authority**

**\*\*\*\*\***

**FRIDAY, NOVEMBER 9, 2018**

**9:00 A.M.**

**Palm Beach County Airport Center  
Complex**

**100 Australian Avenue**

**4th Floor (#4-790) Training Room**

**West Palm Beach, FL 33406**

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# Meeting Agenda

November 9, 2018

9:00 AM, PBC Airport Center – 4th Floor  
Human Resources Training Room 4-790

## Housing Finance Authority of Palm Beach County

100 Australian Avenue, Suite 410  
West Palm Beach, FL 33406  
(561) 233-3656  
FAX: (561) 233-3657  
www.pbchfa.org



### Chairperson

Patrick J. Franklin

### Vice Chair

Gary P. Eliopoulos

### Secretary

James H. Harper, Sr.

Clark D. Bennett

Robin B. Henderson

Charles V. St. Lawrence

Bobby "Tony" Smith

### Executive Director

David M. Brandt

dbrandt@pbcgov.org

(561) 233-3652

### Administrative Assistant

Jennifer M. Hamilton

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Official Electronic Letterhead

## I. Call to Order

- a. Roll call and establishment of quorum

## II. Public comment on Agenda Items

## III. Agenda Approval

- a. Additions, deletions, substitutions
- b. Adoption

## IV. Consent Agenda

- a. Minutes of October 12, 2018 regular meeting and audit committee meeting
- b. GF Requisition #10-2018
- c. Multi-family project occupancy report for September
- d. Approval of board member meeting absences as needed

## V. Old Business

- a. Approval of auditor engagement letter

## VI. New Business

- a. Request for modification of loan terms - Community Land Trust of Palm Beach County – Davis Landings West – Consider Resolution R-2018-08
- b. Riverview House bond redemption – approve subordination of Land Use Restriction Agreement – Consider Resolution R-2018-09
- c. Approve 2019 meeting dates

## VII. Other matters

- a. Matters of Authority members
- b. Matters of the Executive Director and Professionals
- c. Matters of the Public
- d. Next regular and audit committee meeting date: 9:00 a.m., December 14, 2018 at the PBC Airport Center, Human Resources Training Rm. 4-790, 100 Australian Avenue, West Palm Beach

## VIII. Adjournment

To: Housing Finance Authority

From: Executive Director

RE: November 9, 2018 regular meeting

Dated: November 1, 2018

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## **V. “Old Business” items:**

### **Item (a.) Approval of auditor engagement letter**

#### **Previous discussion and action:**

The April 13 meeting included a “New Business” item to discuss the need to initiate a request for proposal process as the Authority is in the final contract year with our accountants and auditors. The auditor’s engagement ended with the delivery of the September 30, 2017 multi-family bonds audit report that was presented at the June 8, 2018 meeting, and the accountant’s will end after the delivery of the September 30, 2018 general fund (unaudited) financial statements near the end of the calendar year. As a dependent special district of PBC is required by state law to have its September 30 year-end financials included in the Comprehensive Annual Financial Report (“CAFR”) prepared by the Clerk of the Court. The CAFR must be issued by March 31 of the following fiscal year. The Clerk’s office has advised that draft financials from the Authority’s auditor must be submitted to them prior to January 31. In order to meet this timeframe the Authority needs to approve a contract/engagement letter with the auditor at our November 9 meeting.

The audit review committee evaluated the two proposals received as a result of the RFP process, and unanimously ranked the firm of Caler Donten Levine Cohen Porter & Veil as highest. The Authority board then approved the recommendation of the audit committee and authorized staff to bring back a contract. The Authority asked that the form of the contract to be considered include a provision allowing for termination after the first years engagement; Caler has included an engagement letter with language allowing either party, following completion the audit for the preceding year, to terminate the remaining

of the three years of the total term. I have been advised by the HES Board of County Commission agenda coordinator that approval of the engagement letter is on the agenda for the December 4 meeting.

**Staff recommends a motion to accept the engagement letter/contract with Caler Donten Levine Cohen Porter & Veil as presented, to authorize its signing by the Chair, and to forward an executed copy to Palm Beach County administration for approval as required under the ordinance.**

## **VI. “New Business” items:**

### **Item (a.) Request for modification of loan terms – outstanding loan with the Community Land Trust of Palm Beach County for Davis Landings West Consider approval of Resolution R-2018-08**

The Authority closed on a \$3.4M revolving construction loan on March 31, 2016 for the 24-unit Davis Landings West (“DLW”) for-sale single family detached and townhome project. The initial loan amount was \$1.5M with a future advance clause allowing for an additional \$1.9M, term of 24 months at 2% interest and a final maturity of March 31, 2018. The project has a \$1.747M of HOME loan funds that was advanced from PBC during construction that is converted at the sale of the home to a forgivable \$79.4K soft second mortgage on the 22 HOME affordable units so to buyers with incomes at 80% or less of area median income. Two units will be sold to buyers with incomes up to 120% of AMI.

A delay in the start of and slower than anticipated construction resulted in a request for and approval by the Authority of the additional \$1.9M loan amount in February 2017. In early December of 2017 Cindee LaCourse-Blum, the executive director of the Community Land Trust of Palm Beach County (“CLT”), requested an extension of the final maturity date of the loan from March 31 to May 15, 2018 which the board approved as an agenda add-on item for the December 8, 2017 meeting. However by late spring of this year she advised me of issues that had arisen with PBC HES regarding the HOME loan conversion approval process that resulted in long delays with closings and in several cases purchase contracts or first mortgage lenders. At the April Authority meeting the board approved a request from Mrs. LaCourse-Blum for an extension of the maturity date of the loan from May 15 to December 28, 2018, which is also the final date in the PBC HOME agreement for the homes to be occupied, and a change in the partial release formula to a “net sales price”. The release formula in the Loan Agreement was structured to result in full repayment of the loan by the time 22 of the 24 homes had been sold. The CLT’s final

profit margin on the project had been anticipated at that time to be around \$50K so the original formula will not work.

The homes are all complete and a total of twelve (12) have been sold and closed with eight (8) of the remaining homes under contract. Of those four (4), two are townhomes limited to 80% of area median income that have HOME subsidy, and two are 120% AMI townhomes. The current loan balance is \$2,098,445.

Enclosed in the agenda materials is a letter dated October 31 from Mrs. LaCourse-Blum requesting an extension of the maturity date of the loan from December 28, 2018 to June 30, 2019 and a waiver of interest on the loan starting with the month of October 2018 to the new maturity date. The CLT is in the process of requesting a similar extension of the final date in the PBC HOME agreement for the homes to be sold and/or occupied. The CLT's final margin on the project is now anticipated to be less than \$10K if they **do not pay any additional interest expense on the loan**. Also included in the agenda materials is Resolution R-2018-08 authorizing a fourth amendment to the loan agreement with the CLT extending the maturity date and allonge to promissory note, and providing an opportunity for the Authority to set an alternative/no interest rate from whatever date the Authority chooses through the final loan term.

**Staff recommends a motion: to approve Resolution R-2018-08 with such terms as are set forth by the Authority.**

**Item (b.) Riverview House bond redemption – approve subordination of Land Use Restriction Agreement – Resolution R-2018-09**

The Authority issued bonds in January 1999 for the construction of the 160-unit "Riverview House" seniors apartments located in Lake Worth by an entity of The Richman Group of Florida. The Series 1999 Bonds ("bonds") have been callable at par since 2011; they are now near to completing a FHA (taxable) insured refinancing for the project that is expected to close in mid-December. Proceeds from the refinancing will be deposited with the bond trustee (US Bank) for a final redemption in whole of the outstanding bonds in mid-January 2019. The Qualified Project Period for this the project is the longer of 15 years or redemption of the bonds, which means the Authority's Land Use Restriction Agreement ("LURA") will terminate once the bonds are gone. My understanding is that there is a SAIL loan outstanding on the project that will remain in place limiting maximum rents and keeping the 60% of area median income set asides until 2050.

Since the terms of the trust indenture for the bonds (credit enhanced by Fannie Mae) require the monies for redemption to be deposited with the bond trustee at least 30 days prior, the Authority will need to execute a subordination agreement (to HUD as the new first mortgage lien holder) for our LURA; the LURA will then terminate when the bonds have been redeemed.

**Staff recommends a motion: to approve Resolution R-2018-09 authorizing a Subordination Agreement of the existing Land Use Restriction Agreement on the Riverview House Apartments in connection with a redemption in whole of the Authority's Series 1999 multifamily revenue bonds.**

### **Item (c.) Approve 2019 meeting schedule**

Enclosed in the agenda materials is the schedule of meeting dates for calendar 2019. All meetings are in the 4<sup>th</sup> Floor Human Resources training room #4-790 reserved from 9am to 11am. As you know there can be conflicts when this room is needed by HR for a training session that may require moving the meeting to a different room or to an alternate date. All are the second Friday of the month except July 19 (FL ALHFA conference is 7/10-13 in Atlantic Beach) and October 18 (conflict with HR training) which are the third Friday.

**Staff recommends a motion: to approve the 2019 regular meeting dates.**

## **Tab 1**

### **IV. Consent Items - attachments**

- a.** Minutes of October 12, 2018 regular meeting and audit committee meeting
- b.** General Fund Requisition #10-2018
- c.** Multi-family project preliminary occupancy report for September



**HOUSING FINANCE AUTHORITY**  
**OF PALM BEACH COUNTY**  
**MINUTES OF REGULAR MEETING**

**Meeting Date & Time:**

9:00 A.M., Friday October 12, 2018

**Location:**

PBC Airport Center  
100 Australian Avenue  
First Floor, Suite 1-470  
West Palm Beach

**Attendance Sign-in Sheet/others**

Cameron Hill – RBC Capital Markets  
Jolinda Herring – Bryant Miller Olive

**Staff and professionals:**

David Brandt, Executive Director  
Jennifer Hamilton, administrative assistant  
Skip Miller - general counsel – Greenspoon Marder  
Amanda Kumar – bond trustee/custodian - US Bank

## **I. Call to Order**

### **a. Roll call and establishment of quorum**

Chairman Patrick Franklin called the regular meeting of the HFA to order at 9:06 a.m. The six (6) members present at roll call constituted a quorum:

Patrick Franklin, Chair – present  
Gary Eliopoulos, Vice Chair – absent  
James Harper, Secretary – present  
Chuck St. Lawrence – present  
Clark Bennett – present  
Robin Henderson - present  
Tony Smith – present

## **II. Public comment on Agenda Items**

No comment from the public.

## **III. Agenda Approval**

The Chair asked if there were any additions, deletions or substitutions to agenda. Mr. Harper mentioned his recent absences due to medical issues relating to advanced glaucoma. The Chair stated that this could be addressed under Item (d.) of the consent agenda.

**Mr. Bennett moved approval of the agenda. The motion was seconded by Mrs. Henderson and unanimously approved by a vote of 6-0.**

## **IV. Consent Agenda**

The Chair briefly reviewed the consent agenda items for consideration, and asked if the board wished to address prior absences of members at this time.

**The Chair made a motion that both Mr. Smith's and Mr. Harper's previous absences for medical reasons be excused. The motion was seconded by Mrs. Henderson and passed unanimously by a vote of 6-0.**

The Chair then asked for a motion to approve the consent agenda. **Mr. Smith moved approval. The motion was seconded by Mrs. Henderson and passed unanimously by a vote of 6-0.**

## **V. Old Business**

### **Item (a.) "Revolving Loan Fund" policy amendment – approve Resolution R-2018-0\_**

The Executive Director ("ED") stated that the board had approved this matter by motion at the last meeting but subsequent to that action general counsel Skip Miller ("GC") advised that all previous changes to these guideline had been done by resolution. The form of resolution in the agenda back up provides for a change in setting the interest rate on a Revolving Loan Fund at the time of preliminary approval as determined by the board.

**Mr. Bennett moved to accept the Resolution R-2018-06. The motion was seconded by Mr. St. Lawrence and passed unanimously by a vote of 6-0.**

### **Item (b.) Consider amendment to Internal Operating Procedures – Resolution R-2018-0\_**

GC Miller stated that at the last meeting this matter was tabled until Mr. Smith could be present so before it can be discussed again someone needs to move to take it off the table.

**Mr. Harper moved to take the matter off the table. The motion was seconded by Mr. Smith and passed unanimously by a vote of 6-0.**

GC Miller stated that the statute says if you're not physically present you cannot be counted for purposes of a quorum but if a quorum is physically present, and this board wants to, you can have a procedure that will allow someone who's not physically present to participate in the discussion and vote. The requirements are that you will have to make that your policy and the person who's not present has to be able to hear everything that's going on at the meeting and the people in the meeting have to be able to hear what's being said by the person not present. Also the absence must be for personal health reasons and nothing else.

There was considerable discussion among the board members as to whether the meeting room would need microphones and a PA system to be able to adequately hear, and that the determination of physical illness would be left up to the person attending by phone. The Chair suggested that until staff can come up with the appropriate technology/equipment that works that this item be tabled again until such time.

**Mr. St. Lawrence made a motion to table this matter. The motion was seconded by Mrs. Henderson and unanimously passed by a vote of 6-0.**

### **Item (c.) Auditor selection**

**Mrs. Henderson moved to resume the regular board meeting following the conclusion of the audit committee meeting. The motion was seconded by Mr. Harper and unanimously approved by a vote of 6-0.**

GC Miller advised that the board would now need to approve the recommendation of the audit committee.

The Chair asked for a motion to approve the recommendation of the audit committee. **Mr. St. Lawrence made the motion which was second by Mr. Harper and passed by a unanimous vote of 6-0.**

GC Miller said the next step would be to inform Caler Donten Levine ("CDL") that they were the highest ranking firm and for them to submit a proposed contract. He asked based upon the discussion during the audit committee meeting whether the board wanted him to see if CDL would accept a provision allowing the Authority to end the contract after the first and second year. Mr. St. Lawrence asked if that would include GC Miller discussing with CDL an outreach to minority firms to which

GC Miller advised that the Authority cannot now say they need to bring in a small business joint adventure partner. Mr. Harper stated that the Authority is not requiring CDL to do that but rather that the board is sensitive to that particular issue. The Chair asked for a **motion directing GC Miller to request CDL to include a provision in the contract allowing for termination after the first and second year. Mr. Harper made the motion. Following additional discussion the motion was seconded by Mr. Smith.** The Chair asked for a roll call vote: **Mr. St Lawrence voted yes, Mr. Bennett vote no, Mrs. Henderson voted yes, Mr. Harper voted yes, Mr. Smith voted yes, and Chairman Patrick voted yes - the motion passed 5-1.**

## **VI. New Business**

### **Item (a.) Loan with Habitat for Humanity of South Palm Beach County – Request for extension of draw period**

The ED advised that HFHSPBC has requested a one-year extension of the draw date on their \$500K revolving loan with the Authority. They had anticipated purchasing building lots first in the Boca area, and then throughout their south county footprint. To date they have been unsuccessful with offers they have made on a number of lots.

Mr. Smith asked if they had abandoned their efforts in the Pearl City area to which the ED stated that he had been advised that they had made an offer on virtually every lot but no one is willing to sell at a price they deem prudent for their purpose. Mr. Smith stated his concern that many of the traditional black communities in the eastern portion of the county have disappeared or at risk of being isolated or displaced. Mr. Chair stated that what he believes is that the black community in Pearl City is holding tight, not selling their homes or vacant lots, at price that Habitat is willing to pay.

Mr. Smith stated that if they are now looking in Delray and Boynton will they have enough time with just a one-year extension. The Chair suggested an extension for the remaining term of the loan to which the ED replied since the loan matures in October of 2020 to extend the draw period to May 1, 2020.

**Mr. Smith moved approval of a motion to extend the final draw date to May 1, 2020. The motion was seconded by Mr. Harper and unanimously passed by a vote of 6-0.**

[ED note – after the lone New Business item the regular meeting was recessed 9:34 a.m. to convene the Audit Committee meeting]

**Mr. St. Lawrence moved to recess the regular meeting. The motion was seconded by Mrs. Henderson and passed unanimously by a vote of 6-0.**

## **VII. Other matters**

**a. Matters of Authority members:**  
None

**b. Matters of the Executive Director and Professionals:**  
  
None

**c. Matters of the public:**  
  
None.

**d. Next meeting date:**  
  
November 9, 2018 at 9:00 a.m. in Room 4-790, 100 Australian Avenue.

## **VIII. Adjournment**

**Mr. St. Lawrence moved adjournment at 10:25 a.m. The motion was seconded by Mr. Smith and passed unanimously by a vote of 6-0.**

Respectfully submitted,

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**Executive Director**

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**Secretary**

**HOUSING FINANCE AUTHORITY**  
**OF PALM BEACH COUNTY**  
**MINUTES OF AUDIT COMMITTEE**  
**MEETING**

**Meeting Date & Time:**

9:30 A.M., Friday October 12, 2018

**Location:**

PBC Airport Center  
100 Australian Avenue  
First Floor, Suite 1-470  
West Palm Beach

**Attendance Sign-in Sheet/others**

Cameron Hill – RBC Capital Markets  
Jolinda Herring – Bryant Miller Olive

**Staff and professionals:**

David Brandt, Executive Director  
Jennifer Hamilton, administrative assistant  
Skip Miller - general counsel – Greenspoon Marder  
Amanda Kumar – bond trustee/custodian - US Bank

## **I. Call to Order**

### **a. Roll call and establishment of quorum**

Chairman Patrick Franklin called the audit committee meeting to order at 9:34 a.m. The six (6) members present at roll call constituted a quorum:

Patrick Franklin, Chair – present  
Gary Eliopoulos, Vice Chair – absent  
James Harper, Secretary – present  
Chuck St. Lawrence – present  
Clark Bennett – present  
Robin Henderson - present  
Tony Smith – present

## **II. Public comment on Agenda Items**

There was no comment from the public.

## **III. Agenda Approval:**

**Mrs. Henderson moved approval of the agenda. The motion was seconded by Mr. Smith and unanimously approved by a vote of 6-0.**

## **IV. New Business**

### **Item (a.) Evaluation of and recommendation on Proposals**

The Chair opened the audit committee meeting by stating that board members received in their agenda package the proposals from the two respective candidates for the audit position, as well as a form of ballot to be used for making the selection. The Executive Director (“ED”) provided a brief update on the Request for Proposals (“RFP”) process and timeline stating that the initial discussion occurred back in April of this year and first published notice of an audit committee meeting was in July.



Due to having to move the meeting to another room a total of three audit committee meeting notices were published in the Palm Beach Post as well as another notice of the availability of the RFP. He advised that after receiving only three requests for the RFP following the September 14 meeting to approve the form and its release that he decided to go ahead and post it to the website and also send a copy to the PBC Office of Small Business Administration. They in turn advised that they had contacted all their vendors and made them aware of the availability of the RFP.

The RFP required that proposals be submitted no later than October 1<sup>st</sup>. He stated that he was a little surprised to receive only two proposals, one from the Caler Donten firm that's done business with the board for a number of years now, and the other was for a firm that also happens to audit a number of public housing authorities here in PBC including the PBCHA, the WPBHA and the Delray Beach HA. Both of the firms are well qualified to provide the audit services required of the Authority and both met all of our minimum requirements to submit a proposal. As to the evaluation process the RFP laid out certain areas or expertise and weighting to be considered by the audit committee. The first of those qualifications was a demonstration of experience performing governmental audits in general and specifically to special districts or county housing finance authorities. The ED stated that he would give the Clifton firm a preference here over Caler for the number of state housing agencies they audit throughout the country in addition to the PHA's here in Florida, and their size advantage as a 5,400 employee national firm. As to staffing to perform engagement he stated that both firms provided evidence that the people assigned to this task are well qualify and have done a number of audits for either public housing agencies, state housing finance agencies, or in the case with Caler, a local HFA in addition to a number of special districts here PBC as well. He advised then that with respect to staffing he thought both were capable, had a well-organized plan and therefor were comparable in this respect. They were to identify procedures to ensure quality control, compliance, and confidentiality of information obtained. He reported that the only item that might differentiate the two firms to some degree was that Caler Donten stated that they never have been subject to a federal or state desk review, nor any disciplinary action or litigation. Clifton, being a much larger firm, state that their desk reviews had been resolved, there was no disciplinary action outside of the normal course of practice, and that they have been a defendant from time to time and lawsuits alleging professional malpractice; he stated that for a firm of this size that would be expected. As to education and experience in public and private accounting he thought both firms are comparable. As to evidence of improved efficiency resulting from audits performed he stated that he didn't see that addressed in either proposal. He

advised that as to project understanding, scope of services and quality of plan of action that he thought both of were comparable. The fees quoted were very close but Caler's was a couple of thousand dollar less. Clifton did list a number of fee considerations which could impact a final bill but this is typical on any new engagement. Neither proposer was a PBC Small Business Enterprise. Caler is a PBC based firm; Clifton does not have a PBC office and therefor would receive not Local Preference points. In summary the RFP states that "Qualifications" is to receive a maximum of 40 points, "Project Understanding" up to 10, "Price Proposal" up to 40, and "Small Business Enterprise" and "Local Preference" would receive 5 points each. Each committee member was provided with a scoring sheet to assign points for the respective criteria which determines each members ranking of the respective firms. The one with the most first place selections will be the topped ranked firm.

The Chair asked how long Caler has been the Authority's auditor to which the ED said the firm has been since 2000 or 2001 but that Jim Hutchison has been involved as the audit manager when he was with other CPA firms prior to Caler. Mr. Smith raised a concern about the same auditor being overly familiar with the client after a very long a period of time. The ED pointed out that Caler would switch the audit partner/manager to another person in the firm if selected for a new engagement. Mr. Smith asked the ED if he had made a conscious effort to involve WBE or MBE's in the process or as sub-contractors. The ED said there was no special consideration in the RFP scoring for a stand-alone W/MBE firm or participation, nor did he make any attempt to talk with any of these firms about this as part of the RFP process. Mr. Smith stated he thought the Authority needed to go that extra step of encouraging WMBE's to partner with bigger firms as putting together a RFP response is no small task and many small organizations don't have the resources nor capacity to do this, and must partner with larger organizations. He mentioned Bill Washington and Dana Moss in particular. The ED advised that he could try to encourage that kind of participation in the future, and noted that neither are on the PBC small business vendor list. Mr. Harper said that the PBC process for small business approval is extremely cumbersome and needs to be addressed by the BCC. He too expressed a desire to see a conscious effort to involve more females and minorities. The ED stated that staff had discussed the issue over whether the Authority give scoring consideration for minority and women firms and determined it could be legally challenged without a diversity study and establishing an ordinance like PBC is in the process of doing now. He advised that the auditor needs to be in place as quickly as possible to meet the Clerk and statutory requirements for filing audited financials.

Mr. Harper asked if the Authority could consider a shorter contract period to which GC Miller stated that the RFP states a 3-year period but that once the firm is selected we could certainly ask them if they would consider a contract that gave us an out after one or two years. Mr. Harper then asked if this was something the board would consider. He also suggested that this is a matter that he would like to see as a workshop item.

The Chair directed the audit committee members to complete their respective score sheets. GC Miller stated the scoring sheets will be public record and members will need to sign your name on it. The ED and GC then compiled the individual scores and ranking and announced that all members had ranked Caler as their first choice.

**Mrs. Henderson made the motion to name Caler as the highest ranked firm. The motion was seconded by Mr. Harper and was approved by a unanimous vote of 6-0.**

With no comment from the public, audit committee members or staff the Chair then asked for a motion to adjourn. **Mr. Bennett moved to adjournment. The motion was seconded by Mr. St. Lawrence and unanimously passed by vote of 6-0.**

Respectfully submitted,

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Executive Director

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Secretary



**Housing Finance Authority  
of Palm Beach County**

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**Chairperson**

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**Vice Chair**

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"An Equal Opportunity  
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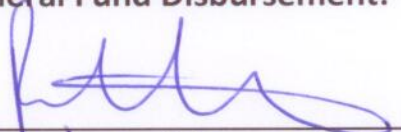
Official Electronic Letterhead

**Date:** October 12, 2018  
**To:** Susan Fahimi  
U.S. Bank Corporate Trust  
**From:** David M. Brandt, Executive Director  
**Re:** General Fund Disbursement #10-2018

The following invoices/reimbursement requests are hereby presented for your approval and payment, with supportive documentation attached.

<u>PAYEE</u>	<u>AMOUNT</u>
PBC Board of County Commissioners (Aug.)	\$ 19,785.65
David M. Brandt (Sept. auto)	500.00
Greenspoon Marder (Sept.)	1,625.00
FL Dept. of Economic Opportunity (Spec. Distr.)	175.00
United States Treasury (2nd. quart. 941)	248.51
Florida U.C. Fund (2nd quart. 2018)	1.62
US Bank Community Card	8.85
FL ALHFA (annual dues)	1,000.00
Sadowski Education Effort 2019	7,500.00
Palm Beach Post (RFP notice)	151.36
Palm Beach Post (revised pub. meeting notice)	189.20
<b>Total General Fund Disbursement:</b>	<b>\$ 31,185.19</b>

Confirmed by:

  
Patrick Franklin, Chair

Encls.

CC: Amanda Kumar, US Bank

Housing Finance Authority of Palm Beach County  
Summary of Monthly Project Bond Program Reports  
September 2018

	Project:	Date	Per Rent Roll		Number of		Total	Total	Current	Last	2018
		Report	or FHFC Recap:		TICs included:						
		was	New	Annual	# of	# of					
	received	Move-in's	renewal	IC's (1)	AR's (1)	units	Units	occup.	occup.	occup.	
1)	Azalea Place n/k/a Lake Mangonia) (#)(@)	10/16/18	0	10	0	10	150	129	86.0%	86.0%	88.4%
2)	Colonial Lakes (#)	10/15/18	1	n.a.	1	n.a.	120	116	96.7%	100.0%	97.8%
3)	Courts at Village Square (*) (#)	10/12/18	0	n.a.	0	n.a.	84	84	100.0%	100.0%	99.2%
4)	Green Cay Village (d/b/a Palm Park)	10/12/18	5	13	5	13	160	160	100.0%	100.0%	100.0%
5)	Heron Estates Senior (2)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6)	Indian Trace (@)(#)	10/16/18	7	13	7	12	330	329	99.7%	98.2%	99.4%
7)	La Joya Villages (*) (#)	10/2/18	0	n.a.	0	n.a.	55	55	100.0%	100.0%	99.0%
8)	Lake Delray (*) (3)	10/15/18	3	n.a.	3	n.a.	404	395	97.8%	87.8%	93.7%
9)	Malibu Bay (@) (*) (#)	10/12/18	11	n.a.	11	n.a.	264	256	97.0%	95.8%	95.7%
10)	New South Bay Villas (4) (*)	10/17/18	0	n.a.	0	n.a.	47	47	100.0%	100.0%	n.a.
11)	Palm Gardens (#)	10/11/18	1	7	1	7	80	80	100.0%	98.8%	99.0%
12)	Palms West (*) (#)	10/11/18	9	n.a.	9	n.a.	290	287	99.0%	99.3%	99.2%
13)	Paul Lawrence Dunbar Senior (#) (*)	10/16/18	1	n.a.	1	n.a.	99	99	100.0%	99.0%	99.8%
14)	Pine Run Villas (*) (#)	10/12/18	2	n.a.	2	n.a.	63	63	100.0%	98.4%	98.8%
15)	Pinnacle At Abbey Park (^) (@) (*) (#)	10/11/18	4	n.a.	4	n.a.	160	159	99.4%	97.5%	98.3%
16)	Pinnacle Palms (*) (#)	10/11/18	2	n.a.	2	n.a.	152	150	98.7%	98.0%	97.7%
17)	Renaissance (at San Marino) (#)	10/11/18	6	17	6	17	344	329	95.6%	96.2%	97.5%
18)	Riverview House (#)	10/15/18	2	14	2	14	160	155	96.9%	98.8%	95.8%
19)	Royal Palm Place (5)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
20)	Venetian Isles II (d/b/a San Marco VI) (^) (@) (#)	10/10/18	2	6	2	6	112	109	97.3%	94.6%	96.8%
21)	Westgate Plaza (*) (#)	10/17/18	1	n.a.	1	n.a.	80	80	100.0%	98.8%	99.3%
22)	Woodlake (@) (*)	10/10/18	5	n.a.	5	n.a.	224	222	99.1%	98.7%	99.0%
	Totals		62	80	62	79	3378	3304	98.2%	97.3%	97.6%
(1)	"IC's" are initial move-in "Tenant Income Certification" forms and "AR's" are annual recertification forms provided.										
(2)	Expected first occupancy April 2019.										
(3)	All rehabilitation completed by May 2018.										
(4)	First occupancy of the 48 rehabbed units began on March 29, 2018.										
(5)	Expected first occupancy January 2019.										
(^)	Has prepaid the remaining issuer fee.										
(@)	Bonds have been redeemed in whole but Qualified Project Period still in effect.										
(*)	No annual recertifications are required as long as 100% of units are certified as "Low Income".										
(#)	Current monthly rents are at LIHTC maximum or all Section 8 above LIHTC rent.										

Housing Finance Authority of Palm Beach County  
 Summary of Monthly Project Bond Program Reports  
 September 2018

	<b>Project:</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
		<b>ave.</b>	<b>ave.</b>	<b>ave.</b>	<b>ave.</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>	<b>monthly</b>
		<b>occup.</b>	<b>occup.</b>	<b>occup.</b>	<b>occup.</b>	<b>high</b>	<b>high</b>	<b>high</b>	<b>high</b>	<b>low</b>	<b>low</b>	<b>low</b>	<b>low</b>
1)	Azalea Place (d/b/a Palm Grove)	97.7%	99.6%	98.7%	98.9%	100%	100%	100%	100%	92%	99%	98%	97%
2)	Colonial Lakes	98.6%	99.9%	99.6%	96.3%	100%	100%	100%	99%	96%	99%	99%	92%
3)	Courts at Village Square (1)(*)(#)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
4)	Green Cay Village (d/b/a Palm Park)	99.9%	99.4%	97.8%	98.0%	100%	100%	99%	99%	99%	99%	96%	96%
5)	Heron Estates Senior (2)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6)	Indian Trace	98.9%	98.6%	97.9%	97.7%	100%	100%	99%	100%	98%	98%	96%	94%
7)	La Joya Villages	94.2%	98.9%	99.8%	n.a.	98%	100%	100%	n.a.	86%	95%	98%	n.a.
8)	Lake Delray (3)	90.0%	n.a.	n.a.	95.6%	94%	96%	n.a.	96%	87%	96%	n.a.	96%
9)	Malibu Bay	96.9%	96.1%	97.4%	91.6%	98%	99%	100%	96%	95%	92%	94%	82%
10)	New South Bay Villas (4)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
11)	Palm Gardens	99.1%	99.1%	98.9%	98.2%	100%	100%	100%	100%	96%	98%	98%	96%
12)	Palms West	99.0%	98.6%	98.5%	100.0%	100%	100%	100%	100%	98%	98%	98%	84%
13)	Paul Lawrence Dunbar Senior (5)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
14)	Pine Run Villas	98.9%	98.8%	98.8%	99.7%	100%	100%	100%	100%	94%	97%	95%	98%
15)	Pinnacle At Abbey Park	97.4%	97.5%	96.9%	94.2%	99%	99%	100%	98%	96%	94%	91%	92%
16)	Pinnacle Palms	97.5%	98.6%	97.3%	95.4%	99%	100%	99%	97%	94%	97%	96%	91%
17)	Renaissance (at San Marino)	97.2%	97.9%	97.6%	96.3%	99%	99%	99%	99%	95%	96%	96%	92%
18)	Riverview House	96.4%	97.0%	95.1%	82.6%	100%	99%	99%	96%	92%	95%	91%	75%
19)	Royal Palm Place (6)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
20)	Venetian Isles II (d/b/a San Marco VI)	98.1%	98.1%	99.6%	96.9%	100%	100%	100%	100%	96%	96%	98%	93%
21)	Westgate Plaza	99.8%	99.0%	98.9%	98.3%	100%	100%	100%	100%	99%	95%	98%	95%
22)	Woodlake	99.1%	99.4%	99.4%	97.4%	100%	100%	100%	99%	98%	98%	98%	95%
	<b>Totals (7)</b>	<b>97.6%</b>	<b>98.5%</b>	<b>98.3%</b>	<b>96%</b>								
(1)	First occupancy January 2018												
(2)	First occupancy expected April 2019												
(3)	All rehabilitation completed by May 2018.												
(4)	First occupancy of rehabbed units began on March 29, 2018.												
(5)	Rent up completed in October 2017												
(6)	First occupancy expected January 2019												
(7)	Sum of the averages of each project												







**Tab 2**

**V. Old Business - attachments**

- a. Approval of Auditor Contract – audit engagement letter



CALER, DONTEN, LEVINE,  
COHEN, PORTER & VEIL, P.A.

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LOUIS M. COHEN, CPA  
JOHN C. COURTNEY, CPA, JD  
DAVID S. DONTEN, CPA  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
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MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

October 15, 2018

Mr. David Brandt, Executive Director  
Housing Finance Authority of  
Palm Beach County, Florida  
West Palm Beach, Florida

We are pleased to confirm our understanding of the services we are to provide for the Housing Finance Authority of Palm Beach County, Florida (the "Authority"), for the years ending September 30, 2018 through 2020. In addition to the terms and provisions set forth herein, our services will be performed in accordance with the terms and provisions of the Request for Proposal for External Audit Services issued by the Authority on September 14, 2018 (the "RFP"). We will audit the financial statements of the Authority, including the related notes to the financial statements, as of and for the years ending September 30, 2018 through 2020.

This engagement letter covers the audits of the Authority's financial statements as of and for the years ending September 30, 2018, 2019 and 2020. U.S. generally accepted accounting principles provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A) to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI (MD&A), in accordance with U.S. generally accepted auditing standards. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtain during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The Authority's MD&A is the only RSI required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

We will also issue the reports required by Chapter 10.550 of the Rules of the Auditor General of the State of Florida.

### **Audit Objectives**

The objective of our audit is the expression of an opinion as to whether the Authority's financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, Chapter 10.550, Rules of the Auditor General, and will include tests of the accounting records of the Authority and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Board of the Authority. We cannot provide assurance that an unmodified opinion will be

expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason determined by us, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue a report, or we may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Authority is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **Audit Procedures - General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform management of material errors, fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform management of violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected individuals, creditors, funding sources and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your

responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by U.S. generally accepted auditing standards.

#### **Audit Procedures – Internal Controls**

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards* and Chapter 10.550, Rules of the Auditor General.

#### **Audit Procedures – Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards* and Chapter 10.550, Rules of the Auditor General.

#### **Other Services**

We will also assist in preparing the financial statements and related notes of the Authority in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

#### **Management Responsibilities**

Management is responsible for designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Management's responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of their knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, Management is responsible for identifying and ensuring that the Authority complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report, and for the timing and format for providing that information.

Management agrees to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that management has reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, Mr. David Brandt, the Authority's Executive Director, who has suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

#### **Engagement Administration, Fees and Other Matters**

We understand that the Authority will prepare all cash or other confirmations requested and will locate any invoices selected by us for testing. Mark Veil is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that our independence is not impaired under the AICPA Code of Professional Conduct, management agrees to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Subject to the requirements of the Florida Public Records Law, Chapter 119, Florida Statutes, and other like statutes pertaining to governmental entities, the audit documentation for this engagement is the property of Caler, Donten, Levine, Cohen, Porter & Veil, P.A. (“CDL”) and constitutes confidential information, and the confidentiality provisions of Section 473.316 and 473.318, Florida Statutes, shall apply and CDL shall be under no obligation to provide their audit working papers and such other CDL records determined to be exempt from Chapter 119, Florida Statutes. However, subject to applicable laws and regulations, our audit documentation and appropriate individuals will be made available upon request and in a timely manner to any oversight entities, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to our audit documentation will be provided under the supervision of CDL personnel. Furthermore, upon request, we may provide selected copies of our audit documentation to a grantor or other agency. That agency may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for you, you agree, so long as we are not a party to the proceeding in which the information is sought, to reimburse us for our professional time and expenses, as well as the reasonable fees and expenses of our counsel, incurred in responding to such a request. We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. In that regard, we may share confidential information about the Authority with these service providers but we will remain responsible for the work provided by such third-party service providers. The audit documentation for this engagement will be retained for a minimum of five years after the date of the auditor’s report in accordance with CDL’s document retention policies or for any additional period requested in writing by a government agency, after which it will be destroyed. By your signature below, you acknowledge and agree that CDL is free to destroy all records related to this engagement in accordance with our document retention policy.

Our fees for the audit of the Authority’s financial statements for the years ended September 30, 2018, 2019 and 2020 will be \$28,900, \$29,767 and \$30,660, respectively. The invoices for our fees will be rendered 75% as work begins and 25% payable upon presentation of the reports. If we incur less time at our standard hourly rates than the above quoted fees, we will only bill you for our actual time incurred. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If additional time is necessary for our assistance to complete audit schedules, the application of new standards, or other unexpected circumstances, we will perform the necessary procedures and bill you for the additional time. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. We also reserve the right to require that any unpaid balance for the engagement be paid prior to delivery of the final audit reports. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. The Authority will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. Our fee is based on anticipated cooperation from the Authority and the assumption that there are no unexpected circumstances or new programs that require additional accounting assistance or significant auditing procedures or changes, such as new accounting or auditing standards, new major programs, or additional audit procedures resulting from internal control and other deficiencies, or other unexpected circumstances. If additional time is necessary for our assistance to complete audit schedules, the application of new standards, delays caused by the Authority in the scheduled audit fieldwork dates, or other unexpected circumstances, we will notify the Authority as soon as possible, and unless otherwise directed by the Authority within ten days of receipt of such notice, we will perform the necessary procedures and bill the

Authority for the additional time at the hourly rates specified in our proposal. Our engagement ends on the date we deliver the audit reports to the Authority for the year ended September 30, 2018, unless circumstances described earlier cause us not to issue a report. Any follow-up services that might be requested will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new engagement letter for that service.

CDL takes appropriate steps to secure all confidential client information on our computerized systems, however, the Authority is responsible for the security of all information when you transmit it to us, as well as the information retained by the Authority. The Authority is also responsible for the security of information management provides to us electronically using email or transmitted to us over the internet. The internet is an inherently public medium with multiple security concerns. Management understands that email is generally sent unencrypted and may be easily accessible by a party intercepting your communications. Because the nature of communications between the Authority and CDL may include sensitive and confidential financial information, management should take appropriate steps to utilize reasonable security features for transmitting the Authority's information to us. CDL will use its best efforts, consistent with our handling of all client accounts, to make the Authority's communications and files secure from unauthorized access. However, the Authority recognizes that no completely secure system for email, electronic documents or electronic data transfer has yet been devised. Accordingly, management acknowledges that they understand and agree to accept the limitations and risks associated with regular email and other electronic communications with CDL for the services we will provide. Furthermore, management hereby authorizes CDL to electronically submit to Authority employees or to others as management may request or as may be necessary to perform our engagement, any financial statements, schedules, and other information related to our services under this agreement. By your signature below, management acknowledges and agrees to hold CDL harmless from any damages that might be caused by the electronic transmission or submission of Authority information. Management also agrees to immediately contact and advise the CDL engagement partner with overall responsibility of our services, as named in this letter, if you believe either CDL or the Authority's computer systems, security or email accounts have been hacked or otherwise compromised, and CDL agrees to immediately contact and advise the Authority if CDL believes either CDL or the Authority's computer systems, security or email accounts have been hacked or otherwise compromised. Your signature below acknowledges that the Authority understands and agrees with these responsibilities.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will be submitted to mediation upon written request of either party. The party requesting mediation shall select the mediation provider from the list of mediation training providers approved by the Florida Supreme Court. The mediation shall be conducted in accordance with the Commercial Mediation Rules of the American Arbitration Association or such other rules as may be agreed upon by the parties. The results of this mediation shall not be binding upon either party. Costs of any mediation proceeding shall be shared equally by both parties. The venue for any legal proceedings shall be Palm Beach County, Florida, and this agreement shall be governed by the laws of the State of Florida.

Our audit is intended for the benefit of the Authority. The audit will not be planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. If you intend to publish or otherwise reproduce the financial statements together with our report (or otherwise make reference to our Firm) in a document that does not contain the complete audit report for the Authority, you agree to provide us with a draft of the document to read and comment on before it is printed and distributed. Furthermore, you agree that the terms of this engagement do not encompass an undertaking by us (1) to consent, by means of separate letter or otherwise, to the inclusion of our auditor's report on the financial statements referred to above in a filing with a Federal or state regulatory agency or otherwise reissue our report for purposes of a securities offering or other financing transaction, or (2) to acknowledge reliance on our report by others. With regard to the electronic dissemination of the audited financial statements, including financial statements published

Housing Finance Authority of  
Palm Beach County, Florida  
October 15, 2018  
Page Seven

electronically on a website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

*Government Auditing Standards* require that we provide you with a copy of our most recent quality control review report. Our 2015 peer review report was provided to you previously. Our 2018 peer review is scheduled in late 2018. We will provide you a copy of that report when it is received.

We are committed to assigning and maintaining the same “key” personnel to your engagement as specified in the RFP response we submitted to the Authority. If there is a need to change any “key” personnel on the engagement, we will consult with you and obtain your written approval prior to making such change. Further, this engagement may be terminated by either the Authority or CDL within 90 days after the completion and acceptance of any audited financial statements, by giving written notice to the other party.

We acknowledge that we continue to meet the minimum requirements set forth in Part II of the RFP and that we will maintain the insurance required by Section 1.13 of the RFP during the term of this engagement. We understand that this engagement letter shall not take effect until it is approved by the Board of County Commissioners of Palm Beach County.

This engagement letter reflects the entire agreement between us relating to the services covered by this letter. It replaces and supersedes any previous proposals (except as set forth in the first paragraph of this letter), correspondence and understandings, whether written or oral. If any portion of this agreement is held to be void, invalid or otherwise unenforceable, in whole or in part, the remaining portions of this agreement shall remain in effect. The agreements of the Authority and Caler, Donten, Levine, Cohen, Porter & Veil, P.A. contained in this engagement letter shall survive the completion or termination of this engagement.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

*Caler, Donten, Levine,  
Cohen, Porter & Veil, P.A.*  
Caler, Donten, Levine,  
Cohen, Porter & Veil, P.A.

RESPONSE: The services and terms set forth in this letter are agreed to by the Housing Finance Authority of Palm Beach County, Florida.

Authorized Signature: \_\_\_\_\_

Title: \_\_\_\_\_



## **Tab 3**

### **VI. New Business - attachments**

- a.** Request for modification of loan terms – Community Land Trust of Palm Beach County – Davis Landings West - Resolution R-2018-08
- b.** Riverview House bond redemption – approve subordination of Land Use Restriction Agreement – Resolution R-2018-09
- c.** Approve 2019 meeting dates – meeting date list

**RESOLUTION NO. R-2018-08**

**A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA; APPROVING THE FORM OF AND AUTHORIZING ENTERING INTO A FOURTH AMENDMENT TO ALLONGE TO NOTE WITH THE COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC.; AUTHORIZING THE PROPER OFFICERS OF THE AUTHORITY TO DO ALL THINGS NECESSARY OR ADVISABLE IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.**

**WHEREAS**, the Board of County Commissioners of Palm Beach County, Florida (the “Board”), has heretofore enacted an ordinance, as amended, creating the Housing Finance Authority of Palm Beach County, Florida (the “**Authority**”), pursuant to the provisions of Part IV of Chapter 159, Florida Statutes, as amended and supplemented (the “**Act**”); and

**WHEREAS**, the Board has heretofore adopted a resolution declaring a need for the Authority to function in order to alleviate the shortage of housing and capital for investment in housing within Palm Beach County, Florida (the “**County**”); and

**WHEREAS**, the Authority previously made a \$3,400,000 loan (the “**Loan**”) to the Community Land Trust of Palm Beach County, Inc. (the “**Borrower**”) for the Davis Landings West project pursuant to that certain Construction Loan Agreement between the Borrower and the Authority dated March 31, 2016, as amended by that certain First Amendment to Construction Loan Agreement between the Borrower and the Authority dated May 16, 2016, that certain Second Amendment to Construction Loan Agreement between the Borrower and the Authority dated December 8, 2017 and that certain Third Amendment to Construction Loan Agreement between the Borrower and the Authority dated April 13, 2018 (collectively, the “**Loan Agreement**”); and

**WHEREAS**, the Loan is evidenced by a Revolving Mortgage Note dated March 31, 2016, an Allonge to Note dated May 16, 2016, a Second Allonge to Note dated December 8, 2017 and a Third Allonge to Note dated April 13, 2018 (collectively, the “**Note**”);

**WHEREAS**, the Borrower has requested that the Authority extend the maturity date of the Note from December 28, 2018 to June 30, 2019, and to reduce the interest rate on the Note from 3% to \_\_\_% beginning with the month of \_\_\_\_\_; and

**WHEREAS**, the Authority wishes to approve said request.

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA:**

**Section 1: Recitals.** The foregoing recitals stated above are hereby found by the Authority to be true and correct and incorporated into this Resolution.

**Section 2: Approval and Execution of Fourth Allonge to Note.** The Authority is hereby authorized to approve the Fourth Allonge to Note in substantially the form attached as Exhibit "A" hereto (the "**Fourth Allonge**"). The Chairperson or, in the Chairperson's absence, any other member of the Authority, is hereby authorized to execute and deliver the Fourth Allonge, the execution thereof by the Authority being conclusive evidence of the approval of the form of such Fourth Allonge.

**Section 3: Authority to Enter into Other Loan Documents.** The Authority is authorized to enter into such other loan documents with the Applicant as are usual and customary for a loan of this type, so long as such documents are consistent with the provisions of the Fourth Allonge. Such documents shall be in such form as may be approved by the Chairperson or other member of the Authority executing such documents, with the advice of the Executive Director and of the Authority and general counsel to the Authority, such execution and delivery to be conclusive evidence of the approval and authorization thereof by the Authority.

**Section 4: No Other Rights Conferred.** Except as herein otherwise expressly provided, nothing in this Resolution or in the agreements approved hereby, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the Authority or the Borrower, any right, remedy or claim, legal or equitable, under and by reason of

this Resolution or such agreements, or any other agreements to which the Authority is a party and which have been approved by the Authority or any provision thereof; this Resolution, such agreements and all of their respective provisions being intended to be and being for the sole and exclusive benefit of the Authority and the Borrower.

**Section 5: Severability.** In case any one or more of the provisions of this Resolution, or of agreements approved hereby or any other agreements to which the Authority is a party and which have been approved by the Authority, shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this Resolution or of such agreements.

**Section 6: Further Actions; Effectiveness of Approval.** The Chairperson, the Vice Chairperson, the Secretary of the Authority and the other members of the Authority, the Executive Director of the Authority, the Authority's general counsel, are hereby authorized and directed to do all acts and things required of them by the provisions of this Resolution, the agreements herein approved or any other agreements to which the Authority is a party and which have been approved by the Authority.

**Section 7: Headings Not Part of this Resolution.** Any headings preceding the texts of the several sections of this Resolution shall be solely for convenience of reference and shall not form a part of this Resolution, nor shall they affect its meaning, construction or effect.

**Section 8: Resolution Effective.** This Resolution shall take effect immediately upon its adoption.

**ADOPTED** this 9th day of November, 2018.

(SEAL)

**HOUSING FINANCE AUTHORITY OF  
PALM BEACH COUNTY, FLORIDA**

ATTEST:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Chairperson

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Secretary

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

By: \_\_\_\_\_  
Name: Morris G. (Skip) Miller, Esq.  
Title: Attorney

EXHIBIT "A"

FOURTH AMENDMENT TO ALLONGE

FOURTH ALLONGE TO REVOLVING MORTGAGE NOTE

The Revolving Mortgage Note (the "Note") issued by COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC., (the "Borrower") on March 29, 2016, in favor of HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA (the "Lender") in the principal amount not to exceed \$3,400,000 is modified in the following respects, effective November 9, 2018:

1. The Maturity Date of the Note is extended from December 28, 2018 to June 30, 2019.
2. From and after \_\_\_\_\_, 2018, through the Maturity Date interest shall accrue at a fixed rate of interest equal to \_\_\_\_\_ (\_\_\_\_%) per annum.

IN WITNESS WHEREOF, COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC. has issued this Third Allonge to Revolving Mortgage Note and has caused the same to be executed by its duly authorized officer(s), all as of the day and year first above written.

**COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC., a Florida Non Profit corporation**

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

Agreed to this 9th day of November, 2018.

**HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**OFFICERS:**

*Hazel Lucas  
President  
Florida Rural Legal  
Services*

*Dorothy Ellington  
Vice President  
Delray Beach  
Housing Authority*

*Andrew E. Zeeman  
Treasurer  
Peninsular Electric*

*Silvia Ricketts  
Secretary  
CLT Lessee Member*

**DIRECTORS:**

*Shaquala Glasco  
CLT Lessee Member*

*Tangenica Henry  
CLT Lessee Member*

*Tammy McDonald  
Urban League of  
Palm Beach County*

*Carolyn Pelicieux  
CLT Lessee Member*

*Derrick Penn  
CLT Lessee Member*

*Shannon Ricketts  
CLT Lessee Member*

*Semantha  
Santangelo  
CLT General  
Member*

*Timothy P Wheat  
Development/Real  
Estate Sector  
Representative*

*Randy S. Wertepny,  
P.E.  
Keshavarz and  
Associates*

October 31, 2018

David Brandt  
Housing Finance Authority of Palm Beach County  
100 Australian Avenue, Suite 410  
West Palm Beach, FL 33406

Re: Community Land Trust of Palm Beach County  
Davis Landings West

Dear Mr. Brandt:

I would like to take this opportunity to express my sincere gratitude to you and the Housing Finance Authority Board for the strong and continued support of the Community Land Trust of Palm Beach County. We have partnered with you to develop one of the most successful, affordable housing developments in Palm Beach County. I am very pleased to report that we have 20 of the 24 units sold or under contract. We would not have been able to complete this project without the assistance of you and your Board.

In reviewing the original pro forma and delivery schedule for the project, we had anticipated completing this project and selling all the units in 2017. The construction of the project was completed in July 2018; however, we are now estimating completing all the sales during the first quarter of next year. Therefore, we are respectfully requesting an extension to our loan agreement to June 30, 2019.

In addition, we had originally budgeted interest on this loan through August of 2017 and extended this to July of 2018. As of September 30, 2018, we have exceeded the \$50k budgeted for construction interest by \$56k for a total of \$106k (see attached budget update). This overage, as well as other holding related costs, have depleted the developer fee. Any remaining costs will have to be covered by the CLT of PBC with operating funds thus having a significant impact on the organization. As such, we are requesting a waiver of the remaining interest from October 2018 (due by November 10<sup>th</sup>) through June of 2019. The pro forma for this project was extremely tight from the start. We were successful in putting together owner equity, HOME monies and other grants to develop the project with a balanced pro forma.

This is a superior development that we are all very proud of. Our biggest challenge has been the qualification of residents. The original program envisioned a Palm Beach County qualification process that would take 1-2 months for the residents. Unfortunately, the qualification process has been taking 4-8 months. Although we have lost a number of potential sales due to the extended qualifications period, we have been able to replace



those buyers. The actual processing time for these qualifiers has remained at double, if not triple, what we have anticipated.

Attached to this letter please find a summary update. As of today, it outlines the estimated sale dates and principal outstanding on the loan. We will be fully repaying the loan. We are simply asking for some waiver assistance on the interest.

We respectfully request your kind consideration. We will be in attendance at the Board meeting to answer any questions.

Sincerely,

Cindee LaCourse-Blum, Executive Director

# Davis Landings West

As of September 30, 2018

	Budget	Spent to Date	Notes - Changes
<b>Hard Costs</b>			
Construction Site -OFF			
Construction sitework - fill/interior road			
Construction Homes/Townhomes			
<b>Total Hard Costs</b>	<b>\$ 4,533,000.00</b>	<b>4,533,000.00</b>	
Construction VE/savings pending			
<b>PCCO's Pending</b>			
Pcco #1	\$ 63,000.00		
Pcco #2	\$ 7,500.00		
<b>Total Hard Cost</b>	<b>\$ 4,603,500.00</b>	<b>4,533,000.00</b>	
<b>Financing Costs</b>			
Title and Recording-Construction	\$ 40,000.00	32,971.05	
Construction Period Interest	\$ 50,000.00	2,000.00	
Legal	\$ 35,000.00	24,376.00	
Home Interest	\$ -		
Other Closing	\$ 15,963.00	30,000.00	
PBHFA Plus Doc	\$ -	106,248.00	
<b>Total Financing Cost</b>	<b>\$ 140,963.00</b>	<b>195,595.05</b>	
<b>Total Financing Cost</b>		<b>195,595.05</b>	
<b>Soft Costs</b>			
Architectural/Design	\$ 250,000.00	230,449.00	
Builders Risk	\$ 16,300.00	9,999.81	
Survey/Material Testing	\$ 22,000.00	15,153.00	
Legal	\$ 2,500.00	2,500.00	
Project Manager	\$ 125,000.00	110,280.00	
Marketing	\$ 16,000.00	11,098.46	
Permit Fees/Impact Fees	\$ 174,000.00	180,873.00	
Utility Connection Fees	\$ 161,324.00	167,878.00	
Lake Worth Electric	\$ 49,000.00	34,350.00	
Realtor Commission	\$ 40,085.90	34,350.00	
Developers Fee	\$ -		
Soft Cost Contingency	\$ -		
<b>Total Soft Costs</b>	<b>\$ 856,209.90</b>	<b>796,931.27</b>	
<b>Total Budget</b>	<b>\$ 5,530,172.90</b>	<b>\$ 5,525,526.32</b>	
<b>Sources of Income</b>			
Home Sales			
11 units at \$220,000	\$ 2,420,000.00		
10 units at \$230,000	\$ 2,300,000.00		
2 units at \$250,000	\$ 500,000.00		
1 units at \$215,000	\$ 215,000.00		
Added price - 7 units	\$ 35,000.00		
Home sitework fill/interior road			
<b>Base \$\$\$ available dollars</b>	<b>\$ 5,470,000.00</b>		
Additional Impact Fee Credits	\$ 56,072.90		
Additional Home Funding	\$ -		
Additional Grant	\$ 9,000.00		
Additional Grant	\$ 2,000.00		
<b>Additional Total</b>	<b>\$ 67,072.90</b>		
<b>Total available dollars</b>	<b>\$ 5,537,072.90</b>		

DL West  
 Estimated Sales Date 10/31/2018

Lot Number	Street Address	Estimated Sales		Principal to be Repaid
		Date	Principal Repaid	
1	3526 Davis Landings Circle		\$ 137,312.00	
2	3538 Davis Landings Circle		\$ 147,169.28	
3	3550 Davis Landings Circle		\$ 130,612.42	
4	3562 Davis Landings Circle	31-Oct-18		\$ 151,588.22
5	3568 Davis Landings Circle	Mar-19		\$ 250,000.00
6	3574 Davis Landings Circle	Mar-19		\$ 148,263.40
7	3580 Davis Landings Circle	Dec-18		\$ 148,263.40
8	3586 Davis Landings Circle	Nov-18		\$ 144,938.58
9	3592 Davis Landings Circle	Dec-18		\$ 144,938.58
10	3598 Davis Landings Circle	Mar-19		\$ 148,263.40
11	3604 Davis Landings Circle	Dec-18		\$ 151,588.22
12	3610 Davis Landings Circle	Mar-19		\$ 250,000.00
13	3622 Davis Landings Circle		\$ 138,463.85	
14	3634 Davis Landings Circle		\$ 137,192.79	
15	3633 Davis Landings Circle		\$ 137,938.70	
16	3621 Davis Landings Circle		\$ 137,170.30	
17	3609 Davis Landings Circle	30-Oct-18	\$ 144,552.69	
18	3597 Davis Landings Circle		\$ 128,121.44	
19	3585 Davis Landings Circle	Nov-18		\$ 151,588.22
20	3573 Davis Landings Circle		\$ 144,937.58	
21	3561 Davis Landings Circle	Oct-18		\$ 151,588.22
22	3549 Davis Landings Circle	Oct-18		\$ 151,588.22
23	3537 Davis Landings Circle	Oct-18		\$ 144,938.58
24	3525 Davis Landings Circle	21-Sep-18	\$ 144,938.69	
		Total	\$ 1,528,409.74	\$ 2,137,547.04
			Loan Outstanding	\$ 2,098,455.35

**RESOLUTION NO. R-2018-09**

**A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, RELATING TO THE DEFEASANCE, REDEMPTION AND REFINANCING OF THE AUTHORITY'S OUTSTANDING MULTIFAMILY HOUSING REVENUE BONDS, SERIES 1999 A (RIVERVIEW HOUSE PROJECT) AND MULTIFAMILY HOUSING REVENUE BONDS, SERIES 1999 B (RIVERVIEW HOUSE PROJECT) (COLLECTIVELY, THE "BONDS"); APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SUBORDINATION AGREEMENT OF EXISTING LAND USE RESTRICTION AGREEMENT WITH U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE AND RIVERVIEW HOUSE LIMITED PARTNERSHIP, AS OWNER; AUTHORIZING THE PROPER OFFICERS OF THE AUTHORITY TO DO ALL THINGS NECESSARY OR ADVISABLE IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.**

**WHEREAS**, the Board of County Commissioners of Palm Beach County, Florida (the "Board"), has heretofore enacted an ordinance, as amended, creating the Housing Finance Authority of Palm Beach County, Florida (the "Authority"), pursuant to the provisions of Part IV of Chapter 159, Florida Statutes, as amended and supplemented (the "Act"); and

**WHEREAS**, the Board has heretofore adopted a resolution declaring a need for the Authority to function in order to alleviate the shortage of housing and capital for investment in housing within Palm Beach County, Florida (the "County"); and

**WHEREAS**, the Authority, pursuant to the Act, previously issued its Multifamily Housing Revenue Bonds, Series 1999 A (Riverview House Project) and its Multifamily Housing Revenue Bonds, Series 1999 B (Riverview House Project) (collectively, the "Bonds") to make a loan to Riverview House Limited Partnership (the "Owner") to finance the acquisition, construction and equipping of a multifamily residential rental housing project located at 2571 Lake Worth Road, Lake Worth, Florida (the "Project"); and

**WHEREAS**, the Owner has advised the Authority that it intends to cause the Bonds to be redeemed and defeased with the proceeds of a loan from First Housing Development Corporation of Florida, Inc., which loan will be insured by the United States Department of Housing and Urban Development (the "Refinancing") which will significantly reduce the Owner's

debt service with respect to the Project, and in connection therewith has requested certain action from the Authority; and

**WHEREAS**, the Authority has agreed to take such action as set forth herein.

**NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA:**

**Section 1: Recitals.** The foregoing recitals stated above are hereby found by the Authority to be true and correct and incorporated into this Resolution.

**Section 2: Approval and Execution of Subordination Agreement of Existing Land Use Restriction Agreement.** The form of the Subordination Agreement of Existing Use Restriction Agreement presented at this meeting (and attached hereto as Exhibit "A") by and among the Authority, the Owner and U.S. Bank National Association (the "Trustee") is hereby approved and adopted by the Authority, together with such changes, modifications and deletions as may be deemed necessary and appropriate. The Chairperson (or, in his absence, the Vice Chairperson or any other member of the Authority in the absence of the Vice Chairperson) is hereby authorized to execute and deliver on behalf of the Authority, and the Secretary (or, in his absence, any Assistant Secretary) of the Authority is authorized to affix the Seal of the Authority and attest to the execution of the Subordination Agreement of Existing Land Use Restriction Agreement in the form presented to this meeting together with such changes, modifications and deletions as the officer of the Authority executing the same may deem necessary and appropriate with the advice of Bond Counsel and counsel to the Authority, such execution and delivery to be conclusive evidence of the approval and authorization thereof by the Authority.

**Section 3: No other Rights Conferred.** Except as herein otherwise expressly provided, nothing in this Resolution or in the agreements approved hereby, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the Authority, the Owner or the Trustee, any right, remedy or claim, legal or equitable,

under and by reason of this Resolution or such agreements, or any other agreements to which the Authority is a party and which have been approved by the Authority or any provision thereof; this Resolution, such agreements and all of their respective provisions being intended to be and being for the sole and exclusive benefit of the Authority, the Owner and the Trustee.

**Section 4: Severability.** In case any one or more of the provisions of this Resolution, or of agreements approved hereby or any other agreements to which the Authority is a party and which have been approved by the Authority, shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any of the other provisions of this Resolution or of such agreements.

**Section 5: Further Actions; Effectiveness of Approval.** The Chairperson, the Vice Chairperson, the Secretary of the Authority and the other members of the Authority, the Executive Director of the Authority, the Authority's general counsel or Bond Counsel, are hereby authorized and directed to do all acts and things required of them by the provisions of the this Resolution, the agreements herein approved or any other agreements to which the Authority is a party and which have been approved by the Authority. The approvals and authority contained in this Resolution shall be contingent upon and subject to (a) the closing of the Refinancing and defeasance of the Bonds, and (b) the payment of the fees and expenses of the Authority, Bond Counsel and counsel to the Authority.

**Section 6: Headings Not Part of this Resolution.** Any headings preceding the texts of the several sections of this Resolution shall be solely for convenience of reference and shall not form a part of this Resolution, nor shall they affect its meaning, construction or effect.

**Section 7: Resolution Effective.** This Resolution shall take effect immediately upon its adoption.

**ADOPTED** this 9th day of November, 2018.

(SEAL)

**HOUSING FINANCE AUTHORITY OF  
PALM BEACH COUNTY, FLORIDA**

ATTEST:

By: \_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Secretary

APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY

By: \_\_\_\_\_  
Name: Morris G. (Skip) Miller, Esq.  
Title: Attorney

**EXHIBIT TO RESOLUTION**

Exhibit A - Form of Subordination Agreement of Existing Land Use Restriction Agreement



Prepared By and Return To:  
Jeffrey Drew Butt, Esq.  
Squire Patton Boggs (US) LLP  
One Tampa City Center  
201 N. Franklin Street, Suite 2100  
Tampa, Florida 33602  
Telephone: (813) 202-1300

**SUBORDINATION AGREEMENT OF EXISTING  
LAND USE RESTRICTION AGREEMENT**  
(Riverview House Project/Multifamily Bonds)

THIS SUBORDINATION AGREEMENT OF EXISTING LAND USE RESTRICTION AGREEMENT (this "Agreement") is made, as of \_\_\_\_\_, 2018, by and among the **HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA** (the "Authority"), **RIVERVIEW HOUSE LIMITED PARTNERSHIP**, a Florida limited partnership ("Borrower"); and **U.S. BANK NATIONAL ASSOCIATION (successor in interest to the Reliance Trust Company)**, as Trustee (the "Trustee").

**RECITALS:**

A. Borrower is the owner of certain real property located in the County of **Palm Beach**, State of Florida, as more particularly described in Exhibit A attached hereto and made a part hereof, on which is constructed that certain rental apartment project known as RIVERVIEW HOUSE (the "Project").

B. The Project is encumbered by that certain Land Use Restriction Agreement ("LURA") dated as of **January 1, 1999**, and recorded in Official Records Book **10897**, Page **217**, as affected by **First Amendment to Land Use Restriction Agreement made as of December 4, 2012 and recorded in Official Records Book 25727, Page 1515**, both of the Public Records of **Palm Beach** County, Florida (the "Restrictive Covenants"). The Restrictive Covenants were entered into in conjunction with the issuance of the Authority's **Multifamily Housing Revenue Bonds, Series 1999A (Riverview House Project)** (the "Tax-Exempt Bonds") and its **Taxable Multifamily Housing Revenue Bonds, Series 1999B (Riverview House Project)** (the "Taxable Bonds") (the Taxable Bonds, together with the Tax-Exempt Bonds, collectively, the "Bonds").

C. The Borrower on this day is entering into a certain first lien mortgage loan (the "Loan") made by Lender (as defined below), which loan is evidenced and/or secured by that certain Note (Multistate) dated as of \_\_\_\_\_, 2018, in the original principal amount of \_\_\_\_\_ and 00/100 Dollars (\$\_\_\_\_\_) (the "Note"), that certain Multifamily Mortgage, Assignment of Leases and Rents and Security Agreement of even date therewith and recorded prior hereto in the Public Records of **Palm Beach** County, Florida (the "Security Instrument"), and certain other Mortgage Loan Documents (as defined below), which Loan is insured by HUD (as defined below).

D. HUD requires as a condition of its insuring Lender's financing to the Project that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants and enforcement of the Security Instrument.

E. The Authority as the holder of the Restrictive Covenants and the Trustee have agreed to subordinate the Restrictive Covenants in all respects to the lien of the Security Instrument as provided herein..

NOW THEREFORE, in consideration of the foregoing premises, the sum of Ten and 00/100 Dollars (\$10.00) in hand paid, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, for themselves and for their respective successors and assigns, hereby agree, and to the extent necessary the Restrictive Covenants are hereby amended, as follows:

1. The foregoing recitals are hereby incorporated by reference as if fully set forth herein.
2. In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Agreement, the provision contained in this Agreement shall govern and be controlling in all respects as set forth more fully herein.

3. The following terms shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Regulatory Agreement" means the Regulatory Agreement between Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

"Lender" means **First Housing Development Corporation of Florida, a Florida corporation**, its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

"Mortgage Loan Documents" means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Program Obligations" has the meaning set forth in the Security Instrument.

"Residual Receipts" has the meaning specified in the HUD Program Obligations.

"Security Instrument" means the mortgage or deed of trust from Borrower in favor of Lender, as the same may be supplemented, amended or modified.

"Surplus Cash" has the meaning specified in the HUD Regulatory Agreement.

4. Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions of the Restrictive Covenants are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the “HUD Requirements”). Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Authority’s ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of Borrower’s knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

5. In the event of foreclosure, or deed in lieu of foreclosure, the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained therein) shall automatically terminate.

6. Borrower, Trustee and the Authority acknowledge that Borrower's failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

7. Except for the Authority’s reporting requirement, in enforcing the Restrictive Covenants neither the Authority nor the Trustee will file any claim against the Project, the Mortgage Loan Proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

- a. Available surplus cash, if the Borrower is a for-profit entity;
- b. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity; or
- c. Available residual receipts authorized by HUD, if the Borrower is a nonprofit entity; or
- d. A HUD-approved collateral assignment of any HAP contract, if any.

8. For so long as the Mortgage Loan is outstanding, Borrower, Trustee and Authority shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

9. Subject to the HUD Regulatory Agreement, the Authority or the Trustee may require the Borrower to indemnify and hold the Authority or the Trustee, as applicable, harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against the Trustee or the Authority relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Borrower's obligation to indemnify and hold the Trustee and the Authority harmless shall be limited to available surplus cash and/or residual receipts of the Borrower.

10. No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the notes or bonds or prohibiting the Borrower from taking any action that might jeopardize the tax exemption except in strict accord with Program Obligations.

11. Notwithstanding anything in the Restrictive Covenants, the indemnity obligations of the owner of the Project, as successor or assignee of the Borrower under the Restrictive Covenants, shall be suspended and be of no force or effect during any period of time from and after the date of any transfer of title to the Project by foreclosure, deed in lieu of foreclosure or comparable conversion of any lien on the Project conveying title to the Project to HUD or to the United States Government acting as an assignee of HUD; provided, however, that the preceding provisions of this sentence shall cease to apply and the indemnity obligations of the Borrower and its successors and permitted assigns contained in the Restrictive Covenants, shall be reinstated if, at any time subsequent to the suspension of such obligations as the result of the foreclosure or the delivery of a deed in lieu of foreclosure or a similar event, 1) the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for federal income tax purposes, or 2) HUD or the United States Government acting as an assignee of HUD, conveys title or other ownership interest in the Project to a third party.

12. Each of the parties hereto agree that upon request of the other party it will execute such further written agreements, and take such further actions, to evidence and affirm any and all of their obligations and/or agreements under this Agreement as may be reasonably requested by the other party, and further agree to enter into such further subordination instruments as may be mutually acceptable to them upon the request of a title insurance company in the event of any modification, amendment or restatement of any of the Mortgage Loan Documents.

13. Each of the parties hereto represent and warrant to the other parties that it has full power, authority and authorization to execute this Agreement and to agree to its terms without the necessity of any consents, authorizations or approvals, or if such consents, authorizations or approvals are required they have been obtained prior to the execution hereof.

14. The Restrictive Covenants are hereby modified to include the terms of this Agreement. Except to the extent modified hereby, the Restrictive Covenants shall remain in full force and effect.

15. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and/or assigns and shall also inure to the benefit of the Lender and HUD and their successors and assigns.

16. This Agreement may not be modified except by an instrument in writing executed by each of the parties hereto.

17. Notwithstanding anything herein contained, if any one or more of the provisions of this Agreement shall for any reason whatsoever be held to be illegal, invalid or unenforceable in any respect, such illegality, invalidity or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such illegal, invalid or unenforceability had never been contained herein.

18. This Agreement shall be governed by all applicable federal laws and the laws of the state in which the Project is located.

19. This Agreement may be executed in any number of counterparts, all of which counterparts shall be construed together and shall constitute but one Agreement.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized representatives, and made effective as of the date first written above.

ATTEST

“AUTHORITY”

HOUSING FINANCE AUTHORITY OF  
PALM BEACH COUNTY, FLORIDA

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Chairperson  
[SEAL]

STATE OF FLORIDA  
COUNTY OF PALM BEACH

The foregoing instrument was executed and acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2018 by \_\_\_\_\_ as Chairperson and attested to by \_\_\_\_\_, as the \_\_\_\_\_ of the HOUSING FINANCE AUTHORITY OF PALM BEACH COUNTY, FLORIDA, a public corporation and public body corporate and politic duly created and existing under the laws of the State of Florida, on behalf of the Authority. Said persons are personally known to me or provided a valid driver’s license as identification.

\_\_\_\_\_  
Notary Public  
My Commission Expires: \_\_\_\_\_  
[SEAL]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized representatives, and made effective as of the date first written above.

“BORROWER”

**RIVERVIEW HOUSE LIMITED PARTNERSHIP**, a Florida limited partnership,

\_\_\_\_\_  
Print Name: \_\_\_\_\_

By: Richman Riverview, Inc., a Florida corporation, its general partner

\_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
William T. Fabbri  
Executive Vice President

STATE OF FLORIDA  
COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018, by **William T. Fabbri**, the Executive Vice President of **RICHMAN RIVERVIEW, INC., a Florida corporation**, the sole General Partner of **RIVERVIEW HOUSE LIMITED PARTNERSHIP, a Florida limited partnership**, on behalf of said partnership. He is personally known to me and did not take an oath.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_  
[SEAL]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their duly authorized representatives, and made effective as of the date first written above.

“TRUSTEE”

**U.S. BANK NATIONAL ASSOCIATION**, a national banking association, as Trustee

\_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

As Its: \_\_\_\_\_

\_\_\_\_\_  
Print Name: \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2018, by \_\_\_\_\_, the \_\_\_\_\_ of U.S. BANK NATIONAL ASSOCIATION, a national banking association, as Trustee. He/she is personally known to me and did not take an oath.

\_\_\_\_\_  
Notary Public  
My commission expires: \_\_\_\_\_  
[SEAL]

**EXHIBIT "A"**  
**LEGAL DESCRIPTION**



**Housing Finance Authority of Palm Beach County, Florida**  
**Meeting Schedule for 2019**

All meetings will take place starting at approximately 9:00 AM at the Palm Beach County Airport Center Complex, 100 Australian Avenue, West Palm Beach, FL 33406, 4<sup>th</sup> Floor Training Room 4-790, unless otherwise posted.

Friday, January 11  
Friday, February 8  
Friday, March 8  
Friday, April 12  
Friday, May 10  
Friday June 14  
Friday July 19  
Friday, August 9  
Friday, September 13  
Friday, October 18  
Friday, November 8  
Friday, December 13

Should any person(s) decide to appeal any decision made by the Housing Finance Authority, they will need a record of the proceedings and may need to ensure that a verbatim record of the proceedings is made, which record must include testimony and evidence upon which the appeals may be based. In accordance with the Americans with Disabilities Act, persons with disabilities needing special assistance accommodations to participate in this proceeding should contact Jennifer Hamilton, no later than five (5) days prior to the hearing at telephone number (561) 233-3656 for assistance; if hearing impaired, telephone the Florida Relay Service Numbers at (800) 955-8770 or (800) 955-8771 for assistance in contacting the Housing Finance Authority.

PUB: Palm Beach Post

November \_\_, 2018

**Tab 4**

**VII. Other Matters - attachments**

None