

THE HENDRICKSON COMPANY

1404 Alban Avenue ☞ Tallahassee, Florida 32301

Telephone: 850-671-5601

mark@thehendricksoncompany.com

To: Housing Finance Authority of Leon County Board of Directors

From: Mark Hendrickson, Administrator

Subject: May 30, 2025, HFA of Leon County Special Board Meeting

Date: May 22, 2025

I. Tallahassee Affordable Housing Portfolio—Action

1. On April 26, 2022, the HFA issued its \$70,553,565.10 Housing Finance Authority of Leon County, Florida Multifamily Housing Convertible Capital Appreciation Revenue Bonds (Tallahassee Affordable Housing Portfolio), Series 2022A-1 (the "Series 2022A-1 Bonds") and its \$3,375,000 Housing Finance Authority of Leon County, Florida Taxable Multifamily Housing Revenue Bonds (Tallahassee Affordable Housing Portfolio), Series 2022A-2 (the "Series 2022A-2 Bonds" and, together with the Series 2022A-1 Bonds, the "Bonds").
2. The HFA loaned the proceeds of the Bonds (the "Loan") to AHPC Social Tallahassee LLC, AHPC HUB Tallahassee LLC, and AHPC Social 1600 LLC (collectively, the "Borrowers") to finance the costs of acquiring, rehabilitating, and equipping (i) a 168-unit multifamily rental housing facility known as Social 1600 to be rented to persons or families of moderate, middle, or lesser income located at 1600 Old Bainbridge Road, Tallahassee, Leon County, Florida; (ii) a 168-unit multifamily rental housing facility known as The Hub to be rented to persons or families of moderate, middle, or lesser income located at 1303 Ocala Road, Tallahassee, Leon County, Florida; and (iii) a 134-unit multifamily rental housing project known as Social Tallahassee to be rented to persons or families of moderate, middle, or lesser income located 1327 High Road, Tallahassee, Leon County, Florida (collectively, the "Property").
3. The owner has failed to complete all agreed upon rehabilitation of the Property and has requests related to that issue which will be on the June HFA agenda. The Property has low occupancy (75%), partially due to the failure to rehabilitate all of the units. The Property has also had poor compliance monitoring reports with many files not correctly verifying income (correctable, but the need for correction only identified because of the monitoring).
4. The owner requested that the 50-year compliance period and the monitoring by AmeriNat be terminated. Staff and Counsel rejected those requests which have now been withdrawn.
5. The owner has also stated that without relief, the bonds would go into default. While the HFA has no financial risk, it is preferable to avoid bond defaults.
6. The Borrowers desire to refinance the Series 2022A Bonds and the Loan and make additional capital improvements to the Property with the proceeds of a new tax-exempt "qualified 501(c)(3) bonds" to be issued by the Public Finance Authority, a joint powers commission created under the laws of the State of Wisconsin.

7. In order to refinance the Series 2022A Bonds and the Loan, certain amendments are needed to the Bond Indenture and the Loan Agreement to provide for additional optional redemption provisions.
8. This resolution authorizes those amendments and approves the form, and authorizes the execution, of the Modification Agreement setting forth those amendments. The amendments have been approved by Franklin Advisers Inc., as owner of 100% of the Series 2022A Bonds.
9. The resolution also authorizes certain amendments to, and approves the form and authorizes the execution of, a First Amendment to the Compliance Monitoring Agreement. The current Compliance Monitoring Agreement provided for payment to the Compliance Monitoring Agent to flow through the Bond Indenture, which will no longer be in existence after the redemption, and the amendment provides for payment directly to the Compliance Monitoring Agent to ensure continued compliance monitoring of the project through the end of the qualified project period.
10. The new bonds assist the development's finances as the bondholder is taking a loss of approximately 8%, while continuing to finance the Property through the new bonds. According to the bondholder, this will free capital to complete many of the necessary repairs.
11. **Recommendation:** Adopt Resolution prepared by Bryant Miller Olive.