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6 JACKSONVILLE HOUSING AUTHORITY
7 BOARD OF COMMISSIONERS MEETING
8 BOND WORKSHOP
9
10 TAKEN: Thursday, December 7, 2023
11 TIME: 1:05 p.m. to 2:13 p.m.
12 PLACE: Jacksonville Housing Authority
13 1300 North Broad Street
14 Jacksonville, Florida 32202
and via videoconference
15 Taken by Carol DeBee Martin, court reporter.
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19
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1 APPEARANCES:
2 DWAYNE ALEXANDER, JHA PRESIDENT/CEO
3 COMMISSIONER HARRIET BROCK
4 EVANN MORRIS
5 ANTONIO PEREZ
6 DENNIS LOHR, CFO
7 JIM PIGGOTT (WJXT)
8 TOMMY GARCIA (WJXT cameraman)
9
10 VIA VIDEOCONFERENCE
11 CHAIRMAN CHRISTOPHER WALKER
12 COMMISSIONER HEATHER HOROVITZ
13 COMMISSIONER ANDRE GREEN
14 COMMISSIONER HANK ROGERS
15 LAWSIKIA HODGES, ESQUIRE (OGC)
16 KORT PARDE, ESQUIRE
17 CORDELIA PARKER
18 LINDA SIMS
19 TODD AUBUCHON
20 LAILA DARBY
21 ROBERT REID, ESQUIRE (BMO)
22 JASON BRETH, ESQUIRE (BMO)
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1 PROCEEDINGS
2 December 7, 2023 1:05 p.m.
3 CEO: Is Commissioner Green on the line?
4 COMMISSIONER GREEN: Yes.
5 CEO: Okay.
6 COMMISSIONER GREEN: I call to order the
7 meeting for the Board of Commissioners
8 Workshop Agenda.
9 Do we have any public comment?
10 (no response)
11 COMMISSIONER GREEN: No.
12 Chair comments -- we can wait until
13 Chris attends, and we can go on to Item IV,
14 New Business - Bond Workshop.
15 COMMISSIONER HOROVITZ: Can I ask a
16 question?
17 And I'm sorry. It might have supposed to
18 have gone in public comment.
19 I don't know if we have any plans to call a
20 board meeting, but, Ms. Hodges, I believe that
21 three board members can schedule a board meeting;
22 is that correct?
23 MS. HODGES: Right. That's correct,
24 pursuant to the board's bylaws.
25 Dwayne, do you have any insight when the next

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1 board meeting is?
2 I know that there is some open items.
3 And, just bear in mind, Commissioners Brock
4 and Green, this meeting was noticed for a board
5 workshop having to do with bonds.
6 So we can't get into a substantive
7 conversation outside of that, but, for the purpose
8 of just scheduling a meeting, Dwayne I guess could
9 inform the board members better.
10 Do you have any insight on when the next
11 regular board meeting will be?
12 If not, we do have three members here.
13 If you wanted to agree to call a special meeting
14 and have Dwayne to schedule that, that's totally
15 fine.
16 COMMISSIONER HOROVITZ: I think that we
17 should try to get something in before the
18 holidays. I know people will be out.
19 Commissioner Rogers, Green and Brock are
20 here.
21 Is everyone agreeable to meeting next week?
22 COMMISSIONER BROCK: It depends. With me,
23 it depends on what day next week. I have a couple
24 of doctor's appointments next week.
25 COMMISSIONER HOROVITZ: Ms. Hodges --

<p style="text-align: right;">Page 5</p> <p>1 MS. HODGES: Yes. So, through the Chair -- 2 or the Vice Chair, you don't have to decide today. 3 Really, the threshold question is, do we want to 4 meet as a board? 5 Or, at least the members here, are you 6 wanting to meet as a board? 7 I mean there are some items that are 8 unfinished, but consensus-wise there is no 9 objection to a meeting with the board in December. 10 Then you would just leave it up to Dwayne to do 11 the poll to schedule a meeting. 12 COMMISSIONER HOROVITZ: Okay. 13 COMMISSIONER GREEN: Okay. I totally agree 14 we should meet before the end of the year. 15 COMMISSIONER HOROVITZ: Thank you. 16 MS. HODGES: Okay. That's all you need. 17 So, Bob, I think -- 18 COMMISSIONER GREEN: Ready? 19 MS. HODGES: -- yes. 20 COMMISSIONER GREEN: Item IV is 21 New Business - Bond Workshop. 22 MR. REID: This is Bob Reid. We are here 23 from Bryant Miller Olive, your bond counsel and 24 disclosure counsel, and I -- there we go -- 25 have a presentation.</p>	<p style="text-align: right;">Page 7</p> <p>1 carry out, acquire, provide, operate housing 2 projects. 3 And that includes acquisition, construction, 4 reconstruction, improvements, repair, whatever is 5 necessary for the long-term, and, as part of that, 6 you have the power to lease to others all of those 7 dwelling units and accommodations and actually 8 anything that is needed to support those 9 facilities. 10 Next slide. 11 The statute speaks in terms of a housing 12 project, which is what you are authorized to 13 prepare. A housing project is defined -- 14 and it's defined very broadly, just to kind of 15 summarize here -- to, you know, demolish, 16 remove buildings, you know, in slum areas, 17 otherwise known as, "blighted areas," work to, 18 you know, change the adaptation of the areas, 19 parks, recreational facilities or provide safe 20 and sanitary housing -- both urban and rural. 21 Although, I think most of the city is in an urban 22 environment -- apartments or other living 23 accommodations to persons of low income and to 24 basically have all powers necessary to accomplish 25 providing any of these aspects of a housing</p>
<p style="text-align: right;">Page 6</p> <p>1 And we're going to be walking through the 2 presentation today. Feel free, please, to ask any 3 questions, as things may pop up during the time, 4 that would perhaps make it more valuable to you. 5 Next slide. 6 Do I control this? 7 How? 8 Okay. First, what is a housing authority? 9 A housing authority is a unit of local 10 government, a public body corporate and politic 11 carrying out essential government functions, 12 and it's created pursuant to Chapter 421 of 13 the Florida Statutes and basically has all the 14 governmental powers necessary or convenient to 15 carry out and effectuate your purposes. 16 And the powers, of course, include incurring 17 debt to provide housing facilities. 18 No. That's Zoom. Let me get that off my 19 screen. There we go. 20 The powers within your area of operation 21 -- and that is basically coterminous with the 22 jurisdictional limits of the City of Jacksonville, 23 because they created it. 24 Although, you do have some ability to operate 25 within 5 miles of that boundary, your role is to</p>	<p style="text-align: right;">Page 8</p> <p>1 project. 2 Next slide. 3 Now, who are you servicing? 4 Chapter 421 speaks to certain persons of 5 low income. Housing authorities adopt an 6 affordability policy, and, in that policy, 7 the housing authority determines which are the 8 parties or the persons in the community that need 9 the additional services provided by the housing 10 authority, which is basically subsidized housing. 11 (There was conversation in the background.) 12 MR. REID: The statute sets an upper limit 13 of 150 percent. So, in essence, the housing 14 authority determines its community that it's 15 trying to benefit. 16 In that community is persons that can have 17 incomes up to 150 percent of the area median 18 income. All of your projects are not going to be 19 there. 20 You may undertake a financing -- for example, 21 a lot of the HUD financing, which you've 22 undertaken over the years, carries with it its 23 own restrictions as to rent, as to incomes, 24 as to availability, services, whatever. 25 And those are, of course, layered on as</p>

<p style="text-align: right;">Page 9</p> <p>1 you're required to operate your projects within 2 those parameters, which are narrower than 3 potentially your affordability policy. 4 So the next -- excuse me one moment. 5 Excuse me. 6 The next slide gives you just a little visual 7 idea as to your area of operation, which is 8 Duval County, but it's the city limits within 9 Duval County. 10 And the city limits are not quite coterminous 11 with the county, as you'll see in the highlighted 12 area there. There are some small areas that are 13 not included within the city boundaries. 14 Although, as I said, the statute allows 15 you to go up to 5 miles outside of that area. 16 So, effectively, you are dealing with the 17 Greater Duval County. 18 COMMISSIONER BROCK: Excuse me. 19 MR. REID: Yes. 20 COMMISSIONER BROCK: I don't know if 21 everybody can hear me, but someone's mike is on. 22 You need to mute yourself, because we can 23 hear your conversation. 24 Thank you. 25 MR. REID: Okay. Next slide.</p>	<p style="text-align: right;">Page 11</p> <p>1 Tax-exempt debt brings in a set group of 2 restrictions imposed under the Internal Revenue 3 Code that allows interest on that debt to be 4 excluded from gross income. 5 What are the steps to issuing debt 6 obligations? 7 Well, the first one is to identify a housing 8 project. Either you have land and you want to 9 build something on it, you have something you want 10 to acquire, whichever the circumstance is, 11 it begins with a preliminary determination of, 12 "This is a project that fits within our needs that 13 solves one of our needs to provide housing 14 facilities." 15 And, how can that project be financed? 16 Do I have money to just pay for it? 17 Am I receiving a grant? 18 Am I getting money from somewhere else? 19 Am I issuing debt to pay for the project? 20 All of that is at the very beginning of the 21 process. 22 The next step is an official action taken at 23 the board, and you've done this with one of the 24 four projects that are currently out there -- 25 and the others we probably do need to go ahead and</p>
<p style="text-align: right;">Page 10</p> <p>1 Can a housing authority finance acquisition, 2 construction and rehabilitation of housing 3 projects? 4 Housing authorities are specifically 5 authorized to issue debentures, notes and bonds to 6 finance the acquisition, construction of housing 7 projects. 8 Chapter 421 somewhat archaically describes a 9 debenture process for debt that is rather 10 cumbersome; however, the housing authority is a 11 special district within Florida, and special 12 district legislation applicable to all special 13 districts, provide alternatives in how you can 14 access the market, which basically allows you to 15 either negotiate with a specific lender, 16 for example, like a bank loan or a project. 17 It also allows you to go to the public market 18 offering rated debt to the -- to the buyers to 19 try and raise money that way. 20 So you have the full range of abilities 21 to actually access financing. Effectively, 22 any local government has in Florida, and that 23 could be both tax-exempt debt or taxable debt. 24 Taxable debt -- you're just looking at any 25 state law limitations on what you can do.</p>	<p style="text-align: right;">Page 12</p> <p>1 bring online -- which is adoption of an 2 Official Intent Resolution. 3 Now this resolution basically expresses the 4 official intent of the authority that, at a time 5 in the future, may plan on issuing tax-exempt debt 6 in order to reimburse them for various expenses 7 that they're incurring in connection with a 8 project. 9 And that allows you to go out and spend money 10 that you have on hand, but yet, at a future date, 11 reimburse yourself, put that cash back into your 12 reserves or other accounts by placing that 13 long-term debt on the specific property. 14 Now, once that is done, you have to assemble 15 a Financing Team, which we'll discuss the 16 parameters of. You will need to develop an 17 overall financing strategy -- often called, 18 "a Plan of Finance for the Development --" 19 including any, you know, subsidizing provisions -- 20 subsidies that may be coming into the project. 21 And this is the specific, "We're going to 22 issue an RFP to local financial institutions, 23 banks, to make an offer of getting us a loan for 24 this. 25 "We're going to, you know, put together</p>

<p style="text-align: right;">Page 13</p> <p>1 offering documents and have an underwriter as part 2 of our Financing Team and go to the public 3 markets." 4 And, you know, whatever that strategy is 5 it's somewhat going to be based on those 6 preliminary determinations of how you're going to 7 finance this project you want to undertake and 8 then the most efficient way for the authority to 9 implement that plan. 10 The next step is to basically finalize the 11 documentation that actually reflects and describes 12 that plan of financing. That may be loan 13 agreements with the bank or indentures or offering 14 documents and various things. 15 And then, ultimately, the housing authority 16 would adopt authorizing resolutions authorizing 17 the authority to enter into either of those loan 18 agreements or to authorize the issuance of public 19 debt and have the -- you know, approving the 20 documents and the offering material necessary to 21 sell that debt to the public markets. 22 Now, what are -- and I think an older version 23 of this slide went up. It changed a little bit. 24 You know, what kinds of things does a board 25 member or each of you as board members need to</p>	<p style="text-align: right;">Page 15</p> <p>1 What are you undertaking on a year-to-year 2 basis? 3 What are you potentially looking at coming 4 out of your other pockets -- so reserves or other 5 revenues? 6 Because, if you have it and they're dedicated 7 to one project, you're not having those for 8 another project because you've already spent them, 9 in a way. 10 What are the risks that the annual 11 obligations will vary from year-to-year? 12 This is clearly through the variable rate 13 debt where, you know, that rate is going to go 14 potentially up and down. 15 Are there certain products, like interest 16 rate swaps, that can be used to fix your annual 17 obligation? 18 Is it a bond structure that has a significant 19 maturity amount that the authority is going to 20 have to look at, at a point in the future, 21 making a substantial payment out of its reserves 22 in the event that that cannot be refinanced on a 23 favorable basis at that time? 24 You know, those are the risks you have to 25 understand.</p>
<p style="text-align: right;">Page 14</p> <p>1 know in deciding on taking on a project? 2 You know, obviously, the first one is, 3 "What is the project?" 4 Why is the authority looking to borrow money 5 for this project? 6 Is the project self-sustaining? 7 Does it fit within our niche? 8 What is going to be the security for that 9 project? 10 Is the project going to be able to carry its 11 own debt service? 12 Is it going to generate enough revenues to 13 pay for the debt service? 14 Is there some other assets, revenues -- 15 whatever -- of the authority that we can use to 16 supplement those project revenues? 17 Does it fit within our plan that, you know, 18 we're undertaking projects that will not cash flow 19 to the extent of maintaining their operating 20 expenses, service the debt obligations to acquire 21 them and provide for a reasonable ongoing 22 rehabilitation and maintenance over the life of 23 the facility? 24 What are the annual obligations of the 25 authority in connection with this project?</p>	<p style="text-align: right;">Page 16</p> <p>1 Coupled with that, what are the planned 2 repayment sources for the debt? 3 What is the likelihood the plan repayment 4 sources will be sufficient over time? 5 What is the cost of those funds? 6 And, is that reasonable in the scheme, 7 the overall scheme and financial planning, 8 for the housing authority given all of your 9 operations? 10 How may a housing authority sell its debt? 11 As we mentioned earlier, you can do this with 12 a public sale or a private sale. Private sale is 13 typically you're going to have that debt placed 14 with a specific financial institution, a bank, 15 for example, an investment fund, where you are 16 dealing directly with that lender similar to 17 negotiating a mortgage for your home. It's just a 18 few more zeros often are attached to it. 19 Or, as I said, you can go into the public 20 markets and sell the debt to the public. 21 Typically, that debt is rated, at that point in 22 time, or is what's called, "a structured finance," 23 where the debt structure itself is sufficient to 24 support a rating on the bonds. 25 And, while investment ratings, for example,</p>

<p style="text-align: right;">Page 17</p> <p>1 are B and higher, B, A, AA, AAA, most of the state 2 statutes that limit the ability without other 3 restrictions to issue debt require a rating in 4 one of the three highest, A, AA or AAA. 5 And, just a note on those ratings, 6 that refers to the rating on the bonds, 7 not a general rating of the authority's overall 8 health, because the two are not necessarily the 9 same. 10 Next slide. 11 What's the available security for the housing 12 authority? 13 Well, under statute, the housing authority 14 can support repayment of debt obligations through 15 revenues provided by the operation of the housing 16 project being financed. That is fairly obvious. 17 And one unique feature about housing 18 authorities in Florida is you are the only kind of 19 government that is authorized to secure your debt 20 by mortgage liens on the housing project. 21 So the statute authorizes you to do that, 22 mortgage, assignment of rents, various other type 23 of typical security measures. 24 Historically, this was necessary, 25 because housing authorities were essentially</p>	<p style="text-align: right;">Page 19</p> <p>1 it would be a non-HUD project. 2 Any HUD or other governmental funding source 3 typically cannot be pledged to a project not part 4 of that or tied to that funding source. 5 Now, who are the participants on a 6 housing authority's issuance of debt obligations? 7 And this is going to be fairly typical with 8 any local government. Of course, you have the 9 housing authority. You have issuer's counsel, 10 in this case, the City of Jacksonville's General 11 Counsel's Office, Office of City Attorney. 12 You have bond counsel, the role that Bryant 13 Miller Olive is serving. Disclosure counsel, 14 if you have a public offering, is also a role 15 Bryant Miller Olive is serving. You have a 16 municipal advisor. You have an underwriter or 17 a bank or other lender on the direct placement. 18 You have underwriter counsel or bank counsel, 19 who is representing either the underwriter or that 20 lending institution, and there may be other 21 parties depending on the structure. 22 On the next slide, we look at these in a 23 little bit more detail. 24 The housing authority's role is to basically 25 communicate those decisions that the housing</p>
<p style="text-align: right;">Page 18</p> <p>1 referred to as, "Little HUDs --" that all you did 2 was HUD housing, and HUD required HUD mortgages. 3 So you're authorized to do mortgages. 4 HUD has been backing away from that, 5 over the last few decades, and encouraging housing 6 authorities to go out and seek non-HUD sources of 7 financing for their projects and just sort of wean 8 themselves from that public funding. 9 That's clearly encouraged by HUD, 10 and the provisions in your statute that were there 11 to facilitate HUD financing are now facilitating 12 your ability to potentially broaden the security 13 you're able to offer for your debt. 14 The general assets of the housing authority 15 are not available to support the debt obligations 16 absent a specific pledge of those by the housing 17 authority, but the only thing you can pledge are 18 unencumbered funds. 19 Now these are revenues that do not come from 20 a federal source, because those funds are 21 restricted to only be used within the project that 22 the funds are provided for. 23 So, to the extent there are unrestricted 24 revenues of the authority, those revenues can be 25 pledged for a project, and, in this case,</p>	<p style="text-align: right;">Page 20</p> <p>1 authority has made in order to clarify what it is 2 they want. 3 What are they doing? 4 What is their directive on that plan of 5 finance? 6 The housing authority is also going to be in 7 a position to oversee that project, determine when 8 funds are needed and coordinate the issuer's staff 9 and the input among the various parties. 10 Issuer's counsel is going to be on behalf of 11 the housing authority participating in the 12 various proceedings, meetings, conferences, 13 document reviews that will be involved in the 14 financing. 15 They're going to be reviewing all of the 16 debt-related documents, including any Official 17 Statement, Offering Statement, deliver the 18 issuer's counsel opinion at closing. 19 This is an opinion that basically the housing 20 authority has duly created, authorized to do what 21 -- you know, how you do that is issue debt -- 22 and that they've done all the things they need to 23 do to make that exercise valid and enforceable. 24 The next role is bond counsel, 25 and bond counsel's role is sort of an essential</p>

<p style="text-align: right;">Page 21</p> <p>1 point here. They're going to be consulting with 2 the issuer's attorney and issuer's staff -- 3 in this case, the housing authority staff -- 4 consulting with municipal advisors, 5 the underwriter or lender, if it's private 6 placement regarding the structure of the 7 transaction, prepare the authorizing resolution, 8 financing documents and closing documents, 9 review the Official Statement and ultimately issue 10 tax opinions, if it's being done as a tax-exempt 11 bond.</p> <p>12 And the role of bond counsel is basically to 13 make sure that the Plan of Finance as pursued by 14 the housing authority is -- there's noise in the 15 background. I apologize -- the Plan of Finance 16 adopted by the housing authority -- that the 17 financing structure conforms to the requirements 18 of the Internal Revenue Code, as far as that debt 19 qualifying as being tax exempt, and meeting with 20 all the various state law requirements, 21 restrictions, on the housing authority and issuing 22 the staff acquiring properties.</p> <p>23 So it's sort of a central oversight position 24 to make sure everything is done right with the 25 responsibility of making sure whatever that</p>	<p style="text-align: right;">Page 23</p> <p>1 It's the published offering document that 2 contains the information regarding the bonds, 3 the housing authority and all the information that 4 would be considered important to investors. 5 That information includes things like key 6 terms of the bonds, the financial and the 7 operating information of the housing authority and 8 the project being financed, information regarding 9 the housing authority's ability to repay the bonds 10 and legal and tax considerations.</p> <p>11 All of those things are important to 12 investors when they are making the decision 13 whether or not to invest their money in the debt 14 of the housing authority.</p> <p>15 And the housing authority is ultimately 16 responsible for the content of its offering 17 document. They will deem the POS final, 18 except for certain permitted omissions, 19 and nothing gets posted without the housing 20 authority signing off on it, and saying, 21 "Everything in there is true and correct." 22 There will be many representations in the 23 closing documents that are prepared by bond 24 counsel where the housing authority is certifying 25 that the information in that offering document is</p>
<p style="text-align: right;">Page 22</p> <p>1 Plan of Finance is has correctly been fully 2 described within the financing documents.</p> <p>3 Disclosure counsel. I'm going to ask my 4 partner, Jason Breth, who is leading that effort, 5 to describe what goes on there.</p> <p>6 MR. BRETH: All right. Great. Thank you, 7 Bob.</p> <p>8 So my name is Jason Breth. I'm a shareholder 9 with Bryant Miller Olive, and I will be working 10 with the housing authority in the role as 11 disclosure counsel.</p> <p>12 So I'm going to elaborate on a lot of these 13 bullet points, because each contained, you know, 14 a tremendous amount of information that we need to 15 get into a little bit here.</p> <p>16 So the first is disclosure counsel will draft 17 the offering document. It goes by many names and 18 acronyms, "the POS," or, "Preliminary Official 19 Statement." That's sort of the first one that 20 gets posted.</p> <p>21 Then, when the deal prices, we then do a 22 final one, and that gets posted, as well.</p> <p>23 You have a Private Placement Memorandum, as well. 24 These are all kind of the same thing.</p> <p>25 So, what is a Preliminary Official Statement?</p>	<p style="text-align: right;">Page 24</p> <p>1 true and correct.</p> <p>2 The next thing disclosure counsel does is it 3 conducts a due diligence investigation of the 4 housing authority, and this is done prior to 5 posting the Official Statement and prior to 6 investors being able to review it.</p> <p>7 The due diligence investigation includes lots 8 of things. It includes reviewing budget 9 materials, financial statements, audit findings, 10 including management letters and responses, 11 published reports by outside consultants, 12 such as actuarial reports, strategic plans, 13 those types of things.</p> <p>14 We review the housing authority meeting 15 minutes, newspaper articles, the housing 16 authority's website, prior Official Statements, 17 prior continuing disclosure filings, 18 any debt or investment policies that have been 19 approved by the housing authority, and we also 20 review information that was provided to rating 21 agencies, including the final rating agency 22 reports.</p> <p>23 And a lot of times disclosure counsel will 24 even participate on the rating agency calls 25 and listen in just to make sure that they hear</p>


<p style="text-align: right;">Page 25</p> <p>1 everything that the housing authority has said to 2 the rating agencies that they ultimately base 3 their rating decision on. 4 The due diligence investigation typically 5 culminates with the due diligence questionnaire 6 and a conference call with appropriate officials 7 of the Underwriting Team to go over that 8 questionnaire and the information that was 9 provided to answer all of those questions. 10 And that questionnaire is rather lengthy. 11 It can be hundreds of questions long -- 12 all designed to make sure that disclosure counsel, 13 the Underwriting Team and everything in that 14 Official Statement that needs to be in there is in 15 there. 16 Next, disclosure counsel prepares the 17 Continuing Disclosure Agreement. When bonds are 18 issued in a public offering, the housing authority 19 commits to provide certain annual financial 20 information and Material Event Notices to the 21 public on an ongoing basis. 22 In accordance with the SEC Rule 15c2-12, 23 those filings are made electronically at the 24 Electronic Municipal Market Access portal, 25 which we refer to as, "EMMA."</p>	<p style="text-align: right;">Page 27</p> <p>1 into a separate financial obligation that would 2 be material to the investors of the bonds that 3 were issued, the housing authority has to post 4 a Material Event Notice. 5 And the goal of all this is so that all of 6 the investors of the bonds know everything they 7 can about the security that the housing authority 8 has promised them when they invested in the bonds 9 and any changes to that security that would be 10 important to them. 11 Disclosure counsel delivers a 10b-5 opinion, 12 which we'll get into a little bit of what the 13 10b-5 means later on when we get to the 14 disclosure obligations at the end. 15 But the opinion is addressed to the housing 16 authority, and it states that, as disclosure 17 counsel, certain information was reviewed by 18 disclosure counsel. But no opinion is expressed 19 as to the accuracy or completeness of the Official 20 Statement, particularly with the financial and 21 operating data that was included in there. 22 Instead, based on certain specified 23 inquiries, disclosure counsel says that nothing 24 has come to their attention that would indicate 25 to them that the Official Statement contains any</p>
<p style="text-align: right;">Page 26</p> <p>1 Annual financial information includes 2 the financial and statistical information 3 included in the Official Statement as well as 4 audited financial statements. 5 So every year, at set times set forth in the 6 Continuing Disclosure Agreement, the authority's 7 staff has to update all of the tables and 8 financial information that was included in that 9 Official Statement as well as posting their 10 audited financial statements to the EMMA portal. 11 Material events have to be disclosed, 12 as well. These include, among other things, 13 payment defaults, material nonpayment defaults, 14 adverse tax opinions, if the bonds are tax exempt, 15 any modification of rights to the bondholders, 16 redemption of the bonds, any release or 17 substitution or sale of the property that secures 18 the bonds, rating changes to the bonds, 19 any bankruptcies or mergers, consolidation or 20 acquisition of the housing authority, appointments 21 of new trustees, incurrance of any financial 22 obligations and the default of an acceleration, 23 termination, modification or other similar events 24 under the terms of other financial obligations. 25 So, if the housing authority were to enter</p>	<p style="text-align: right;">Page 28</p> <p>1 untrue statements of material facts or any 2 material omission. 3 So, getting back to what I said in the very 4 beginning, the Official Statement is ultimately 5 the responsibility of the housing authority, 6 and, while disclosure counsel is there to help 7 and guide the housing authority to determine 8 what's material, what needs to go in the official 9 statement, they are not essentially auditing the 10 information that is provided to them from the 11 housing authority. 12 So the housing authority provides a bunch of 13 numbers to complete a table. Disclosure counsel 14 will take those numbers and put it in the Offering 15 Statement, and it's the housing authority that 16 ultimately gives the opinion in certification that 17 those are correct and the actual numbers. 18 It's not disclosure counsel's job to look behind 19 those numbers. 20 Sometimes disclosure counsel will prepare the 21 bond purchase and contract. I'd say, recently, 22 underwriter's counsel has been taking on that 23 role, but, in the event underwriter's counsel does 24 not take that role, disclosure counsel will review 25 the bond purchase contract with the authority's</p>

<p style="text-align: right;">Page 29</p> <p>1 interest in mind.</p> <p>2 Disclosure counsel also will review all the</p> <p>3 prepared bond documents. So having disclosure</p> <p>4 counsel is another set of legal eyes that will</p> <p>5 look at all of the documents that are prepared</p> <p>6 in the transaction and make sure that they</p> <p>7 accurately reflect the Financing Plan.</p> <p>8 Disclosure counsel most importantly will</p> <p>9 advise the issuer of honest disclosure</p> <p>10 obligations, and here is where we'll get into</p> <p>11 some of the meat of the SEC Rules and Regulations</p> <p>12 at least at, you know, a 10,000-foot level.</p> <p>13 We can spend days talking about all of</p> <p>14 the rulings and things to be cautious for,</p> <p>15 but these are the highlights.</p> <p>16 So the housing authority is required by the</p> <p>17 anti-fraud provisions, which is Rule 10b-5,</p> <p>18 to disclose all material facts to investors.</p> <p>19 A housing authority is prohibited from making</p> <p>20 material misstatements or omissions of material</p> <p>21 facts if those facts are necessary to avoid a</p> <p>22 misleading statement.</p> <p>23 So, what does the SEC consider to be</p> <p>24 material?</p> <p>25 It is information that a reasonable investor</p>	<p style="text-align: right;">Page 31</p> <p>1 hiring disclosure counsel and passing disclosure</p> <p>2 policies and procedures that the housing authority</p> <p>3 can follow to make sure that they don't run afoul</p> <p>4 of the SEC Guidelines.</p> <p>5 So the SEC's Public Finance Abuse Unit --</p> <p>6 they have been active in regulating municipal</p> <p>7 securities through enforcement actions and have</p> <p>8 been using Rule 10b-5 to set examples of public</p> <p>9 officials and professionals that have used poor</p> <p>10 disclosure practices and/or committed outright</p> <p>11 fraud.</p> <p>12 The SEC is the equivalent of the sheriff</p> <p>13 for publicly offered municipal bonds. They are</p> <p>14 the law enforcement entity, and getting caught</p> <p>15 by the SEC can result in severe adverse</p> <p>16 consequences to the housing authority, their board</p> <p>17 members, staff and advisors, including substantial</p> <p>18 costs of defending the inquiry along with adverse</p> <p>19 publicity and a negative effect on credit ratings</p> <p>20 and the possibility of having to pay a civil fine.</p> <p>21 Individual culpability for violating SEC</p> <p>22 disclosure rules is a real risk. If the SEC</p> <p>23 brings an action against the housing authority,</p> <p>24 it will, in every case, determine which</p> <p>25 individuals were culpable in allowing or causing</p>
<p style="text-align: right;">Page 30</p> <p>1 would consider important in making its investment</p> <p>2 decision.</p> <p>3 Information is considered material if there</p> <p>4 is a substantial likelihood that the omitted</p> <p>5 information would have been viewed by a reasonable</p> <p>6 investor as having significantly altered the total</p> <p>7 mix of the information that was made available to</p> <p>8 the investor at the time.</p> <p>9 And this isn't just limited to facts.</p> <p>10 It applies to projections and forecasts that are</p> <p>11 included in the Official Statement as well as</p> <p>12 opinions, statements that review clearly false</p> <p>13 optimism and financial evaluations which require</p> <p>14 the exercise of considerable judgment.</p> <p>15 So everything in that Official Statement is</p> <p>16 covered by the 10b-5 anti-fraud rule and the</p> <p>17 determination of materiality.</p> <p>18 So a housing authority that fails to comply</p> <p>19 with disclosure requirements may be subject to</p> <p>20 regulatory actions and/or monetary funds.</p> <p>21 In some cases, a housing authority may be</p> <p>22 held responsible only if it had knowledge of</p> <p>23 committing the fraud, and, in other cases,</p> <p>24 it can be held responsible through negligence.</p> <p>25 And one way to help combat negligence is by</p>	<p style="text-align: right;">Page 32</p> <p>1 the securities violation and will bring actions</p> <p>2 against that individual.</p> <p>3 In many cases, the penalties against the</p> <p>4 housing authority may be monitored compared to</p> <p>5 the penalties against the culpable individual.</p> <p>6 One thing that's important to note for board</p> <p>7 members particularly is that security violations</p> <p>8 can occur outside the contents of an Official</p> <p>9 Statement.</p> <p>10 The securities law standards can be applied</p> <p>11 to other instances where an issuer or its</p> <p>12 officials are deemed to be speaking to the market.</p> <p>13 So a popular example that has come up in</p> <p>14 the media is when a board member or an executive</p> <p>15 director or president and CEO of an issuer goes</p> <p>16 out and says something in a public meeting,</p> <p>17 in a newspaper interview that is contrary to what</p> <p>18 was posted in a POS.</p> <p>19 The most famous example is the LSU case,</p> <p>20 where the president of LSU was trying to drum up</p> <p>21 some sympathy at the legislature in order to get</p> <p>22 more state funding for their school and made</p> <p>23 comments that made it seem like a financial</p> <p>24 position of LSU was not as strong as what was said</p> <p>25 in the Official Statement that was currently in</p>

<p style="text-align: right;">Page 33</p> <p>1 the market while they were selling bonds. 2 And that resulted in them having to postpone 3 the pricing and essentially change the Official 4 Statement and clarify everything that was said by 5 the president. 6 So it's important to keep in mind especially, 7 when the housing authority has an Offering 8 Statement out on the street and they're selling 9 bonds, what gets said in a public setting. 10 So, in summary of all of these bullet points, 11 disclosure counsel is becoming the industry 12 standard and a best practice according to the SEC. 13 The housing authority is ultimately 14 responsible for the content in the Offering 15 Statement. 16 There has been significant increase 17 in recent years of scrutiny by the SEC and 18 increasing enforcement actions against issuers 19 and public officials. 20 And one good thing about disclosure counsel 21 is the client is the housing authority. 22 In some instances, when there is no disclosure 23 counsel, the underwriter's counsel takes control 24 of the Offering Statement, and their fiduciary 25 duty is to the underwriter, not the issuer.</p>	<p style="text-align: right;">Page 35</p> <p>1 issuer's counsel, bond counsel, disclosure counsel 2 and municipal advisor. So we all owe a fiduciary 3 duty to the housing authority. 4 The other participants in the transaction do 5 not. They are actually adverse to the housing 6 authority. They are not necessarily looking out 7 after the best interest of the housing authority. 8 So this part of the Finance Team is the part 9 that is looking out for the housing authority as 10 the issuer. 11 The municipal advisor is the one who brings 12 the financial analysis wherewithal to the housing 13 authority, to the issuer, where bond and 14 disclosure are bringing -- and issuer's counsel -- 15 the legal and tax-related aspects of the municipal 16 advisors looking at the financial side of it. 17 It's their role to recommend the type of debt. 18 You know, what is best in the market? 19 Is it a bank loan? 20 Is it going to the public markets? 21 Is it doing some type of a pool loan where 22 you're either pooling your projects, or you're 23 joining and borrowing in another pool? 24 They're going to give advice to the issuer 25 on how to structure the debt.</p>
<p style="text-align: right;">Page 34</p> <p>1 So, having disclosure counsel means that the 2 housing authority has a legal counsel that is 3 looking out for their interest in the disclosure 4 setting. 5 The housing authority is also the addressee 6 of the Federal Securities Law opinion. 7 So the opinion that we give is addressed to the 8 housing authority. 9 And just keep in mind it's a dangerous time 10 to speak to the market. Disclosure counsel will 11 help, but it is ultimately the housing authority 12 and its staff that has to take the contents of the 13 Offering Statement seriously. 14 MR. REID: We can go to the next slide. 15 Okay. Municipal advisor. I want to make 16 one little note here. 17 So far, in addition to the housing 18 authority, we have brought up issuer's counsel, 19 bond counsel, disclosure counsel and now a 20 municipal advisor. 21 Each of these entities owe a professional 22 responsibility, an ethical responsibility, 23 to the issuer, in this case, the housing 24 authority. 25 The housing authority is a client of the</p>	<p style="text-align: right;">Page 36</p> <p>1 What is the best structuring in the market 2 and resources -- financial resources of the 3 authority that best matches together with the 4 goals of the authority -- things like the 5 maturity of the debt. 6 Are we talking about 10-year debt? 15? 20? 7 30-year debt? Amortizing? Non-amortizing? 8 How fast is it going to amortize? 9 Is it going to be self-amortizing -- 10 all of those issues. 11 The advice on the security for the debt -- 12 you know, how should this debt be secured? 13 Negotiate with the various underwriter or 14 lender on that structure on behalf of the issuer 15 getting the best transaction terms for the issuer 16 and advising on the fairness of pricing on those 17 terms, be it the terms of a private loan 18 commitment or a public offering of the sales. 19 You know, it's what they're being sold as 20 in the current market rates as that what they're 21 seeing on the market elsewhere. 22 So let's go to the next slide and talk about 23 those who are integral parts of the financing but 24 are not there necessarily looking out for the 25 interest of the housing authority.</p>

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<p>1 You have the underwriter or the bank. 2 The bank here is generically referring to any 3 private lender. It could be an investment fund. 4 It could be a bank. It could be some other type 5 of financial institution. 6 The underwriter's job is to be the go-between 7 between purchasers of debt in the public market 8 and the authority. 9 They're the ones who go out and sell your 10 debt to investors, and they're, you know, 11 looking at how to sell the debt, which is easiest 12 for them to sell the debt, not necessarily what is 13 best for the authority. 14 So their job is to develop -- help in 15 developing the financial plan, and, if it's an 16 underwriter with a public offering, then providing 17 comments and input on the offering document and 18 ultimately upon the sale of purchased bonds from 19 the authority as the intermediary with the 20 bondholders or that the bank actually funds the 21 loan. 22 Next slide. 23 Underwriter counsel or bank counsel -- 24 this is counsel for that underwriter or the 25 lending institution.</p>	<p>1 per se. 2 However, if the other board members are 3 here, due to some information, I need to go ahead 4 and ask that we schedule what is effectively an 5 emergency meeting on Monday. 6 Dwayne, I'll need you to help coordinate and 7 get the notices out. 8 But, board members, are you able to make an 9 emergency meeting Monday? 10 MR. REID: It appears everyone's muted. 11 COMMISSIONER HOROVITZ: I'm sorry. 12 I can make Monday work. Whatever is good for 13 you. 14 Commissioner Brock is in the room. 15 Commissioner Rogers and Green are on. 16 Ms. Hodges, we need three people to agree. 17 We were taking about it earlier before 18 Commissioner Walker joined, but they need to 19 verbally agree to it; is that right? 20 MS. HODGES: Right. 21 I mean, through the Chair, at this point, 22 actually, that was when the members were going to 23 call a special meeting. The Chair can call an 24 emergency meeting. So I think, at this point, 25 it's really just scheduling.</p>
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<p>1 Again, they are looking out for the 2 interest of the underwriter or the lender. 3 In this situation, getting -- negotiating for the 4 best terms, that they won't -- if it's an 5 underwriter, then they're also going to be looking 6 to some extent over the underwriter's shoulder to 7 make sure the underwriter is complying with any 8 necessary public offering rules imposed through 9 the SEC or the MSRB, Municipal Securities Rule 10 Making Board, failure with the SEC. 11 But they are also going to be reviewing 12 all of the bond documents -- another set of eyes 13 -- and they may or may not be preparing an 14 opinion for their client on various matters. 15 That opinion would not be running to the benefit 16 of the authority. 17 So we have just downloaded a lot of materials 18 in the last hour to you. I want to open it up for 19 questions from anybody. 20 (no response) 21 MR. REID: Do any of the board members have 22 any questions? 23 (no response) 24 CHAIRMAN WALKER: Good afternoon, Bob. 25 This is Chris Walker. It's not a question,</p>	<p>1 The Chair has, you know, given his intent. 2 Ms. Brock is there. 3 I don't know if you can hear us. 4 COMMISSIONER BROCK: Yeah. I could. 5 My mike was muted. I'm sorry, and I was also 6 checking my calendar. Yeah. I think I'm 7 available Monday. 8 MS. HODGES: Yes. So, through the Chair -- 9 Chris I mean, at this point, I don't know -- 10 I don't see Andre on the line. I think Hank might 11 still be on the line, but, at this point, 12 it's scheduling. 13 I mean you stated your intent as the Chair to 14 call the emergency meeting on Monday. So you can 15 leave it to staff, if you want. 16 I know Heather had a hard stop at 2:00. 17 I just don't know if these other members online 18 virtually can hear. 19 COMMISSIONER ROGERS: I can hear. 20 I apologize. I was trying to take myself off of 21 mute as I was coming out of a billing, but I can 22 make myself available depending on the time that 23 is set before us. So, if we have some kind of a 24 time frame so I can try to move things around, 25 that would be helpful.</p>

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<p>1 CHAIRMAN WALKER: Commissioner Rogers, 2 Commissioner Horovitz, Commissioner Green, 3 Commissioner Brock, would morning be doable? 4 Say even earlier, 8:30, if necessary, 5 or would you prefer afternoons? 6 Can you-all hear me? 7 COMMISSIONER BROCK: Yes. I was fixing to 8 answer you, Mr. Chair. Probably around -- 9 I'm thinking maybe around, for me, 9:30. 10 I mean I can do afternoon, too, but I was just 11 saying as far as morning. 12 MS. HODGES: Through the Chair, I think 13 Andre, Board Member Andre, is saying that he is 14 muted. I don't know why he's muted. If somebody 15 can unmute him. But he is saying he can make a 16 9:00 a.m. or 8:30 a.m. on Monday. 17 COMMISSIONER HOROVITZ: 9:00 is good for me, 18 and, if 8:30 is better, that's also good. 19 But morning would be better. 20 CHAIRMAN WALKER: Why don't we go ahead and 21 pencil it for ... 22 Commissioner Rogers, does that time work for 23 you? 24 COMMISSIONER ROGERS: Yes. I can do it at 25 nine o'clock or 8:30, 8:30 or nine o'clock.</p>	<p>1 organization and to the board? 2 That would be helpful. 3 MR. REID: Yes. We'll see what we can put 4 together for you. 5 COMMISSIONER HOROVITZ: Thank you. 6 MR. REID: Are there any particular risks or 7 exposure you're concerned with or just general 8 trying to figure out what it is I'm getting into? 9 COMMISSIONER HOROVITZ: I think that we're 10 past that. You know, I just want to see all of 11 the lines in between the bullets. I would just 12 like to be as informed as possible. 13 Thank you. 14 MR. REID: Certainly. 15 Did I see a question flash up on the 16 screen by someone? 17 COMMISSIONER HOROVITZ: Yes. 18 Commissioner Green had a question. 19 The question is, "What are some best 20 practices as a board member we should follow?" 21 MR. REID: Maybe I'll let Jason address that 22 from the disclosure standpoint, but I think, 23 in general terms, following and delving into and 24 making sure you understand some of the questions 25 or the topics that we were going through when</p>
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<p>1 CHAIRMAN WALKER: Well, why don't we schedule 2 it for 8:30. I know it's an emergency so people 3 have their day planned. 4 Commissioner Brock, I'd really appreciate 5 it if you could make yourself available, 6 but let's call the emergency meeting for 8:30 on 7 Monday, please. 8 MS. HODGES: And, through the Chair, 9 just, you know, pursuant to your bylaws, 10 you've got to state in the meeting, you know, 11 with specificity the purpose for the meeting, 12 but I'll work with you on that since you're 13 calling the meeting. 14 CHAIRMAN WALKER: Thank you. 15 COMMISSIONER HOROVITZ: I have a bond 16 question, if that's okay. 17 MR. REID: Absolutely. 18 COMMISSIONER HOROVITZ: I would be interested 19 in looking at some additional details. This is 20 pretty high-level. 21 MR. REID: Yes. 22 COMMISSIONER HOROVITZ: Can you share with 23 Dwayne or somebody on the staff some good 24 resources that we can really dig into some more so 25 we can really understand the risk to the</p>	<p>1 you're talking about going into financing of 2 making sure you understand all the whys and 3 wherefores of undertaking a particular project and 4 how it's going to be financed and how it's going 5 to fit into your overall financial position as 6 well as mission of the authority. 7 MR. BRETH: Yes. From a disclosure counsel 8 standpoint, you know, one of the things I talked 9 about, you know, about speaking to the public 10 when you're in the market, I think if you're just 11 cognizant of the financings and Financial Plans 12 that the housing authority is doing. 13 And, when you are speaking to the market, 14 when there is an Official Statement on the street, 15 that you're familiar with the contents of that and 16 the -- and, when you are speaking at meetings, 17 when you're speaking at conferences or newspaper 18 articles or things of that nature, that you're 19 just aware that you're out in the market and that 20 you're not contradicting what is said in that 21 Official Statement that would cause an investor 22 concern. 23 Sometimes political speech is different from 24 what is spoken by the authority in the Official 25 Statement. Those things don't always mesh</p>

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<p>1 together, and that's when you can get the 2 authority in trouble and cause some issues. 3 And I believe we're going to be working on 4 some policies and procedures on the disclosure 5 side, and, once we prepare those and the authority 6 approves them, that will lay out in detail some 7 best practices in the disclosure side of things. 8 But mainly just being familiar with what's going 9 on in the contents of the Official Statement. 10 MR. REID: Did that address the question 11 sufficiently? 12 COMMISSIONER HOROVITZ: Jason, what is the 13 timeline of your getting that over to us? 14 MR. BRETH: The policies and procedures? 15 COMMISSIONER HOROVITZ: Uh-huh. 16 MR. BRETH: Yes. I don't know if we have a 17 set time frame for that. I think really before we 18 post that first POS would be a good time in which 19 to have it done. 20 So I would probably say early part of January 21 to consider at one of those board meetings. 22 I think we need to also -- I think, wherever we 23 left off last time, there are different ways to do 24 it. 25 Some folks -- some issuers will do a formal</p>	<p>1 (no response) 2 MS. HODGES: Okay. 3 COMMISSIONER ROGERS: Because it is a 4 workshop, do we need a motion to adjourn? 5 Because it's a workshop. 6 MS. HODGES: No. 7 I just didn't want to take over and lead 8 the meeting, Hank. 9 You know, anybody -- on behalf of Chris, 10 there are no closing comments from any of the 11 other board members? 12 (no response) 13 MS. HODGES: No closing comments. 14 Then we can close out this meeting. 15 COMMISSIONER HOROVITZ: Thank you-all. 16 MS. HODGES: Thank you. 17 MR. REID: Thank you. 18 MR. BRETH: Thanks, everyone. 19 (Whereupon, the proceedings in the 20 above-titled cause concluded at 2:13 p.m.) 21 --- 22 23 24 25</p>
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<p>1 policy and procedure process, and like, 2 for example, for school districts, that requires 3 certain types of special notices and meetings to 4 do full-blown procedures like that. 5 And others will kind of do like a president 6 or CEO or executive director type like 7 promulgation of policies and procedures at the 8 staff level as opposed to the board level. 9 So, depending on timing constraints and how 10 official we need to be, we can work with Lawsikia 11 to figure out the best approach there, but the 12 content is always the same. 13 MS. HODGES: Okay. Chris, do you want to -- 14 I know Dwayne -- the agenda -- is the workshop the 15 only thing on the agenda? 16 Correct? 17 CEO: Yes. That's correct. 18 MS. HODGES: So I'll turn it over to Chris as 19 the Chair. 20 Chris? 21 (no response) 22 MS. HODGES: Maybe Chris is not with us. 23 Andre? 24 Does anybody want to close us out of this 25 meeting?</p>	<p>1 CERTIFICATE 2 STATE OF FLORIDA) 3 COUNTY OF DUVAL) 4 I, Carol DeBee Martin, Certified Court 5 Reporter and Notary Public, certify that I was 6 authorized to and did stenographically report 7 to the best of my ability the foregoing proceedings 8 and that the transcript is a true and complete record 9 of my stenographic notes. 10 Dated this 21st day of December, 2023. 11 12  13 14 Carol DeBee Martin 15 Notary Public State of Florida 16 My Commission: HH 038064 17 Expires: 12-29-2024 18 19 20 21 22 23 24 25</p>