

AUDIO OF JAX HOUSING MEETING

ATTENDEES: Heather Horovitz, Finance Committee Chair
Andre Green
Christopher Shoup
Harriet Brock
Dwayne Alexander, CEO
Denis Lohr, CFO

TRANSCRIBED BY: HEATHER RANDALL, RPR, FPR
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1 (Beginning of audio recording.)

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3 MS. HOROVITZ: Good afternoon. It is 2:00 my
4 time. We will call the meeting to order.

5 Is there any public comment?

6 And there is no one online?

7 (Simultaneous speaking.)

8 (Unintelligible.)

9 MS. HOROVITZ: From my knowledge, do we not
10 do open meeting anymore?

11 MR. ALEXANDER: What do you mean?

12 MS. HOROVITZ: Like, I think when we first
13 started, it was still, like, closer to COVID, and
14 it was requirement. But we aren't required to put
15 meetings online anymore?

16 MR. ALEXANDER: She's online.

17 MS. HOROVITZ: I mean, like, for the public?

18 MR. ALEXANDER: No. We just have it open.

19 MS. HOROVITZ: Okay. All right. Hearing
20 none, then we will move on to the approval of last
21 meeting's minutes.

22 MR. GREEN: There's three of us here, motion
23 to approve.

24 MR. SHOUP: I second.

25 MS. HOROVITZ: All right. All in favor of

1 approving?

2 THE BOARD: Aye.

3 MS. HOROVITZ: Hearing no opposition, I
4 apologize, it's been a very long week already,
5 meeting minutes are approved.

6 Next item, financial overview.

7 Mr. Lohr?

8 MR. GREEN: Can I ask a question before you
9 get started?

10 MR. LOHR: Yes.

11 MR. GREEN: Can we have you stand up there
12 where we can see the screen and you at the same
13 where we're not spinning back and forth. It's on
14 wireless. Does that mess up everything or just --
15 I'm not trying to wreck everybody's world. But
16 it's like -- I get weird, like, spin, spin, spin.

17 MR. LOHR: We're open to new things here.

18 Good afternoon commissioners. We're looking
19 at our financial statement as of February 2023.
20 We're into the fifth month of our fiscal year.

21 And looking at our net operating income by
22 source, for the month we have 1,131,790. And year
23 to date we have 3,802,665, net income. So we're
24 doing very good overall.

25 Looking at our central office, we've added

1 some different graphics in here.

2 MS. HOROVITZ: Dennis, I don't want to cut
3 you off, but can I -- I'm sorry. This is great,
4 and I think it's absolutely in the right direction.
5 I was going through the slides and looking at the
6 data behind them.

7 MR. LOHR: Yes.

8 MS. HOROVITZ: Can you help me understand the
9 green bar?

10 MR. LOHR: Yes.

11 MS. HOROVITZ: Is that just a trend line or
12 is that the actual --

13 MR. LOHR: So the green bar is our budget?

14 MS. HOROVITZ: Okay.

15 MR. LOHR: So for fiscal year 2023, we're up
16 here. For fiscal year 2022 we're down here.

17 MS. HOROVITZ: So --

18 MR. LOHR: So for light blue, we're right
19 here. For the dark blue, we're right here.

20 MS. HOROVITZ: So '22 -- the first dark blue
21 bar is our actuals, and the green -- so we're right
22 on budget there in October?

23 MR. LOHR: Yes.

24 MS. HOROVITZ: Okay.

25 MR. LOHR: Yes. And then in November we're

1 slightly ahead. December we're slightly ahead.
2 January we're just under. And then February we're
3 just under.

4 MS. HOROVITZ: I think it's absolutely in the
5 right direction. I would like to make a change. I
6 was working with data and can I send it to you?

7 MR. LOHR: Yes, absolutely.

8 MS. HOROVITZ: I think there are just some
9 slight things.

10 MR. LOHR: Okay.

11 MS. HOROVITZ: Stacking the bars closer
12 together, making it a little bit more clear where
13 that trend line is.

14 MR. LOHR: Yes.

15 MS. HOROVITZ: I think that would be really
16 nice and perfect.

17 MR. LOHR: Okay.

18 MS. HOROVITZ: Commissioner Shoup, you had
19 feedback also?

20 MR. SHOUP: This is good, yeah.

21 MS. HOROVITZ: Okay. Great. And as we're
22 going, please -- we talked in our last board
23 meeting about the kinds of things that we'd like
24 Mr. Lohr to be sharing with the whole group. So
25 keep that in mind so we can have a more productive

1 meeting when we're all together. Thank you.

2 MR. LOHR: So for the central office, our
3 revenue for February is just under our budget,
4 about \$25,000 or so.

5 Looking at our expenses, we are under budget.
6 We've been trending under budget for the past two
7 years. A couple of months we're really close to
8 it, but we're generally below budget with our
9 expenses.

10 And looking at our public housing, our
11 budget's actuals -- our actuals are higher for the
12 month. We're still doing very well, typically
13 trending right at or above our budget.

14 And then for our expenses, we're down a
15 little bit. And you see February '22, that was a
16 very large spike. That was related to our Jax
17 Beach property and some additional funding that
18 received that month.

19 Looking at our Housing Choice Voucher
20 program, our current month we're doing very well.
21 We received some extra funding from admin fees for
22 that. We also, in this graph, are showing the mod
23 rehab units and our single-remodel units.

24 And then for our expenses, the same thing,
25 we're trending a little bit higher, but it includes

1 some additional information in there. But our
2 operations overall are doing very well.

3 And then for our Gregory West property, we're
4 right on track with our budget so that property is
5 doing very well.

6 And for our expenses, you will see in
7 December of '21 and December of '22 there is a
8 spike in our budget for expenses. We were just
9 getting higher expenses that month, as shown by the
10 additional graph. Overall, we're right on track
11 with our expenses.

12 And for Brentwood Park property, again, our
13 operating revenue is right on track with our
14 budget, so we're doing very well.

15 And for our --

16 MR. SHOUP: Can we go back to that one real
17 quick?

18 MR. LOHR: Yes.

19 UNIDENTIFIED SPEAKER: I see February has a
20 substantial drop in budget, what's the factor for
21 that?

22 MR. LOHR: Well, let me take a look at that
23 and just verify I have answer for you by the end of
24 the board meeting.

25 UNIDENTIFIED SPEAKER: No problem.

1 MR. LOHR: And for our expenses, we're right
2 on track for budgeting, about \$205,000 this year
3 for expense. We ended up in February at 171,000,
4 so that's pretty good.

5 Overall, our estimated preserves at the end
6 of the month were just over 55 million dollars. So
7 our reserves are very healthy; although, as
8 reserves, we have about 20 million that are
9 unrestricted.

10 And then every month we look at our quick
11 ratio --

12 MS. HOROVITZ: I'm sorry, Dennis, can we go
13 back? What do we include in other
14 grants (unintelligible) amendment?

15 MR. LOHR: I'll have to check on that.

16 MR. ALEXANDER: Which one is that? Other
17 grants?

18 MR. LOHR: Other grants.

19 MR. ALEXANDER: So I believe that would be --

20 MR. LOHR: Capital funds?

21 MR. ALEXANDER: No. It would be some of the
22 advances that we received.

23 MR. LOHR: Okay.

24 MR. ALEXANDER: The job (unintelligible) we
25 receive 2.5 million dollars. We received a million

1 at one point from of the Lead Grant. We received
2 \$500,000 for another grant, I want to say FSS,
3 somewhere in there. Yeah. So some grants -- we've
4 received some grant money. Most of them from HUD.
5 All of the money from HUD. We received very little
6 from the city.

7 MS. HOROVITZ: So can you help me understand
8 why it's negative there?

9 MR. LOHR: The negative shows that we've
10 spent money in that grant. We have a receivable.

11 MS. HOROVITZ: Okay.

12 MR. LOHR: That drops down to the next line.

13 MS. HOROVITZ: Okay. And just because of my
14 inexperience, how often is that being funded by
15 HUD? Is it monthly?

16 MR. LOHR: They fund the grants for the
17 special grants, which are mostly resident services.
18 We have one grant that's funded every three years
19 and one that's funded on an annual basis.

20 MS. HOROVITZ: If I were to dig into that
21 line, is that somewhere else where it shows timing
22 and amounts of each of the grants per year, or how
23 do you -- it's consolidated. Where is it broken
24 out?

25 MR. LOHR: I don't know if we have it in any

1 of our reports that it's broken out specifically.
2 It's generally included with the public housing
3 operations, where exactly we used.

4 MS. HOROVITZ: Do you track timing of HUD
5 disbursements somewhere else, just like in general,
6 not just --

7 MR. LOHR: In the general ledger.

8 MS. HOROVITZ: Okay.

9 MR. LOHR: And HUD gives us -- all of our
10 capital fund grants are four-year grants.

11 MS. HOROVITZ: Okay.

12 MR. GREEN: So that gives us two years to
13 obligate four years to expend, so we keep track of
14 it that way.

15 MS. HOROVITZ: And then you said if you don't
16 spend, there's a recapture?

17 MR. LOHR: Yes.

18 MS. HOROVITZ: Thank you.

19 MR. LOHR: You're welcome.

20 So our quick ratio and our MENAR for Victory
21 Point and Riviera, they're leading right now with
22 our quick ratio at 23, and also our average MENAR
23 now is up 14.65 days, so we're up to almost 15
24 months of operations.

25 Looking at our RAD properties, starting with

1 the Waves, we're right an track with our income.
2 We ended February with \$145,104. And our expenses
3 of were under budget at 51,649.

4 And for Centennial Towers, our operating
5 revenue was right on track at 149,361. And our
6 expenses are right on track also, a little high,
7 but at 87,287, but very close to budget.

8 And then for Hogan Creek, we're doing very
9 well. We're slightly above budget on our revenue.
10 So that's good after last year where we had lower
11 revenue. All of the work was complete on that.

12 And for our expenses we're trending just a
13 little bit high, about \$20,000 above budget.

14 Any additional questions?

15 MS. HOROVITZ: I have one question. Going
16 back to what we were just talking about, in the
17 history of the Housing Authority, has there ever
18 been a recapture?

19 MR. ALEXANDER: No, not that I'm aware of.

20 MS. HOROVITZ: Okay.

21 MR. ALEXANDER: But in the industry, I'm very
22 familiar --

23 MR. HOROVITZ: Okay.

24 MR. ALEXANDER: -- with (unintelligible)
25 coming back to recapture the money.

1 MS. HOROVITZ: Okay. So it's not probably
2 necessary for us to look at that more closely with
3 more --

4 MR. ALEXANDER: No.

5 MS. HOROVITZ: Okay. Thank you.

6 Any other commissioners?

7 Thank you.

8 MR. LOHR: Thank you.

9 MS. HOROVITZ: Ms. Johnson, do you have any
10 comments?

11 Do any commissioners have any questions or
12 comments?

13 MR. GREEN: Through the Chair, so the -- our
14 free cash reserve is what the central office,
15 right, the 10.4 -- 10.45 and everything else is
16 earmarked, correct, for those properties or --

17 MR. ALEXANDER: Say that again.

18 MR. GREEN: The central office at 10.5 -- the
19 10.45, that's what we'll use for down payments?

20 MR. ALEXANDER: We would use unrestricted
21 cash.

22 MR. GREEN: Yes. That's our unrestricted
23 cash, isn't it, right?

24 MR. ALEXANDER: Yes. We have about 20
25 million unrestricted cash.

1 MR. GREEN: So where is the other 9? What
2 line item is that coming from?

3 MR. ALEXANDER: Where is the other 9 of the
4 20 --

5 MR. GREEN: Yes.

6 MR. ALEXANDER: With the whole
7 (unintelligible), there's about 20 million dollars
8 in unrestricted cash.

9 MR. GREEN: Got you.

10 MR. ALEXANDER: So if we're using 9 of it,
11 then the residential would be right in that same
12 category. But overall we have about 50 -- there is
13 about 50-million dollars in reserves.

14 MR. LOHR: 55 million in reserves.

15 MR. ALEXANDER: 55 million. And about 30 of
16 that is restricted.

17 MR. LOHR: Right.

18 MR. GREEN: Okay.

19 MR. ALEXANDER: If that makes sense.

20 MR. GREEN: Yes. No -- that -- yes. That
21 55.30. So what -- so what I don't see here,
22 where's the 20 million unrestricted -- or what's
23 considered unrestricted? I know the central office
24 is unrestricted. What else is unrestricted?

25 MR. LOHR: Affordable housing is considered

1 unrestricted and then our other business
2 activities, Brentwood, the Rad entities, our
3 special purpose entities.

4 MR. GREEN: Okay.

5 MR. ALEXANDER: Yeah. And the money gets
6 generated through -- typically it'd be used to go
7 through HUD. They used to just give the Housing
8 Authority money, and the Housing Authority would
9 disburse the money back out to the sites.

10 But when they did an audit, they found out
11 that these Housing Authorities were looking like
12 palaces and the sites weren't looking like
13 anything. So now they put the money out at the
14 site. And the only way the Central Cost Center was
15 to generate any money is through managing fees, the
16 bookkeeping fees. So that's how you generate the
17 money and it'd become unrestricted cash.

18 MS. HOROVITZ: Commissioner?

19 MS. BROCK: (Unintelligible) I know we didn't
20 have this on the agenda, but I remember we were
21 discussing about the bonds. And I know we were
22 going to use the bonds -- through the Chair to
23 Mr. Alexander, I know we were going to use the
24 bonds to purchase the properties and develop the
25 properties as well; right?

1 MR. ALEXANDER: Uh-huh.

2 MS. BROCK: So do we have -- are you bringing
3 us a date back when we actually got to start, like,
4 making a payment on those bonds?

5 MR. ALEXANDER: No. We are going through a
6 whole process. We are looking to close on our
7 second deal hopefully by tomorrow.

8 MS. HOROVITZ: Is that the Chase deal?

9 MR. ALEXANDER: Ma'am?

10 MS. HOROVITZ: Is that Chase or is it the
11 additional ten houses from JWB?

12 MR. ALEXANDER: No. We haven't -- we are
13 still working with JBW [sic]. We've been a little
14 preoccupied with the Normandy bill going back with
15 some of the concerns that we have, that -- we're
16 through.

17 Hopefully we will be able to close on that
18 deal tomorrow. And once closing on that deal
19 tomorrow, we will bring back to the board a
20 resolution. Because you have about 60 days after
21 you close on those deals before you have the
22 ability to even issue bonds. But the bonds are
23 basically just to provide the debt finance for
24 these deals. So we will come back to the board
25 once we get these deals to that point.

1 MS. HOROVITZ: Do you have a question? I
2 have a question?

3 The JWB deal that we signed a few weeks ago
4 was not funded by bonds.

5 MR. ALEXANDER: No. We -- we -- we haven't
6 bond off 50 properties. We gave a down payment on
7 those properties, which came out of unrestricted
8 cash.

9 MS. HOROVITZ: Right.

10 MR. ALEXANDER: And the same with the deal
11 tomorrow, it will come out of our unrestrictive
12 cash. Once we issue the bonds, we will include the
13 money that we put out and that financing and recoup
14 the money back once the bond is issued.

15 MS. HOROVITZ: Okay.

16 MR. SHOUP: If I may, if I remember
17 correctly, folks, correct me if I'm wrong, we
18 wanted to close on both the Chase property and all
19 of JWB closings to do one round of bonds to save on
20 the fees and such for doing the round of bonds. So
21 only having, what 20 -- I want to say I ran into
22 Alex Sifakis at lunch today, and he ecstatic
23 that -- with our -- still with our partnership and
24 it ongoing. But I know we only have the 20 and
25 still trying to close on the last few --

1 MR. ALEXANDER: Yes.

2 MR. SHOUP: -- and getting them finalized.
3 It may take little bit before we can issue the
4 bonds.

5 MS. HOROVITZ: No. And that makes sense. I
6 think the last time we were all together we --
7 there were some conversation around how we were
8 actually financing the deals. I didn't realize
9 that we hadn't closed out right on the 20
10 properties. But that makes sense to me now.

11 MR. SHOUP: I would just add to that Alex did
12 tell me that some of his investment people he's
13 been talking to, when he told them that he's doing
14 this with a Housing Authority, they were just in
15 shock and awe. And we're basically going to be
16 looked as a national model now for this type of
17 idea of public/private partnership. So that's
18 going to be a great thing for the Housing Authority
19 going forward.

20 MR. ALEXANDER: I just had a discussion with
21 our general counsel, Ms. Hodges, and that they are
22 going to start reaching out to us trying to figure
23 out how did we put ourselves in a position to do
24 deals like this, such as the one we're doing.

25 MS. HOROVITZ: Okay.

1 Did you have any other questions about the
2 bonds, Commissioner?

3 MS. BROCK: Huh-uh, not right now.

4 MS. HOROVITZ: Does anyone else have any
5 comments or questions?

6 MR. GREEN: So we're closing on the land
7 tomorrow?

8 MR. ALEXANDER: Yes.

9 MR. SHOUP: Sorry, Lane or -- I thought it
10 was Normandy.

11 MR. ALEXANDER: Land.

12 MR. SHOUP: Land. I thought you said close
13 on Lane --

14 (Simultaneous speaking.)

15 MS. HOROVITZ: I said Lane too. It was a
16 poor question.

17 MR. SHOUP: I'm like, whoa, we have something
18 going on Lane Avenue now.

19 MS. HOROVITZ: Yeah.

20 MR. ALEXANDER: Yeah. We have a couple of
21 others deals that we are looking to bring down the
22 road. Typically -- everybody had this discussion
23 that typically these new deals, the first time
24 going through, it's been very cumbersome for
25 everyone, you know, get the gesture toured (check).

1 We mentioned that we -- once we get through
2 these and actually have the process down, those are
3 the ones that will be coming through a little bit
4 faster. We do have some in the pipe, but it's
5 early on those deals. You know, vetting out, doing
6 the performance on them, and working with our
7 financial advisor, and all of that will be coming
8 to the acquisition committee once we get our side
9 of the deal straightened out, in terms of us doing
10 the scoring with the rubric scorecard and going
11 through the financial people.

12 After we go through that process, then we
13 will bring it to the acquisition committee. We
14 have them. We know the deals. We like them. But
15 we -- we've got too many other things going on
16 right now. We want to get these through the tunnel
17 first.

18 MS. HOROVITZ: And you said you had a lot of
19 deals coming through the --

20 MR. ALEXANDER: Yes. We have some very
21 interesting and very, very profitable deals coming
22 through that we are looking at, just preliminary,
23 not going through other, you know, great detail.
24 But very good deals that we're looking at, seeing
25 the financial analysis -- I mean, the financial

1 advisor. We will bring it to the committee --
2 acquisition committee to see what their opinion is
3 on it.

4 MS. HOROVITZ: Does the Housing Authority
5 have any goals of -- geographically around
6 Jacksonville where we want to really focus
7 development? I know we want to have diverse
8 options, you know, some of -- you know, the 32256
9 ZIP codes. But I know there are lots of
10 opportunities, like, on the Eastside and there are
11 areas that I think there is a lot of other
12 activity, like Springfield, for example, where --
13 are we looking at deals -- it is not on the rubric
14 scoring or anything that we would prioritize them.
15 But are we looking at deals there specifically?

16 MR. ALEXANDER: Yes. Very good point. We
17 have -- we are looking at possibly two deals on the
18 Eastside. Both of them look pretty good on our
19 end. One of them we had to go back and look at it
20 from a different perspective. But there are some
21 good opportunities on the Eastside, yes.

22 MS. HOROVITZ: Commissioner?

23 MS. BROCK: Ms. Chair.

24 So, Mr. Alexander, I hear you say that we're
25 closing on the property on Normandy tomorrow?

1 MR. ALEXANDER: Yes.

2 MS. BROCK: When do -- do you know when we
3 will start those -- the construction of the
4 buildings -- I mean, you know, the units? Do know
5 when they will start building?

6 MR. ALEXANDER: I will say probably a year
7 out.

8 MS. BROCK: A year out.

9 MR. ALEXANDER: Probably a year out. And
10 that's why -- when we look at these deals, we're
11 looking two ways. When we look at a deal, we want
12 to acquire through the acquisition committee some
13 existing units, provided that we can have a level
14 of affordability there so we can actually purchase
15 it or renovate it and have units in hand. And then
16 when we're on the backend, we are looking at doing
17 some development.

18 So similar to the JWB, we acquire some
19 brand-new existing units, which we're doing
20 extremely well with them. At the same time we're
21 looking to develop some units on the other side of
22 Chase. So we want to keep that combination of
23 acquisition and development.

24 MS. BROCK: Okay.

25 MR. ALEXANDER: Then that way you're not --

1 you've got this vision of putting all of these
2 units out, but we are two or three units out and we
3 still have people suffering today.

4 MS. HOROVITZ: Commissioner?

5 Are there any other comments or questions?

6 MR. GREEN: Whatever happened with the
7 land -- not the land, the maintenance, the lawn
8 maintenance situation?

9 MR. ALEXANDER: We took that off the agenda.
10 And we --

11 MR. SHOUP: Mr. A, would it be fair to say
12 the contractor withdrew their request for increase
13 in their cost?

14 MR. ALEXANDER: That is 100 percent correct.

15 MR. Shoup: There you go.

16 MR. ALEXANDER: Thank you for that.

17 MR. SHOUP: Now, we probably won't -- they
18 probably will not agree to the next renewal --
19 one-year renewal option, so we will have to be done
20 with it then. But it will be dealt with again at
21 their time of when their contract actually comes
22 up.

23 MR. GREEN: Nice.

24 MR. SHOUP: I think they are very much aware
25 that if they don't like the price on the contract,

1 they should not sign the contract.

2 MS. HOROVITZ: I think that's a great
3 resolution. I know we all wrestled with that a
4 little bit.

5 Have we learned from that experience about
6 how we might want to negotiate differently so we're
7 not in that position again?

8 MR. ALEXANDER: Yes. That specific item has
9 been the root of several city and staff meetings on
10 how we should go about presenting issues to the
11 board. It was a good learning lesson for all of
12 us.

13 MS. HOROVITZ: Absolutely. Thank you.

14 MR. SHOUP: Sorry.

15 MS. HOROVITZ: No. It was great.

16 Commissioner Green, do you have any final
17 comments?

18 MR. GREEN: No.

19 MS. HOROVITZ: With that, there is no need to
20 meet longer than we need to meet. So the meeting
21 is adjourned.

22 (End of the audio recording.)

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CERTIFICATE OF REPORTER

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STATE OF FLORIDA)
COUNTY OF DUVAL)

I, Heather Randall, Stenograph Shorthand Reporter,
and Notary Public, do hereby certify that I was
authorized to and did stenographically report the
foregoing audio recording to the best of my ability; and
that the foregoing pages 1 through 23, inclusive, are a
true and complete record of my stenographic notes.

I further certify that I am not a relative or
employee of any of the parties, nor am I a relative or
counsel connected with the parties' attorneys or counsel
connected with the action, nor am I financially
interested in the outcome of the action.

Dated April 7, 2023.

Heather Randall
Heather Randall
CERTIFIED COURT REPORTER

