LAND AUTHORITY GOVERNING BOARD
AGENDA ITEM SUMMARY

Meeting Date: February 15, 2012 **Division:** Land Authority

Bulk Item: Yes __ No _X_ **Contact / Phone #:** Mark Rosch / 295-5180

Agenda Item Wording: Approval of a subordination agreement to allow the Housing Authority of the City of Key West to refinance the existing mortgage for Roosevelt Gardens Apartments.

Item Background: Roosevelt Gardens is a 96-unit affordable rental housing development located at 2661 North Roosevelt Boulevard in Key West. The Land Authority purchased the site as undeveloped land in 1998, imposed affordable housing deed restrictions, and transferred title to the Housing Authority of the City of Key West (KWHA) in 2000. Also in 2000, the Florida Housing Finance Corporation (FHFC) provided pre-development funding to KWHA and imposed affordable housing restrictions of its own via a land use restriction agreement. In 2002 KWHA received an $11,850,000 mortgage loan from First Housing Development Corporation of Florida to finance construction of the apartments. As a condition of issuing the loan, the lender required both the Land Authority and FHFC to subordinate their respective restrictions to the lender's mortgage.

KWHA now proposes to refinance with a $9,410,000 mortgage loan amortized over 25 years with a fixed rate of 4% for 10 years and no servicing fee from First State Bank of the Florida Keys. The new loan will save KWHA $136,356 per year. As was the case with the prior lender, the new lender is requiring both the Land Authority and FHFC to subordinate their respective restrictions to the lender's mortgage. FHFC has agreed to do so. Staff views the risk of default to be lower under the proposed refinancing than the original loan because the property is now developed and has an established cash flow and because the new loan amount and associated monthly payments are lower.

Included in the agenda documentation are a memo from KWHA, the proposed subordination agreement with First State Bank, and the previous (2002) subordination agreement with First Housing.

Advisory Committee Action: On January 25, 2012 the Committee voted 5/0 to approve the proposed subordination agreement.

Previous Governing Board Action: On August 21, 2002 the Board approved subordinating the Land Authority's deed restrictions to the $11,850,000 First Housing mortgage.

Contract/Agreement Changes: N/A

Staff Recommendation: Approval

Total Cost: $ N/A **Indirect Cost:** $_____ **Budgeted:** Yes ___ No ___.

Cost to Land Authority: $ N/A **Source of Funds:**

Approved By: Attorney _X_ County Land Steward ___.

Documentation: Included: _X_ To Follow: ___ Not Required: ___.

Disposition: _____ Agenda Item ____

Housing Authority of the City of Key West, Florida

To: Monroe County Comprehensive Plan Land Authority (MCLA)

From: J. Manuel Castillo, Sr., Executive Director

Pc: MCLA Advisory Committee

Date: January 5, 2012

Re: Roosevelt Gardens Housing Complex

EXECUTIVE SUMMARY

Agenda Item:
Consideration of an agreement to subordinate deed restrictions to a new mortgage to be given to First State Bank of the Florida Keys in order to refinance the existing mortgage.

Background:
On January 12, 2000, The Housing Authority of The City of Key West took title to said real property from Land Authority by virtue of a Warranty Deed. The deed restrictions contained in the warranty deed are subordinated to the existing mortgage held by First Housing Development Corporation of Florida per a Subordination Agreement dated December 18, 2002.

Action Statement:
The Housing Authority has secured funding that will assist in sustaining the property's affordability through permanent long term financing. This lender, as did the previous lender, requires the subordination of the deed restrictions.

The Housing Authority considered two options:

1. Extension of the existing bond (Short Term – 3yrs fixed rate with Servicing Fee)
2. Private placement of new bond (Long Term – 10 yrs fixed rate no Servicing Fee)

The Housing Authority has determined that Option 2 is the better option. Details are as indicated below.

Refunding issue:
Issuer: Housing Authority of the City of Key West, Florida
Legal Authority: Chapter 421, F.S.
Bond Issue Name: Multifamily Housing Revenue Refunding Bonds & Roosevelt Gardens
Amount Issued: $9,410,000

Type of Issue: Revenue
Revenue pledged: Net revenue of funded project
Purpose of Issue: Refund outstanding revenue notes
Type of Sale: Negotiated Private Placement – not rated
Sole Purchaser: First State Bank of the Florida Keys
Professionals: Bond Counsel, Bryant, Miller, Olive, P.A.
Financial Adviser – none
Paying Agent – none
Registrar – none
Underwriter – none
No management fee
No private placement fee

Financial Impact:

	Existing	Proposed	Savings
Monthly mortgage payment	$58,294	$48,859	$ 9,435
Monthly servicing fee	$ 1,928		$ 1,928
Monthly savings			$ 11,363
Annual Savings			**$136,356**

SUBORDINATION AGREEMENT

THIS AGREEMENT made this _____ day of _____, 2012, between THE MONROE COUNTY COMPREHENSIVE PLAN LAND AUTHORITY, a land authority under Section 380.0663(1), Florida Statutes, hereinafter referred to as "Land Authority", and FIRST STATE BANK OF THE FLORIDA KEYS, herein referred to as "Lender".

THE PARTIES STIPULATE AND RECITE THAT:

A. On January 12, 2000, THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, hereinafter referred to as "Owner", took title to certain real property from Land Authority by virtue of a Warranty Deed recorded in Official Records Book 1613, Page 1806, of the Public Records of Monroe County, Florida.

B. Owner has executed, or is about to execute, a mortgage and promissory note (or Bond) ("Mortgage") in the amount of Nine Million Four Hundred Ten Thousand Dollars ($9,410,000.00) in favor of Lender, and Land Authority acknowledges that such mortgage is in the best interest of owner.

C. Lender is willing to accept the said mortgage from Owner provided that Land Authority will subordinate the restrictions ("Restrictions") contained in the deed of conveyance referred to in paragraph A above.

For the reasons set forth above, and in consideration of the mutual covenants and promises of the parties hereto, Land Authority and Lender agree as follows:

The deed Restrictions contained in the warranty deed referred to in paragraph A above, pertaining to the real property described on Exhibit "A", attached hereto, shall be inferior to and subordinate to the lien or the claim of Lender under the Mortgage executed by owner, dated _____and recorded _____in O.R. Book _____Page _____ of the Public Records of Monroe County, Florida. The subordination of the Restrictions to the lien of the Mortgage shall have the same force and effect as if the Mortgage had been executed, delivered and recorded prior to the execution, delivery and recording of the Restrictions.

Land Authority shall execute such additional documents as Lender may reasonably require to give effect to this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement at Monroe County, State of Florida, the day and year first above written.

WITNESSES

THE MONROE COUNTY COMPREHENSIVE PLAN LAND AUTHORITY

_____
Sign & Print Name

BY: _____
Kim Wigington, Chairman

_____
Sign & Print Name

THE HOUSING AUTHORITY OF THE CITY OF KEY WEST

_____
Sign & Print Name

BY: _____
Frank Toppino, Chairman

_____
Sign & Print Name

STATE OF FLORIDA
COUNTY OF MONROE

I HEREBY CERTIFY that on this ____ day of February, 2012, before me, an officer duly qualified to take acknowledgments, personally appeared Kim Wigington, to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that he executed the same. Personally known to me ( ) or produced _____ as identification.

_____
Notary Public Signature
My commission expires:

Notary Seal

STATE OF FLORIDA
COUNTY OF MONROE

I HEREBY CERTIFY that on this ____ day of February, 2012, before me, an officer duly qualified to take acknowledgments, personally appeared Frank Toppino, to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that he/she executed the same. Personally known to me ( ) or produced _____as identification.

_____
Notary Public Signature
My commission expires:

Notary Seal

EXHIBIT A
TO SUBORDINATION AGREEMENT

"SUBJECT PROPERTY"

A parcel of land located on the Northerly side of the Island of Key West, Monroe County, Florida, and being more particularly described as follows:

Commencing at the Intersection of the Southwesterly property line of the City of Key West Swimming Pool and the Northwesterly Right-of-Way line of North Roosevelt Boulevard (U.S. Highway No. 1), said point also being the Southeasterly corner of "HILTON HAVEN", according to the plat thereof, as recorded in Plat Book 2, at Page 108, of the Public Records of Monroe County, Florida; thence North 47 degrees 46 minutes 01 second East along the said Northwesterly Right-of-Way line of said North Roosevelt Boulevard for 781.03 feet to the Point of Beginning; thence North 87 degrees 13 minutes 59 seconds West, a distance of 84.85 feet; thence North 42 degrees 13 minutes 59 seconds West, a distance of 288.83 feet; thence North 05 degrees 21 minutes 11 seconds West, a distance of 179.54 feet; thence North 55 degrees 34 minutes 16 seconds East, a distance of 514.75 feet to the Mean High Water Line of the Bay of Florida as located by Task Engineers, Inc., on September 7, 1985; thence meander the Mean High Water Line for the following eleven (11) metes and bounds; thence South 45 degrees 48 minutes 35 seconds East, a distance of 18.69 feet; thence South 45 degrees 51 minutes 37 seconds East, a distance of 42.14 feet; thence South 48 degrees 57 minutes 20 seconds East, a distance of 67.76 feet; thence South 36 degrees 34 minutes 13 seconds East, a distance of 42.38 feet; thence South 47 degrees 17 minutes 59 seconds East, a distance of 40.59 feet; thence South 57 degrees 35 minutes 54 seconds East, a distance of 25.95 feet; thence South 50 degrees 36 minutes 59 seconds East, a distance of 46.76 feet; thence South 41 degrees 04 minutes 04 seconds East, a distance of 78.88 feet; thence South 41 degrees 29 minutes 45 seconds East, a distance of 43.06 feet; thence South 42 degrees 37 minutes 34 seconds East, a distance of 33.76 feet; thence South 06 degrees 34 minutes 11 seconds East, a distance of 4.53 feet to the said North Westerly Right-of-Way line of North Roosevelt Boulevard; thence run along the said Northwesterly Right-of-Way line of North Roosevelt Boulevard for the following Seven (7) metes and bounds; thence South 54 degrees 34 minutes 25 seconds West, a distance of 81.91 feet; thence South 35 degrees 25 minutes 35 seconds East, a distance of 13.00 feet; thence South 52 degrees 01 minute 44 seconds West, a distance of 90.09 feet; thence South 50 degrees 29 minutes 42 seconds West, a distance of 215.11 feet; thence South 37 degrees 28 minutes 46 seconds East, a distance of 2.00 feet to a point on a curve to the left, having a radius of 2021.85 feet, a central angle of 04 degrees 45 minutes 13 seconds, a chord bearing of South 50 degrees 08 minutes 37 seconds West and a chord length of 167.69 feet; thence along the arc of said curve, an arc length of 167.74 feet to the point of tangency of said curve; thence South 47 degrees 46 minutes 01 second West a distance of 22.74 feet to the Point of Beginning.

Together with the Easement created in Official Records Book 1531, Page 1607, of the Public Records of Monroe County, Florida.

MONROE COUNTY
OFFICIAL RECORDS

FILE #1341296
BK#1844 PG#514

SUBORDINATION AGREEMENT

RCD Dec 24 2002 09:20AM
DANNY L KOLHAGE, CLERK

THIS AGREEMENT made this 18th day of December, 2002, between THE MONROE COUNTY COMPREHENSIVE PLAN LAND AUTHORITY, a land authority under Section 380.0663(1), Florida Statutes, hereinafter referred to as "Land Authority", and FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA, herein referred to as "Lender".

THE PARTIES STIPULATE AND RECITE THAT:

A. On January 12, 2000, THE HOUSING AUTHORITY OF THE CITY OF KEY WEST, hereinafter referred to as "Owner", took title to certain real property from Land Authority by virtue of a Warranty Deed recorded in Official Records Book 1613, Page 1806, of the Public Records of Monroe County, Florida, a copy of which is attached hereto as Exhibit "A".

B. Owner has executed, or is about to execute, a mortgage and promissory note in the amount of Eleven Million Eight Hundred Fifty Thousand Dollars ($11,850,000.00) in favor of Lender, and Land Authority acknowledges that such mortgage is in the best interest of owner.

C. Lender is willing to accept the said mortgage from Owner provided that Land Authority will subordinate the restrictions contained in the deed of conveyance referred to in paragraph A above.

For the reasons set forth above, and in consideration of the mutual covenants and promises of the parties hereto, Land Authority and Lender agree as follows:

The deed restrictions contained in the warranty deed referred to in paragraph A above, pertaining to the real property described on Exhibit "A", attached hereto, shall be subordinate to the claim of Lender under the mortgage executed by owner, dated _____ and recorded _____ in O.R. Book _____ Page _____ of the Public Records of Monroe County, Florida.

Land Authority shall execute such additional documents as Lender may reasonably require to give effect to this agreement.

IN WITNESS WHEREOF, the parties have executed this agreement at Monroe County, State of Florida, the day and year first above written.

WITNESSES

Sign & Print Name MARK J. ROSCH

Sign & Print Name Timothy J. McGarry

THE MONROE COUNTY COMPREHENSIVE PLAN LAND AUTHORITY

BY: Murray C Nelson
MURRAY E. NELSON, CHAIRMAN

Witnesses:

Sign & Print Name Randall C. Clement

Sign & Print Name Robert Reid

FIRST HOUSING DEVELOPMENT CORPORATION OF FLORIDA

BY:
Its: Executive Vice President

STATE OF FLORIDA
COUNTY OF MONROE

I HEREBY CERTIFY that on this 18 day of December, 2002, before me, an officer duly qualified to take acknowledgments, personally appeared Murray E. Nelson, to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that he executed the same. Personally known to me (X) or produced _____ as identification.

Notary Public Signature
My commission expires:

Notary Seal

COLLEEN GARDNER
Notary Public - State of Florida
My Commission Expires Jun 20, 2005
Commission # DD035554

FILE #1341296
BK#1844 PG#516

STATE OF FLORIDA
COUNTY OF MONROE

I HEREBY CERTIFY that on this 19th day of December, 2002, before me, an officer duly qualified to take acknowledgments, personally appeared Douglas J. McCrery, to me known to be the person described in and who executed the foregoing instrument and acknowledged before me that he/she executed the same. Personally known to me ( ) or produced _____ as identification.

Linda Kay Arnold
Notary Public Signature
My commission expires: JAN. 22, 2004

Notary Seal

Linda Kay Arnold
Commission # CC 894627
Expires Jan. 22, 2004
Bonded Thru
Atlantic Bonding Co., Inc.

This instrument prepared by:
MEYER & ERSKINE, P.A.
31211 Avenue A
Big Pine Key, FL 33043

EXHIBIT "A"

A parcel of land located on the Northerly side of the Island of Key West, Monroe County, Florida, and being more particularly described as follows: COMMENCING at the intersection of the Southwesterly property line of the City of Key West Swimming Pool and the Northwesterly Right-of-Way Line of North Roosevelt Boulevard (U.S. Highway No. 1), said point also being the Southeasterly corner of "HILTON HAVEN", according to the plat thereof, as recorded in Plat Book 2, at page 108, of the Public Records of Monroe County, Florida; thence N 47°46'01" E., along the said Northwesterly Right-of-Way Line of said North Roosevelt Boulevard for 781.03 feet to the Point of Beginning; thence N 87°13'59" W., a distance of 84.85 feet; thence N 42°13'59" W., a distance of 288.83 feet; thence N 05°21'11" W., a distance of 179.54 feet; thence N 55°34'16" E., a distance of 514.75 feet to the Mean High Water Line of the Bay of Florida as located by Task Engineers, Inc., on September 7, 1985; thence meander the said Mean High Water Line for the following Eleven (11) metes and bounds; thence S 45°48'35"E., a distance of 18.69 feet; thence S 45°51'37"E., a distance of 42.14 feet; thence S 48°57'20" E., a distance of 67.76 feet; thence S 36°34'13" E., a distance of 42.38 feet; thence S 47°17'59" E., a distance of 40.59 feet; thence S 57°35'54" E., a distance of 25.95 feet; thence S 50°36'59" E., a distance of 46.76 feet; thence S 41°04'04" E., a distance of 78.88 feet; thence S 41°29'45" E., a distance of 43.06 feet; thence S 42°37'34" E., a distance of 33.76 feet; thence S 06°34'11" E., a distance of 4.53 feet to the said North Westerly Right-of-Way Line of North Roosevelt Boulevard, thence run along the said Northwesterly Right-of-Way Line of North Roosevelt Boulevard for the following Seven (7) metes and bounds; thence S 54°34'25" W., a distance of 81.91 feet; thence S 35°25'35" E., a distance of 13.00 feet; thence S 52°01'44" W., a distance of 90.09 feet; thence S 50°29'42" W., a distance of 215.11 feet; thence S 37°28'46" E., a distance of 2.00 feet to a point on a curve to the left, having a radius of 2021.85 feet, a central angle of 04°45'13", a chord bearing of S 50°08'37" W., and a chord length of 167.69 feet; thence along the arc of said curve, an arc length of 167.74 feet to the point of tangency of said curve; thence S 47°46'01" W., a distance of 22.74 feet to the Point of Beginning.

MONROE COUNTY
OFFICIAL RECORDS