Florida Housing Finance Corporation

RFA 2018-109

The Quarry II
Monroe County, Florida

APPLICANT:

Quarry Big Coppitt II, LTD.

Submitted to:
Marisa Button
Director of Multifamily Allocations
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

April 16, 2018

COPY

ATTACHMENT 1

Applicant Acknowledgement and Certification

The Applicant affirms that the information and commitments made by the Applicant in its Original Application are still in effect, subject to Rule Chapters 67-48 and 67-21, as applicable.

If awarded funding under this RFA, the Applicant understands and agrees that any withdrawal or return of the Applicant's Active Award means the automatic withdrawal and return of any funding awarded under this RFA.

The Applicant certifies that, as of Application Deadline (i) it has not closed on the partnership with the Housing Credit Syndicator/equity provider; and/or (ii) it has not closed on the tax-exempt bond financing; and/or (iii) it has not closed on any other Corporation funding (excluding PLP and EHCL funding).

The Applicant acknowledges that, to be eligible for funding, 50 percent of the Developer fee must be deferred. The amount of deferred Developer fee will be tested during scoring, during credit underwriting, and during review of the final cost certification.

The Applicant certifies and acknowledges that as of Application Deadline, the Notice of Commencement has not been recorded with the appropriate local jurisdiction.

The Applicant certifies that the Development can be completed and operating within the development schedule and budget submitted to Florida Housing and the Credit Underwriter.

The Applicant and all Financial Beneficiaries have read all applicable Florida Housing rules and have read the instructions regarding this RFA, and will abide by the terms and conditions of this RFA, and applicable Florida Statutes and administrative rules, including, but not limited to, Rule Chapters 67-48 or 67-21, F.A.C., as applicable.

The Applicant acknowledges and agrees that all terms and conditions of the RFA under which the Active Award was made remain in effect.

The Applicant understands and agrees to cooperate with any audits conducted in accordance with the provisions set forth in Section 20.055(5), F.S.

The undersigned is authorized to bind all Financial Beneficiaries to this certification and warranty of truthfulness and completeness of the Application.

The Applicant certifies that the complete Limited Partnership Agreement, including any amendments thereto, will be divulged to the Corporation and the Credit Underwriter.

The Applicant certifies that there are no agreements, other than the letter of intent provided with this Application, between the Applicant and the Housing Credit Syndicator/equity provider.

Under the penalties of perjury, I declare and certify that I have read the foregoing and that the information is true, correct and complete. I certify that all information provided in this Proposal is true and correct, that I am authorized to sign this Application as the Applicant, and that I am in compliance with all requirements of the RFA.

Jason O. Floyd

Signature of Applicant

Jason O. Floyd

Name (typed or printed)

VP of Managing Member of General Partner

Title (typed or printed)

Note: The Applicant must provide this form as Attachment 1 to the RFA. The Applicant Certification and Acknowledgement form included in the Application labeled "Original Hard Copy" must contain an original signature (blue ink is preferred).

ATTACHMENT 2

Wells Fargo Community Lending and Investment
301 South College Street
Charlotte, NC 28288-5640

WELLS FARGO BANK
EQUITY LETTER

April 11, 2018

Mr. Jason O. Floyd
Quarry Big Coppitt II, Ltd.
3030 Hartley Road, Suite 310
Jacksonville, FL 32257

Re: The Quarry II – 112 units
Big Coppitt Key, Monroe County, Florida

Dear Mr. Floyd:

We are pleased to advise you that we have preliminary approved an equity investment to be used for construction and permanent financing in Quarry Big Coppitt II, Ltd., Florida limited partnership, which will own and operate a 112-unit affordable/workforce housing community to be known as The Quarry II, located in Big Coppitt Key, Monroe County, Florida. This preliminary commitment is made based upon the financial information provided to us in support of your request, and under the following terms and conditions:

Investment Entity/Beneficiary:	Quarry Big Coppitt II, Ltd., a Florida limited partnership (the "Partnership"), with Quarry Partners II GP, LLC as General Partner and Wells Fargo Affordable Housing Community Development Corporation ("Wells Fargo") as Limited Partner with a 99.99% ownership interest in the Partnership.
Annual Housing Credit Allocation:	$1,000,000*
Housing Credits Purchased:	$9,999,000 ($10,000,000 x 99.99%)*
Syndication Rate:	$0.94*
Net Capital Contribution:	$9,399,060* * All numbers are rounded to the nearest dollar.
Equity Proceeds Paid Prior to Construction Completion:	***$3,519,648**** * All numbers are rounded to the nearest dollar.

Pay-In Schedule:

Funds available for Capital Contribution #1: $3,519,648* to be paid prior to or simultaneously with the closing of the construction financing.
* All numbers are rounded to the nearest dollar.

Equity Proceeds Paid After Stabilization:

$5,879,412*
* All numbers are rounded to the nearest dollar.

Obligations of the General Partner and Guarantor(s):

Operating Deficit Guaranty: The General Partner agrees to provide operating deficit loans to the Partnership for the life of the Partnership.

Development Completion Guaranty: The General Partner will guarantee completion of construction of the Project substantially in accordance with plans and specifications approved by Wells Fargo, including, without limitation, a guaranty: (i) to pay any amounts needed in excess of the construction loan and other available proceeds to complete the improvements; (ii) of all amounts necessary to achieve permanent loan closing; and (iii) to pay any operating deficits prior to the conclusion of Project construction.

Credit Adjusters: The Partnership will provide that, if in any year actual credits are less than projected credits, then the Limited Partner shall be owed an amount necessary to preserve its anticipated return based on the projected credit.

The obligations of the General Partner shall be guaranteed by the entity receiving the Developer Fees, Vestcor Companies, Inc. and John D. Rood. Individual guarantor(s) will be be subject to mutually agreeable financial covenants.

Incentive Mgmt. Fee:

90%

Cash Flow Split:

Cash Flow to the Partnership shall be distributed as follows:

a. To Wells Fargo in payment of any amounts due as a result of any unpaid Credit Adjuster Amount.
b. To Wells Fargo in payment of Asset Management Fees or any unpaid Asset Management Fee.
c. To replenish Operating Reserves if below the $800,000 required amount.
d. To the payment of any Deferred Developer Fee.

e. To the General Partner to repay any Partnership loans.
f. Of the remaining balance, 10% to the Limited Partner.
g. To the General Partner for Incentive Management Fees.
h. Any balance 100% to the General Partner.

Residual Split:

Any gain upon sale or refinancing shall be distributed as follows:

a. To Wells Fargo in payment of any amounts due because the Actual Credit is less than the Projected Credit, or there has been a recapture of Credit.
b. To Wells Fargo in payment of any unpaid Asset Management Fee.
c. To the Limited Partner for payment of any exit taxes.
d. To the General Partner for payment of any unpaid Partnership Loans.
e. The balance of available cash for distribution, 90% to the General Partner and 10% to the Limited Partner.

Replacement Reserves:

$300/unit/year increasing 3% annually.

Operating Reserve:

$800,000

Asset Management Fee:

$8,500 per year increasing 3% annually.

Other Terms and Conditions:

1) Successful award and allocation of low income housing tax credits from the Florida Housing Finance Corporation.

2) Prior to closing, the General Partner must have a firm commitment for fixed-rate permanent first mortgage financing with terms, conditions and Lender acceptable to the Limited Partner.

3) Prior to closing, the General Partner must have firm commitments for all fixed-rate subordinate financing with terms, conditions and Lender acceptable to the Limited Partner including subordinate debt subject to cash flow.

4) Receipt, review, and approval of the appraisal with incorporated market study, environmental and geological reports, plans and specifications, contractor and such other conditions which are customary and reasonable for an equity investment of this nature and amount.

This preliminary commitment will expire on June 30, 2018 if not extended by Wells Fargo. Wells Fargo wishes to thank you for the opportunity to become investment partners.

Sincerely,

J. Frederick Davis, III
Senior Vice President

Agreed and Accepted this Day:
By: Quarry Big Coppitt II, Ltd., a Florida limited partnership
By: Quarry Partners II GP, LLC, a Florida limited liability company, its general partner
By: TVC Big Coppitt, LLC, a Florida limited liability company, its managing member

By: _____ Date: 4/11/18
Jason O. Floyd, Vice President

WELLS FARGO

Wells Fargo Community
Lending and Investment

April 11, 2018

Mr. Jason O. Floyd
Quarry Big Coppitt II, Ltd.
3030 Hartley Road, Suite 310
Jacksonville, FL 32257

Re: ***The Quarry II – 112 units***
Big Coppitt Key, Monroe County, Florida

To Whom It May Concern:

This letter is to confirm that as of the RFA deadline, Quarry Big Coppitt II, Ltd., a Florida limited partnership, has not closed. This letter also acknowledges that the Developer must defer at least fifty percent (50%) of the Developer Fee.

Please do not hesitate to call me if you have any questions.

Sincerely,

J. Frederick Davis, III
Senior Vice President

Agreed to and accepted this 11th day of April, 2018.
By: Quarry Big Coppitt II, Ltd., a Florida limited partnership
By: Quarry Partners II GP, LLC, a Florida limited liability company, its general partner
By: TVC Big Coppitt, LLC, a Florida limited liability company, its managing member

By: _____
Jason O. Floyd, Vice President