BEFORE THE STATE OF FLORIDA FLORIDA HOUSING FINANCE CORPORATION

CAPITAL GROVE LIMITED PARTNERSHIP

Petitioner,

VS.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.

FHFC No. 2015-012BP Application No. 2015-045C

FLORIDA HOUSING

FORMAL WRITTEN PROTEST AND PETITION FOR ADMINISTRATIVE HEARING

Petitioner, CAPITAL GROVE LIMITED PARTNERSHIP ("Capital Grove"), pursuant to sections 120.57(3), Florida Statutes ("F.S."), and Rule 28-110 and 67-60, Florida Administrative Code ("FAC") hereby files this Formal Written Protest and Petition for Administrative Hearing regarding the scoring decision of Respondent, FLORIDA HOUSING FINANCE CORPORATION ("Florida Housing") to award funding to responsive bidders pursuant to RFA 2014-114 Housing Credit Financing for Affordable Housing Developments located in Medium and Small Counties. In support Capital Grove provides as follows:

1. Capital Grove is a Florida partnership in the business of providing affordable housing. Capital Grove is located at 4110 Southpoint Blvd, Suite 206, Jacksonville, FL 32216. For the purposes of this proceeding, Capital Grove's phone number is that of its undersigned attorneys.

- 2. Florida Housing is the allocating agency for the State of Florida that was granted the authority to issue RFA 2014-114 for the purpose of providing much needed affordable housing. Florida Housing's address is 227 North Bronough Street, Suite 500, Tallahassee, Florida 32301.
- 3. On November 21, 2014, Florida Housing issued the RFA to award an estimated \$12,914,730 of competitive Low Income Housing Tax Credits ("Tax Credit") for proposed developments in medium counties and \$1,513,170 for proposed developments in small counties.
- 4. Through the issuance of the RFA Florida Housing sought to solicit proposals from qualified Applicants that would commit to construct and/or rehabilitate housing in accordance with the terms and conditions of the RFA, applicable laws, rules, and regulations.
- 5. On January 22, 2015, Capital Grove submitted an Application in Response to the RFA which included information concerning a 94 unit apartment complex in Pasco County, Florida named Highland Grove Senior Apartments. Florida Housing received 82 applications in response to the RFA. Through the Application, Capital Grove requested \$1,509,500 in Tax Credit funding assistance for the project which has an overall development cost of \$18,553,289. Capital Grove believed that it had satisfied all requirements of the RFA.
- 6. As the owner and developer for a project seeking funding from the sources being allocated through the RFA, Capital Grove is substantially affected by evaluation and scoring of the responses to the RFA. The results of this and related proceedings may affect Capital Grove's ability to obtain funding through the RFA and may establish precedent for future RFAs in which Capital Grove and/or its affiliates request funding.
- 7. Consistent with the primary mission and goal of the RFA, the Capital Grove Development will provide much needed affordable housing and services. The proposed Capital

Grove Development will provide one and two bedroom apartments for lease at reduced and affordable rents. Without the funds provided by the RFA, Capital Grove will be unable to proceed with the Development. Accordingly Capital Grove's substantial interests are affected by the decisions made by Florida Housing.

- 8. At Section Four the RFA lists those items which must be included in a response to the RFA as found in Exhibit A. Included in these items at Section Four (A) is information concerning the Applicant and the Developer and the Development. The total points available for the RFA were 23.
 - 9. The RFA at Section Five describes the evaluation process as follows:

SECTION FIVE EVALUATION PROCESS

Committee members shall independently evaluate and score their assigned portions of the submitted Applications, consulting with non-committee Corporation staff and legal counsel as necessary and appropriate.

The Corporation will reject any competitive Application submittal and no action will be taken to score the Application if any of the following submission requirements are not met; the Application is not submitted online by the Application Deadline, the required number of hard copies are not submitted by the Application Deadline, the Applicant's hard copy submission is not contained in a sealed package, or the required Application fee is not submitted as the Application Deadline.

An Application will be deemed ineligible to be considered for funding if, as of close of business the day before the Committee meets to make a recommendation to the Board, there are any financial obligations for which an Applicant or Developer or Principal, Affiliate or Financial Beneficiary of the Applicant or Developer is an arrears to the Corporation or any agent or assignee of the Corporation as reflected on the most recently published Past Due Report posted totheCorporation's Websitehttp/www.floridahousing.org/PropertyOwnersAndManagers/PastDue Reports/, but not more recently than five (5) business days prior to the date the Committee meets to make a recommendation to the Board.

The Committee shall conduct at least one public meeting during which the Committee members may discuss their evaluations, select Applicants to be considered for award, and make any adjustments deemed necessary to best serve the interests of the Corporation's mission. The Committee will list the Applications deemed eligible for funding in order from highest total score to lowest total score, applying the funding selection criteria outlined in Section Four B above, and develop a recommendation or series of recommendations to the Board.

The Board may use the Applications, the Committee's scoring, and any other information or recommendation provided by the Committee or staff, and any other information the Board deems relevant in its selection of Applicants to whom to award funding. Notwithstanding an award by the Board pursuant to this RFP, funding will be subject to a positive recommendation from the Credit Underwriter based on criteria outlined in the credit underwriting provisions in Rule Chapter 67-48, F.A.C.

- 10. On March 11, 2015, the designated Review Committee met and considered the Applications responding to the RFA. At the meeting the Review Committee orally listed and manually input the scores for each section of each RFA Response and ultimately made recommendations to the Board of Directors for their consideration. The Review Committee consisted of Florida Housing staff.
- 11. During the meeting, the Review Committee announced that the Capital Grove Application was not scored because of an alleged failure to include an acceptable Letter of Credit.
- 12. On March 20, 2015, Florida Housing's Board of Directors accepted the Review Committee's ranking and funding. (See Exhibit A)
- 13. On March 24, 2015, Capital Grove timely filed its Notice of Intent to Protest. This Formal Written Protest is being timely filed and Florida Housing has waived the bid protest bond requirement for the RFA. As a Developer of affordable housing in need of supplemental

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funding, Capital Grove's substantial interests are affected by Florida Housing's decision not to award the necessary funding pursuant to the RFA. In this action Capital Grove challenges the scoring of its own Application and that of Application #2015-101C.

- 14. As it relates to the specific reason cited by Florida Housing for not scoring the Capital Grove Application the RFA at Section Three (A) requires an applicant to provide an Application Withdrawal Disincentive in the amount of \$25,000. The RFA allows an Applicant to meet this requirement by submitting a \$25,000 cash deposit by check or money order, or a Letter of Credit in the amount of \$25,000.
 - 15. RFA Section Three (A)(4) provides as follows:

\$25,000 Letter of Credit. Each Applicant not submitting a \$25,000 Application Withdrawal Cash Deposit (as outlined in 3. above) must submit to the Corporation a Letter of Credit that meets the following requirements with its Application:

- a. The Letter of Credit must:
- (1) Be issued by a bank, the deposits of which are insured by the FDIC, and which has a banking office located in the state of Florida available for presentation of the Letter of Credit.
- (2) Be on the issuing bank's letterhead, and identify the bank's Florida office as the office for presentation of the Letter of Credit.
- (3) Be, in form, content and amount, the same as the Sample Letter of Credit set out in Item 14 of Exhibit C of the RFA, and completed with the following:
- (a) Issue Date of the Letter of Credit (LOC) which must be no later than <u>January 22</u>, <u>2015</u>.
- (b) LOC number.
- (c) Expiration Date of the LOC which must be no earlier than <u>January 22</u>, 2016.
- (d) Issuing Bank's legal name.
- (e) Issuing Bank's Florida Presentation Office for presentation of the LOC.
- (f) Florida Housing's RFA number RFA 2014-114.
- (g) Applicant's name as it appears on the Application for which the LOC is issued.
- (h) Development name as it appears on the Application for which the LOC is issued.
- (i) Signature of the Issuing Bank's authorized signatory.
- (j) Printed Name and Title of the authorized signatory.

- 16. A sample letter of credit is included at Exhibit C Item 14. The Sample letter includes places for the same information listed at Section (A)(4).
- 17. In response to this requirement Capital Grove submitted a Irrevocable Standing Letter of Credit issued and signed by PNC. (See Exhibit B)
- 18. Upon review of the PNC Letter Florida Housing apparently determined that it did not satisfy the requirements of the RFA and refused to even score Capital Grove's Application. Florida Housing's scoring decision is erroneous in that the PNC letter clearly includes all required elements of a Letter of Credit as listed in the RFA.
- 19. For example the letter is on PNC letter head, includes an identification number, includes the name of the issuing bank, includes the issuing banks Florida Office, includes the RFA number, includes the names of the Applicant and Development and clearly provides that Florida Housing is the beneficiary of the \$25,000 should it call the credit authorized by the letter.
- 20. While the letter does not exactly mirror the sample form included in the RFA it is clear that the letter included at Exhibit C is just that a sample only and illustrates the content of what should be included in a Letter of Credit. The PNC letter includes all the information included in the sample letter as well as the listed requirements of the RFA and it was arbitrary and capricious for Florida Housing not to accept the PNC letter or to consider any variations as a minor irregularity.
- 21. The scoring issue in this challenge as to Application 2015-101C, concerns the documentation submitted by the Applicant to demonstrate the Availability of Infrastructure.

- 22. The RFA at Section Four requires Applicants to provide information concerning the Ability to Proceed. Specifically the RFA requires at Section Four Exhibit A(1)(f) information concerning the Ability To Proceed including a Certification at Exhibit 11 that roads are in place to serve the proposed development.
- 23. In response to this RFA provision Application #2015-101C provided a Verification of Availability of Infrastructure Roads, which is signed by Denise Hernandez. (See Exhibit C)
- 24. Denise Hernandez however is not the person apparently who was authorized to sign the Verification. Carol B. Clark is the person so designated however Carol B. Clark did not sign the form. No information was provided to show that Denise Hernandez had been delegated the authority to sign the Form as the appropriate staff. Accordingly, the Certification should not have been accepted.

25. Material issues to be resolved:

- a. Whether the review of Capital Grove's Application was inconsistent with the RFA requirements.
- b. Whether Florida Housing review and actions taken counting Capital Grove's Application was arbitrary or capricious, clearly erroneous and contrary to competition.
- c. Whether the scoring of Application #2015-101C is inconsistent with the RFA requirements.
- d. Whether Florida Housing's scoring of Application #2015-101C was arbitrary or capricious, clearly erroneous, and contrary to competition.

WHEREFORE, Capital Grove requests a hearing and entry of an order determining that Florida Housing's review and scoring of Capital Grove's Application and Application #2015-101C was contrary to the RFA specifications and to Florida Housing's governing statutes, rules

and policies to such an extent as to be arbitrary, capricious, contrary to competition, and clearly erroneous.

Respectfully submitted,

MICHAEL P. DONALDSON

Florida Bar No. 0802761

CARLTON, FIELDS, P.A.

Post Office Drawer 190

215 S. Monroe St., Suite 500

Tallahassee, Florida 32302

Telephone:

850/224-1585

Facsimile:

850/222-0398

Attorney for Petitioner

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the original and a copy of the foregoing has been filed by Hand Delivery to the Agency Clerk, Florida Housing Finance Corporation, 227 N. Bronough Street, Suite 5000, Tallahassee, FL 32301, this 6th day of April, 2015.

MICHAEL P. DONALDSON

RFA 2014-114 Review Committee Recommendations

Total HC Ava	Total HC Available for RFA			14,427,900.00				Small County Fu	Small County Funding Available for RFA	RFA			1,513,170.00
Total HC Allocated	cated			14,332,928.00				HC Allocated to Small Counties	Small Counties				1,513,170.00
Total HC Remaining	naining			94,972.00				Total Small Cour	Total Small County Funding Remaining	ing			12014 750 00
								HC Allocated to	HC Allocated to Medium Counties				12,819,758.00
								Total Medium C	Total Medium County Funding Remaining	aining			
Application Number	Name of Development	County	County	Name of Contact Person	Name of Developers	HC Funding Amount	Total Points	SAIL Unfunded Preference	Development Category Funding Preference	Per Unit Construction Funding Preference	Leveraging Classification	ging	Florida Job Creation Preference
Application s	Application selected to meet the Florida Keys Area Goal	Florida Keys Ar	ea Goal										
2015-053C	73 Ocean	Monroe	S	Shane P. Sarver	Tri-Star Affordable Development, LLC;	1,464,217.00	23	*	~	~	В		~
Application s	selected to meet goa	I to fund a seco	nd small c	ounty Applicati	Application selected to meet goal to fund a second small county Application in a county other than Monroe								
2015- 088C**	Denton Cove	Franklin	s	Jonathan L Wolf	Denton Cove Developer, Inc.;	48,953.00	23	<	~	~	Þ		٧
Other Mediu	Other Medium County Applications selected	ns selected											
2015-1060	Villages at Halifax II Volusia	Volusia	Z	Todd M. Wind	Todd M. Wind Picerne Affordable Development, LLC;	1,259,100.00	23	٧	٧	4	A		Y
2015-067C	The San Juan	Osceola	Z	Kim Murphy	Royal American Development, Inc.;	1,510,000.00	23	Υ	Υ	Υ	A		Y
2015-073C	Clearlake Isles	Brevard	3	Kim Murphy	RAD-DFP Developer, LLC.;	1,475,000.00	23	4	Y	Υ	А		Υ
2015-039C	Freedom Gardens	Hernando	Z	Matthew Rieger	HTG Freedom Developer, LLC;	1,510,000.00	23	4	4	~	Α		Y
2015-101C	Park at Wellington Apartments	Pasco	Z	Matthew Rieger	HTG Wellington Family Developer, LLC;	1,510,000.00	23	٧	Υ	Y	A		*
2015-0910	Kenwood Place	Leon	Z	Jonathan L Wolf	Kenwood Place Developer, LLC;	1,510,000.00	23	~	۲	~	Þ		~
2015-063C	City Park at Merritt Street	Seminole	Z	Todd M. Wind	Todd M. Wind Picerne Affordable Development, LLC;	1,510,000.00	23	~	~	~	Þ		~
2015-0290	The Verandas of Punta Gorda II	Charlotte	Z	Paula M Rhodes	Norstar Development USA, LP; Punta Gorda Developers, L.L.C.	1,025,658.00	23	¥	Х	~	>		~
2015-0660	Aida Palms	Polk	Z	Oscar A. Sol	Aida Palms Dev, LLC;	1,510,000.00	23	~	~	~	Þ		~

^{**2015-088}C is entitled to a Binding Commitment of \$890,417.

On March 20,2015, the Board of Directors of Florida Housing Finance Corporation approved the Review Committee's motion and staff ecommendation to select the above Applications for funding and invite the Applicants to enter credit underwriting.

Any unsuccessful Applicant may file a notice of protest and a formal written protest in accordance with Section 120.57(3), Fla. Stat., Rule Chapter 28-110, F.A.C., and Rule 67-60.009, F.A.C. Failure to file a protest within the time prescribed in Section 120.57(3), Fla. Stat., shall constitute a waiver of proceedings under Chapter 120, Fla. Stat.



PNC Bank, National Association International Trade Service Operations 500 First Avenue - 2nd Floor Pittsburgh, PA 15219 Mail Stop: PJ-PFSC-02-T Customer Service: 1-800-682-4689 SWIFT Address: PNCCUS33



BENEFICIARY: FLORIDA HOUSING FINANCE CORP. 227 NORTH BROWNUGH STREET SUITE 5000 TALLAHASSEE FL 32301 APPLICANT: WESTBROOK HOUSING DEVELOPMENT, LLC 4110 SOUTHPOINT BLVD, SUITE 206 JACKSONVILLE, FL 32216

ATTENTION: DIRECTOR OF MULTIFAMILY PROGRAMS.

FBO CAPITAL GROVE LIMITED PARTNERSHIP

IRREVOCABLE STANDBY LETTER OF CREDIT

OUR REFERENCE: AMOUNT:

18123166-00-000 USD \$25,000.00 JANUARY 20, 2015 JANUARY 22, 2016

ISSUE DATE: EXPIRY DATE: EXPIRY PLACE:

OUR COUNTERS

RE: FHFC RFA # 2014-114

DEVELOPMENT: HIGHLAND GROVE SENIOR APARTMENTS

GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. 18123166-00-000 IN FAVOR OF FLORIDA HOUSING FINANCE CORPORATION FOR THE ACCOUNT OF WESTBROOK HOUSING DEVELOPMENT LLC AVAILABLE FOR PAYMENT AT OUR COUNTERS IN AN AMOUNT OF USD25,000.00 (TWENTY FIVE THOUSAND AND 00/100 UNITED STATES DOLLARS) AGAINST BENEFICIARY'S PURPORTEDLY SIGNED STATEMENT AS FOLLOWS:

"I (INSERT NAME AND TITLE) CERTIFY THAT I AM AN AUTHORIZED REPRESENTATIVE OF FLORIDA HOUSING FINANCE CORPORATION AND HEREBY DEMAND PAYMENT OF USD (INSERT AMOUNT) UNDER PNC BANK, NATIONAL ASSOCIATION LETTER OF CREDIT NO. 18123166-00-000. I FURTHER CERTIFY THAT WESTBROOK HOUSING DEVELOPMENT, LLC HAS FAILED TO COMPLY UNDER THE PROJECT NAME: HIGHLAND GROVE SENIOR APARTMENTS BETWEEN FLORIDA HOUSING FINANCE CORPORATION AND WESTBROOK HOUSING DEVELOPMENT, LLC."

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT WILL BE AUTOMATICALLY EXTENDED, WITHOUT AMENDMENT, FOR AN ADDITIONAL PERIOD OF ONE (1) YEAR FROM THE PRESENT OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE THEN PRESENT EXPIRATION DATE, WE HAVE NOTIFIED YOU IN WRITING, AT THE ABOVE ADDRESS, BY REGISTERED MAIL, CERTIFIED MAIL, OR RECEIPTED COURIER SERVICE THAT WE ELECT NOT TO EXTEND THIS LETTER OF CREDIT FOR AN ADDITIONAL PERIOD OF ONE YEAR. UPON RECEIPT OF SUCH NOTICE, YOU MAY DRAW HEREUNDER FOR THE THEN AVAILABLE AMOUNT OF THE CREDIT WITHIN THE THEN APPLICABLE EXPIRATION DATE WITH YOUR STATEMENT PURPORTEDLY SIGNED BY YOUR AUTHORIZED REPRESENTATIVE STATING:

"I (NAME/TITLE) HEREBY CERTIFY THAT I AM AN AUTHORIZED REPRESENTATIVE OF Page 1 of 2 18123166-00-000



PNC Bank, National Association International Trade Service Operations 500 First Avenue - 2nd Floor Pittsburgh, PA 15219 Mail Stop: P7-PFSC-02-T

Customer Service: 1-800-682-4689 SWIFT Address: PNCCUS33



FLORIDA HOUSING PINANCE CORPORATION. WE DEMAND PAYMENT IN THE AMOUNT OF USD(INSER AMOUNT) UNDER PNC BANK, NATIONAL ASSOCIATION LETTER OF CREDIT NO. 18123.66-00-000 DATED (ISSUE DATE) AS WE HAVE RECEIVED NOTICE FROM PNC BANK, NATIONAL ASSOCIATION OF THEIR ELECTION NOT TO EXTEND LETTER OF CREDIT NO. 18123166-00-000 BEYOND THE CURRENT EXPIRATION DATE. WE HAVE NOT RELEASED THE WESTBROOK HOUSING DEVELOPMENT, LLC OF THEIR LIABILITY WITH US, AND WE ARE THEREFORE ENTITLED TO THE AMOUNT DRAWN."

DRAWINGS UNDER THIS LETTER OF CREDIT ARE PERMITTED TO BE PRESENTED TO ONE OF THE FOLLOWING ADDRESSES:

PNC BANK, NATIONAL ASSOCIATION 500 FIRST AVENUE, 2ND FLOOR P7-PFSC-02-T PITTSBURGH, PA 15219

OR

PNC BANK, NATIONAL ASSOCIATION
201 EAST PINE STREET, SUITE 200, LOCATOR AL-P812-02-1
ORLANDO, FL 32801,

ATTENTION: LEXIE ISAAC/KRISTINA M. SANDERS RESDEV/REAL ESTATE FINANCE

THE BENEFICIARY WILL PRESENT BY FACSIMILE TRANSMISSION TO OUR FAX NUMBER 412-705-0966 OR 412-768-8627 THE DOCUMENTS PRESENTED TO EITHER OF THE ADDRESSES INDICATED ABOVE. WE MUST RECEIVE ALL FACSIMILE DRAWINGS NO LATER THAN 5:00 P.M. EASTERN TIME ON THE EXPIRATION DATE OF THE LETTER OF CREDIT. THE FACSIMILE TRANSMISSION TO STATE THAT THE ORIGINALS HAVE BEEN FORWARDED TO PNC BANK, NATIONAL ASSOCIATION TO EITHER OF THE ADDRESSES IN THE ABOVE PARAGRAPH BY HAND DELIVERY OR OVERNIGHT COURIER. WE WILL PERFORM OUR REVIEW PROCESS AGAINST THE FACSIMILE DRAWING AND WE SHALL TAKE NO FURTHER ACTION AGAINST THE ORIGINAL DOCUMENTS ONCE THEY ARE IN OUR POSSESSION.

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THIS LETTER OF CREDIT WILL EXPIRE AT OUR COUNTERS ON JANUARY 22, 2016 AT 5:00 P.M EASTERN TIME.

THIS LETTER OF CREDIT IS SUBJECT TO INTERNATIONAL STANDBY PRACTICES 1998 (ISP98), INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590.

WE HEREBY ENGAGE WITH YOU THAT DRAWINGS PRESENTED UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED IF PRESENTED TO US AT THIS OFFICE ON OR BEFORE THE EXPIRY DATE, OR ANY AUTOMATICALLY EXTENDED EXPIRY DATE.

BARBARA J. SCHWAMM

PNC BANK, NATIONAL ASSOCIATION

INTERNATIONAL TRADE SERVICE OPERATIONS

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18123166-00-000

FLORIDA HOUSING FINANCE CORPORATION VERIFICATION OF AVAILABILITY OF INFRASTRUCTURE - ROADS

FHFC Application Reference: 2014-114

Indicate the name of the application process under which the proposed Development is applying/has applied for funding from the Corporation such as the Request for Proposal/Application number and/or the name of the Request for Proposal/Application.

Name of Development: Park at Wellington Apartments

Development Location: 2747 Amalfi Dr., Pasco County

At a minimum, provide the address minuber, street name and city and/or provide the street name, closest designated intersection and either the city (if located within a city) or county (if located in the unincorporated area of the county).

The undersigned service provider confirms that on or before the submission deadline for the above referenced of FHFC Request for Proposal/Application:

- Existing paved roads provide access to the proposed Development or paved roads will be constructed as part of the proposed Development.
- There are no impediments to the proposed Development using the roads other than payment of impact fees
 or providing curb cuts, turn lanes, signalization, or securing required final approvals and permits for the
 proposed Development.
- 3. The execution of this verification is not a granting of traffic concurrency approval for the proposed?

 Development.

CERTIFICATION

Telephone Number (including area code)

This certification may not be signed by the Applicant, by any related parties of the Applicant, or by any Principals or Financial Beneficiaries of the Applicant. In addition, signatures from local elected officials are not acceptable. If the certification is applicable to this Development and it is inappropriately signed, the certification will not be accepted.

(Form Rev. 11-14)

EXHIBIT C