

BREVARD COUNTY HOUSING FINANCE AUTHORITY

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MINUTES
December 8, 2016

The Brevard County Housing Finance Authority convened on the 8th day of December, 2016, at the hour of 3:00 p.m. in the Lecture Room of the Brevard County Agricultural Center, 3695 Lake Drive, Cocoa, Florida.

Present: Kamran Sarkarati, Vice Chairman
Barry Forbes, Secretary/Treasurer
James Katehakis, Assistant Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Helen Feinberg, RBC Capital Markets
Marianne Edmonds, Public Resources Advisory Group, Inc.
Tim Wranovix, Raymond James and Associates, Inc.

- I. The Vice Chairman, Kamran Sarkarati, called the regular meeting to order at 3:30 p.m. and determined the presence of a quorum.
- II. Public Comments: The Vice Chairman called for public comment. Hearing none, public comment was closed.
- III. Motion made by Jim Katehakis, seconded by Barry Forbes and carried unanimously to approve the Consent Agenda as follows:
 - A. Approval of Minutes of October 13, 2016 meeting
 - B. Approval of payment of NALHFA annual dues for 2017
 - C. Approval of Green Pony Press, Inc. invoice for website maintenance and editing
 - D. Approval of 2017 Public Meeting Schedule
 - E. Approval of payment of NALHFA and FLALHFA conference registration fees and authorization to incur reimbursable expenses for 2017
- IV. Report of Treasurer, Barry Forbes:

Mr. Forbes presented the 4th quarter fiscal year 2015-2016 Treasurer's report and indicated that the large variance in expected income was due to prepayments of GNMA Certificates and higher than expected profit on the Single Family TBA Program. He also noted that the expenses of the Authority were \$6,500 less than the budgeted amount. Mr. Forbes presented the summary of assets and liabilities in detail and stated that the Authority is in strong financial condition. Motion made by Jim Katehakis, seconded by Barry Forbes and carried unanimously to accept the Treasurer's report, as presented.

V. Underwriters Selection:

Ms. Abbott stated that a Request for Proposals (“RFP”) was emailed to all active housing bond underwriting firms on October 28, 2016. The RFP was also posted to Demand Star, which was available nationwide on November 4, 2016. The Authority received two strong responses from RBC Capital Markets and Raymond James and Associates. She added that RFP was sent in accordance with the Authority’s RFP schedule, which is every five years. She indicated that Helen Feinberg, with RBC Capital Markets and Tim Wranovix, with Raymond James and Associates are present to answer questions. Jim Katehakis inquired about the services provided. Ms. Edmonds stated that the firm will provided investment banking and bond underwriting services. However, since the Single Family Mortgage Revenue Bond market is inactive at this time, the underwriters have been running the TBA loan programs. She stated that the Authority’s professionals act as a team and the investment banker (RBC) has been providing a high level of service extending beyond bond programs. Barry Forbes noted that it may be quite some time before single family bond programs return. The Hillsborough TBA program has allowed the Authority to continue making loans during this environment. Helen Feinberg stated that RBC (formerly William R. Hough & Company) has provided services to the Authority for decades. Its representatives have attended the Authority’s meetings and received no compensation for doing so. Further, RBC was actively involved in structuring the New Issue Bond Program, which was very successful. RBC has also been active in the multi-family sector. The Trinity Towers South Issue is preparing to close tomorrow. In addition, Ms. Feinberg has been working closely with Federal Home Loan Bank to structure a down payment assistance matching program. Tim Wranovix stated that he works with other HFA’s in Florida. The housing group at Raymond James was formerly with Morgan Keegan. Raymond James has 16,000 employees and is based in St. Petersburg. He noted that Raymond James has a TBA program with 25 other Authorities nationwide. He indicated a willingness to act as a co-underwriter on multifamily issues. Following discussion, motion made by Barry Forbes, seconded by Jim Katehakis and carried unanimously to select RBC Capital Markets as underwriter for a five-year term.

Mr. Forbes stated that he would like to review and compare the Raymond James program with the Hillsborough TBA Program. Ms. Feinberg stated that the Florida Housing Finance Corporation Hardest Hit Funds are funding \$15,000 forgivable down payment assistance grants which has crushed the HFA program. Ms. Abbott noted that even though the Authority’s program has a lower mortgage interest rate (3.875% vs. 4.5%) and MCC’s, borrowers still gravitate to the \$15,000 forgivable DPA loan.

Ms. Feinberg stated that in the near future, Florida Housing Finance Corporation may be making these funds available to locals, but would require the local HFA programs to raise their mortgage interest rate to equal the Florida Housing Finance Corporation

rate. Mr. Forbes asked about the difference in profit to Florida Housing Finance Corporation at the higher interest rate. Ms. Feinberg responded that the profit on the 3.875% mortgage rate is 2.42% and on the 4.5% mortgage rate is 4.82%. Ms. Edmonds stated that at the next meeting, she will present a comparison of the Florida Housing Finance program and other local programs.

VI. Status Report on Trinity Towers South, Multifamily program: Ms. Abbott stated that the pre-closing was today and the closing is tomorrow. The Authority will be receiving a fee at closing of \$23,500.

VII. Status Reports on Special Projects:

A. Loan Agreement with Housing for Homeless (“HFH”) f/k/a Coalition for the Hungry and Homeless: Ms. Abbott indicated that the loan to HFH is paying as agreed, and that the summary of all payments is included in the agenda package.

B. Habitat for Humanity of Brevard County Status Report on Loan Agreement and Critical Home Repair Program: Ms. Abbott indicated that there has not been any activity on this loan since the Authority’s last meeting. Included in the agenda package was a quarterly report as of September 30, 2016, on the Critical Home Repair Program. The report indicates that a roof replacement was performed in August, 2016.

C. Barry Forbes mentioned the DOCK Program, which is a non-profit housing project in the Booker T. Washington area. In an attempt to transform the neighborhood, the organization bought and refurbished houses in the neighborhood in cooperation with Habitat for Humanity. Ms. Abbott indicated that she has spoken to Joy Williford with the Brevard Neighborhood Coalition at Mr. Forbes’ request and that the entity may be requesting financing for this project in the future.

VIII. Status Report on 2012-2016 TBA/MCC Program:

Ms. Abbott stated that there have no loans on this program since June 30, 2016. The Authority’s agenda package included a breakdown of the GNMA Settlement profits and the status report on the DPA custody account. Ms. Abbott noted that there was a wire which should have gone to the GNMA custody account in August. However, the wire failed and Bank of New York did not have a system in place to notify any of the parties as to the failed wire. Ms. Abbott noticed a discrepancy when reconciling the account and the deposit that was made in October. Mr. Forbes stated that he would like further explanation from Bank of New York as to its processes for assuring that this does not happen in the future. Ms. Abbott also presented a summary of all second mortgage loans as of September 30, 2016. She noted that there have been seven loan payoffs since June 30, 2016.

IX. Report of Public Resources Advisory Group, Inc.:

- A. Ms. Edmonds stated that Barry Forbes had requested a report on investment alternatives and the possible closing of the SBA account and transfer of those funds to a public depository. Given the changing investment environment, Ms. Edmonds suggested that the Authority should review its investment policy and discuss this matter at the next meeting. In the past, certificates of deposit have been utilized to increase return. However, the given the low interest rate environment, the return may not cover the expense of procuring the CD's. Certain money market funds may also be considered.
- B. Ms. Edmonds noted that the tax credit equity market has changed/declined due to expected drops in corporate tax rates. This is likely to cause a decline in multifamily bond issues. Ms. Feinberg said if interest rates increase and there is a decline in corporate tax rates, there is likely to be a drop in demand for tax credits. Tim Wranovix noted that the market was overheated and this may have been a correction.

X. Report of Angela A. Abbott, Esquire:

- A. Ms. Abbott announced that the Melbourne Club Apartments Project is not likely to proceed forward at this time. The Cocoa Sunrise Apartments Project is conducting a physical needs assessment. It is likely that this issue will not be ready for closing until the third or fourth quarter of 2017.
- B. Ms. Abbott announced that Kamran Sarkarati has been reappointed for an additional four year term by Commissioner Smith and the Board of County Commissioners.
- C. Ms. Abbott asked for clarification regarding the Authority's discussion at the prior meeting. Motion made by Barry Forbes, seconded by Jim Katehakis and carried unanimously change the format of Ms. Abbott's bills to the previous concise format. Ms. Abbott suggested that the Authority should review her contract at the next meeting.

XI. The meeting adjourned at 4:21 p.m.