

BREVARD COUNTY HOUSING FINANCE AUTHORITY

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MINUTES
February 9, 2017

The Brevard County Housing Finance Authority convened on the 9th day of February, 2017, at the hour of 3:00 p.m. in the Lecture Room of the Brevard County Agricultural Center, 3695 Lake Drive, Cocoa, Florida.

Present: Larry Boudrie, Chairman
James Katehakis, Assistant Secretary/Treasurer
Michael Hartman, Assistant Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Calvin Charles Johnson, CPA
Helen Feinberg, RBC Capital Markets
Marianne Edmonds, Public Resources Advisory Group, Inc.

- I. The Chairman, Larry Boudrie, called the regular meeting to order at 3:02 p.m., determined the presence of a quorum, and acknowledged publication of Notice of the 2017 meeting schedule.
- II. Public Comments: The Chairman called for public comment. Hearing none, public comment was closed.
- III. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to approve the Consent Agenda as follows:
 - A. Approval of Minutes of December 8, 2016 meeting
 - B. Approval of payment of invoices of Public Resources Advisory Group for 4th Quarter, 2016
 - C. Approval of payment of invoices of Angela A. Abbott, P.A. for 4th Quarter, 2016
 - D. Approval of payment of invoice of Calvin Charles Johnson, CPA for preparation of General Purpose Financial Statement for the year ended September 30, 2016
 - E. Approval of payment of Green Pony Press invoice for website maintenance
- IV. Report of Treasurer, Barry Forbes:

In Mr. Forbes absence, Ms. Abbott presented the checking account ledger, budget comparison and balance sheet for 4th quarter 2016. Ms. Abbott stated that the bank statements are not included in the members' agenda package or posted online, but

Larry Boudrie
Chairman

Kamran Sarkarati
Vice Chairman

Barry Forbes
Secretary/Treasurer

James Katehakis
Asst. Secretary/Treasurer

Michael Hartman
Asst. Secretary/Treasurer

Angela A. Abbott
Attorney/Administrator

are provided to Mr. Forbes for review. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to approve the Treasurer's report, as presented.

Mr. Boudrie questioned whether Brevard County could take the Authority's funds. Ms. Abbott responded that the funds must be used for housing purposes at the direction of the Housing Finance Authority. However, the Board of County Commissioners could abolish the Authority under certain circumstances. Calvin Johnson stated that in Escambia County a similar issue was raised. Holland and Knight provided an opinion that the County could not take the Authority's funds. Marianne Edmonds stated that in years ago, the County Commission in Miami Dade took a \$10,000,000 loan from the Authority and repaid it from surtax monies. The Authority discussed to possibility of making loans to new multifamily projects and to provide for the homeless. Ms. Edmonds stated that in regard to funding homelessness, there are two issues:

1. Services for the chronically homeless; and
2. Capital stack for building, to which the HFA could contribute. The Authority may make soft second mortgage loans to provide for homelessness.

V. 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 December 30, 2016, on the Critical Home Repair Program. The report indicates that a roof replacement was done in August, 2016. Ms. Abbott stated that she has contacted Habitat which has indicated that it does not have any immediate plans to use the line of credit established by the Authority.
- C. Other: The Authority members questioned whether there are other special projects that need funding. Ms. Abbott stated that the Brevard Neighborhood Development Coalition Greater Heights and DOCK Project in Melbourne are possibilities, but is not ready at this time to request funding. Also, Crosswinds Youth Services approached Barry Forbes with a request for funding for another HVAC system.

VI. Single Family Programs:

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

1. Ms. Abbott presented a status report and indicated that there have been two new loans since the Authority's last meeting. She also presented reports on the DPA custody account, and GNMA custody account.

2. Discussion Regarding Federal Home Loan Bank ("FHLB") DPA Program:

Ms. Abbott stated that the FHLB program, which the Authority has previously approved has been extended until the end of 2017. A memorandum of understanding needed to be executed during January in order for the Authority to continue its participation in the program. Helen Feinberg indicated that Federal Home Loan Bank has been holding luncheons with lenders and encouraging lender participation in this program. The program provides for a 1 to 2 match for DPA funds, and is restricted to borrowers with a maximum of 80% of AMI. She presented a summary of the Florida Housing Finance Corporation program, which has a \$15,000 forgivable DPA loan. Brevard is the fourth most active lender in the state under the Florida Housing Finance Corporation Program. Larry Boudrie asked about federal housing programs under the Trump administration. Ms. Edmonds stated that we will have to wait and see. Helen Feinberg stated that the Treasury Secretary is supportive of FNMA and Freddie Mac, and that Trump is generally positive of tax exempt bonds. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to ratify the execution of the Memorandum of Understanding with Federal Home Loan Bank for the DPA Program.

3. Discussion Regarding Florida Housing Finance Corporation Hardest Hit Fund Down Assistance Program:

Ms. Abbott presented a memorandum explaining that the Florida Housing Finance Corporation is now making the Hardest Hit Fund available to certain local Authorities, including Brevard. Participating borrowers may receive up to \$15,000 from the Hardest Hit Fund Program for second mortgages directly from Florida Housing Finance Corporation. The first mortgage would be made through the local lender through the Authority's program. The terms must be the same as the Florida Housing Finance Corporation's first mortgage, which is a higher rate. Borrower's participating in the local program may also receive MCCs. Ms. Feinberg stated that participating lenders would have to be involved with the Authority's program to fund the first mortgage and then with the State for the funding of the second mortgage. The advantage for doing so, would be the borrowers would

receive MCC's in addition to the second mortgage. Also, the Hardest Hit Funds may be used in conjunction with the Federal Home Loan Bank Program for a match of 1 to 2 resulting in borrowers received up to \$22,500 in DPA. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to approve execution of the Memorandum of Understanding with Federal Home Loan Bank upon the terms discuss, once it is finalized.

B. Quarterly Status Report on Second Mortgages:

Mr. Hartman inquired about the foreclosures. Ms. Abbott responded that there have been far more payoffs than foreclosures, and that since the last meeting one foreclosure has been dismissed.

VII. Report of Calvin Charles Johnson, CPA:

- A. Mr. Johnson presented the General Purpose Financial Statements for the year ended September 30, 2016, stating that the opinion is clean. He reviewed the components of the report including the management discussion and analysis, overview and statement of net position. He pointed out that the \$95,000 developer deposit in conjunction with the Trinity Towers financing is shown as a liability. These funds were transferred to the cost of issuance account at closing in December. He also pointed out that the Crosswinds loan is fully allowed for as a loan loss. The income from the TBA Program is reflected as approximately \$95,000 because it includes a delayed payment from Bank of New York. Mr. Johnson verified that all custody account investments are AAA rated. He noted that the mortgage backed securities held by the Authority are bearing a 5 to 7% rate of return. The narrative regarding the SBA account will be deleted in future financial statements since there has been no activity in Fund B since 2015. Section II of the Financial Statements contains required reports by the auditor, all of which are absolutely clean. There are no problems noted in the management letter. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to approve the Financial Statements, as presented and to authorize distribution to Brevard County.
- B. Mr. Johnson presented a request for extension of his contract. The retainer agreement provides for an initial three year term, which ends August 31, 2017, with two optional one year extensions. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to authorize the extension of Mr. Johnson's contract for an additional one year term, ending August 31, 2018. Mr. Johnson stated that Ms. Abbott was extremely helpful in preparing schedules and providing information for the preparation of the audit.

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

- A. Ms. Edmonds distributed some comparative data on other loan programs throughout the state.
- B. Ms. Edmonds stated that the Authority's Sun Trust account is only paying 0.04% interest. The Florida Prime Account is currently paying 0.99%. Mr. Forbes has previously stated that he wants the Authority to follow what Brevard County invests its funds in. Ms. Edmonds indicated that Brevard County has approximately \$25,000,000 invested with Florida Prime, although this is not a large percentage of its assets. The Florida Prime account is a money market fund, which is run by the State Board of Administration. Since the problem with commercial paper losses, the fund has been restructured. Ms. Abbott indicated that the Authority has, in the past, invested in CDs at local banks. However, the administrative effort and expense involved in obtaining CDs may not warrant the additional return. Ms. Edmonds stated that the Authority may want to consider laddering its investments with some longer term. She will make another presentation at a meeting when Mr. Forbes is present.

IX. Report of Angela A. Abbott, Esquire:

- A. Ms. Abbott presented a memorandum regarding her retainer agreement, which was last reviewed and approved on January 9, 2008. She suggested either an increase in her hourly rate, or a flat quarterly retainer, which may be administratively more efficient for the Authority and her. Following discussion, motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to authorize payment of her quarterly retainer of \$17,500 commencing January 1, 2017. Ms. Abbott also suggested an increase in her hourly rate for work related multifamily issues and single family programs, which is currently \$175 per hour. Mr. Hartman inquired as to Ms. Abbott's regular hourly rate. Ms. Abbott responded that it is \$250 per hour. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to increase the hourly rate from \$175 to \$200 per hour.
 - B. Ms. Abbott reminded the Authority of the NALHFA Conference in San Francisco, April 26 through April 29, 2017, and the Florida ALHFA Conference in Jacksonville, July 12^h through July 15, 2017.
 - C. Ms. Abbott stated that she has been approached by Dominion regarding a new multifamily project in Brevard County. In the event that the application is received prior to the next Authority meeting, the Authority agreed that the TEFRA hearing could be held at the next Authority meeting.
- X. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to adjourn the meeting at 4:22 p.m.