BREVARD COUNTY
HOUSING FINANCE AUTHORITY
4420 South Washington Avenue
Titusville, Florida 32780
(321) 264-0334 Phone
(321) 269-6840 Fax

MINUTES
August 10, 2017

The Brevard County Housing Finance Authority convened on the 10th day of August, 2017, at the hour of 3:00 p.m. in the 4-H Conference Room of the Brevard County Agricultural Center, 3695 Lake Drive, Cocoa, Florida.

Present: Larry Boudrie, Chairman
Kamran Sarkarati, Vice Chairman
Michael Hartman, Assistant Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Helen Feinberg, RBC Capital Markets
Marianne Edmonds, Public Resources Advisory Group, Inc.
Devon Quist, Dominium
Mary Wyatt, Hancock Bank

I. The Chairman, Larry Boudrie, called the regular meeting to order at 3:04 p.m., and determined the presence of a quorum.

II. Public Comments: The Chairman called for public comment. Hearing none, public comment was closed.

III. Motion made by Michael Hartman, seconded by Kamran Sarkarati and carried unanimously to approve the Consent Agenda as follows:

A. Approval of Minutes of June 8, 2017 meeting
B. Approval of payment of invoice of PRAG for 2nd Quarter, 2017
C. Approval of payment of invoices of Angela A. Abbott, P.A. for 2nd Quarter, 2017
D. Approval of reimbursement of Florida ALHFA conference expenses
E. Approval of Green Pony Press, Inc. and David Cortner invoices for website maintenance and editing
F. Approval of request for contribution to Sadowski Education Effort
G. Approval of 12 Month Planning Goals
H. Approval of budget for fiscal year 2017-2018 and adoption of Resolution No. 17-01 entitled: RESOLUTION ADOPTING THE 2017-2018 BUDGET FOR THE BREVARD COUNTY HOUSING FINANCE AUTHORITY

IV. 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: Ms. Abbott indicated that there has been no additional loan activity under the loan agreement. She contacted Habitat which indicated that there are no immediate plans to utilized the loan. She noted that the Loan Agreement will end July 31, 2018. Habitat submitted the quarterly report as of June 30, 2017, on the Critical Home Repair Program, which indicated no activity since the last report.

V. Multi-Family Programs: Consideration of Application of Dominium (Crane Creek Senior Apartments Project):

Devon Quist of Dominium thanked the Authority for considering the inducement resolution for the project. He stated that Crane Creek is an existing 127 unit low income tax credit project. It has finished year 15 and is eligible for another allocation of 4% tax credits. A different entity affiliated with Dominium currently owns and will be selling the project to Dominium, which will rehabilitate the project. Dominium is proposing to finance fifty percent of the project costs with tax exempt bonds to be issued by the Authority. The project is a senior (age 62 and up) community and is fully occupied. Ms. Abbott stated that the Resolution presented is for inducement only. Before the Authority will take further action on the financing, a developer deposit of 1% is required. The next steps will include a TEFRA hearing and a credit underwriting. Ms. Edmonds asked whether the project will be 100% tax credit. Mr. Quist responded that currently there are 12 market rate units and 17 very low income units. The request has been made to Florida Housing Finance Corporation ("FHFC") to have all units at 60% of AMI. Ms. Edmonds asked how the 12 market rate units will be handled. Mr. Quist stated that the residents will not be displaced and that Dominium will follow the direction of FHFC. Mr. Hartman asked whether the existing Land Use Restriction Agreement will remain in place. Mr. Quist stated that it will. Mr. Hartman stated that the 12 units will need to be income qualified within one year. He noted that the preliminary site plan (Exhibit E) does not include all of the improvements, such as the pool, grill, picnic area and shuffle board court. In response to Mr. Hartman's question, Mr. Quist stated that five percent of the units will be ADA compliant and available for residents with disabilities, but will not be specifically set aside for residents with disabilities. Mr. Hartman noted that the improvement to the units is limited to heat pump replacement, air conditioning upgrades and entry FOBs. He questioned why there are no proposed kitchen and bath upgrades. Mr. Quist stated that Dominium has evaluated each of the units and that it has a 4 to 6 month design process. The units are in tremendous shape and do not need renovations. Some of the units are occupied by the original tenants. Mr. Hartman requested a more detailed budget. Mr. Quist stated that he will provide it. Mr. Hartman asked about the pricing of the credits, to which Mr. Quist responded that they have a draft letter from Alliant at 99 cents. Mr. Hartman commented that there is a great deal of detail missing from the application. The debt letter was provided yesterday and there is no equity letter or detailed sources and uses. Mr. Quist stated that Dominium has a long standing relationship with Alliant, which will be the equity provider. There is not a signed term sheet yet but should be soon. Mr. Hartman questioned income and expenses at 2.5% each. Usually, it is 1% more for expenses. He asked whether 7% vacancy and collection loss would be used. Ms. Edmonds responded that she thinks it is 5% and she will confirm this with the credit underwriter. Ms. Edmonds stated that the credit underwriter will use FHFC guidelines for consistency. She added that, up to this point, the Authority's process has been to review the applications as a pass/fail for inducement. The application is not the equivalent of a credit underwriting. Going forward, at the developer's risk and expense, the credit underwriting will proceed and detailed information will be provided. She does not disagree with any of the items noted by Mr. Hartman because they are all things that we will need to see by the end of the process, but the timing is different than FHFC's process. Helen Feinberg noted that the inducement is a tax driven benchmark for the timing of reimbursement of expenses 60 days prior thereto. After inducement, the Authority has the full prerogative to turn down the financing if it is not satisfied with the proposal at a later date. She added that Mr. Hartman's questions and concerns are beneficial to the developer so it is aware of what is expected. Mr. Hartman would prefer more information in the application, specifically, more detail on the sources and uses. Ms. Edmonds suggested that the application format needs to be updated to require this information.

Motion made by Michael Hartman, seconded by Kamran Sarkarati and carried unanimously to approve Resolution No. 17-02 entitled:

RESOLUTION REGARDING THE OFFICIAL ACTION OF THE BREVARD COUNTY HOUSING FINANCE AUTHORITY RELATIVE TO THE ISSUANCE OF NOT TO EXCEED OF $13,500,000 MULTIFAMILY HOUSING REVENUE BONDS FOR THE PURPOSE OF ACQUIRING, REHABILITATING, EQUIPPING, AND DEVELOPING A MULTIFAMILY RESIDENTIAL HOUSING FACILITY FOR PERSONS OR FAMILIES OF LOW, MIDDLE OR MODERATE INCOME; FURTHER AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BY AND BETWEEN THE AUTHORITY AND MELBOURNE LEASED HOUSING ASSOCIATES II, LLLP; AND PROVIDING AN EFFECTIVE DATE.

Ms. Abbott asked about expected displacement of tenants. Mr. Quist does not anticipate displacing any tenants. The project will work with or without the 12 market rate units. During construction, typically the tenants would receive 2 days notice that work will be performed and they will receive assistance in moving their belongings. However, the HVAC units can be replaced in one day. The general contractor is SRP out of Tennessee. Ms. Edmonds suggested having a planned activity for the residents during construction. Mr. Quist noted that the residents are active and spend a great deal of time in the common areas. The residents in the ADA units will be relocated to another unit in the project or to a hotel during construction.

VI. Single Family Programs:

A. Status Report on 2012-2017 TBA/MCC Program: Ms. Abbott presented a status report on the program and indicated that there has been one loan closed since the last meeting. The loan activity is not likely to increase until the Hardest Hit Funds are gone. She noted that two new lenders have joined the program: Atlantic Bay and Centennial Bank. The current rate of the first mortgage is 4.0% and FHFC's rate is 4.75%. Mr. Sarkarati stated that in a recent newspaper article, Stephen Thaggard with Embrace Home Loans mentioned the Authority's program.

B. Quarterly status report on second mortgages: Ms. Abbott presented a summary of second mortgages as of June 30, 2017. She noted that 2 loans which were in foreclosure have paid in full. One of the second mortgages was paid from surplus funds after the foreclosure. She filed a motion, appeared at a hearing and obtained an order to receive the funds. The foreclosure case on the other loan was dismissed and the second mortgage was paid in full. Ms. Abbott reported that she sent the letter as directed at the June meeting to Mr. Horvath. He has not responded.

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

A. Discussion regarding investments: Ms. Edmonds and Ms. Abbott discussed the Authority's current investment policy and noted that, since the Authority holds GNMA securities as investments, it is required to have an investment policy. Therefore, there is a continuing education requirement, which may be met by the Authority members or a designated representative. Ms. Edmonds stated that her firm is a registered financial advisor, although she is not. She suggested that the Authority's investment policy should direct the type of investments the Authority is comfortable with, such as rolling CDs or the Florida Prime account. If the investments remain as such, then PRAG will handle this designation under its current retainer fee. If, in the future, the Authority chooses to make more complex investments, then PRAG will need to adjust its fee structure. Motion made by Kamran Sarkarati, seconded by

Michael Hartman and carried unanimously to designate PRAG as the entity responsible for making investment decisions and fulfilling the continuing education requirement of Section 218.415 (14), Florida Statutes.

B. Proposed extension of Financial Advisory contract: Ms. Abbott stated that the initial three year term of the contract ends September 30, 2017. She suggested that the Authority exercise the option to extend the engagement for an additional one year term. Motion made by Michael Hartman, seconded by Kamran Sarkarati and carried unanimously to extend the Financial Advisor Agreement for an additional one year term ending September 30, 2018.

C. Multifamily Guidelines and Application: Ms. Edmonds suggested that the guidelines and application need to be updated. There are a few matters that need attention:

1. The form of the information requested, how detailed and how it comes in;
2. Adding language to permit the exclusion of developers that commit "bad acts"; This matter was discussed extensively at the Florida ALHFA conference and language is being drafted to provide that local HFA's can exclude not only developers who commit fraud and are convicted, but also those who enter non-prosecution agreements, such as the one entered with Pinnacle. Ms. Edmonds will bring back the language at the next meeting.
3. Length of the Land Use Restriction Agreement ("LURA"); Mark Hendrickson had stated at the Florida ALHFA conference that HFA's should require a 50 LURA. Ms. Edmonds does not agree but stated that the Authority should consider how long the LURA requirement should be. The tax exempt bond requirement is a 15 year minimum and the tax credit minimum is 30 years. Ms. Edmonds wants to discuss whether to include the same affordability requirements as the tax credit side. Currently, the guidelines require 20% at 50% or 40% at 60% AMI. Michael Hartman stated that he thinks 50 years is too long.
4. Fees; Review whether the current fees are in line and whether there should be a fee for a short term redemption.

Ms. Edmonds stated that the Authority does not have to change its guidelines, but it is important to have these items discussed and considered. Motion made by Michael Hartman, seconded by Kamran Sarkarati and carried unanimously to bring all of the above items back for discussion at the October 12, 2017 meeting. Ms. Feinberg stated that she just completed a statewide fee matrix, which she will share.

VIII. Report of Angela A. Abbott, Esquire:

Ms. Abbott presented the Treasurer's report for 3rd quarter fiscal year 2016-2017, n the absence of Mr. Forbes. She reviewed the budget comparison as of the end of the third quarter, noting the large negative variance in the income on the TBA program. She also mentioned the GNMA/FNMA pay downs that occurred in September, 2016, after the budget was adopted, which has resulted in a decline in income during the current fiscal year. Neither of these negative balances will improve by the end of the fiscal year. The Trinity Towers income was not budgeted and will help offset the negative variances. The expenses are under budget. The checkbook ledger and balance sheet as of June 30, 2017 were also presented.

IX. Motion made by Kamran Sarkarati, seconded by Michael Hartman and carried unanimously to adjourn the meeting at 4:02 p.m.