

BREVARD COUNTY HOUSING FINANCE AUTHORITY

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MINUTES
March 8, 2018

The Brevard County Housing Finance Authority convened on the 8th day of March, 2018, at the hour of 3:00 p.m. in the Auditorium of the Brevard County Agricultural Center, 3695 Lake Drive, Cocoa, Florida.

Present: Larry Boudrie, Chairman
Kamran Sarkarati, Vice Chairman
Barry Forbes, Secretary/Treasurer
Michael Hartman, Assistant Secretary/Treasurer
James Katehakis, Assistant Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Marianne Edmonds, Public Resources Advisory Group, Inc.
Cameron Hill, RBC Capital Markets
Calvin C. Johnson, CPA.
Drew Warren, Community of Hope, Inc.
Stephanie T. Hopper, Community of Hope, Inc.

- I. The Chairman, Larry Boudrie, called the regular meeting to order at 3:03 p.m., determined the presence of a quorum and acknowledged proof of publication of the Notice of Meeting.
- II. Public Comments: The Chairman called for public comment. Hearing none, public comment was closed.
- III. Consent Agenda: 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 20, 2017 meeting
 - B. Approval of payment of invoices of Public Resources Advisory Group for 4th Quarter, 2017
 - C. Approval of payment of invoices of Angela A. Abbott, P.A. for 4th Quarter, 2017
 - D. Approval of payment of invoice of Calvin Charles Johnson, CPA for preparation of General Purpose Financial Statement for the year ended September 30, 2017
 - E. Approval of payment of Hendrickson Ink invoice for website maintenance
- IV. Report of Treasurer, Barry Forbes:
In the absence of Mr. Forbes, Ms. Abbott presented the Treasurer's Report and budget comparison for the quarter year ended December 31, 2017. The positive income variance for the quarter was \$53,707, which was primarily due to the Crane

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

Creek fee and prepayment of a GNMA certificate under the Single Family 2002 BC program. The expenses were under budget by \$1,351.86. Ms. Abbott presented the balance sheet and checking account ledger for 1st Quarter 2017-2018. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to approve the Treasurer's report, as presented.

[Barry Forbes arrived.]

Mr. Forbes commented that interest rates are increasing and that he would like to the Authority to investigate money market rates and consider investing in laddered CD's that are FDIC insured through brokerage companies. Kamran Sarkarati stated that certain mutual fund companies are offering 1% with daily liquidity. Ms. Edmonds stated that she would bring back a recommendation at the next meeting.

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. HFH has provided the annual certification of compliance due March 1, 2018.

B. Habitat for Humanity of Brevard County Status Report on Loan Agreement: Ms. Abbott stated that there has not been any activity on this loan since the Authority's last meeting. Ms. Abbott reported that she spoke with Diane Koenig, Executive Director, regarding the line of credit. Ms. Koenig stated that Habitat appreciates having the line of credit available as a backup. The loan will mature in July, 2018.

C. Consideration of Request from Community of Hope, Inc.: Drew Warren, Executive Director, and Stephanie T. Hopper, President of Community of Hope renewed the request for an interest free loan to refinance its outstanding loans and to borrow additional funds of \$75,000 for repair and improvements to existing properties. Mr. Forbes stated that BB&T had previously considered this loan. The properties cash flow but the loan did not meet other bank loan criteria. Mr. Forbes stated that BB&T has financed other projects with Steady Town, which does an excellent job of case management. It is very effective in re-housing individuals. Steady Town works closely with Community of Hope. It provides case workers to assist individuals with employment and other life skills. Mr. Forbes feels that Steady Town and Community of Hope are a tremendous asset in the community. Mr. Forbes has spoken with Keith Donald of Steady Town, who will purchase other properties to provide housing if the Authority refinances the loan. Steady Town is working with Carrfour Supportive Housing on a new development. Mr. Hartman stated that he is familiar with Carrfour. Mr. Warren stated that this requested loan will help not only Steady Town but Community of Hope

as well. Community of Hope is looking at acquiring a property on Brown Avenue in Titusville which has 9 units. Ms. Abbott stated that if the Authority wants to make this loan, she will prepared loan documents for approval at the April Authority meeting. Mr. Forbes stated that he would want a mortgage to secure the loan. Motion made by Michael Hartman, seconded by Barry Forbes and carried unanimously to authorize an interest free loan for a term of 15 years to refinance the loans with Regions Bank in the amount of approximately \$63,000, and Steady Town in the amount of approximately \$377,640, and a loan of \$75,000 to Community of Hope. The Authority requested that any outstanding mortgages with the City of Melbourne and Brevard County should be subordinated to the Authority's mortgage. Mr. Warren stated that the quadruplex is the only property that is encumbered. Mr. Katehakis stated that he would want to make sure that the loan funds are properly utilized for the improvements. Mr. Forbes requested detail on the anticipated improvements to Hope Village. Ms. Edmonds noted that bond issues have very strict controls on the use of funds. It would be cost prohibitive to bring in a servicer to monitor a \$75,000 loan. The Authority members discussed other ways in which to monitor the use of funds.

VI. Multifamily Programs - Discussion regarding status of financing of Crane Creek Senior Apartments Project: Ms. Abbott stated that this financing closed on December 26 and 27, 2017. The improvements are underway. Some issues have arisen regarding the required certifications.

VII. Single Family Programs:

A. Status Report on 2012-2018 TBA/MCC Program:

Ms. Abbott presented a status report on the Single Family Programs as of February 28, 2018. Due to the availability of Hardest Hit Funds, there has been a tremendous increase in loan activity. Since the report in the agenda package, six additional loans have closed. There are now \$8.4 million in first mortgages with 14 loans now pending. Several new lenders are now originating loans under the program.

Ms. Abbott announced that the Board of County Commissioners approved the extension of the MCC program at its meeting on February 20, 2018. The Authority has applied for allocation from the Division of Bond Finance. It is expected that, in a few weeks, the MCC program will be available.

Reports on the GNMA custody account, DPA custody account and GNMA profits as of January 31, 2018, were included in the agenda package to the members.

B. Quarterly status report on second mortgages. Ms. Abbott presented a status report on all second mortgages held by the Authority as of December 31, 2017. She stated that the second mortgages are paying well. At this time,

there are no loans in foreclosure. Further, one of the non-owner occupied properties has refinanced.

VIII. Report of Calvin Charles Johnson, C.P.A.:

- A. Presentation of General Purpose Financial Statements for the year ended September 30, 2017. Mr. Johnson presented the financial statements for the fiscal year ended September 30, 2017. He stated that this is a clean opinion and there are no problems to report. He indicated that there are over \$40 million in outstanding bonds as of September 30, 2017. This does not include the Crane Creek bonds, which closed in December, 2017. He noted that the Authority is in great financial condition. Mr. Forbes questioned the amount of the allowance for loan losses. Mr. Johnson indicated that there was no need to increase this amount. The Authority has been reserving 20% for loan losses. The report on internal control is clean. Mr. Johnson has determined that the Authority is in compliance with its investment policy. Lastly, he noted that the management letter is also clean. Motion made by Jim Katehakis, seconded by Kamran Sarkarati and carried unanimously to accept the financial statements as presented. Ms. Abbott will file the statements with the County and the other appropriate agencies.
- B. Consideration of contract extension. Motion made by Jim Katehakis, seconded by Kamran Sarkarati and carried unanimously to extend Mr. Johnson's contract for an additional one year ending August 31, 2019, under the same terms.

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

- A. Legislative update. Ms. Edmonds indicated that private activity bonds were not directly impacted by the federal tax bill. However, the value of tax credits have been impacted by the reduction in the corporate tax rate.
- B. Discussion regarding revised Multifamily Guidelines and Application: For discussion purposes, Ms. Abbott distributed revised multifamily guidelines and a revised application, which were modeled after the Manatee and Hillsborough County HFA guidelines. Ms. Edmonds stated that portions of the guidelines may be more aggressive toward the developer than the Authority wants to be. She suggested that the Authority review the revised documents to determine its policies. Ms. Edmonds raised certain issues, such as whether all amenities would be required as part of the Land Use Restriction Agreement.

Mr. Hartman suggested the following changes to the Application:

- On page 2, whether the development is part of a QCT;
- Add an indication as to which County Commission District the project is located;
- Require an increase in the minimum square footage of the units (700 square feet for 1 bedroom units, 925 square feet for 2 bedroom units, 1100 square feet for 3 bedroom units and 1300 square feet for 4 bedroom units).

Ms. Edmonds asked whether the guidelines should require that the tax credit equity be paid at closing or whether it should be worked out in credit underwriting. Ms. Edmonds suggested that the requirement be removed and that the recommendation of the credit underwriter be followed on a case by case basis. Mr. Forbes asked whether it is clear what funds are required at closing. Ms. Edmonds responded that each deal is different with various sources of funds.

Ms. Edmonds pointed out the services, programs and amenities required, which are more extensive than previously required. The Authority needs to decide whether to require the same or similar services, programs and amenities as FHFC. Ms. Edmonds suggested that the members review these requirements and determine what is important to require. Mr. Forbes stated that he does not want to require less than FHFC.

Mr. Hartman stated that if a reserve is required for the home ownership program it may reduce the amount of bond proceeds. In his experience, only about 5% of residents actually take advantage of this program.

Ms. Edmonds stated that she will put together a comparison of the current requirements and the requirements of FHFC. Mark Hendrickson's philosophy has been to require 50 years of affordability, which is much longer than previously required by this Authority.

X. Report of Angela A. Abbott, Esquire:

- A. Ms. Abbott presented the Florida ALHFA request for conference sponsorship. In the past, the Authority has sponsored at the gold level. Motion made by Kamran Sarkarati, seconded by Jim Katehakis and carried unanimously to sponsor the 2018 FLALHFA Conference at the gold level.
- B. Ms. Abbott noted that information was included in the members' packages regarding the NALHFA Conference in May, 2018.

XI. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to adjourn the meeting at 4:16 p.m.