

BREVARD COUNTY HOUSING FINANCE AUTHORITY

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MINUTES April 16, 2018

The Brevard County Housing Finance Authority convened on the 16th day of April, 2018, 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
Michael Hartman, Assistant Secretary/Treasurer
James Katehakis, Assistant Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Marianne Edmonds, Public Resources Advisory Group, Inc.
Helen Feinberg, RBC Capital Markets
Drew Warren, Community of Hope, Inc.

- I. The Vice Chairman, Kamran Sarkarati, called the meeting to order at 3:06 p.m., determined the presence of a quorum and acknowledged proof of publication of the Notice of Meeting.
- II. Public Comments: The Vice Chairman called for public comment. Hearing none, public comment was closed.
- III. Consent Agenda: Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to approve the Consent Agenda as follows:
 - A. Approval of Minutes of March 8, 2018 meeting
 - B. Approval of payment of invoices of Public Resources Advisory Group for 1st Quarter, 2018
 - C. Approval of payment of invoices of Angela A. Abbott, P.A. for 1st Quarter, 2018
 - D. Approval of payment of Hendrickson Ink invoice for website maintenance
- IV. Report of Treasurer, Barry Forbes:

In the absence of Mr. Forbes, Mr. Sarkarati presented the Treasurer's Report and budget comparison for the quarter year ended March 31, 2018. The positive income variance for the quarter was \$49,545, which was primarily due to the Crane Creek fee and prepayment of a GNMA certificate under the Single Family 2002 BC program.

The expenses were under budget by \$2,830. The Timber Trace fee has now been paid. The balance sheet and checking account ledger for 2nd Quarter 2017-2018 were presented. The Authority will be receiving substantially more SF TBA Program GNMA settlement funds over the next few months. The members received copies of the SunTrust and Florida Prime account statements for March, 2018. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to approve the Treasurer's report, as presented.

V. Status Reports on Special Projects:

- A. Loan Agreement with Housing for Homeless (“HFH”) f/k/a Coalition for the Hungry and Homeless: The loan to HFH is paying as agreed. A summary of all payments was included in the agenda package.
- B. Habitat for Humanity of Brevard County Status Report on Loan Agreement: There was no activity on this loan since the Authority's last meeting. The loan will mature in July, 2018. Mr. Hartman suggested a possible reduction in the loan amount if Habitat has no plans to utilize it.
- C. Consideration of Request from Community of Hope, Inc.: Drew Warren, Executive Director of Community of Hope renewed the request for an interest free loan in the total amount of not to exceed \$515,000, to refinance two outstanding loans and to borrow additional funds of \$75,000 for the acquisition of a property located on Southland Avenue in Melbourne. The current mortgage with Brevard County and a pending loan with the SBA will be subordinated to the Authority's new mortgage. Mr. Hartman asked about the security for the loan. Community of Hope requests that the Authority's mortgage encumber the same properties (Avocado, Roosevelt and Hoag) which secure the loans with Steadytown and Regions Bank, which are being refinancing with the Authority's loan, as well as the new property on Southland Avenue. The term of the proposed loan is 15 years. Mr. Katehakis and Mr. Hartman inquired about the value of the properties securing the mortgage. Mr. Warren replied that the values of the properties far exceed the proposed loan amount. Mr. Warren stated that he did not believe that the entire Roosevelt and Hoag properties are encumbered by the Regions Bank loan, but he would agree to encumber as many of the properties as the Authority deems appropriate. Motion made by Michael Hartman, seconded by Jim Katehakis, and carried unanimously, to approve an interest free loan amortized over a 15 year term, to Community of Hope loan in an amount not to exceed \$515,000, to be secured by a first mortgage on the same properties as the Steady Town and Regions Bank mortgages, as well as the newly acquired property on Southland Avenue.

VI. Single Family Programs:

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

Ms. Abbott presented a written status report on the Single Family Program as of March 31, 2018. Ms. Feinberg stated that due to the availability of Hardest Hit Funds through local HFA's only, there has been a tremendous increase in loan activity. During the month of March, 24 loans closed. There are now over \$12.3 million in first mortgages with 33 loans now pending. Several new lenders are now originating loans under the program. Ms. Feinberg stated that the hope is that lenders will continue originating loans in Brevard now that they are familiar with the program. Mr. Katehakis added that rates and the market are increasing. Ms. Feinberg noted that the Hardest Hit Funds will expire at the end of April.

Motion made by Michael Hartman, second by Jim Katehakis and carried unanimously to ratify and approve the Second Amendment to the Memorandum of Understanding with FHFC to extend the Hardest Hit Funds program through April 30, 2018, and such additional extensions as may become available.

In anticipation of the expiration of the Hardest Hit Funds, there should be an increase in the usage of the Brevard HFA second mortgage DPA funds. The DPA custody account has a current balance of \$140,000. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to authorize the transfer of \$200,000 from the SunTrust checking account to the DPA custody account, and an additional \$100,000 anytime the DPA account drops below \$100,000.

The MCC program became available again on March 14, 2018.

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

B. Quarterly status report on second mortgages. Ms. Abbott presented a written status report on all second mortgages held by the Authority as of March 31, 2018.

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

A. Investments. Ms. Edmonds stated that she is concerned about moving forward with a decision on investments when Barry Forbes is not at the meeting. She stated that the Florida Prime fund is now paying 1.98%. Mr. Forbes has previously stated opposition to the Florida Prime fund. However, Ms. Edmonds explained that the Florida Prime fund is now structured differently and is managing to an S&P AAA rating. Ms. Edmonds suggested

that the Authority select investments that are not too burdensome to manage. Mr. Sarkarati stated that he is comfortable with Treasury type money market funds. SunTrust is now paying 0.04%. Mr. Hartman suggested staying with short term investments. Ms. Edmonds stated that she will present recommendations for money market funds at the next meeting.

- B. Discussion regarding revised Multifamily Guidelines and Application: Ms. Edmonds presented a marked draft of the multifamily guidelines which added a provision to turn away applicants with legal problems and revised the fee structure.

Further, Ms. Edmonds presented the revised application which was modeled after the Manatee and Hillsborough County HFA applications, and is more comprehensive than the Authority's current application. Mr. Hartman's written comments to the application were also presented. Ms. Edmonds stated that, after credit underwriting is concluded and the 4% tax credit criteria are imposed, the difference in applications may not change the end result. Mr. Hartman stated that he prefers a more comprehensive application so that there is more information provided upfront for evaluation. Mr. Sarkarati agreed with Mr. Hartman's comments and prefers his changes. Mr. Hartman reviewed his comments and explained that a QCT is a Qualified Census Tract. If a project is located in a QCT it gets a 30% boost. He suggested including an indication as to which County Commission District the project is located. Further, he suggested minimum square footages for new construction so that the projects will compare to market rate developments. He reviewed the amenities that should be required as opposed to optional, and suggested changes to the optional services and amenities. Mr. Hartman stated the importance of proper zoning over conditional use permits, in the event of destruction of the project.

Mr. Hartman asked who is checking post-closing to make sure that the requirements are being met. Ms. Edmonds responded that First Housing is performing the construction servicing.

Ms. Edmonds announced that Atlantic Housing may be submitting an application soon.

Motion made by Jim Katakakis, seconded by Michael Hartman and carried unanimously to approve the revised guidelines and application with the changes discussed. Ms. Edmonds stated that she will incorporate Mr. Hartman's changes and have him review it before it is finalized.

VIII. Other:

- A. Approval of meeting schedule for remainder of 2018. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to approve the meeting schedule on the 4th Wednesday of each month for June, August, September, October and November, 2018.
- B. The Florida ALHFA conference will be held July 11-14, 2018 in St. Petersburg. The bus tour of affordable housing will be held on Saturday, July 14th.
- C. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimous to approve payment of the Wells Fargo invoice in connection with the Single Family 1985 issue.
- D. Mr. Sarkarati announced that Larry Boudrie has tendered his resignation as Chairman and will be taking a leave of absence for health reasons for the next few months. An election of officers will be held at the next Authority meeting.

IX. The meeting adjourned the meeting at 4:01 p.m.