

BREVARD COUNTY
HOUSING FINANCE AUTHORITY

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MINUTES
June 27, 2018

The Brevard County Housing Finance Authority convened on the 27th day of June, 2018, 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: 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
Drew Warren, Community of Hope, Inc.
M. E. Kelly, Executive Director, Habitat for Humanity of Brevard County, Inc.
Dena Jordan, Finance Manager, Habitat for Humanity of Brevard County, Inc.

- I. The Vice Chairman, Kamran Sarkarati, called the 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 Vice Chairman called for public comment. Hearing none, public comment was closed.

Mr. Sarkarati expressed the Authority's sorrow over the passing of Larry Boudrie. He noted that Larry was appointed to the Authority in November, 2004. He served as Vice Chairman from January, 2013 to June, 2015, and then as Chairman from June, 2015 until his passing. Mr. Boudrie was an active community volunteer and will be greatly missed. Mr. Sarkarati called for a moment of silence in honor of Larry Boudrie.

III. Election of Officers:

Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to elect Kamran Sarkarati as Chairman.

Motion made by Jim Katehakis, seconded by Barry Forbes and carried unanimously to elect Michael Hartman as Vice Chairman.

Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to elect Barry Forbes as Secretary/Treasurer.

Motion made by Kamran Sarkarati, seconded by Michael Hartman and carried unanimously to elect Jim Katehakis as Assistant Secretary/Treasurer.

Kamran Sarkarati
Chairman

Michael Hartman
Vice Chairman

Barry Forbes
Secretary/Treasurer

James Katehakis
Asst. Secretary/Treasurer

Angela A. Abbott
Attorney/Administrator

- IV. 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 April 16, 2018 meeting
 - B. Approval of payment of Hendrickson Ink invoice for website maintenance
 - C. Certificate of Authorized Persons for The Bank of New York Mellon custody accounts

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. Consideration of Loan Agreement with Habitat for Humanity of Brevard County: There has been no activity on this loan since the Authority’s last meeting. The loan will mature on July 31, 2018. The agenda package included the March 31, 2018, status report on the Critical Home Repair Program.

Mr. Forbes asked what the plan is for utilizing the loan. M. E. Kelly stated that the loan was originally needed to acquire land, but there have been sufficient donations and purchases of land at this point. Habitat now owns 68 parcels, which are not all buildable. There is a possibility of trading parcels with the City of Palm Bay for lots with infrastructure. Habitat is working to reduce the time for homeowners to get into homes. She requested an extension of the loan agreement as a back up financing option. Mr. Forbes recalled that, at the inception, the loan provided bridge financing with the national Habitat organization. He noted that the loan has not been utilized in the past five years. Ms. Kelly stated that over the last year, five homes were provided, and that 24 families were assisted. Habitat has received donations of materials, and funds to sustain its operations. Dena Jordan also requested additional grant funds for the Critical Home Repair Program. Mr. Forbes explained that the Authority prefers to recycle funds or use funds to leverage other credit facilities, as opposed to giving grants.

Following discussion, motion made by Barry Forbes, seconded by Michael Hartman and carried unanimously to extend the Loan Agreement on the same terms for an additional two year term.

- C. Consideration of Request from Community of Hope, Inc.: Drew Warren, Executive Director of Community of Hope, stated that he has been working with Brevard County to provide additional documentation for its loans and to obtain the subordination agreements needed to ensure that the Authority’s

mortgage will be in first position on the properties securing its loan. The process has taken longer than initially expected. He expects to have the signed subordination agreements within the next week or two.

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 May 31, 2018. Due to the availability of Hardest Hit Funds through local HFA's only, there has been a tremendous increase in loan activity. During the months of April and May, 51 loans closed. There are now over \$19.8 million in first mortgages with 28 loans now pending. Several new lenders are now originating loans under the program. At the close of the Hardest Hit program, seventy one (71) loans were originated in Brevard County, over \$10 million in first mortgages and \$1,065,000 in Hardest Hit forgivable second mortgages. As hoped, lenders have continued originating loans in Brevard now that they are familiar with the program.

[The representatives from Habitat for Humanity and Community of Hope, Inc. left the meeting.]

B. Discussion regarding funding of Down Payment Assistance loans:

Since the last meeting, a total of \$400,000 has been transferred to the DPA account. The members discussed the Authority's overall finances. Ms. Abbott noted that the return on the DPA custody account is approximately 1.8%, which far exceeds the return on the SunTrust Bank account. Historically, the second mortgage repayment rate has been excellent, with only 4% of loans going to foreclosure. Mr. Forbes mentioned the possibility of lowering the DPA to \$7,500 from \$10,000 to make the funds stretch further. Cameron Hill mentioned that other HFA's are considering this option. Ms. Abbott noted that the Authority is making a profit on the first mortgages, which offsets the cost of funding the DPA loans. Ms. Edmonds stated that she will put together an explanation of the the Authority's cash flow and its ability to sustain the second mortgage program. Mr. Forbes asked who the most active lenders are, to which Ms. Abbott replied: Shelter Mortgage, Prime Lending and Loan Depot. The members discussed the value of the mortgage credit certificates to the borrowers. Motion made by Barry Forbes, seconded by Michael Hartman and carried unanimously to transfer \$500,000 to the DPA custody account with Bank of New York Mellon.

Reports on the GNMA profits as of May 31, 2018, and the balance sheet as of June 19, 2018, were included in the agenda package to the members.

C. Documentary Stamp Tax exemption for HFA loans:

Ms. Abbott stated that, effective July 1, 2018, new legislation allows all HFA loans, not just bond loans, to be exempt for doc stamps. Mortgages payable directly to the HFA are exempt from intangible tax as well. The new statute requires that an affidavit by the HFA or its agent be recorded with the mortgage stating that the loan qualifies for the exemption. She stated that there will be a conference call on Monday to determine a uniform way to handle this issue across the state. Ehousing thinks that lenders will not want to sign the affidavit. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to authorize participating lenders to act as the HFA's agent for purposes of signing and recording the affidavit, and to authorize Ms. Abbott and bond counsel to prepare the affidavit and the language for the mortgage to allow borrowers to receive the benefit of the tax exemption.

VII. Multifamily Programs: Request of clarification of Land Use Restriction Agreement (the "LURA") for Crane Creek

The Authority received a written request for clarification of the Crane Creek LURA from the developer. Following discussion, motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to clarify the LURA as follows:

1. Current tenants who qualified at move in do not have to be displaced;
2. Provided that the requisite information is contained in the current forms, the compliance monitor should accept the forms as an "initial certification" under the LURA; and,
3. The reporting period shall be adjusted to match the FHFC reporting period, provided that the reports are filed in advance of the due date under the LURA.

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

A. Discussion regarding proposed investments. Following discussion, motion made by Barry Forbes, seconded by Michael Hartman and carried unanimously to authorize Ms. Edmonds to present a plan for the investment of \$1,000,000 in laddered certificates of deposit of no more than \$250,000 increments maturing in 3, 6, 9, 12, 18 and 24 months, perhaps through a broker.

B. Discussion regarding revised Multifamily Guidelines and Application: Ms. Edmonds requested clarification on the changes to the Application. The information requested in the new application would have eventually been provided through the credit underwriting process, but is now required

upfront. Mr. Hartman suggested deleting the fire sprinkler requirement and leave it up to the building code. Ms. Edmonds noted that this application is more like FHFC's application than before. Following discussion, the Authority determined that the services and amenities should be selected and disclosed, as opposed to required, using the checklist as a guide.

IX. Report of Angela A. Abbott, Esquire:

Ms. Abbott stated that according to the Office of Special Districts, there is a new requirement for public websites to be ADA compliant. Hendrickson Ink is developing an "Accessibility" page with various formats including all text and text-to-voice. Ms. Edmonds noted that this change has been prompted by a series of lawsuits.

X. Other:

A. Cameron Hill distributed a package entitled "Challenges Financing Affordable Multifamily Preservation Properties in Florida" which Helen Feinberg presented to FHFC. One of the properties in the package is Crane Creek. Ms. Hill discussed to need for preservation of affordable housing and the implications of "reappraisal" by FHFC of third party appraisals. Michael Hartman noted that a new multifamily underwriting director has been hired by FHFC.

B. Ms. Abbott reminded the members that the Florida ALHFA conference will be held July 11-14, 2018 in St. Petersburg.

C. The Authority's next meeting will be held on August 22, 2018.

XI. The meeting adjourned the meeting at 4:34 p.m.