

BREVARD COUNTY HOUSING FINANCE AUTHORITY

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MINUTES
October 24, 2018

The Brevard County Housing Finance Authority convened on the 24th day of October, 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, Chairman
Michael Hartman, Vice Chairman
James Katehakis, Asst. Secretary/Treasurer
John Newton, Member
Angela A. Abbott, Attorney for the Authority
Marianne Edmonds, Public Resources Advisory Group, Inc.
Mickey Johnston, Public Resources Advisory Group, Inc.
Helen Feinberg, RBC Capital Markets
Stan Retz, Berman Hopkins, Wright & Laham, CPA
Debbie Goode, Carr, Riggs & Ingram, CPA

- I. The 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 Chairman called for public comment. Hearing none, public comment was closed.
- III. Oath of Office: The Oath of Office was taken by the new member, John Newton.
- IV. Consent Agenda: Motion made by James Katehakis, seconded by Michael Hartman and carried unanimously to approve the Consent Agenda as follows:
 - A. Approval of Minutes of September 26, 2018 meeting
 - B. Approval of payment of Hendrickson Ink invoice for website maintenance
 - C. Approval of payment of invoice of PRAG for 3rd Quarter, 2018
 - D. Approval of payment of invoices of Angela A. Abbott, P.A. for 3rd Quarter, 2018
 - E. Approval of payment of Annual Special District fee for FY 2018-2019
 - F. Approval of payment of NALHFA and FLALHFA conference registration fees and authorization to incur reimbursable expenses for 2019
 - G. Approval of 2019 Public Meeting Schedule

Kamran Sarkarati
Chairman

Michael Hartman
Vice Chairman

Barry Forbes
Secretary/Treasurer

James Katehakis
Asst. Secretary/Treasurer

John Newton
Member

Angela A. Abbott
Attorney/Administrator

Ms. Abbott noted that, in 2019, the regular meeting date for November falls on the Wednesday before Thanksgiving and the December date falls on Christmas day. The Authority determined that the November and December meeting dates should be combined into one meeting to be held on December 4, 2019.

V. Report of Treasurer, Barry Forbes: Presentation of 4th Quarter, FY 2017-2018 Treasurer's Report:

In the absence of Mr. Forbes, Ms. Abbott presented the Treasurer's Report and budget comparison for the fiscal year ended September 30, 2018. She noted the large positive income variance due primarily to the Single Family TBA program income, the Crane Creek fee and prepayment of a GNMA certificate under the Single Family 2002 BC program. Expenses were slightly under budget for the year. The fiscal year end balance sheet and the fourth quarter checking account ledger were also presented. Motion made by James Katchakis, seconded by Michael Hartman, and carried unanimously to approve the Treasurer's report, as presented.

VI. Multi-Family Programs:

A. Status report on Application of Venue at Brevard, Ltd. (The Venue at Viera Senior Living Project):

Ms. Abbott stated that she has spoken with Scott Culp regarding the status of the application. Mr. Culp indicated that their attorney, David Leon, will be preparing an agreement regarding the possible fee reduction prior to moving forward with this financing. Mr. Hartman noted that the equity at 92 cents seems very light to him for a bond deal. Since they are selling to themselves, there is an opportunity to make an additional 3 to 4 cents in the market. Ms. Edmonds stated that she will not make a final recommendation on the fee reduction until all the information is in. She and Ms. Feinberg agreed that, if the fee is the only obstacle to the affordable housing financing, then it makes sense to reduce the fee to get the affordable units. However, there are many factors to consider. Ms. Feinberg noted that the Orange County Housing Finance Authority declined to reduce its fee in a recent request from Atlantic Housing. She mentioned that no other developers are doing new construction stand alone bond issues with 4 percent credits, which is likely a reason for the fee reduction request. Mr. Hartman pointed out that there are several profit centers, such as on the construction side.

B. Status of multifamily units in Brevard County:

Ms. Abbott included, in the agenda package, a listing of the Authority's outstanding bond financed projects and the status of the Land Use Restriction

Agreements (LURA's). Ms. Feinberg distributed a comprehensive listing of affordable housing projects in Brevard County, which was compiled by the Shimberg Center for Affordable Housing, University of Florida. She stated that there are 6,079 units of which 5,831 are assisted. Mr. Hartman noted that there are not many subsidy expirations prior to 2030. Ms. Feinberg pointed out that, while the initial 15 year term of the LURA's will be expiring soon on many projects, the tax credits will extend the affordability period to 30 years. Mr. Katehakis commented that this summary paints a completely different picture than the information presented by Atlantic Housing at the last meeting.

VII. Auditor selection and discussion regarding responses to request for proposals:

Ms. Abbott stated that the extended RFP was emailed to the firms on the auditor distribution list on September 20, 2018, with responses due on October 15, 2018. Two proposals were received in response to the RFP: one from Berman Hopkins Wright & Laham, and the other from Carr Riggs & Ingram. Mr. Sarakarati complimented both proposals. Mr. Hartman asked about the fee paid to Calvin Johnson. Ms. Abbott responded that the fee was \$12,500. Mr. Hartman noted that the Carr, Riggs & Ingram proposal quoted a fee of \$13,000 and Berman Hopkins Wright & Laham quoted a fee of \$25,000. Mr. Katehakis announced that Carr, Riggs & Ingram is his CPA, and as such he would abstain from voting in this item. He asked about the complexity and standards for the Authority's audit. Ms. Abbott explained that the audit is similar from year to year but that the Authority's programs require a certain expertise to understand and audit. Mr. Hartman added that there are governmental accounting standards, and internal control compliance required. Debbie Goode addressed the deficiency noted in the Carr, Riggs & Ingram's peer review in 2017. She stated that there was a documentation issue and that corrective measures have been implemented. She feels that the firm is now stronger as a result. Ms. Edmonds commented that one of the most complex parts of the audit in other counties are the second mortgage programs. Based upon the thorough records that the Authority maintains on its second mortgage programs, Ms. Abbott does not expect issues in this regard. Stan Retz stated that his firm, Retz & Baker, merged with Berman Hopkins last December. Berman Hopkins has been a Brevard County based firm for 60 years. It provides auditing services to Brevard County and many housing authorities throughout the state. He recognized that the quoted fee is higher than Carr, Riggs & Ingram, and stated that there may be some flexibility on the fee. Debbie Goode added that it is also local and has extensive governmental, housing authority and housing finance authority experience.

Ms. Abbott suggested that the proposal be ranked in case an acceptable engagement letter cannot be negotiated with the first place firm. Motion made by Michael Hartman, seconded by John Newton and carried, with Jim Katehakis abstaining, to rank Carr, Riggs & Ingram first and Berman Hopkins Wright & Laham second in the selection process, and to authorize the professionals to negotiate an engagement

agreement with Carr, Riggs & Ingram first, and if unsuccessful, then Berman Hopkins. The Authority thanked both of the firms for their excellent proposals.

VIII. 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. Loan Agreement with Habitat for Humanity of Brevard County: There has been no activity on this loan since the Authority’s last meeting. The agenda package included the September 30, 2018, status report on the Critical Home Repair Program.
- C. Loan to Community of Hope, Inc.: The loan to Community of Hope is paying as agreed. A summary of all payments was included in the agenda package.

IX. Single Family Programs:

- A. Status Report on 2012-2018 TBA/MCC Program and discussion regarding funding of Down Payment Assistance loans:

Ms. Abbott presented a written status report on the Single Family Program as of October 17, 2018. During the month of September, 13 loans closed. There are now over \$30 million in first mortgages, with 21 loans now pending. Ms. Abbott added that since the reduction of the maximum DPA loan amount to \$7,500 on October 1, 2018, and the simultaneous interest rate increase on the first mortgage, there has been a big decline in reservations, with only three new reservations since October 1, 2018. Ms. Feinberg noted that reservations are down everywhere and that this is a slower time of year for home purchases. The FHFC rate is 5.5% which is 0.375% higher than the TBA program rate. The agenda package included status reports on the DPA and GNMA Custody accounts as of September 30, 2018, and a summary of GNMA profits as of October 23, 2018. The Authority will continue to monitor the use of DPA funds closely.

- B. Quarterly status report on second mortgages:

Ms. Abbott presented a status report on the second mortgages as of September 30, 2018.

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

Discussion regarding proposed investments: Ms. Abbott stated that the application to establish the Fidelity account has been mostly completed and is with Barry Forbes for final completion and signature. There is certain amount of personal information required from Mr. Forbes. Ms. Edmonds suggested that if Mr. Forbes is not comfortable providing the personal information, then Florida Prime remains an option. Ms. Abbott explained to Mr. Newton that, at the last meeting, the Authority determined that \$1,000,000 should be moved from the checking account and invested in a portfolio of five laddered CD's, in the amount of \$200,000 each for 3, 6, 9 and 12 month terms. Ms. Edmonds noted that the Florida Prime account is specifically authorized by statute and by the investment policy, but is not guaranteed by the state. Mr. Hartman volunteered that, if Mr. Forbes is not comfortable acting on the Fidelity account, he will act as the authorized signer on the Fidelity account.

XI. Report of Angela A. Abbott, P.A.:

Ms. Abbott stated that, last Thursday, October 18, 2018, she held the TEFRA hearing regarding the extension of the MCC program. There was no one in attendance at the hearing and no written comments were received. This issue must be approved by the Board of County Commissioner, which should occur in mid-November. There is a conference call with County representatives on Friday to discuss any concerns. If issues arise, Ms. Abbott will ask the members to contact the Commissioners.

XII. Motion made by James Katehakis, seconded by Michael Hartman and carried unanimously to adjourn the meeting at 3:50 p.m.