

BREVARD COUNTY HOUSING FINANCE AUTHORITY

4420 South Washington Avenue
Titusville, Florida 32780
(321) 264 - 0334 Phone
(321) 269 - 6840 Fax

MINUTES
January 23, 2019

The Brevard County Housing Finance Authority convened on the 23rd day of January, 2019, 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
Barry Forbes, Secretary/Treasurer
James Katehakis, Asst. Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Marianne Edmonds, Public Resources Advisory Group, Inc.
Natalie Sidor, Public Resources Advisory Group, Inc.
Helen Feinberg, RBC Capital Markets
Debbie Goode, Carr, Riggs & Ingram, CPA
Jennifer Polk, 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. Presentation of Carr, Riggs & Ingram, LLC:
 - A. Presentation of Audited Financial Statements for the year ended September 30, 2018:

Debbie Goode and Jennifer Polk presented a draft of the Audited Financial Statements for the fiscal year ended September 30, 2018. Ms. Goode indicated that the statements will be released as final when the SOC (service organization controls) report is received from Wells Fargo. There will be three partner reviews of this report. Ms. Goode thanked Ms. Abbott for providing the information and reports requested in a timely manner. She stated that the auditor's report is clean and unqualified. She reviewed the Management Discussion and Analysis. She reviewed the net position which has increased by \$145,000 in assets. The custody accounts have been broken out and shown separately. The difference in liabilities is largely attributable to the \$135,000 developer deposit decrease.

Ms. Goode noted that there was an increase of \$418,000 in revenues over expenses, primarily due to the TBA program income. The provision for loan losses has increased from \$215,000 to \$375,000, which is 20% of the total outstanding second mortgage receivables. Ms. Goode reviewed in detail the nonoperating income, cash flows, fair value of investments, and outstanding bonds. She stated that there are no issues with internal controls and that there is adequate oversight of management. She indicated that the Authority's investments comply with local government investment policies and laws. She explained that additional work was required to record accruals for which an additional fee is requested. This is a one time charge because going forward Ms. Abbott will record the accruals in the Authority's financial records. Management understands and takes responsibility for the statements. The Authority discussed the status of the Single Family 1985 issue. Barry Forbes asked whether 20% is an adequate loan loss reserve. Ms. Abbott stated that historically the loss on second mortgages is less than 4%. The members discussed that if there is a downturn in the housing market leading to foreclosures, the reserve may need to be increased. Ms. Goode suggested that the Authority should discuss the appropriate reserve and adjust it annually at the end of the fiscal year. Mr. Hartman asked about the loan to value ratios on the first mortgage loans. Ms. Feinberg responded that the first mortgages are FHA and VA loans with 97 percent plus LTVs.

- B. Approval of payment of fees for preparation of Audited Financial Statements for the year ended September 30, 2018 Presentation of Carr, Riggs & Ingram, LLC:

Motion made by Barry Forbes, seconded by Jim Katehakis and carried unanimously to approve the Addendum to Engagement and the invoice dated January 18, 2019.

- C. Debbie Goode reviewed the Required Communications and Management Representation Letter. These will be finalized and signed when the Financial Statements are final.

- IV. Consent Agenda: Motion made by James Katehakis, seconded by Barry Forbes and carried unanimously to approve the Consent Agenda as follows:

- A. Approval of Minutes of October 24, 2018 meeting
- B. Approval of payment of Hendrickson Ink invoice for website maintenance
- C. Approval of payment of invoice of PRAG for 4th Quarter, 2018 & September, 2018
- D. Approval of payment of invoices of Angela A. Abbott, P.A. for 4th Quarter, 2018
- E. Approval of payment of NALHFA annual dues for 2019

V. Report of Treasurer, Barry Forbes: Presentation of 1st Quarter, FY 2018-2019 Treasurer's Report:

Mr. Forbes presented the Treasurer's Report and budget comparison for the first quarter of fiscal year 2018-2019. He noted the large positive income variance due primarily to the Single Family TBA program income. Expenses were slightly under budget for the year. The balance sheet and the first quarter checking account ledger were also presented. Mr. Forbes pointed out the increase in the loan loss reserve to \$375,000.

Motion made by Michael Hartman, seconded by James Katehakis, and carried unanimously to approve the Treasurer's report as presented and to approve the Resolution to establish the account with Fidelity Investments.

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 the timing of the development has been delayed until early 2020.

B. Status of Southlake Towers Project:

The Authority received a short form application for this project two months ago. The developer has applied for a SAIL loan with Florida Housing Finance Corporation. The developer is optimistic that it will be awarded SAIL funding but will not know officially until March, 2019.

VII. 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 December 31, 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.

VIII. 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 December 31, 2018. During the months of October, November and December, 2018, twenty (20) first mortgage loans closed, all of which utilized the Authority's second mortgage DPA. Loan originations declined between September and December, 2018, but have increased during January, 2019. There are currently eight (8) loans pending or closed during this month. If loans continue to originate at the current rate, the funds on deposit in the DPA custody account will be sufficient to provide DPA loans through May, 2020. The agenda package included status reports on the DPA and GNMA Custody accounts as of December 31, 2018, and a summary of GNMA profits as of December 31, 2018. The Authority will continue to monitor the use of DPA funds closely.

B. Approval of extension of Interlocal Agreement with Housing Finance Authority of Hillsborough County:

Ms. Abbott explained that Interlocal Agreement for the TBA program needs to be extended. The term of the extended Interlocal Agreement is three years. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to approve the Interlocal Agreement as presented.

C. Quarterly status report on second mortgages:

Ms. Abbott presented a status report on the second mortgages as of December 31, 2018, and noted that the foreclosure rate on all second mortgages is less than 4%.

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

Ms. Edmonds discussed liquidity issues that the Authority may face in the future if it continues to fund DPA loans. She suggested monitoring the funding levels at each meeting as it has been doing.

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

Ms. Abbott announced that the NALHFA Conference will be held in Denver, Colorado on May 15-18, 2019 and the FLALHFA Conference will be held in Jacksonville Beach on July 10-13, 2019.

XI. Motion made by Michael Hartman, seconded by Barry Forbes and carried unanimously to adjourn the meeting at 3:47 p.m.