

BREVARD COUNTY HOUSING FINANCE AUTHORITY

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MINUTES
March 27, 2019

The Brevard County Housing Finance Authority convened on the 27th day of March, 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
James Katehakis, Asst. Secretary/Treasurer
John Newton, Member
Angela A. Abbott, Attorney for the Authority
Marianne Edmonds, Public Resources Advisory Group, Inc.
Natalie Sidor, Public Resources Advisory Group, Inc.
Debbie Goode, Carr, Riggs & Ingram, CPA
Drew Warren, Community of Hope

- 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 revised Audited Financial Statements for the year ended September 30, 2018:

Debbie Goode presented the final Audited Financial Statements for the fiscal year ended September 30, 2018. She indicated that the only change to the financial statements presented at the January 23, 2019 meeting, is the addition of the Single Family 1985 bond issue. The reason for the change is that the Government Accounting Standards Board ("GASB") does not consider single family bond issues as conduit debt because there is no third party obligor. Therefore, the bonds must be reflected on the books of Authority and in the financial statements as a receivable and a liability until the end of the program. Marianne Edmonds explained the history of the 1985 Single Family Program. The bonds were to be paid by mortgages and are insured by FGIC. Due to an irregularity in the cash flows, when the mortgages paid off there were still outstanding bonds. FGIC was contacted

many years ago about this issue but it did not take action to correct it. FGIC went into receivership after the 2008 financial crisis. It has been making payments to bondholders (about 25% of the bonds have been paid by FGIC) but this will wind down. Ms. Abbott added that the financial statements and the representation letter reflect that the Authority is not legally responsible for the payment of the bonds. Ms. Goode indicated that this is a material adjustment to the statements. Going forward the bonds must be recorded on the books of the Authority. Mr. Sarkarati asked if this will fall off when the bonds mature or are paid. Ms. Goode responded yes, but Ms. Edmonds clarified, unless FGIC defaults in payment. Motion made by James Katehakis, seconded by Michael Hartman and carried unanimously to accept the financial statements into the record.

B. Debbie Goode presented the final Required Communications and Management Representation Letter.

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 January 23, 2019 meeting
- B. Approval of payment of Hendrickson Ink invoice for website maintenance
- C. Approval of payment of invoice of Nabors, Giblin & Nickerson, P.A.
- D. Approval of payment of invoices of Angela A. Abbott, P.A. for 1st Quarter, 2019

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. Loan Agreement with Habitat for Humanity of Brevard County: There has been no activity on this loan since the Authority’s last meeting.
- 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. Drew Warren presented a new request for a line of credit of \$50,000 for bridge financing for various new projects. Community of Hope is developing nine affordable housing units for families in Titusville which it is financing with a predevelopment loan with Florida Housing Finance Corporation (“FHFC”). It will need to expend funds and be reimbursed by FHFC. Mr. Warren is concerned about available cash flow. Other sources of funds are HOME, Florida Community Loan Fund and FHLB. The FHFC predevelopment loan request is \$100,000, but is not yet approved. Michael Hartman clarified with Mr. Warren that the request is for bridge financing, to be repaid with the grant funds, not in addition to. He stated that he would

expect only one advance at a time, to which Mr. Warren agreed. John Newton asked whether the financials of Community of Hope will be provided prior to the approval of this loan. Mr. Katehakis expressed concerns that if the loan runs for more than one year, it is a term loan and should be secured. Mr. Sarkarati inquired about the timing of the projects. Mr. Warren responded that it would be three to four months before HUD funds will be received. Ms. Edmonds offered to review the HUD loan to determine the likelihood of funding. She also agreed to look at the predevelopment loan with FHFC. Motion made by John Newton, seconded by Michael Hartman and carried unanimously to table this request to the next meeting.

VI. Single Family Programs: Status Report on 2012-2019 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 March 18, 2019. During the months of January, February and the first half of March, 2019, twenty five (25) 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 2019. There are currently eleven (11) loans pending 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 March 18, 2019, and a summary of GNMA profits as of February 28, 2019. The Authority will continue to monitor the use of DPA funds closely.

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

Ms. Abbott reminded the members about the FLALHFA Conference will be held in Jacksonville Beach on July 10-13, 2019.

VIII. Other:

A. Motion made by Jim Katehakis, seconded by Michael Hartman, and carried unanimously to approve a Florida ALHFA conference gold sponsorship.

B. Discussion regarding Bond Counsel Request for Proposals: Ms. Abbott indicated that it has been seven years since the last RFP for bond counsel and there are no optional contract extensions available. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to approve the issuance of a bond counsel RFP to all activity housing bond firms in Florida.

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