

BREVARD COUNTY HOUSING FINANCE AUTHORITY

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MINUTES
January 22, 2020

The Brevard County Housing Finance Authority convened on the 22nd day of January, 2020, 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.
Cameron Hill, RBC Capital Markets
Debbie Goode, Carr, Riggs & Ingram, LLC
Jennifer Polk, Carr, Riggs & Ingram, LLC
Jay Brock, Southern Affordable Services, Inc.
Marc Gauthier, Atlantic Housing Partners
Matt Lipoff, Southport Financial Services

- I. The Chairman called the meeting to order at 3:05 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, 2019

Debbie Goode and Jennifer Polk presented the Audited Financial Statements for the fiscal year ended September 30, 2019. Ms. Goode thanked Ms. Abbott for providing the information and reports requested in a timely manner. She stated that the audit went smoothly and was completed quickly. The auditor's report is clean and unqualified. She reviewed the financial statements and the Management Discussion and Analysis in detail. She noted that the Authority's net position has increased by \$392,000. The developer deposit of \$110,000 in connection with the Southlake Towers project is shown as a liability since it is essentially an escrow deposit to secure payment of fees if the issue fails to close. Ms. Goode noted that there

was an increase of \$234,000 in revenues over expenses, primarily due to the TBA program income. The provision for loan losses is 20% of the total outstanding second mortgage and other receivables. Ms. Goode reviewed in detail the nonoperating income, cash flows, fair value of investments, and outstanding bonds. She presented the required communications letter which is clean. She explained that a third party valued the Authority's investments and concluded that the value of the mortgage backed securities is overstated by \$12,546, which is not material. 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. Management understands and takes responsibility for the statements. Motion made Michael Hartman, seconded by Jim Katchakis and carried unanimously to accept the financial statements as presented and to authorize the execution of the management representation letter.

- B. Motion made by Michael Hartman, seconded by Jim Katchakis and carried unanimously to approve payment of invoice of Carr, Riggs & Ingram, LLC for preparation of Audited Financial Statements for the year ended September 30, 2019.

Ms. Edmonds mentioned the requirement for website compliance with the American Disability Act. Although this is not specifically an audit issue, Ms. Goode concurred that the Authority's website needs to meet ADA requirements to avoid being sued.

[Debbie Goode and Jennifer Polk left the meeting.]

- IV. Consideration of Application of Venue at Brevard, Ltd. (The Venue at Viera Senior Living Project):

The Authority has received an updated application for this project which increases the amount of the issue due to increased construction costs. Bond counsel, Mark Mustian, prepared the revised inducement resolution, which is substantially the same as the September, 2018 resolution with an increase in the amount of the issue. Jay Brock and Marc Gauthier stated that this issue will utilize tax exempt bonds and 4% tax credits. The developer will defer substantially all of its fee. The timeline is to close during the third quarter, 2020. The project will not apply for a SAIL loan. Ms. Abbott stated that, following inducement and upon receipt of the developer deposit, the Authority will hold the TEFRA hearing, obtain County Commission approval and apply for allocation.

Motion made Michael Hartman, seconded by Jim Katchakis and carried unanimously to approve Resolution No. 2020-01 entitled:

RESOLUTION REGARDING THE OFFICIAL ACTION OF THE BREVARD COUNTY HOUSING FINANCE AUTHORITY RELATIVE TO THE ISSUANCE

OF NOT TO EXCEED \$15,755,000 MULTIFAMILY HOUSING REVENUE BONDS FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING, EQUIPPING, AND DEVELOPING A MULTIFAMILY RESIDENTIAL HOUSING FACILITY FOR PERSONS OR FAMILIES OF LOW, MIDDLE OR MODERATE INCOME; FURTHER AUTHORIZING THE EXECUTION AND DELIVERY OF AN AGREEMENT BY AND BETWEEN THE AUTHORITY AND VENUE AT BREVARD PARTNERS, LTD.; AND PROVIDING AN EFFECTIVE DATE.

Ms. Edmonds addressed the request for a reduction of the Authority's fee and her fee. Mr. Hartman stated Ms. Edmonds' fee must be paid pursuant to her contract for the scope of services provided, even if the Authority agrees to reduce its fees. The Authority fee may have to be restructured due to the affiliation of the tax credit provider.

[Jay Brock and Marc Gauthier left the meeting.]
[Barry Forbes arrived.]

- V. 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 23, 2019 meeting
 - B. Approval of payment of Hendrickson Ink invoice for website maintenance
 - C. Approval of payment of invoice of PRAG for 4th Quarter, 2019
 - D. Approval of payment of invoices of Angela A. Abbott, P.A. for 4th Quarter, 2019
 - E. Approval of payment of NALHFA annual dues for 2020
- VI. Report of Treasurer, Barry Forbes: Presentation of 1st Quarter, FY 2019-2020 Treasurer's Report:

Mr. Forbes presented the Treasurer's Report and budget comparison for the first quarter of fiscal year 2019-2020. He commented that the CD's with Fidelity Investments are paying 1.8 to 2.0%. The members discussed that the Habitat for Humanity line of credit is not being utilized and may need to be reallocated. Mr. Forbes mentioned that the loan to Community of Hope allowed for the repayment of a loan from Keith Donald, which was reinvested in Heritage Park at Crane Creek. Ms. Abbott pointed out the letter from Mr. Donald, Steady Town, which explained the reinvestment of funds. Mr. Forbes noted a negative variance in income due primarily to the decline in Single Family TBA Program income and the late payment of the Crane Creek fee. Ms. Abbott stated that the fee was overpaid by Crane Creek in January, and a refund check will be issued. Expenses are slightly under budget for the year. The balance sheet and the fourth quarter checking account ledger were also presented. Mr. Forbes stated that additional certificates of deposit have been purchased in the Fidelity account so that almost all the funds in the account are now invested and have rolling maturities.

Motion made by Michael Hartman, seconded by Jim Katehakis, and carried unanimously to accept the Treasurer's Report as presented.

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 members discussed that the loan to Habitat will mature in July, 2020 and that if Habitat does not have a need for this loan, the funds can be put to other uses. Ms. Abbott was directed to contact representatives of Habitat regarding the intended use of the loan.
- 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. Multi-Family Programs:

- A. Status of Application of Southlake Towers, LLLP (Southlake Towers Apartments Project):

Ms. Abbott stated that this issue received allocation from the Florida Division of Bond Finance in November, 2019. Bond counsel, Mark Mustian, has filed a validation complaint which will toll the expiration of the allocation. The project is moving forward and the issue is expected to close in May or June.

- B. Status report on Application of Thorton Place, Ltd. (Thorton Place Project):

Ms. Abbott indicated that this project did not receive a SAIL loan from Florida Housing Finance Corporation and is therefore unlikely to move forward.

- C. Other:

Ms Abbott stated that she was recently contacted by representatives of Millennia Housing Development, which has acquired three projects throughout Brevard County. It is planning to submit an application to the Authority for bond financing to renovate the projects. Millennia Housing Development would like to close the issue in May. Therefore, it may be necessary for the Authority to hold the February meeting to accommodate this schedule.

The members discussed the shortage of affordable single family homes and rentals throughout the County. Ms. Edmonds stated that as the demand for more affordable housing increases, private activity bond allocation will become more scarce. Ms. Abbott mentioned that the Authority obtained \$50,000,000 in carryforward allocation for single family or multifamily programs for the next three years.

IX. Single Family Programs:

A. 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 December 31, 2019. During the months of October, November and December, sixteen (16) first mortgage loans closed, all of which utilized the Authority's second mortgage DPA. Loan originations averaged about six (6) loans per month during 2019. 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 September, 2020.

The agenda package included status reports on the DPA and GNMA Custody accounts as of December 31, 2019, and a summary of GNMA profits as of December 31, 2019. The Authority will continue to monitor the use of DPA funds closely.

B. Quarterly status report on second mortgages:

Ms. Abbott presented the second mortgage status report as of December 31, 2019. She noted that a foreclosure case in the NIBP program was dismissed in September and the loan was subsequently paid in full in October. She also stated that one new foreclosure was filed in the TBA program.

X. Report of Angela A. Abbott, Esquire:

A. Ms. Abbott announced that the NALHFA conference will be held May 6-9, 2020, in New York.

B. Ms. Abbott stated that the Authority is requested to endorse an insurance check for Brooke Jones and Gage Stiefel. Ms. Jones and Mr. Stiefel purchased a home under the TBA program with a first mortgage to U.S. Bank and a DPA second mortgage to the Authority. The insurance check is for roof damage and is payable to Ms. Jones, Mr. Stiefel, U.S. Bank and the Authority. The check has already been endorsed by U.S. Bank. Mr. Forbes suggested that the Authority's policy in this situation should be to endorse

checks once the first mortgage holder has signed off. The other members concurred and authorized the endorsement as requested.

XI. Other:

Matt Lipoff with Southport Financial Services introduced himself and stated that he will be attending future Authority meetings to request a local contribution to its multifamily developments.

XII. Motion made by Michael Hartman, seconded by Jim Katakakis, and carried unanimously to adjourn the meeting at 4:24 p.m.