

# BREVARD COUNTY HOUSING FINANCE AUTHORITY

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## MINUTES April 22, 2020

The Brevard County Housing Finance Authority convened on the 22<sup>nd</sup> day of April, 2020, at the hour of 3:03 p.m. by telephone conference call.

Present by telephone:

- Kamran Sarkarati, Chairman
- Michael Hartman, Vice Chairman
- James Katehakis, Asst. Secretary/Treasurer
- Angela A. Abbott, Attorney for the Authority
- Mark Mustian, Nabors, Giblin & Nickerson, P.A.
- Marianne Edmonds, Public Resources Advisory Group, Inc.
- Helen Feinberg, RBC Capital Markets
- Sue Denihan, eHousing Plus
- Darren Smith, Smith & Henzy
- Scott Culp, Atlantic Housing Partners
- David Leon, Esquire, Nelson, Mullins
- Sarah Karpinski, Millennia Housing Development
- Stephanie Sinito, Millennia Housing Development

- I. PUBLIC HEARING: The Chairman opened the public hearing at 3:03 p.m., regarding proposed issuance of not to exceed \$13,200,000, Multifamily Housing Revenue Bonds, Series 2020 (Southlake Towers Project) pursuant to the Notice of Public Hearing which was properly published, and asked for public comment. Hearing none, the public hearing was closed at 3:04 p.m.
- II. The Chairman, Kamran Sarkarati, called the meeting to order at 3:04 p.m. and determined the presence of a quorum. Ms. Abbott conducted a roll call of all those present on the telephone. The Chairman requested that each member identify himself when making motions and he announced that all voting by the members would be taken by roll call.
- III. Ms. Abbott presented the Virtual Meeting Guidelines and Procedures which are more detailed and formal than the procedures approved at the meeting of March 25, 2020. Motion by Jim Katehakis, seconded by Michael Hartman and carried unanimously to approve the Virtual Meeting Guidelines and Procedures for future virtual meetings as permitted by law and/or Executive Order of the Governor.
- IV. Public Comments: The Chairman called for public comment. Hearing none, public comment was closed.

- V. 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 March 25, 2020 meeting
  - B. Approval of payment of Hendrickson Ink invoice for website maintenance
  - C. Approval of payment of Wells Fargo Bank, N.A. invoice in connection with the Single Family 1985 issue

VI. Report of Treasurer, Barry Forbes: Presentation of 2<sup>nd</sup> Quarter, FY 2019-2020 Treasurer's Report: In the absence of Mr. Forbes, Ms. Abbott presented the fiscal year to date budget comparison. Income is over budget and expenses are slightly under budget. Included in the agenda package were the checkbook ledger and balance sheet as of March 31, 2020. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to accept the Treasurer's Report into the record.

VII. Multi-Family Programs:

- A. Status report of financing of Southlake Towers, LLLP (Southlake Towers Apartments Project): Ms. Abbott stated that the applicant has requested an additional \$2.2 million, for a total issue size of \$13.2 million. The inducement resolution is basically the same as the prior resolution but with the increased amount. Ms. Edmonds explained that the increase will allow the developer to complete a greater scope of rehabilitation. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to approve Resolution No. 2020-04 entitled:

A RESOLUTION AMENDING AND RESTATING A RESOLUTION ENTITLED "RESOLUTION REGARDING THE OFFICIAL ACTION OF THE BREVARD COUNTY HOUSING FINANCE AUTHORITY RELATIVE TO THE ISSUANCE OF NOT TO EXCEED \$11,000,000 MULTIFAMILY HOUSING REVENUE BONDS FOR THE PURPOSE OF ACQUIRING, REHABILITATING, 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 SOUTHLAKE TOWERS, LLLP; AND PROVIDING AN EFFECTIVE DATE."

- B. Consideration of requests in connection with Application of Venue at Brevard, Ltd. (The Venue at Viera Senior Living Project):

Ms. Edmonds stated that the applicant has requested a waiver of certain standard requirements of the credit underwriter, a reduction of Authority

fees, and a contribution to costs of issuance. The applicant would like to have a response on these requests prior to completion of the credit underwriting report. Ms. Edmonds presented her original and updated memorandum, along with the request letter and email from the developer. The first request is for the Authority to reduce its fee at closing and its annual fee from 25 basis points to 12.5 basis points. In addition, the developer originally requested a reduction in the Authority's professionals' fees. Since the professionals are under contract, the developer modified its request to a contribution from the Authority of one half of the costs of issuance, which is approximately \$87,000. The developer has provided its internal figures to support the need for the contribution to make the transaction financially viable. Ms. Edmond had originally proposed a forgivable loan to cover one half of the costs of issuance. The applicant stated that a forgivable loan would create a liability for them. Mr. Hartman asked about the term of the bonds. Scott Culp responded that the term will be 15 years minimum, but could be 30 to 42 years. Mr. Culp explained that because the tax credit equity provider is related to the bondholder, tax laws restrict the issuer fee to 12.5 basis points. He also explained that the project will not receive any other form of assistance which makes the numbers tight. Ms. Edmonds stated that there may be other ways to structure the issue to allow the Authority to receive a higher fee. Mr. Culp stated that his company is not comfortable with the work arounds. Mr. Leon concurred that the alternate structures may not work under this scenario. Mr. Hartman questioned whether the Authority contribution would be handled as a grant or a loan. Mr. Leon responded that a condition of the contribution can be that if the project does not remain affordable for the term of the bonds, then the Authority would charge a greater fee, in which case, the contribution is not a loan or a grant. Mr. Hartman stated that he wants to cap the amount of the contribution at \$87,125. Mr. Culp agreed to the cap based upon the fee schedule prepared by RBC. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to approve an Authority contribution of one half of the costs of issuance up to \$87,125, and a reduction of the Authority's closing fee and annual fee to 12.5 basis points, provided that if the project does not remain affordable for a minimum of 15 years, then the applicant would have to pay an additional fee to the Authority of \$87,125.

Ms. Edmonds stated that the next requests relate to the waiver of certain construction guaranties. The credit underwriter will generally recommend the posting of funds or bonds to insure completion. The applicant is requesting a waiver based upon its financial resources to support the project. Mr. Culp agreed that if the credit underwriting report is different than what he has represented, then the Authority's approvals will be reconsidered. Ms. Edmonds explained that the Authority has flexibility on these issues that FHFC would not have. Mr. Culp stated that the often times the credit underwriter wants to see the bridge loan funds come into the deal at closing.

In this case, the bond buyer is requiring that the applicant fund to the point that the bond proceeds are sufficient to complete construction before its funds come in. The developer's funds come in to the deal first, but the funds are not escrowed at closing. Mr. Hartman added that payment performance bonds are very difficult to collect on and that the financial resources of the developer and guarantors are more important factors. Mr. Culp stated that the applicant will provide completion guaranties, but will not fund escrows up front due to the expense. Ms. Edmonds strongly recommended that the credit underwriter serve as construction loan servicer. Mr. Hartman agreed.

Motion made by Michael Hartman, seconded by Kamran Sarkarati and carried unanimously to waive the requirement for performance and payment bonds, letter of credit and/or liquidity maintenance for construction completion guarantee, subject to verification by the credit underwriter of the strength of guarantor, and to waive the requirement for equity to be posted up front at closing but that equity must be funded until such time as the bond proceeds are sufficient to complete construction before bond proceeds are drawn upon, and that the credit underwriter will serve as construction loan servicer through completion of construction.

- C. Status report on Application of Millenia Housing Development (Jupiter Ridge, Armstrong Glen and Sandpoint Village Projects, collectively Millenia Project): Stephanie Sinito stated that the signed Memorandum of Agreement was sent to the Authority today and the developer deposit will be sent on Friday or Monday. The developer is awaiting conditional approval from HUD. The project has just received permit ready plans and specs, and is moving along with its submissions in preparation for closing.

VIII. Single Family Programs: Status Report on 2012-2020 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 31, 2020, and indicated that the program has slowed down. During the month of March, two (2) first mortgage loans closed, both of which utilized the Authority's second mortgage DPA. One foreclosure was completed. 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 July, 2021.

The agenda package included status reports on the DPA and GNMA Custody accounts as of March 31, 2020, and a summary of GNMA profits as of March 31, 2020. The Authority will continue to monitor the use of DPA funds closely.

- IX. Report of Angela A. Abbott, Esquire: Ms. Abbott announced that Jim Katchakis has been reappointed to the Authority for an additional four year term.
- X. The meeting adjourned at 3:54 p.m.