

## **Brevard County Housing Finance Authority**

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### **MEETING MINUTES**

January 27, 2021

The Brevard County Housing Finance Authority convened on the 27th day of January, 2021, at the hour of 3:00 PM in the Lecture Room of the Brevard County Agricultural Center, 3695 Lake Drive, Cocoa, Florida, and by telephone conference call.

Present in person: Kamran Sarkarati, Chairman  
Michael Hartman, Vice-Chairman  
James Katehakis, Assistant Secretary / Treasurer  
Angela A. Abbott, Esquire  
Debbie Goode, Carr, Riggs & Ingram, LLC  
Jennifer Polk, Carr, Riggs & Ingram, LCC

Present by telephone: Alison Colvard, Member  
Mark Mustian, Nabors, Giblin & Nickerson, P.A.  
Alex Fischer, Nabors, Giblin & Nickerson, P.A.  
Marianne Edmonds, Public Resources Advisory Group  
Helen Feinberg, RBC Capital Markets  
Debbie Blinderman, Consultant to HKH Tropical GP, LLC  
Carl Rheuban, HKH Tropical GP, LLC

- I. The Chairman, Kamran Sarkarati, called the meeting to order at 3:02 p.m. and determined the presence of a quorum. Ms. Abbott indicated that, under special circumstances, an Authority member may attend the meeting by telephone when a quorum of members is physically present. Due to her recent exposure to COVID, Alison Colvard was allowed to attend the meeting by telephone.
- 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, 2020: Debbie Goode and Jennifer Polk presented the Audited Financial Statements for the fiscal year ended September 30, 2020. The auditor's report is clean and unqualified. Ms. Goode reviewed the financial statements and the Management Discussion and Analysis in detail. She noted that the Authority's the net position has increased by \$162,490.

Total assets increased from \$7.9 million to \$8.2 million. Developer deposits of \$328,400 in connection with the Tropical Manor and Millennia Housing projects are shown as liabilities since they are essentially escrow deposits to secure payment of fees if the issues fail to close. Ms. Goode noted that there was a decrease in revenues, primarily due to the \$195,000 decline in TBA program income. 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 \$4,414. There was also a payment of \$24,750 on the 1985 Single Family mortgage revenue bonds that should have been recognized in the prior fiscal year. These are not considered material adjustments. 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. Ms. Goode thanked Ms. Abbott for providing the information and reports requested in a timely manner. Motion made Michael Hartman, seconded by Jim Katehakis 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 Katehakis 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, 2020.

IV. Consent Agenda: Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to approve the Consent Agenda as follows:

- A. Approval of Minutes of December 2, 2020 meeting
- B. Approval of payment of Hendrickson Ink invoice for website maintenance
- C. Approval of payment of invoice of Public Resource Advisory Group for 4<sup>th</sup> Quarter, 2020
- D. Approval of payment of invoices of Angela A. Abbott, P.A. for 4<sup>th</sup> Quarter, 2020

- E. Approval of payment of NALHFA annual dues for 2021
- V. Report of Treasurer, Barry Forbes: Presentation of 1st Quarter, FY 2020-2021 Treasurer's Report: Mr. Abbott presented the budget comparison for the 1<sup>st</sup> Quarter of the current fiscal year. Income is over budget by \$14,527, due primarily to TBA income. Expenses are below budget by \$1,129. The balance sheet for fiscal year end and the 1st quarter checkbook ledger were also presented. Ms. Abbott noted that, after consulting with the auditors, the loan loss reserve is now calculated based upon 20% of the second mortgages, plus 100% of the Crosswinds loan.

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

VI. 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 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.

VII. Single Family Programs:

- A. 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 December 31, 2020. During the months of November and December, five (5) new loans closed and two (2) loans paid off. There is one loan currently pending. The agenda package included status reports on the DPA and GNMA Custody accounts, and a summary of GNMA profits as of as of December 31, 2020. The average GMNA profit per loan this fiscal year is \$8,245.80, which covers the \$7,500 second mortgage, plus a net profit of \$745. The current balance in the DPA custody account is approximately \$214,105. The Authority determined at the meeting in September, 2020, that it will continue to fund the second mortgage program in increments of \$100,000 whenever the account drops below \$150,000.

- B. Quarterly status report on second mortgages: Ms. Abbott presented the status report on second mortgages as of December 31, 2020. She noted that there are no loans in foreclosure and that payoffs are coming in more frequently.
- C. Approval of temporary waiver of occupancy requirement for Trevaris Warren loan: Motion made by Jim Katehakis, seconded by Michael Hartman and carried

unanimously to approve a six month waiver of the occupancy requirement for the Trevaris Warren loan to allow time to sell or refinance.

- D. CitiMortgage reimbursement request in connection with Dowell loan foreclosure: This item was tabled until the next meeting pending receipt of additional information.

VIII. Multi-Family Programs:

- A. Status report on application of Millennia Housing Development (Jupiter Ridge, Armstrong Glen and Sandpoint Village Projects, collectively Millennia Project): Ms. Edmonds indicated that this issue is pending and is expected to close in late March, 2021. She stated that this financing consists of three existing properties which will be rehabbed. There has been a change in the amenities stated in the original application. Due to plumbing inadequacies, garbage disposals are not possible. The developer will install marble window sills instead. Motion made by Jim Katehakis, seconded by Alison Colvard and carried unanimously to approve the change in amenities requested.

Ms. Edmonds explained that one of the properties is within a certain distance of public transportation as the crow flies, but not by foot. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to approve this variance.

- B. Status report of application of HKH Tropical LP (Tropical Manor Apartments Project): Ms. Edmonds noted that the credit underwriting report (the "CUR") was distributed to the members prior to the meeting. The financing is moving forward consistent with the Authority's guidelines. Ms. Edmonds presented a memo summarizing the CUR. In response to a question from Alison Colvard, Ms. Edmonds stated that Hunt is the tax credit equity syndicator not NEF and that the reference to NEF is a typo. She stated that bonds will be issued and will be cash collateralized through construction. The bonds will be paid off at completion when the permanent loan kicks in. Every dollar spent will be replaced with a dollar from the HUD loan. Carl Rheuban stated that a firm commitment has been issued by HUD.

Ms. Edmonds explained that a recent change in tax law regarding the calculation of 4% tax credit equity (4% flat rate instead of variable) will bring more private equity into the market. She added that there has been a change in the amenities stated in the original application. The amenities will be in the LURA and will be verified by the compliance monitor. The borrower has agreed to provide a Smart TV/computer in every unit, which will be gifted to each tenant as occupancy begins through December 31, 2025. Ms. Colvard asked whether there is a community building. Mr. Rheuban stated that there will be a small business

center/community room. Every unit will have internet and television with a Smart TV through 2025. The commitment does not extend beyond 2025 due to changes in technology. Ms. Colvard asked whether FHFC has signed off. Ms. Edmonds responded that the financing includes local bonds and 4% tax credits, with no other subsidy. Therefore, FHFC has no input. Mr. Rheuban stated that he has spoken with the Sheriff's Department. Deputies are playing basketball with young people at the local high school. A basketball court will be added to the property so that the deputies will play there. In addition, there will be picnic tables, a barbecue, a splash pad and tot lot. Ms. Edmonds noted that Seltzer will inspect the property to make sure the amenities are maintained and that the 2019 improvements were done.

Motion made by Alison Colvard, seconded by Michael Hartman and carried unanimously to approve the credit underwriting report and the changes requested.

Motion made by Michael Hartman, seconded by Alison Colvard and carried unanimously to approve Resolution No. 2021-01 entitled:

A RESOLUTION OF THE BREVARD COUNTY HOUSING FINANCE AUTHORITY AUTHORIZING THE ISSUANCE BY THE AUTHORITY OF NOT EXCEEDING \$8,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS MULTIFAMILY MORTGAGE REVENUE BONDS (TROPICAL MANOR APARTMENTS); ESTABLISHING PARAMETERS FOR THE AWARD OF THE SALE THEREOF AND ESTABLISHING CRITERIA FOR DETERMINING THE TERMS THEREOF, INCLUDING THE DATE, INTEREST RATES, INTEREST PAYMENT DATES AND MATURITY SCHEDULE AND OTHER TERMS OF SUCH BONDS; APPROVING THE FORMS OF AND AUTHORIZING THE EXECUTION OF A TRUST INDENTURE, LOAN AGREEMENT, LAND USE RESTRICTION AGREEMENT, AND RELATED LOAN DOCUMENTS; AUTHORIZING THE NEGOTIATED ISSUANCE AND DELIVERY OF THE BONDS; AUTHORIZING THE APPOINTMENT OF A TRUSTEE FOR THE BOND; AUTHORIZING THE CHAIR OR VICE CHAIR OR ANY AUTHORITY MEMBER AND THE SECRETARY TO TAKE ANY OTHER ACTIONS NECESSARY TO ISSUE THE NOTE AND MAKING OTHER PROVISIONS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

IX. Report of Public Resources Advisory Group, Inc:

Recommendations to Amend to Multifamily Guidelines. Ms. Edmonds is recommending changes to the guidelines for the following reasons:

1. There is more activity in the multifamily market so allocation is more scarce and competitive. When short term bonds are issued, the allocation is only utilized for three years as opposed to long term;
2. Cash flow for multifamily deals has improved with lower interest rates; and
3. There is a higher use of short term bonds.

She explained that the Authority's annual fee is now based on outstanding bonds which could cause the fee to go to zero quickly. She recommends that the ongoing fee should be 25 basis of the original bonds issued (not outstanding). She also recommends a short term redemption fee as described in her memorandum. Ms. Colvard agreed with the recommendation because of the loss of allocation once the bonds are paid off. Motion made by Jim Katehakis, seconded by Michael Hartman and carried unanimously to approve the changes to the guidelines as recommended by Ms. Edmonds.

- X. Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to adjourn the meeting at 3:50 PM.