

BREVARD COUNTY HOUSING FINANCE AUTHORITY
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MINUTES
February 28, 2024

The Brevard County Housing Finance Authority convened on the 28th day of February, 2024, at the hour of 3:00 p.m. in the Auditorium 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
Barry Forbes, Secretary/Treasurer
James Katehakis, Asst. Secretary/Treasurer
Alison Colvard, Member
Angela A. Abbott, Attorney for the Authority
Debbie Goode, Carr, Riggs & Ingram, LLC
Christine Noll-Rhan, Carr, Riggs & Ingram, LLC
Jennifer Polk, Carr, Riggs & Ingram, LLC

Present by telephone: Martin Mustian, Nabors, Giblin & Nickerson
Alex Fischer, Nabors, Giblin & Nickerson
Marianne Edmonds, Public Resources Advisory Group
Cameron Hill, RBC Capital Markets
Debbie Berner, RBC Capital Markets
Lynn Cowart, Crosswinds Youth Services
Stephen DePietto, SBV

- I. The Chairman called the meeting to order at 3:04 p.m., determined the presence of a quorum and acknowledged 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, 2023, and authorization to execute management representation letter and engagement letter: Debbie Goode and Jennifer Polk presented and reviewed the Financial Statements for the fiscal year ended September 30, 2023. Ms. Goode thanked Ms. Abbott for providing

the information and reports requested in a timely manner. She stated that the report is clean and unqualified. She reviewed the financial statements and the Management Discussion and Analysis in detail. She noted that the HFA had a positive change in net position of approximately \$293,000. She noted that loans paid down by approximately \$154,000 and that operating revenues were down primarily because of the one time reimbursement of closing costs by Venue at Viera in 2022. Due primarily to the increase in investment income, nonoperating revenues were up by approximately \$206,000. She stated that the Independent Auditor's report on internal control is a clean report with no findings. The Authority has good checks and balances, and close oversight. The management letter and report on compliance, which are required by the Auditor General, are clean. She noted that the Authority is in compliance with local government investment policy. She further presented the required communications letter which is clean, with no issues or fraud noted. Ms. Goode announced that she will be retiring in September year and that Christine Noll-Rhan will be taking over the Authority's account.

Motion made by Michael Hartman, seconded by Jim Katehakis and carried unanimously to accept the Financial Statements into the record and to authorize the execution of the management representation letter and engagement letter.

- B. Approval of payment of fees for preparation of Audited Financial Statements for the year ended September 30, 2023: Motion made by Michael Hartman, seconded by Alison Colvard and carried unanimously to approve payment of the fees of Carr, Riggs and Ingram, LLC for the preparation of the Financial Statements for the year ended September 30, 2023.

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

- A. Approval of Minutes of December 6, 2023 meeting
- B. Approval of payment of Hendrickson Ink invoice for website maintenance
- C. Approval of payment of invoice of Public Resource Advisory Group for 4th Quarter, 2023
- D. Approval of payment of invoices of Angela A. Abbott, P.A. for 4th Quarter, 2023

[Barry Forbes arrived.]

- V. Report of Treasurer, Barry Forbes: Presentation of 1st Quarter, FY 2023-2024 Treasurer's Report: Barry Forbes presented the budget comparison, balance sheet and checkbook ledger for the first quarter of fiscal year 2023-2024. He noted that the Fidelity investment account is approaching \$3 million. It is comprised of primarily FDIC insured CDs. He stated that he is a little uncomfortable having sole access and authorization to invest these funds. He approached Fidelity about retaining a third party manager on the Fidelity platform. The cost would be 25-40 basis points per year. The advice would relate primarily to the term of the investment. He is concerned about the third party's insurance limits and safeguards against fraud. He mentioned the possibility of having PRAG get involved. Ms. Forbes is concerned about the account getting hacked and money being taken from the account. Mr. Sarkarati suggested that red flags can be

put on the account for disbursement, which Mr. Forbes has done. He also suggested two part authentication for security. Mr. Sarkarati does not think the proposed fee is unreasonable. Ms. Abbott stated that she contacted the trustees that the Authority is now doing business with regarding their interest in managing these funds. Bank of New York Mellon quoted an annual fee of \$7,500, plus an acceptance fee of \$3,500. Wells Fargo/Computershare has not yet responded.

Marianne Edmonds stated that her firm cannot manage discretionary funds. She stated that the quoted fee seems high. She would like to try to negotiate better fees. She mentioned that Florida Prime is included in the Authority's investment policy, as well as CDs, Treasury funds, and AAA rated money market funds, which could be bought and held. Mr. Forbes noted that the funds will not likely be needed by the Authority, so they could be invested longer term. Ms. Abbott stated that the Manatee County HFA has its funds in custody accounts with U.S. Bank and all disbursement are handled by requisition. Ms. Edmonds added that Miami Dade County HFA has a custody account with Wells Fargo. Polk County HFA invests in CDs with local banks but it is 1/10th the size of Brevard. Mr. Forbes stated a preference to work with a Trustee who understands how the HFA operates. Mr. Sarkarati stated that he believes interest rate will be cut at some point, so longer term investments would be better. Ms. Abbott offered to gather bids from the Trustees (Wells Fargo/Computershare, Bank of New York Mellon and U.S. Bank), to present at the next meeting, to transition from Fidelity to a custodian account.

Motion made by Michael Hartman, seconded by Alison Colvard and carried unanimously to accept the report of the Treasurer into the record.

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.
- C. Discussion regarding status of loan to Crosswinds Youth Services: Lynn Cowart stated that Crosswinds is proceeding with the keyless entry and security system project, which must be completed by June 30, 2024. She stated that the Sheriff's office has completed its investigation and no criminal charges will be filed. A financial review has been completed by Brevard County and the Department of Juvenile Justice forensic audit department and the reports found no misuse of funds and all expenditures were eligible. Certain recommendations were made for future allocations. She noted that there has been extensive damage to the administration building, which may be razed. This decision will impact the subject project. The HVAC system has been repaired. All contracts with Florida Youth and Family Services have been reinstated. Ms. Cowart indicated that 10-16 young people are now being housed. Crosswinds is fully

operational and is working through the bad press it received last year. The annual fund raiser, the duck race, will be held soon. In response to Mr. Forbes questions, Ms. Abbott explained that the proposed funding is for up to \$40,000, which will be secured by a 10 year soft, forgivable second mortgage on the property. Ms. Cowart stated that the first mortgage is about \$750,000. An appraisal of the property is now underway. Ms. Cowart agreed to provide the assessed value to Ms. Abbott.

VII. Multi-Family Programs:

- A. Discussion regarding status of application of Emerald Place Florida, L.P. (Emerald Place Project): Ms. Abbott stated that the closing is expected this summer and is now moving through credit underwriting with Seltzer Management Group.
- B. Discussion regarding status of application of Cocoa Leased Housing Associates II, LLLP (Oak Meadows Apartments Project): Cameron Hill provided an update on behalf of Dominion. Dominion is finalizing its contract with the general contractor, and expects to close in August, 2024.
- C. Discussion regarding allocation process: Mark Mustian indicated that the Authority has \$50 million in carryforward allocation which can be used for multifamily project over the next three years. In addition, the HFA has obtained \$50 million in allocation for the 2024 Plan of Finance, which may be used for single family, MCCs or multifamily, and may be carried forward at the end of the year.

VIII. Single Family Programs:

- A. Status report on 2012-2023 TBA / MCC Program and discussion regarding funding of Down Payment Assistance loans: Ms. Abbott presented a written status report on the Single Family Program for the months of December, 2023, and January, 2024. She indicated that one loans closed, two loans paid off and one new foreclosure was filed. Two new loans have closed in February, 2024. Funds were moved to the DPA account.

In regard to a new Mortgage Credit Certificate ("MCC") program, Debbie Berner presented a chart showing the advantages of issuing 20% MCCs, as opposed to 50%. Ms. Abbott stated that the last MCC program ended in December, 2022, with no MCCs being issued. She noted that the 50% MCC results in up to \$2,000 in tax credits to the borrower. However, if a 20% MCC is used then there is no cap on the amount of credit. For instance, on a \$250,000 loan with a 7.125% mortgage interest rate, the first year's mortgage interest would be \$17,812. With a 20% MCC, the tax credit would be \$3,562. She stated that the key to making the program successful is getting the lenders comfortable using the program. Ms. Abbott stated that the HFA has allocation if it wants to pursue a new program. The MCC program runs for two years, but once allocation is converted to MCCs it cannot to used for anything else. Mr. Forbes asked about the cost to start a new program. Ms. Abbott responded that bond counsel fees are around \$5,000. She remarked that it is a shame that MCCs are underutilized because it is a great

program for borrowers. Ms. Colvard stated that she would like to know that there are lenders interested in the MCC program before proceeding forward with it. Mr. Forbes indicated that he thinks this is the right thing to do, but lenders and realtors need to be educated. Ms. Abbott stated that eHousing interfaces with lenders. Ms. Colvard stated that she would not be opposed to spending money to promote the program. The members suggested contacting eHousing and lenders regarding interest in the program. Following discussion, the Authority agreed to reconsider this matter at the next meeting.

- B. Discussion regarding Single Family 1991 C Second Mortgages: Ms. Abbott presented a memo regarding the five remaining loans under this program. These borrowers have been contacted seven times and have not paid. She suggests that the HFA forgive the loans, record satisfactions and send 1099-C forms for the 2024 tax year. The HFA will need to engage Carr, Riggs and Ingram, or another CPA firm to prepare the 1099-C forms. Motion by Alison Colvard, seconded by Jim Katehakis and carried unanimously to forgive balance of the remaining 1991 C second mortgages.
 - C. Quarterly status report on second mortgages: Ms. Abbott presented second mortgage report for the quarter ending December 31, 2023.
- IX. Report of Public Resources Advisory Group, Inc.: Marianne Edmonds stated that she was contacted by FHFC regarding the status of Millennia. Millennia has been placed on a “do not do business with” list by HUD. The Authority issued bonds for the rehabilitation of three projects (Armstrong Glen, Sand Point Village and Jupiter Ridge) in 2021. She added that there has been some bad press in Cleveland, where Millennia is headquartered, about some financial difficulties. She spoke with Ms. Abbott about tracking the HFA fees and notifying the Trustee. Ms. Abbott stated that the fees have been seriously behind in the past, but they are up to date now. Ms. Colvard asked whether there are other compliance issues. Ms. Edmonds responded that there are other projects in Hillsborough and Jacksonville and there are no known compliance issues. Ms. Edmonds reminded the members that Millennia purchased the Global Ministries portfolio, which was an extremely troubled portfolio. HUD sought out a buyer and required Millennia to buy all the projects across the country.
- X. Report of Angela A. Abbott, Esquire:
- A. Ms. Abbott presented a request from FLALHFA for sponsorship of the annual conference at the gold level. Motion made by Alison Colvard, seconded by Barry Forbes and carried unanimously to approve sponsorship of the FLALHFA 2024 conference at the gold level. Ms. Abbott encouraged the members to attend the conference in St. Augustine, July 10-13, 2024.
 - B. Ms. Abbott mentioned that her contract has not been reviewed for seven years. She will present a proposal at the next meeting.

XI. Motion by Michael Hartman, seconded by Alison Colvard and carried unanimously to adjourn the meeting at 4:23 p.m.