

Brevard County Housing Finance Authority

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MEETING MINUTES

April 7, 2021

The Brevard County Housing Finance Authority convened on the 7th day of April, 2021, at the hour of 4:00 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
Alison Colvard, Member
Angela A. Abbott, Attorney for the Authority
Arthur Krauer, Millennia Housing Development

Present by telephone: Mark Mustian, Nabors, Giblin & Nickerson, P.A.
Marianne Edmonds, Public Resources Advisory Group
Cameron Hill, RBC Capital Markets
Stephanie Sinito, Millennia Housing Development
Sarah Karpinski, Millennia Housing Development
Devon Quist, Dominion
Ed Busansky, First Housing
Taylor Arruda, First Housing
Greg Peele, Embrace Home Loans

- I. The Chairman, Kamran Sarkarati, called the meeting to order at 4:10 PM and determined the presence of a quorum.
- II. Public Comments: The Chairman called for public comment. Hearing none, public comment was closed.
- III. Consent Agenda: Motion made by Jim Katehakis, seconded by Alison Colvard and carried unanimously to approve the Consent Agenda as follows: Approval of Minutes of February 24, 2021 meeting

IV. Multi-Family Programs:

A. Approval of Partial Release of Land Use Restriction Agreement (Crane Creek Project):

Devon Quist presented a request for the release from the Land Use Restriction Agreement of 7.152 acres of vacant land south of the existing facility for purposes of developing additional affordable housing. Florida Housing Finance Corporation has consented to the release in regard to its Land Use Restriction Agreement. The lender and investor approvals are still pending. Alison Colvard asked about the current occupancy levels of the project. Mr. Quist responded that the occupancy is 98%, with only 2-3 vacancies on turns and a wait list. The project is limited to residents age 62 or older, or disabled. Mr. Quist stated that the market study has not been completed so it is uncertain at this time exactly what will be built on the release parcel. Upon questioning from Ms. Colvard, Mr. Quist stated that the consideration for the release will be nominal. The fair market value of the property is not available. The property has limited access. Ms. Colvard asked what assurance there is that the property would be developed as affordable housing. Mr. Quist stated that the FHFC conditioned its release on the requirement for affordability. Ms. Abbott asked Mr. Quist whether Dominium will apply to the Authority for local bonds for the new development. Mr. Quist agreed and stated that 140-160 units are anticipated if additional property can be acquired. [Michael Hartman arrived.]

Motion made by Alison Colvard, seconded by Jim Katehakis and carried unanimously to approve the Partial Release of Land Use Restriction Agreement, contingent upon the property remaining affordable and utilizing local bonds through the Brevard County Housing Finance Authority, if developed.

B. Status report on application of Millennia Housing Development (Jupiter Ridge, Armstrong Glen and Sandpoint Village Projects, collectively Millennia Project):.

Ms. Abbott included a memorandum in agenda package and emailed links to a recent article in the Houston Chronicle and video testimonials from residents of Millennia projects. As stated in the memo, Millennia acquired a portfolio of distressed properties from Global Ministries Foundation at the request of HUD. At the time of acquisition, many of the properties were in very poor condition. Two of the three developments, Cocoa Lakes (to be renamed Armstrong Glen) and Arch Creek (to be renamed Jupiter Ridge) were purchased as part of the GMF portfolio. The third, Forest Park South (to be renamed Sand Point Village) was put under contract in 2016 and closed in 2018. The intent was to rehab Forest Park South at the same time as the GMF portfolio for cost efficiencies. Millennia has

been working toward major rehabilitation of the properties but the process has been slow. Millennia has successfully renovated a property in Duval County (among others). First Housing, the credit underwriter, has verified that Millennia has done a good job with the properties it has completed. This matter is coming back to the Authority for consideration and direction in light of the article in the Houston Chronicle.

Ms. Colvard asked when the Brevard County properties were acquired. Mr. Krauer and Ms. Sinito responded that the properties were acquired in mid- 2018. Only maintenance has been performed on the properties since major rehabilitation is planned. Mr. Krauer stated that offsite relocation will not be required after all, but the costs of onsite relocation is still higher than budgeted at the time of application. Ms. Colvard asked whether the additional allocation requested will be needed. Ms. Edmonds responded that, even though a larger amount has been approved, the additional costs must be approved by the credit underwriter or the amount of the debt will be reduced. Taylor Arruda with First Housing stated that the credit underwriting report is substantially complete. All issues have been resolved with the general contractor, the architect and the developer and the final plan and cost review is expected tomorrow. The HUD approval is pending in regard to the rent increases. Otherwise, there are no major conditions.

Ms. Colvard asked how many projects Millennia is now rehabilitating. Mr. Krauer responded that 25 projects are now under construction, all of which are preservation deals with HUD contracts in place. In response to Mr. Colvard's questions, Mr. Krauer stated that Millennia owns 278 properties nationwide. It has 8 employees on its development team (excluding management), 12 employees in design and construction, 6 construction and development accountants, and a staff of marketing, IT, HR and legal professionals, as well as third party contractors.

Mr. Knauer explained that the Houston Chronicle article was one piece of a larger pie. Millennia is the best in class standard for what a project should look like at completion and how it should be managed from that point forward. Mr. Knauer has extensive experience in Ohio with affordable housing. The Englewood project, which was mentioned in the article, is complete and is now a top 5 best preservation deal. Stonybrook has also been completed in spite of many political and other obstacles. He stated that Millennia most guilty of being zealous in the pursuit of its mission. Bringing on the GMF portfolio has served its mission but it impacted the timing of the company's ability to complete projects. He suggests judging the company by the results of its efforts, which is a high quality end

result that serves the residents well. Millennia is service oriented company that believes there is no one better to serve residents than it. Millennia has worked through the absorption of GMF and is now ready to deliver the product that it always has. Millennia's goal is to not only rehab properties but to preserve the affordability of the property by preserving the Section 8 contracts for properties that are at risk of deteriorating beyond salvation or at risk of going to market rate. It targets the most economically vulnerable populations in the country to preserve the affordability long term of properties that are upgrade to "A" class.

Mr. Katehakis stated that the Houston Chronicle article focused on the residents' personal stories, but the primary criticism of Millennia was that the rehab took too long to complete. Mr. Krauer agreed that the Englewood project took longer than it should have. He emphasized that Millennia is a leader in preservation of affordable housing. HUD values the work that Millennia does because it is done right and for the long term. Mr. Katehakis commented that HUD oversight was missing to allow the properties to deteriorate to the extent they did. Mr. Krauer noted that Missouri stopped issuing 9% tax credits which delayed the project there.

Mr. Hartman asked about the HUD Real Estate Assessment Center scores (which measures the physical state of the properties), for the Brevard projects. Stephanie Sinito responded that the Arch Creek score is 81C, Cocoa Lakes is 56B and Forest Park was 91B in 2011. Mr. Krauer added that contracts have been signed with contractors and Millennia is ready to close and start construction. Mr. Sarkarati asked whether there are other problems that may come out later. Mr. Krauer stated that they are still working through the GMF portfolio and they are aware of the good and the bad. All properties are moving through re-development and none are expected to be a problem.

Ms. Colvard stated that affordable housing preservation is the hardest development there is. Since Millennia owns these projects and are ready to rehab, she sees no reason not to move forward with this financing. Ms. Arruda stated that the plan and cost review is being done by Teracon.

Ms. Abbott stated that this matter will go to the Board of County Commissioners for approval of the increased amount on May 4th. She will include information in the agenda request to the County regarding the background of the GMF portfolio. Mr. Hartman stated that if the bonds are not issued, the rehab of the projects will not happen. If the bonds are issued, the Construction Loan Servicer and the Trustee will make sure that the funds are

expended properly. Mr. Krauer stated that he will attend the County Commission meeting to answer any questions that arise. Ms. Edmonds stated that she is very comfortable moving forward. The members agreed that the next Authority meeting should be held after the County Commission approval. Motion made by Alison Colvard, seconded by Michael Hartman and carried unanimously to proceed with forward with this financing.

- C. Status report of application of HKH Tropical LP (Tropical Manor Apartments Project): Ms. Abbott stated that this issue is expected to close on April 22, 2021.
- V. Other: Ms. Abbott announced that the FLALHFA conference will be held virtually beginning June 22, 2021 through July 27, 2021. Motion made by Michael Hartman, seconded by Alison Colvard and carried unanimously to approve conference sponsorship at the gold level.
- VI. The meeting adjourned at 5:00 PM.