

## **Brevard County Housing Finance Authority**

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### **MEETING MINUTES**

May 26, 2021

The Brevard County Housing Finance Authority convened on the 26th day of May, 2021, at the hour of 3:00 p.m. in the Lecture Room of the Brevard County Agricultural Center, 3695 Lake Drive, Cocoa, Florida, and by telephone conference call.

Present in person: Michael Hartman, Vice Chairman  
Barry Forbes, Secretary/Treasurer  
James Katehakis, Assistant Secretary / Treasurer  
Alison Colvard, Member  
Angela A. Abbott, Attorney for the Authority

Present by telephone: Mark Mustian, Nabors, Giblin & Nickerson, P.A.  
Marianne Edmonds, Public Resources Advisory Group  
Helen Feinberg, RBC Capital Markets  
Debbie Berner, RBC Capital Markets  
Cameron Hill, RBC Capital Markets  
Stephanie Sinito, Millennia Housing Development

- I. The Vice Chairman, Michael Hartman, called the meeting to order at 3:05 PM and determined the presence of a quorum.
- II. Public Comments: The Vice Chairman called for public comment. Hearing none, public comment was closed.
- III. Consent Agenda: Motion made by Jim Katehakis, seconded by Barry Forbes and carried unanimously to approve the Consent Agenda as follows:
  - A. Approval of Minutes of April 7, 2021 meeting
  - B. Approval of payment of Hendrickson Ink invoice for website maintenance
  - C. Approval of payment of invoice of Public Resource Advisory Group for 1<sup>st</sup> Quarter, 2021

- D. Approval of payment of invoices of Angela A. Abbott, P.A. for 1st Quarter, 2021
- E. Approval of payment of Wells Fargo Bank, N.A. invoice in connection with the Single Family 1985 issue

IV. Report of Treasurer, Barry Forbes: Presentation of 2nd Quarter, FY 2020-2021 Treasurer's Report:

Mr. Forbes presented the budget comparison for the 2nd Quarter of the current fiscal year. He remarked that there is nothing unusual to report other than a large number of second mortgage payoffs. The SunTrust account has a balance of approximately \$1.8 million, of which \$248,000 is the developer deposit for the Millennia Project. The deposit will be returned at closing and the Authority will receive a closing fee of approximately \$80,000. Mr. Forbes noted that the Fidelity account is approximately \$1,030,000. As higher paying CD's mature, there are not comparable CD's to replace them. He has been purchasing CD's that will maintain FDIC insurance even though the return is low. The balance sheet and the 2<sup>nd</sup> quarter checkbook ledger were also presented.

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

V. 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.

VI. Single Family Program:

- A. Status Report on 2012-2021 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 April 30, 2021. During the months of February, March and April, two (4) new loans closed and thirteen (13) loans paid off. There is one loan currently pending. Ms. Abbott stated large number of second mortgage payoff are due 80% to refinancings. Debbie Berner stated that the current first mortgage interest rate is 3.125%. The agenda package included status reports on the DPA and GNMA Custody accounts, and a summary of GNMA profits as of April 30, 2021. The average GMNA profit per loan this fiscal year is \$7,716.02, which covers the \$7,500 second mortgage, plus a net profit of \$216. The current balance in the

DPA custody account is approximately \$190,070. 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: A status report of all second mortgages as of March 31, 2021 was presented.
- C. Discussion regarding Single Family 1991 C Second Mortgages: A report was presented on the nine outstanding second mortgages under the Single Family 1991 C program. All of the loans will mature during the next fiscal year beginning in November, 2021. Ms. Abbott stated that she will send letters to the borrowers six months prior to maturity reminding them that their loans are maturing and informing them where the payment should be sent. The second mortgages are non-amortizing so the full amount remains unpaid. If the borrowers fail to pay, then the Authority could foreclose the second mortgages. There may be issues with the loans where the notes cannot be located.

#### VII. Multi-Family Program:

- A. Status report of application of HKH Tropical LP (Tropical Manor Apartments Project): Ms. Abbott stated that this issue closed on April 22, 2021.
- B. Status report on application of Millennia Housing Development (Jupiter Ridge, Armstrong Glen and Sandpoint Village Projects, collectively Millennia Project):

Ms. Edmonds discussed the email that Ms. Abbott circulated regarding the Authority's fee for this issue. Ms. Edmonds reminded the members that the Authority's guidelines were changed earlier this year to provide that the Authority's annual fee would be based upon the amount of the original bonds issued, as opposed to the outstanding bonds. The original bond issue for the Millennia projects will be \$32,340,000, which will pay down to approximately \$21 million for the permanent loan after construction. The fee of 25 basis points on the original issue amount would be \$80,850. Millennia has requested that it be grandfathered in under the guidelines in place when it applied, which would be 25 basis points on the bonds outstanding (the permanent loan amount), or \$52,500 per year. Ms. Edmonds and Ms. Abbott deem the request reasonable and recommend that the Authority agree to the fee based upon the permanent loan amount. Mr. Forbes questioned why the change was made to the guidelines in January, 2021. Ms. Edmonds responded that developers are now issuing bonds to cover construction costs in a large enough amount to meet the 50% eligibility test for tax credits. The Authority is committing allocation to the issue which is paid down quickly and cannot be reissued. In some cases, the bonds are reduced significantly due to the use of taxable loans, which reduces the Authority fee to

almost nothing. Ms. Edmonds stated that the reasoning for the new fee provision is that allocation is becoming a more scarce resource and that developers are now getting about 25% more in tax credits under the new rules.

Ms. Edmonds reviewed her memo which was included in the Authority's agenda package. She reminded the members that this issue includes three projects (one in Titusville, one in Cocoa and one in Melbourne). The bonds will be sold to RBC, which will immediately transfer the bonds to Duetsche Bank under a limited offering. Duetsche Bank has been represented in this transaction by Redstone Capital Funding. There will be three seller notes. Ms. Edmonds noted that the bonds are being underwritten by RBC and sold to Duetsche Bank, but there is no disclosure document. Duetsche Bank is acknowledging that it is a sophisticated investor and that it is capable of analyzing the transaction. Duetsche Bank is agreeing by letter that it will not sell the bonds to anyone other than an accredited investor, or a qualified institutional buyer, or an affiliate of the original investor, or to an investor that would execute a similar letter. The difficulty is the enforcement of the fourth requirement since the bonds will be held by DTC. Ms. Edmonds is comfortable with this arrangement because the broker/dealer, under its regulatory framework, is required to make sure that the investment is appropriate for the investor. PRAG is recommending this transaction which should be closing in mid-June.

Motion made by Jim Katehakis, seconded by Barry Forbes and carried unanimously approve the request to reduce the Authority's annual fee to 25 basis points of the outstanding bonds but not less than the original permanent loan amount.

Motion made by Jim Katehakis, seconded by Barry Forbes and carried unanimously to approval Resolution 2021-03 entitled:

A RESOLUTION OF THE BREVARD COUNTY HOUSING FINANCE AUTHORITY AUTHORIZING THE ISSUANCE BY THE AUTHORITY OF NOT EXCEEDING \$32,340,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS MULTIFAMILY HOUSING REVENUE BONDS (MILLENNIA PROJECT); 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 EXECUTION OF A BOND PURCHASE AGREEMENT; AUTHORIZING THE APPOINTMENT OF A TRUSTEE FOR THE BONDS; AUTHORIZING THE CHAIR OR VICE CHAIR OR ANY AUTHORITY

MEMBER AND THE SECRETARY/TREASURER TO TAKE ANY OTHER ACTIONS  
NECESSARY TO ISSUE THE BONDS AND MAKING OTHER PROVISIONS IN  
CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.

VIII. Report of Public Resources Advisory Group: Ms. Edmonds stated that allocation is expected to become more competitive. At this time, the Authority has sufficient allocation for the pending projects. She will monitor what is happening in Volusia County, which is in the same region as Brevard. The tax exempt program is still attractive for financing. The members discussed the escalating costs of construction, regulatory restrictions and the increase in demand.

[Alison Colvard arrived.]

IX. Report of Angela A. Abbott, P.A.: Ms. Abbott announced that the FLALHFA conference will be held virtually beginning June 22, 2021 through July 27, 2021. She encouraged all member to attend the sessions which are available at no charge.

X. The meeting adjourned at 3:56 PM.