

**BREVARD COUNTY
HOUSING FINANCE AUTHORITY**

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MINUTES
February 22, 2023

The Brevard County Housing Finance Authority convened on the 22nd day of February, 2023, 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:

Kamran Sarkarati, Chairman
Michael Hartman, Vice Chairman
James Katehakis, Asst. Secretary/Treasurer
Alison Colvard, Member
Angela A. Abbott, Attorney for the Authority
Debbie Goode, Carr, Riggs & Ingram, LLC
Jennifer Polk, Carr, Riggs & Ingram, LLC
Rob Cramp, Housing for Homeless
Lynn Cowart, Crosswinds Youth Services

Present by telephone:

Mark Mustian, Nabors, Giblin & Nickerson
Marianne Edmonds, Public Resources Advisory Group
Helen Feinberg, RBC Capital Markets
Sue Denihan, eHousingPlus
Katessa Archer, Dominion

- I. The Chairman opened the public hearing at 3:02 p.m., regarding proposed issuance of not to exceed \$17,600,000, Multifamily Housing Revenue Bonds, Oak Meadows 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 3:03 p.m.
- II. The Chairman called the meeting to order at 3:03 p.m., determined the presence of a quorum and acknowledged publication of the notice of meeting.
- III. Public Comments: The Chairman called for public comment. Hearing none,

public comment was closed.

IV. Presentation of Carr, Riggs & Ingram, LLC:

A. Presentation of Audited Financial Statements for the year ended September 30, 2022 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, 2022. Ms. 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 not a positive change in net position of approximately \$214,000. 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 further presented the required communications letter which is clean, with no issues or fraud noted. Motion made by Michael Hartman, seconded by Alison Colvard 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, 2022: 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, 2022.

V. 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 October 26, 2022 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, 2022
- D. Approval of payment of invoices of Angela A. Abbott, P.A. for 4th Quarter, 2022
- E. Approval of payment of NALHFA annual dues for 2023

VI. Report of Treasurer, Barry Forbes: Presentation of 1st Quarter, FY 2022-2023
Treasurer's Report: In Mr. Forbes's absence, Ms. Abbott presented the budget comparison, balance sheet and checkbook ledger for the first quarter of fiscal year 2022-2023. She noted that the Tropical Manor Fee has been paid, along

with a \$20,000 redemption fee, since the bonds were paid off in January, 2023. The HFA will not receive anymore fees in connection with this issue. The Crane Creek fee was also paid. Motion made by Jim Katehakis, seconded by Alison Colvard and carried unanimously to accept the report of the Treasurer into the record.

VII. Status Reports on Special Projects:

- A. Loan Agreement with Housing for Homeless ("HFH") f/k/a Coalition for the Hungry and Homeless and discussion regarding request for funding of Orchid Lake project: The loan to HFH is paying as agreed. A summary of all payments was included in the agenda package.

Michael Hartman and Alison Colvard declared that, after consulting with Mrs. Abbott, they have a conflict of interest and will abstain from voting on this matter. Rob Cramp stated that the closing with Florida Housing Finance Corporation for Orchid Lake occurred in the December, 2022. The project will consist of 90 units (45 homeless units and 45 workforce housing units) on a 7 acre site in Cocoa. The ground breaking is scheduled in March, 2023. Mr. Cramp reviewed the cost and source of funds, which reflects a deferred developer fee of approximately \$1.167 million. The project will receive CHIRP and SAIL loans, an ELI loan from FHFC and 9% tax credits. Due to increased construction costs, there is a shortfall of \$2.2 million. The plan to cover \$2.2 million of the shortfall is through a mortgage from Raymond James at an interest rate of about 7.05% for 17 years. The Raymond James loan will be collateralized with a mortgage. This is the loan that HFH is asking the HFA to reduce to reduce the debt service to provide funds for more case management. Mr. Cramp indicated that the loan/grant from the HFA would be needed in approximately one year at the time of lease up. Ms. Colvard noted that there will be a long term SAIL loan on the property which generally may be subordinated. She asked if there was any intention to apply to the Federal Home Loan Bank for funding. Mr. Cramp stated that they are looking into it. Ms. Edmonds asked about the original source of construction financing. Mr. Cramp responded that TD Bank will provide a \$13 million construction loan and there will be a \$4.1 million SAIL loan and a CHIRP loan. The \$2.2 million loan will be a permanent loan. Mr. Cramp stated that he does not expect to have an issue covering operating expenses since 50% of the project will be covered with Section 8 vouchers which are up 15% this year. The debt service coverage is 1.22, including the \$2.2 million loan. Mr. Cramp stated that the requested funding will be needed in about one year. Mr. Sarkarati expressed concerns about the opportunity cost to the Authority of tying up \$1 million at 0% interest for 17 years. He commended HFH for the work it does. Ms. Colvard discussed that the Authority could charge an interest rate less than 7.0% which would be beneficial to HFH. Mr. Katehakis suggested a rate associated with the prime rate. Ms. Edmonds noted that the credit underwriting report does not show expenses for residents' programs. Mr.

Cramp stated that the budget allows for two case managers for 45 homeless residents. He would like to provide another one.

The Authority will consider this matter again at its next meeting since there was no voting quorum.

- 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 funding request from Crosswinds Youth Services: Lynn Cowart presented a request for funding for an upgraded its wireless control access security system. The old system is keyed and a keyless system is preferred. They have approached to state legislature for funding and need a local match of about \$50,000. The total cost is \$245,000. The goal is to improve safety and security on campus. Ms. Abbott suggested that Crosswinds should approach Brevard County with this request since it has much more funding available to it. This matter was tabled until the next meeting.

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 as of January 31, 2023. During the months of October, November, and December, 2022 and January, 2023, one new loan closed, six (6) loans paid off and one foreclosure was completed. 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 January 31, 2023. The average GNMA profit per loan this fiscal year is \$298.40, which is \$14,701.60 short of covering the \$15,000 second mortgage. The current balance in the DPA custody account is approximately \$227,297.

Ms. Abbott announced that the MCC program expired at the end of 2022. There were no MCC's issued during the prior two years, and only six MCC's were issued between 2015 and 2022. She explained that the HFA converted \$5 million in allocation to \$1.25 million in MCC authorization. The cost to continue the program is about \$5,000, plus the 4 to 1 use of allocation. Mr. Mustian explained that the Authority has approximately \$56 million in carryforward allocation which can only be used for multifamily purposes, and it expires December 31, 2023. The Authority also has an additional \$50 million in allocation that can be used for an MCC program. If it is not used, it may be carried forward at the end of 2023 for multifamily purposes. Ms. Edmonds added that carryforward allocation belongs to the Authority until it expires. Ms.

Colvard suggested partnering with the County or a city to find gap financing to use with the bonds. Ms. Edmonds noted that the Emerald Place issue and the expected Manatee Cove issue will use a portion of the \$56 million carryforward allocation. Mr. Mustian suggested that the HFA gear up to apply for an additional \$50 million in allocation in January, 2024. Ms. Colvard suggested contacting Carl Rueban to see if he has any possible use of the allocation. In regard to the MCC program, motion made by Alison Colvard, seconded by Michael Hartman and carried unanimously to take a wait and see approach.

- B. Discussion regarding Single Family 1991 C Second Mortgages: Ms. Abbott presented a status report reflecting that all five outstanding loans remain delinquent. The borrowers are not paying their loans. She indicated that each of the borrowers have resided in their homes for over thirty years. Once the mortgages mature, the Authority will have to take legal action within five years or the mortgage will be deemed satisfied pursuant to Florida law. The Authority will continue to monitor the delinquent loans.
- C. Quarterly status report on second mortgages: Ms. Abbott presented the status report on second mortgages as of December 31, 2022. There was one new loan, six second mortgages paid off and one foreclosure was completed during the last quarter.

IX. Multi-Family Programs:

- A. Discussion regarding application of Cocoa Leased Housing Associates II, LLLP and consideration of Resolution 2023-01: As discussed at the last meeting, the Oak Meadows Project was sold to Dominion in November, 2022. Dominion has submitted an application for bond financing in the amount of \$17,600,000, for the rehabilitation of the project. Katessa Archer, with Dominion, stated that the compliance period for the project will end January 1, 2024, and will be eligible for re-syndication at that time. Therefor, this issue will not close until 2024. Motion made by Alison Colvard, seconded by Michael Hartman and carried unanimously to approve Resolution 2023-01 entitled:

RESOLUTION REGARDING THE OFFICIAL ACTION OF THE BREVARD COUNTY HOUSING FINANCE AUTHORITY RELATIVE TO THE ISSUANCE OF NOT TO EXCEED \$17,600,000 IN 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 COCOA LEASED

HOUSING ASSOCIATES II, LLLP; AND PROVIDING AN EFFECTIVE DATE.

- B. Discussion regarding status of application of Emerald Place Florida, L.P.: Ms. Abbott reported that she has spoken with the developer. This issue should be ready for credit underwriting next quarter and is expected to close during the third quarter of 2023.
- C. Discussion regarding Amendment to Land Use Restriction Agreement and Satisfaction of Mortgage in connection with Multifamily Housing Revenue Bonds, Series 2008 A and 2008 B, Malabar Cove I and II Projects and consideration of Resolution No. 2023-02: Ms. Abbott explained that these bonds are being redeemed on March 1, 2023. The LURA will remain in place but the Trustee will no longer be involved, and the mortgage is being satisfied. The Program Compliance Agreement will remain in place. Motion made by Alison Colvard, seconded by Jim Katehakis and carried unanimously to approve Resolution 2023-01 entitled:

A RESOLUTION OF THE BREVARD COUNTY HOUSING FINANCE AUTHORITY, AUTHORIZING AN AMENDMENT TO LAND USE RESTRICTION AGREEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SATISFACTION OF A MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT, EACH IN CONNECTION WITH THE AUTHORITY'S MULTIFAMILY HOUSING REVENUE BONDS, 2008 SERIES A (MALABAR COVE – PHASE I); AUTHORIZING AN AMENDMENT TO LAND USE RESTRICTION AGREEMENT AND AUTHORIZING THE EXECUTION AND DELIVERY OF A MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT, EACH IN CONNECTION WITH THE AUTHORITY'S MULTIFAMILY HOUSING REVENUE BONDS, 2008 SERIES B (MALABAR COVE – PHASE II); AND PROVIDING AN EFFECTIVE DATE.

- X. Motion by Michael Hartman, seconded by Alison Colvard and carried unanimously to adjourn the meeting at 4:12 p.m.