

**Brevard County
Housing Finance Authority**

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MINUTES

May 24, 2023

The Brevard County Housing Finance Authority convened on the 24th day of May, 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
 Barry Forbes, Secretary/Treasurer
 James Katehakis, Asst. Secretary/Treasurer
 Angela A. Abbott, Attorney for the Authority
 Rob Cramp, Housing for Homeless
 Lynn Cowart, Crosswinds Youth Services

Present by telephone: Alison Colvard, Member
 Alex Fischer, Nabors, Giblin & Nickerson
 Marianne Edmonds, Public Resources Advisory Group
 Helen Feinberg, RBC Capital Markets
 Debbie Blinderman, DDB Affordable Housing Consulting, LLC
 Jason Larson, Housing Trust Group

- I. The Chairman opened the public hearing at 3:03 p.m., regarding the proposed issuance of not to exceed \$50,000,000, Single Family Mortgage Revenue Bonds, pursuant to the Notice of Public Hearing which was properly published, and asked for public comment. Hearing none, the public hearing was closed at 3:04 p.m.
- II. 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.
- III. Public Comments: The Chairman called for public comment. Hearing none, public comment was closed.
- IV. 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 February 22, 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 1st Quarter, 2023

- D. Approval of payment of invoices of Angela A. Abbott, P.A. for 1st Quarter, 2023
- E. Approval of payment of Wells Fargo Bank, N.A. invoice in connection with the Single Family 1985 issue
- F. Approval of payment of Florida Housing Conference registration fees and authorization to incur reimbursable expenses for 2023

V. Report of Treasurer, Barry Forbes: Presentation of 2nd Quarter, FY 2022-2023 Treasurer's Report: Mr. Forbes presented the budget comparison, balance sheet and checkbook ledger for the second quarter of fiscal year 2022-2023. He noted that the funds in the Fidelity account are invested in short term FDIC insured certificates of deposit bearing over 5.0%. Ms. Abbott noted that five of the Authority's multifamily issues have or will be paid off, which will reduce the Authority's income. Mr. Sarkarati stated a concern that interest rates may drop in the future so longer term CD's may be advisable. Mr. Forbes stated that originally, the Authority wanted shorter term staggered maturities for flexibility. He has not noticed an increase in rates for a longer term. Ms. Edmonds asked whether the Authority's investment policy addresses maturities. Motion made by Jim Katehakis, seconded by Barry Forbes 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 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.

Alison Colvard declared that she has a conflict of interest and will abstain from voting on this matter. Rob Cramp introduced Jason Larson with Housing Trust Group. Ms. Abbott asked Mr. Cramp to explain exactly what the cost savings from the requested loan would be used for. Mr. Cramp responded that services and case management for the 45 homeless units would be funded. Mr. Katehakis stated he is concerned about the long term of the loan and suggested that perhaps a short term bridge loan with a balloon would be more appropriate. Mr. Forbes explained that the Authority's funds were generated from its first time homebuyer bond programs and fees from multifamily programs. Since the HFA has no more outstanding single family programs, the income will not be replaced. In the past, the HFA has deployed funds into the community to address needs that are not otherwise being addressed, with the goal of recycling and leveraging funds to provide or enhance housing needs. He stated that FHFC issued the bonds for the Orchid Lakes project, and the requested loan is not

what the HFA was envisioned to do, especially since the project is already financed. Mr. Sarkarati explained that years ago when loans were made there was little opportunity cost as opposed to the 5% opportunity cost of today. Marianne Edmonds stated that this project was funded with 9% tax credits, SAIL, LEI and CHIRP loans. The proposed loan would fund operating expenses which is not within the purpose of the HFA. It does not create new housing units or rehabilitate housing units. It is a stretch to find this loan consistent with the traditional use of HFA funds, since it has programmatic purpose. Mr. Cramp stated that the intention is to improve services and care by reducing carrying costs. Jason Larson added that this is a special needs development. The construction cost increase was offset by CHIRP but was not completely covered. The plan to cover the \$2.2 million shortfall is through a mortgage from Raymond James at an interest rate of about 7.05% for 17 years. Ms. Edmonds asked whether the credit underwriting report supported the Raymond James loan. Mr. Larson responded that it did. The worst case scenario is that HFH will close with the Raymond James loan but HFH wants to explore options to reduce the debt service. Mr. Forbes pointed out that Raymond James is an equity investor, which is essentially an owner, so it has a benefit in making this loan that the HFA does not. Ms. Abbott asked whether Raymond James has been approached to reduce the interest rate. Mr. Larson responded no, that the issue closed based upon the CUR. Mr. Cramp was hoping to gain local support for the project. He added that the loan could be less than \$2.2 million and for a shorter term. Mr. Forbes stated that, as with the loan to Habitat for Humanity, the HFA strives to recycle funds quickly and leverage funds from other sources. Mr. Forbes does not think it is not prudent to make a loan in second position for a long period of time, especially when it is taking out an owner. The HFA is not in the same position as Raymond James and the loan would be too risky for the HFA to make. He emphasized that the HFA funds have been accumulated over a 30 year period with no guaranteed source of future funding. Ms. Edmonds summarized the reasons she does not recommend making this loan:

1. the 5% opportunity cost to the HFA;
2. the HFA does not have an increasing funding source;
3. the loan would be made without a process to make favorable loans generally available to all in the community; and,
4. the loan is not consistent with the purpose of the HFA.

The HFA members concurred that the loan should not be made and thanked Mr. Cramp for his efforts.

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. Mr. Forbes noted that this loan was made to take out another loan so that those funds could be used to develop another affordable housing project. It is secured by a first mortgage and is supported by existing cash flow.

- C. Discussion regarding funding request from Crosswinds Youth Services: Lynn Cowart stated that the funding from the state for the keyless entry system is now expected to be greater than originally anticipated. They are waiting for the Governor to sign off. She estimates that the needed local match funds will be between \$15,000 and \$40,000. Mr. Forbes stated that this request fits within the Authority's goal to leverage its funds. Motion made by Barry Forbes, seconded by Jim Katehakis and carried unanimously to approve an interest free loan of up to \$40,000 for a term of ten years secured by a mortgage and note, which will be forgiven in ten years if Crosswinds Youth Services continues to operate as an emergency shelter for abused, neglected and endangered youth, contingent upon its receipt of funds from the state for the keyless entry system.

VII. 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 February, March and April, 2023. She indicated that one new loan closed, no loans paid off, one foreclosure was completed and one new foreclosure was filed. There are no loans currently pending. She added that two additional foreclosures were filed and three payoffs were received this month. Mr. Forbes asked what action the HFA takes when it is served with foreclosure actions. Ms. Abbott responded that she files an answer on behalf of the Authority and continues to monitor the foreclosure action in case there are surplus funds that can be applied to the Authority's second mortgage following the foreclosure sale. The agenda package included status reports on the DPA and GNMA Custody accounts, and a summary of GNMA profits as of April 30, 2023.
- B. Discussion regarding Single Family 1991 C Second Mortgages: Ms. Abbott presented a status report reflecting that all five outstanding loans remain delinquent. The Authority directed Ms. Abbott to send another round of demand letters to the borrowers.
- C. Quarterly status report on second mortgages: Ms. Abbott presented the status report on second mortgages as of April 30, 2022. There was one new loan, no pay offs, one foreclosure completed and one new foreclosure filed during the last quarter.

- D. Ms. Abbott explained that Resolution No. 2023-03 will allow the HFA, once approved by the County, to apply for allocation in January, 2024. If the allocation is \$50 million or more, it can be carried forward for two years if it is not used in the year it was obtained. Once the allocation becomes carryforward allocation, the HFA may use it for multifamily issues. Due to the scarcity of allocation, and until Volusia County needs allocation, it makes sense to accumulate allocation. Allocation is needed this year for the Emerald Place issue, and an additional application is expected this year. Oak Meadows will need allocation next year. Motion made by Jim Katehakis, seconded by Barry Forbes and carried unanimously to approve Resolution No. 2023-03 entitled:

A RESOLUTION OF THE BREVARD HOUSING FINANCE AUTHORITY APPROVING A PLAN OF FINANCE INVOLVING THE ISSUANCE BY AUTHORITY OF ITS SINGLE FAMILY MORTGAGE REVENUE BONDS IN AN AGGREGATE FACE AMOUNT OF NOT TO EXCEED \$50,000,000 IN ONE OR MORE SERIES; APPROVING USE OF STATE-AWARDED PRIVATE ACTIVITY BOND ALLOCATION ("ALLOCATION") FOR MORTGAGE CREDIT CERTIFICATE PROGRAMS OR MULTIFAMILY CARRY FORWARD; AUTHORIZING THE PROPER OFFICERS OF THE AUTHORITY TO DO ALL THINGS NECESSARY OR ADVISABLE IN CONNECTION WITH THE PLAN OF FINANCE AND RATIFYING PRIOR ACTIONS REGARDING SAME; AND PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION.

VIII. Multi-Family Programs:

- A. Discussion regarding status of application of Emerald Place Florida, L.P. (Emerald Place Project): Debbie Blinderman stated that the members of Omni Affordable Florida, LLC, the manager of Emerald Place Developers, LLC, which is the general partner of Emerald Place Apartments, L.P., are planning to sell their membership interests to an entity affiliated with Teachers Insurance and Annuity Association of America. Omni is requesting a waiver from Florida Housing in regard to the new structure. If it is granted, Omni will request that the HFA permit a revision to the principal disclosure. If it is not granted, then Omni will proceed with this project as it is. Either way, the project will proceed to credit underwriting within the next month or two.
- B. Discussion regarding status of application of Cocoa Leased Housing Associates I, LLLP (Oak Meadows Project): This issue is expected to close in 2024. There is nothing new to report at this time.

- C. Approval of Termination of Land Use Restriction Agreement and Satisfaction of Mortgage (Manatee Cove Project): Ms. Abbott explained that the bonds are being redeemed so the LURA needs to be terminated and the mortgage satisfied. The developer has indicated that the project will remain affordable under an extended use agreement. Also, they may be back to the Authority for refinancing or re-syndication at a later date. Motion made by Jim Katehakis, seconded by Barry Forbes and carried unanimously to approve the Notice of Termination of the Land Use Restriction Agreement and the Satisfaction of Mortgage, as presented.

- IX. Report of Angela A. Abbott, Esquire: Ms. Abbott reminded the members about the FLALHFA Conference in Sarasota on July 12, 2023.

- X. Other: Motion by Jim Katehakis, seconded by Barry Forbes and carried unanimously to approve sponsoring the FLALHFA Conference at the gold level, which is within budget.

- XI. Motion by Jim Katehakis, seconded by Barry Forbes and carried unanimously to adjourn the meeting at 4:09 p.m.