Brevard County Housing Finance Authority
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Minutes

April 27, 2022

The Brevard County Housing Finance Authority convened on the 27th day of April, 2022, at the hour of 3:00 p.m. in the 4H Conference 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
	Barry Forbes, Secretary/Treasurer
	James Katehakis, Asst. Secretary/Treasurer
	Alison Colvard, Member
	Angela A. Abbott, Attorney for the Authority
	Scott Culp, Atlantic Housing Partners
Present by telephone:	Mark Mustian, Nabors, Giblin & Nickerson
	Marianne Edmonds, Public Resources Advisory Group
	David Leon, Attorney for Atlantic Housing Partners

I. The Chairman called the meeting to order at 3:01 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. Consent Agenda: Motion made by Jim Katehakis, seconded by Alison Colvard and carried unanimously to approve the Consent Agenda as follows:
   A. Approval of Minutes of January 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 1st Quarter, 2022
   D. Approval of payment of invoices of Angela A. Abbott, P.A. for 1st Quarter, 2022
   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 2021-2022 Treasurer's Report:

In Mr. Forbes absence, Ms. Abbott presented the budget comparison for the 2nd Quarter of the current fiscal year. Income is under budget primarily due to the slow down in the TBA program and the loss of value of the Fidelity account. Expenses are also below budget. She also presented the balance sheet for the 2nd quarter and the checkbook ledger. Mr. Sarkarati requested a copy of the most recent Fidelity account statement, which Ms. Abbott agreed to send him. He suggested that the decline in value is likely due to the mark to market valuation.

Motion by Michael Hartman, seconded by Alison Colvard, 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 Programs:

A. Status Report on 2012-2022 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 March 31, 2022. During the months of January, February and March, three (3) new loans closed and seven (7) loans paid off. There were also two (2) new foreclosures filed. 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 March 31, 2022. The average GNMA profit per loan this fiscal year is $4,182.44, which is $3,317.56 short of covering the $7,500 second mortgage. The current balance in the DPA custody account is approximately $207,614.

Ms. Abbott indicated that there is a Freddie Mac loan in the TBA program that could not be pooled. The options are to sell the loan at a loss, to purchase the loan and hold it in the Authority's portfolio, or take the loss and allow the Hillsborough HFA to purchase the loan. The loan is bearing a pass through rate of 3.5%. The loss on the loan is now approximately $5,100.

Motion made by Michael Hartman, seconded by Alison Colvard, and carried unanimously to approve the purchase of the loan from the GNMA custody account.

B. Quarterly status report on second mortgages: A status report of all second mortgages as of March 31, 2021, was presented. Ms. Abbott indicated that loans are continuing to payoff faster than they are originating. Also, there are now three (3) foreclosures pending. Mr. Katehakis stated that he believes the increased costs of repairs and insurance are attributable to the inability to afford homeownership. Ms. Abbott stated that foreclosure sales in Manatee County are resulting in surplus funds, so that second mortgages are actually being paid in full instead of being foreclosed out.

C. Discussion regarding Single Family 1991 C Second Mortgages: Ms. Abbott stated that she sent letters to all borrowers under the Single Family 1991 C program whose mortgages will mature during this fiscal year reminding them that their loans are maturing and informing them where the payment should be sent. One additional payoff was received yesterday. There are now four delinquent loans and one loan coming due on May 1, 2022. Ms. Colvard suggested offering a payment plan to the borrowers in the amount of the first mortgage monthly payment as a compromise to payment in full at one time. Ms. Abbott suggested waiting until the next meeting to see if additional payoffs are made.

VII. Multi-Family Programs:

A. Consideration of request for additional bonds from Venue at Brevard Partners, Ltd. (Venue at Viera Project):

Mark Mustian stated that bonds were issued in 2020 for a new construction project. The Authority made certain concessions in order to get the project built, including a fee reduction and a contribution to the cost of issuance. The project is now complete. There were increased construction costs for the project. Congress enacted legislation in late 2021 which would allow projects like this one to issue additional bonds and receive additional tax credit equity. The developer has submitted a request for additional bonds. Mr. Mustian’s firm also analyzed another request from Southlake Towers, which it determined did not qualify for additional bonds. His firm required proof of additional costs in the amount of the bonds requested. This project meets the criteria although the additional costs were covered by the hard cost contingency. The minimum requirement for tax counsel to issue its opinion that the bonds are tax exempt, needs to include a demonstration of public purpose to issue the debt. The developer originally offered to include in the Authority's LURA, the restrictions required by the tax credits. The Authority had anticipated that the restrictions would be in place, but they are not generally part of the LURA requirements. The developer does not have to pursue the tax credits even though it makes sense to do so. Mr. Mustian indicated that if the Authority's fees were increased to the amount required in the guidelines, together with the stricter LURA requirements would meet the public purpose criteria. Marianne Edmonds disclosed that she works with the Volusia County Housing Finance Authority. In the past, she has not worked on Atlantic Housing deals as the financial advisor to the Volusia HFA. Several months ago, the HFA did retain her to work on the completion bond deals with Atlantic Housing. The developer requested that PRAG reduce its fee, which it declined to do. Atlantic Housing approached the HFA and the HFA decided that PRAG would not participate on those deals.

Ms. Edmonds stated that the original issue was approved based upon a set of assumptions that had been vetted in the credit underwriting. One of the assumptions was that all of the units would be tax credit eligible. The LURA between the borrower and FHFC sets forth the requirements for tax credit eligibility. The Authority's LURA does not typically include these requirements. Though the developer offered to include these restrictions, Ms. Edmonds does not feel that the Authority is getting any more than it expected from the beginning. Ms. Colvard stated that, going forward, the Authority's LURA and guidelines should also reflect the greater expectation instead of just the minimum bond requirements. She and Mr. Hartman explained that tax credit eligibility requires 20% of units at 50% AMI, or 40% of units at 60% AMI, or income averaging.

Scott Culp stated that his company is the largest user of tax credits and tax exempt bonds in the state. The tax exempt bonds give the developer the right to ask for 4% tax credits from FHFC. Mr. Culp had anticipated that 100% of the units would utilize tax credits. The unusual circumstances here are the increased construction costs, together with the change in federal law to allow additional tax credits. The preference is to obtain 100% tax credits with income averaging. An affiliate of the developer will buy the bonds and subordinate to cash flow. If they are able to get the additional bonds and tax credits, they are willing to have the bond LURA amended to reflect the tax credit set asides for 100% affordability. The developer fee will be recovered from cash flow in 15 years. Michael

Hartman originally made the motion that the Authority waive a portion of its fees and pay a portion of cost of issuance. Now, the developer fee will likely be recovered sooner. Mr. Culp stated that Synovus Bank will decide whether the developer fee will be paid or if the additional bonds must be paid. Ms. Colvard pointed out that the benefit of the additional bonds is set the 4% LIHTC to increase equity. She has no problem with the developer making a fee, but the Authority should receive the $87,107 cost of issuance contribution back. Mr. Culp agreed to this repayment. The Authority also reduced its annual fee by fifty percent.

Ms. Edmonds asked if $1.9 million in bonds are purchased, what is the increase in tax credit equity? Mr. Culp responded that it is $1,834,248.99. Mr. Forbes asked what Mr. Culp is proposing. Mr. Culp responded that they have proceeded to get the project built and operational, where others could not. Due to federal legislative changes, the developer has an opportunity to recover some of its costs, at no expense to the Authority. There are 109 projects with FHFC that have not started construction, and FHFC is taking the position that the developer has to complete the construction at their cost. Mr. Culp is offering to repay the $87,107, but not the 1/8 annual fee, plus the bond LURA would be 100% affordable with income averaging.

Ms. Edmonds summarized that 1.) she assumed that the credit underwriting report is reflected in the final deal, which would have been 100% tax credit units; 2.) she understood that if cash flows could support the Authority's usual fee, then it would be paid, and 3.) the guidelines state that upon restructuring of an issue the QPP would be extended five years. Mr. Hartman reviewed the draft credit underwriting report which seems to indicate that cash flows could support the Authority's full fee. Mr. Culp responded that positive cash flows are needed for the project to be healthy. He offered to extend the LURA five additional years from 15 years to 20 years, to repay the $87,107 cost of issuance and to make the project 100% affordable under the bond LURA. Mr. Forbes thinks that the five year extension is a more valuable public purpose than the increase in the Authority fee. Mr. Culp stated that the tax credits will require a thirty year affordability period. He emphasized that this project has been up and running since April, 2021.

Motion made by Alison Colvard to approve the additional bonds of $1,990,000, with $87,107 being repaid to the Authority, and if Synovus agrees to allow the developer fee, then the Authority will receive half of its annual fee (~$10,000) in additional to the amount currently being paid, an extension of the LURA by 5 years to 20 years, and 100% affordability in the bond LURA with income averaging. Mr. Forbes stated that he is pleased that the units have been built and occupied in light of the escalating costs of construction. The motion died for lack of a second. Motion made by Barry Forbes, seconded by Michael Hartman, and carried four to one with Alison Colvard voting in opposition, to approve the issuance of additional bonds of $1,990,000, with $87,107 being repaid to the Authority, and the Authority continuing to receive a fee of 1/8 as opposed to 1/4 for its annual fee an extension of the LURA by 5 years to 20 years, and 100% affordability in the bond LURA with income averaging. Mr. Culp indicated that the full professional fees and the full 1/4 annual fee will be paid on the new bonds.

B. Status report regarding Tropical Manor: Ms. Abbott stated that she and Ms. Colvard attended the ribbon cutting for the project on February 26, 2022, which was very well attended. The final inspection report has not yet been issued because there is an accessibility issue in the laundry area, which is now being addressed. Ms. Colvard was aware of this issue. She also walked the property with the general contractor. Funds were spent on the important items, but not painting and landscaping. The property has been cleaned up and the crime rate has dropped 80-90%. The Sheriff and many deputies attended the ceremony and are supportive of the project.

VIII. Report of Public Resources Advisory Group: Mr. Forbes asked whether anyone is looking at first time homebuyer bond programs. Ms. Edmonds responded that the real issues are inventory and negative arbitrage. Mr. Forbes thinks that the housing market will be changing soon. Buyers will not be able to qualify for the inflated prices on new tract homes, so prices will have to come down. Ms. Hartman suggested speaking with Ian Golden at the County to request his support to reduce the minimum square footage and impact fees.

IX. Other: Motion made by Barry Forbes, seconded by Michael Hartman, and carried unanimously to approve a gold sponsorship of the FLALHFA Conference. Ms. Abbott encouraged the members to attend the FLALHFA Conference July 6 through 9, 2022, in Sarasota in person.

X. Motion made by Michael Hartman, seconded by Kamran Sarkarati and carried unanimously to adjourn the meeting at 4:22 p.m.