

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA

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Bradenton, Florida 34205
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MINUTES
October 11, 2016

The Housing Finance Authority of Manatee County convened on the 11th day of October, 2016, at the hour of 1:30 p.m. in the second floor conference room of 417 12th Street West, Bradenton, Florida.

Present: Paul A. Sharff, Chairman
James J. Heagerty, Jr., 1st Vice Chairman
Richard M. Pierro, 2nd Vice Chairman
Frank R. Dodson, III, Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Tim Wranovix, Raymond James & Associates, Inc.
Cameron Hill, RBC Capital Markets
Diana Shoemaker, Habitat for Humanity
Denise Thomas, Manatee County
[Susan Leigh, The Community Concept Group, Inc. - by telephone]

- I. The Chairman, Paul Sharff, called the meeting to order at 1:30 p.m., determined the presence of a quorum and acknowledged publication of the Notice of Meeting.
- II. Public Comments: The Chairman called for public comments. Hearing none, public comment was closed.
- III. Motion made by Jay Heagerty, seconded by Rich Pierro and carried unanimously to approve the Consent Agenda as follows:
 - A. Minutes of August 9, 2016 meeting
 - B. Requisition No. 564 for payment of annual dues to Florida Association of Local Housing Finance Authorities for fiscal year 2016-2017
 - C. Requisition No. 565 for fees and costs of Angela A. Abbott, P.A. for general services
 - D. Requisition No. 566 for fees and costs of Angela A. Abbott, P.A. in connection with the 2013 Single Family Loan and MCC Program
 - E. DAP Requisition No. 66 for fees and costs of Angela A. Abbott, P.A. for in connection with administration of 2009-2012 Single Family DAP Program
 - F. Requisition No. 567 for payment of annual Special District fee to Florida Department of Economic Opportunity for FY 2016-2017
 - G. Requisition No. 568 for website editing by Green Pony Press, Inc.
 - H. Public Depositor Annual Report for period ended September 30, 2016
 - I. Report to the Board of County Commissioners of Manatee County, Florida for the 2015-2016 Fiscal Year

Paul A. Sharff
Chairman

James J. Heagerty, Jr.
1st Vice Chairman

Richard M. Pierro
2nd Vice Chairman

Hugh D. Miller
3rd Vice Chairman

Frank R. Dodson, III
Secretary/Treasurer

Angela A. Abbott
Attorney/Administrator

- J. Approval of attendance by the members, attorney/administrator and financial advisor at all educational conferences of FLALHFA, NALHFA and other professional organizations during the calendar year 2017, and authorization to incur reimbursable expenses related thereto
- K. Next Meeting: November 10, 2016, or December 8, 2016 at 1:30 p.m. at 417 12th Street West, 2nd Floor Conference Room, Bradenton, Florida

Jay Heagerty asked Ms. Abbott about an entry in her general services bill on September 2, 2016, regarding an inquiry and response to Indian River Hospital District. Ms. Abbott indicated that this was a public information request that was sent to all special districts, including the Authority, regarding employee salaries and benefit plans.

IV. Report of Treasurer, Frank R. Dodson, III:

Mr. Dodson presented the General Fund Financial Reports for July, August and September, 2016. Mr. Dodson focused on the September year end report and noted that he revised the format of the report. The first page of the report indicates all revenues and expenditures, the amount budgeted, the amount year to date and any variance in the amounts. The second page shows the recap of cash flows in the various trusts and SBA investment but no longer ties in to the budget. The last page is the statement of net position and changes thereto. Mr. Dodson stated that the Centre Court fees and related termination payments resulted in slightly more revenue than if the expected semi-annual fees had been paid. In spite of the fact that Mr. Dodson contacted Ms. Abbott, U. S. Bank and Bank of New York regarding payments and receipts prior to the end of the fiscal year, the Single Family 2006 and 2007 income payments were not received from Bank of New York by September 30, 2016. The payments were received on October 4, 2016. These payments will be carried as a receivable on the year end financial statements. The Authority received a total of \$1,445 more for charges for services than budgeted. As a result of the Raymond James TBA program, the total investment income was \$131,891 over budget. Mr. Dodson pointed out that the collapse of the 2006 Single Family A and B Program resulted in a payment of \$37,558 to the Authority following the DEPFA Bank GIC termination. A preliminary rebate calculation stated that approximately \$25,000 would be owed in rebate to the IRS, but when the final calculations were made, the liability was reduced to zero, which resulted in the excess funds flowing to the Authority. Mr. Dodson added that General Government expenditures are \$19,070 under budget. He further pointed out that, though the change in net position is a positive \$140,633, the \$250,000 transfer from the restricted issuer reserve account to the DAP funding trust is counted as income, otherwise the change in net position would have been negative. In addition, if any of the transferred funds are not utilized for down payment and closing cost assistance, they will have to be returned to the issuer reserve account. Mr. Dodson has forwarded the year end financial reports to Neil Unruh for the audit. The members thanked Mr. Dodson for his good work and complemented the new format of the reports. Motion made by Jay Heagerty, seconded by Rich Pierro and carried unanimously to accept the Treasurer's report into the record, as presented.

V. Consideration of Request of Habitat for Humanity:

[Susan Leigh joined the meeting by telephone.] Diana Shoemaker, the Executive Director of Manatee County Habitat for Humanity provided some background information on the organization. She stated that Manatee County Habitat for Humanity has been in existence in Manatee County since 1994. It has constructed 126 homes in the County. It has primarily constructed new homes, but is now working on home preservation and rehabilitation. As the market tightens and land becomes more scarce, Habitat is facing challenges. In the past year, the City of Bradenton allocated \$140,000 of Community Development Block Grant (“CDBG”) funds for the acquisition of property . Habitat utilized these funds to purchase property in the 17th Avenue corridor within the city of Bradenton. Homes will be built there and at another location over the next two years. The next phase that Habitat is considering is “The Gardens” project. A private seller has approached Habitat with a land acquisition opportunity. Habitat has filed a pre-development application with the Florida Housing Finance Corporation (“FHFC”), a copy of which was provided to the Authority members. FHFC is now providing technical assistance to the project. In the process of seeking funding sources for the project, Habitat approached Denise Thomas regarding the appropriateness of the zoning and eligibility for CDBG funds. The correct zoning is in place. Ms. Thomas suggested that Habitat approach the Authority to partner in financing the project and possibly to provide financing for infrastructure. Rich Pierro asked Susan Leigh whether she has reviewed the proposal. Ms. Leigh stated that she has, but that she has some questions. She inquired about the availability of water and sewer and to what extent CDBG funds will be applied to infrastructure costs. Ms. Shoemaker responded that water and sewer are available, but that infrastructure development, such as roads and water and sewer connections are needed. It is estimated that infrastructure costs will be \$500,000 for the entire project. If the county awards CDBG funds for this purpose, it would be a grant that would not have to be repaid. The proposal states that Florida Housing Finance Corporation will be providing two pre-development and acquisition loans at 1%, which must be repaid. Ms. Shoemaker stated that the source of the term loan payments for these loans would be through donations and fund raising efforts.

Frank Dodson asked for a description of prior Habitat projects. Ms. Shoemaker stated that a project called Hope Landing was developed in Ellenton a few years ago. This project included 18 homes. The land was donated and CDBG funds covered the infrastructure costs. Habitat received funds through donations to build those homes. Funds are raised through corporations, foundations and home sponsorships. Habitat uses a program called the Community Contribution Tax Credit Program which allows businesses to support affordable housing construction. These sources are still available for The Gardens project. Susan Leigh questioned whether Habitat was just looking to see if the Authority could partner with it for the future development. Ms. Shoemaker responded that this is a preliminary discussion and that she is exploring all possible financing sources for the project. [Denise Thomas arrived.] Frank Dodson stated that he is excited about the partnership opportunity. Ms. Shoemaker

stated that Habitat is carefully proceeding with this development. Mr. Dodson questioned the availability of CDBG funds. Ms. Thomas stated that CDBG funds are available each year. She noted that there has been a structural change in her department with the county. A new department has been formed called Redevelopment and Economic Opportunity and Geraldine Lopez is the new director of that department. Ms. Lopez is from the City of Clearwater and has experience in structuring and layering funding sources for development purposes. Ms. Thomas stressed that the county will be focusing on economic development going forward and will want to see stronger partnerships with the Housing Finance Authority. She facilitated bringing Habitat to the Authority and there may be other proposals in the future. She indicated that CDBG funds are \$1,600,000 and together with HOME funds, the county will receive a total of approximately \$2,300,000 this year, in addition to SHIP funds. The county will be developing a 5 year action plan that will be submitted to HUD to obtain the CDBG funds.

Paul Sharff questioned whether this loan would be collateralized or not. Ms. Abbott responded that it has not yet been determined, but the loan may be structured either way. Susan Leigh asked Denise Thomas whether HOME funds will be used. Ms. Thomas indicated that CDBG funds were used for Hope Landing in the past, so this is not a departure from prior use. The Habitat proposal stated that approximately \$1,500,000 is needed for new home construction. Ms. Leigh asked how many commitments for funding would be needed before Habitat determines whether it will move forward. Ms. Shoemaker responded, that generally building proceeds as funds become available. Ms. Thomas stated that the details will need to be worked out since this is the first partnership. Ms. Leigh asked when the Authority would need to make funds available. Ms. Shoemaker responded that the acquisition of the land is expected to close in the summer of 2017. Ms. Thomas stated that the CDBG application and HUD approval are expected in November, 2017. Mr. Heagerty stated that if the purpose of the meeting was to determine whether the Authority has an interest in partnering, then the answer is yes, but the amount and the terms of the financing will need to be determined. Motion made by Rich Pierro, seconded by Frank Dodson and carried unanimously to authorize Ms. Abbott and Ms. Leigh to work with Habitat to investigate and bring back proposals for a partnership to provide funding to The Gardens project. Ms. Thomas asked about the Authority's past programs assisting non-profits and for profits. Ms. Abbott stated that the Authority has not done any loans of this nature in the past. Other HFA's in the state have made loans to Habitat organizations which the Authority can use as a resource. Ms. Thomas stated that it is very likely that the HFA will be approached to finance other projects in the county.

Mr. Heagerty asked where this site is located. Ms. Shoemaker responded that it is off of Cortez Road near 44th Avenue in the urban core. Frank Dodson questioned who makes the permanent take out loans to home owners at 0% loans. Ms. Shoemaker responded that local Habitat does and that the homebuyers pay Habitat on a monthly basis, and that the loans are interest free. Ms. Thomas stated that the

county has also provided down payment assistance loans to Habitat homebuyers in the past. Ms. Leigh suggested that Mr. Sanford and Ms. Abbott need to determine whether the Authority's funds can be used for this purpose and define the legal purpose for which the loan can be made. Ms. Thomas and Mr. Wranovix suggested that Pinellas and Palm Beach Counties have Habitat programs that may be helpful. [Ms. Thomas and Ms. Shoemaker left the meeting].

VI. Status Report for Single Family Programs:

A. Status Report of Single Family Loan and Mortgage Credit Certificate Program:

Ms. Abbott stated that five loans were made in August, and three loans were made in September and that a complete status report on the program was contained in the Authority's agenda package. Mr. Pierro questioned the current interest rate to which Ms. Abbott responded 3.875%. Tim Wranovix stated that Sue Denihan had car trouble and could not make the meeting, but that she is working on adding two new lenders to the program. Mr. Wranovix proposed that the Authority consider adding a Freddie Mac conventional product to the program. Mr. Wranovix spoke with Ms. Denihan who thought this product would do well. He indicated that certain program documents would need to be revised. Ehousing would train lenders on the new product. Since PMI may be terminated at certain LTV's on Freddie Mac loans, this provides a more affordable product than GNMA's over the life of the loan and may boost production. Florida Housing Finance Corporation has a conventional product and this would compete favorably with it since the Authority's DPA is higher and interest rate is lower. The FICO minimums are slightly lower and the long term repayment is better for the borrower. Mr. Wranovix stated that he will send blacklined revised documents to Ms. Abbott for presentation at the next Authority meeting.

B. Status Report Regarding Termination of Investment Agreements with DEPFA Bank in connection with Single Family 2006 and 2007 Issues:

This item was covered under Frank Dodson's report.

C. Status Report Regarding Proposed Collapse of Single Family 2006 Sub Series One Issue:

Tim Wranovix presented an analysis and stated that the Authority may collapse the program and sell the GNMA's in the market, or may purchase and retain them. There are about \$450,000 in bonds and \$550,000 in MBSs remaining. All of the outstanding bonds are callable. Frank Dodson pointed out that there are 16 loans remaining, which makes the purchase of the GNMA's less risky. Tim Wranovix stated that the Trustee believes that

there is a GIC, but not with DEPFA. He does not have this information, but does not expect it to change the dynamic. Mr. Dodson stated that this will take \$410,000 of non interest earning funds from the restricted issuer reserve trust and purchase \$550,000 of MBSs that will produce \$35,000 per year in interest. Motion made by Jay Heagerty, seconded by Frank Dodson and carried unanimously to proceed with the collapse unless the projected net proceeds shown in the analysis change substantially prior to the projected call date. If an opinion of bond counsel is required, then this matter will be deferred for consideration at the November meeting. Mr. Wranovix cautioned that, if prepayments spike, the numbers will change.

VII. Discussion Regarding Future Multifamily Project Programs:

Ms. Abbott indicated that the Authority will be receiving an application for a new multifamily issue before the end of the week. The developer wants to close in January, which means that this matter will have to proceed quickly. The Authority may need to hold its November meeting to consider and act upon the application.

VIII. Other:

Jay Heagerty stated that he is concerned about moving cautiously and slowly toward the development of new programs for Habitat and other non-profits. He does not want to be a land acquisition and development lender. Mr. Pierro stated that he is in favor of proceeding with these types of programs. Ms. Abbott stated that the Brevard County HFA has established a revolving line of credit for Habitat, which is for a set amount of funds that may be utilized for land acquisition or home construction in specified increments over a 5 year period with annual approval of the HFA. Habitat submits a certificate stating that it has a qualified home project for an eligible family and funds are disbursed by the custodian directly to Habitat. The funds are repaid by Habitat when the family takes occupancy or within two years, whichever occurs first. There is no monitoring by the Authority of the application of construction funds so the loan is administratively simple. The line of credit is unsecured and is based on the strength of Habitat to repay the debt. Mr. Heagerty expressed concern that the Authority would be a “development partner” which is beyond the scope of the Authority’s function. Ms. Abbott and Ms. Leigh emphasized that Habitat and Manatee County need to be aware that the Authority’s funds are limited in amount and purpose.

IX. Motion made by Jay Heagerty, seconded by Frank Dodson and carried unanimously to adjourn the meeting at 2:38 p.m.

Respectfully submitted:

By: _____
Frank R. Dodson, III, Secretary/Treasurer