

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA

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Bradenton, Florida 34205
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MINUTES

June 12, 2018

The Housing Finance Authority of Manatee County convened on the 12th day of June, 2018, at the hour of 1:30 p.m. in the second floor conference room of 417 12th Street West, Bradenton, Florida.

Present: Richard M. Pierro, Chairman
Hugh D. Miller, 1st Vice Chairman
Paul A. Sharff, 2nd Vice Chairman
James J. Heagerty, Jr., 3rd Vice Chairman
Frank R. Dodson, III, Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Susan Leigh, The Community Concepts Group
Tim Wranovix, Raymond James & Associates
Cameron Hill, RBC Capital Markets
Sue Denihan, eHousing Plus
Denise Thomas, Manatee County

- I. The Chairman called the meeting to order at 1:30 p.m., determined the presence of a quorum and acknowledged proof of publication of the Notice of Public Meeting.
- II. Public Comments: The Chairman called for public comments. Hearing none, public comment was closed.
- III. Motion made by Jay Heagerty, seconded by Paul Sharff and carried unanimously to approve the Consent Agenda as follows:
 - A. Minutes of April 10, 2018 meeting
 - B. Requisition No. 630 for website hosting and editing by Hendrickson Ink
 - C. Requisition No. 631 for fees and costs of Angela A. Abbott, P.A. for general services
 - D. Requisition No. 632 for fees and costs of Angela A. Abbott, P.A. in connection with the 2013-2018 Single Family Loan and MCC Program
 - E. DAP Requisition No. 65 for fees and costs of Angela A. Abbott, P.A. in connection with administration of 2007 Single Family DAP Program
 - F. Next Meeting: August 14, 2018, at 1:30 p.m. at 417 12th Street West, 2nd Floor Conference Room, Bradenton, Florida

Richard M. Pierro
Chairman

Hugh D. Miller
1st Vice Chairman

Paul A. Sharff
2nd Vice Chairman

James J. Heagerty, Jr.
3rd Vice Chairman

Frank R. Dodson, III
Secretary/Treasurer

Angela A. Abbott
Attorney/Administrator

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

Mr. Dodson presented the General Fund Financial Reports for March, April and May, 2018. Mr. Dodson noted that the net position at the end of May is \$50,000 less than the beginning of the fiscal year, and expenses are under budget. He stated that he will present additional information during the discussion on the County's request for DPA funding.

Motion made by Paul Sharff, seconded by Jay Heagerty and carried unanimously to accept the Treasurer's report into the record.

[Hugh Miller arrived.]

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

A. Ms. Abbott presented a memorandum on the status of the program and indicated that there are 4 loans pending. Loan originations have been steady, however, three new foreclosures have been filed. She stated that she has filed Answers on behalf of the Authority. If the first mortgage is foreclosed, then the Authority's second mortgage is generally extinguished. In some cases, the first mortgage is reinstated, or the properties are sold or refinanced before the case is concluded, which results in a payoff of the second mortgage. A new lender, Highlands Residential, has recently been added to the program. Ms. Leigh requested that Sue Denihan provide demographics information at the next meeting. Mr. Sharff requested information on the borrowers. Ms. Abbott explained that borrower information is not included in the agenda package on the website due to privacy concerns. Mr. Heagerty stated that he thinks it is commendable that the program has resulted in over \$34 million in first mortgages in a tough market.

[Sue Denihan arrived.]

B. Motion made by Jay Heagerty, seconded by Hugh Miller and carried unanimously to approve Requisition No. 633 for payment of the invoice of Greenberg Traurig, in connection with the establishment of updated income and purchase price limits.

VI. Multifamily Programs:

A. Request of clarification of Land Use Restriction Agreement ("LURA") for River Trace: Ms. Leigh explained that the compliance monitor questioned the language and requirements of the LURA, as compared to the FHFC requirements. The Authority was clear in its intent not to displace tenants as a result of the financing. The requirement in the LURA to "recertify" tenants could be interpreted to result in tenants no longer being income qualified,

which was not intended. Motion made by Jay Heagerty, seconded by Hugh Miller and carried unanimously to approve the requested clarifications of the LURA.

- B. Water's Edge: Ms. Abbott stated that she was contacted yesterday by the Trustee regarding a change to the Loan Agreement that Hamlin Capital, the majority bondholder, wants to make. Steve Sanford, bond counsel, has determined that an amendment to the Loan Agreement is necessary to implement the changes. Motion made by Jay Heagerty, seconded by Hugh Miller and carried unanimously to authorize Steve Sanford to draft the amendment, provided that Hamlin Capital pays all the Authority's professional fees and expenses in connection with the amendment, for consideration at the August meeting.

VII. Discussion regarding request of Manatee County for down payment assistance:

Due to the reduction in SHIP funding, the Authority received a request from Denise Thomas to provide down payment assistance to borrowers in conjunction with the Livable Manatee program. Ms. Leigh presented a memo that she and Mark Hendrickson drafted addressing the request and making recommendations. She stated that the County needs to understand that the Authority's support of FLALHFA and the Sadowski Education Effort are the reason that any SHIP funds at all are available. SHIP funding was cut due to the diversion of funds to school security due to the Parkland shooting. Ms. Leigh stated that she and Ms. Abbott are recommending structuring a down payment assistance program of \$100,000, similar to the existing program, which would be available to the Livable Manatee borrowers. There are now several lenders in both the Authority's program and the County's program. Mr. Dodson asked about the amount of DPA that the County has been providing. Ms. Abbott responded that the DPA loans are up to \$30,000. Mr. Pierro stated that he is looking forward to working with the County in this way. He noted that the County needs to be aware that the Authority does not receive funding from the state, the county or other government sources. Ms. Leigh stated that she needs more information on the structure of the County's program. Mr. Wranovix suggested asking the County to take a third position behind the Authority's second mortgage. He also mentioned that there is a loan officer in both program who is an expert at layering subsidy for borrowers. Ms. Abbott stated that she has contacted each of the mutual loan officers to encourage them to utilize both programs simultaneously. Mr. Pierro noted that Marianne Edmonds' firm is now the financial advisor to the County and that she will be a good advocate for the Authority's programs. Ms. Leigh stated that she will reach out to Geri Lopez to explain the differences in the Manatee HFA and the larger HFAs, such as Pinellas.

Ms. Leigh reviewed the FA recommendations:

1. Consider allocating a limited amount of funds for use as DPA for buyers in the Livable Manatee program;
2. Emphasize to the County that the funding of the Sadowski Education Effort is a massive sign of cooperation by the HFA with the County - the HFA funds the effort and the County receives the SHIP funds;
3. Work with the County to get more lenders active in both programs so that existing resources can be better coordinated.

[Denise Thomas arrived.]

Ms. Leigh recapped the discussion for Ms. Thomas. Ms. Thomas explained that the County has about 23 scattered home sites for low and moderate income development. The sites were acquired by developers who then applied to the County for designation as affordable for participation in the Livable Manatee program. Livable Manatee is funded by the County from general revenues and it pays impact fees of up to \$15,000 per unit. The County also provides expedited permitting. Ms. Leigh requested clarification of the request for DPA. Ms. Thomas explained that the County offers a zero percent, silent second mortgage, which is due on sale or refinancing, similar to what the Authority has. Under the Livable Manatee program, there is a Land Use Restriction Agreement that requires the property to remain affordable for ten years. The impact fees and incentives are forgiven 1/10th per year.

Mr. Dodson requested clarification on the down payment assistance loan. Ms. Thomas stated that the County takes a second or third position. Lower income borrowers can receive up to \$30,000 and moderate income borrowers can receive up to \$25,000 in DPA. Ms. Thomas calculates the amount that is necessary for the transaction. Closing costs are funded up to \$6,000. The certified lenders do the work to qualify borrowers and process the loans. Ms. Thomas reviews the loan documents and underwriting. Mr. Dodson asked whether Ms. Thomas could process the DPA loans if the HFA agrees to provide the funds. Ms. Thomas responded that the County can provide that service. Ms. Denihan confirmed that the process is similar to the Authority's program and that there are 5 loan officers in both programs. Ms. Leigh asked Ms. Abbott about the legal issues. Ms. Abbott stated that the loans should be limited to income qualifying borrowers.

Ms. Thomas stated that the Board of County Commissioners is not making the request to the HFA. She and Ms. Lopez are trying to develop a partnership with the HFA. They want to be able to discuss the partnership when the next Authority member reappointment comes up. Mr. Dodson emphasized that the Authority does not receive any funding other than fees it generates, so there is a limited amount of funds to work with. However, the Authority wants to develop a program that works for the County and the HFA. This year, the Authority has funded \$308,000 in DPA loans which only generated about \$145,000 in revenue. Ms. Thomas suggested that the Authority can set the parameters of the proposed DPA program. Ms. Leigh commented that utilizing the system in place will be the most efficient. Ms. Thomas

stated that the Authority can be in second position and the County could be in third position. Tim Wranovix stated that the current program can be used for this purpose. The income and purchase price limits are lower in the County's program. The maximum purchase price for moderate income is \$176,000 and for lower income is \$160,000. Ms. Thomas indicated that the fiscal year for the SHIP program is July 1 to June 30.

Motion by Paul Sharff, seconded by Frank Dodson and carried unanimously to authorize the professionals to establish a DPA program to be funded with an initial allocation of \$100,000, to be presented at the August meeting.

- VIII. Other: Ms. Leigh stated that she works with and represents developers, and that the biggest obstacle in Manatee County is regulatory. It takes a year to obtain a preliminary site plan approval. Ms. Thomas responded that the Comp Plan and Land Development Code are being revised to improve the timeline. Ms. Leigh stated that developers are unable to get letters signed for submission to FHFC. Ms. Thomas added that lot sizes and minimum square footage may be reduced. Multifamily approvals should be easier to obtain in the future. Geri Lopez understands the issues and is working on streamlining the process. Ms. Leigh indicated that the Authority's fees are not the issue, it's the county's regulatory process that keep developers away. Another reason that developers go the FHFC instead of local issuers is the SAIL application process. If a local issuer is selected, the developer has to submit a full application and pay all the fees in order to obtain the letter needed to submit with the SAIL application. If FHFC is selected, all the developer has to do is check the box. Ms. Leigh and Mr. Hendrickson have been able to get this requirement changed this year. The third issue is compliance duplication expenses for local and state projects. This is the next issue that will be addressed.

Ms. Thomas stated that Manatee County prefers to see mixed income developments. Ms. Leigh stated that they do not work because of the long term economics of the property. With tax credits, thirty percent of the project is paid for through the investment of the credits. Without substantial contributions, it is difficult to find a purchaser for the tax credits. Ms. Thomas added that Livable Manatee will provide up to \$500,000 toward qualifying multifamily developments. The county is also looking into land trust, which may be its contribution in the future.

- IX. The meeting adjourned at 2:38 p.m.

Respectfully submitted:

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