

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA

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Bradenton, Florida 34205
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MINUTES

August 13, 2019

The Housing Finance Authority of Manatee County convened on the 13th day of August, 2019, at the hour of 1:30 p.m. in the second floor conference room of 417 12th Street West, Bradenton, Florida.

Present: Hugh Miller, Chairman
Paul A. Sharff, 1st Vice Chairman
Jay Heagerty, Jr., 2nd Vice Chairman
Rich Pierro, 3rd Vice Chairman
Frank R. Dodson, III, Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Tim Wranovix, Raymond James & Associates
Cameron Hill, RBC Capital Markets

- I. The Chairman opened the public hearing at 1:30 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 1:31 p.m.
- II. The Chairman called the meeting to order at 1:31 p.m., determined the presence of a quorum and acknowledged proof of publication of the Notice of Public Meeting.
- III. Public Comments: The Chairman called for public comments. Hearing none, public comment was closed.
- IV. Motion made by Jay Heagerty, seconded by Frank Dodson and carried unanimously to approve the Consent Agenda as follows:
 - A. Minutes of May 28, 2019 meeting
 - B. Requisition No. 685 for website hosting and editing by Hendrickson Ink
 - C. Requisition No. 686 for reimbursement of FLALHFA Conference expenses
 - D. Requisition No. 687 for costs of Angela A. Abbott, P.A. for general services
 - E. Requisition No. 689 for payment of annual dues to Florida Association of Local Housing Finance Authorities for fiscal year 2019-2020
 - F. Next Meeting: October 8, 2019, at 1:30 p.m. at 417 12th Street West, 2nd Floor Conference Room, Bradenton, Florida

Hugh D. Miller
Chairman

Paul A. Sharff
1st Vice Chairman

James J. Heagerty, Jr.
2nd Vice Chairman

Richard M. Pierro
3rd Vice Chairman

Frank R. Dodson, III
Secretary/Treasurer

Angela A. Abbott
Attorney/Administrator

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

A. Presentation of General Fund Financial Reports for May and June, 2019:

Mr. Dodson presented the General Fund Financial Reports for May and June, 2019. He indicated that all payments have been made as agreed during that time period. The change in net position is a positive \$146,551. He stated that the \$980,000 liability, associated with the outstanding single family bonds, reflected in the fiscal year 2018 audit is carried forward from month to month in the financials without monthly updates from the Trustees, which negatively impacts the net position each month. Motion made by Paul Sharff, seconded by Rich Pierro and carried unanimously to accept the treasurer's report into the record.

B. Acceptance of Revised Audited Financial Statements for the year ended September 30, 2018:

Mr. Dodson indicated that the Financial Statements for FYE 2017-2018 were filed late due to the Carr, Riggs & Ingram (CRI) review process. The deadline was June 30, 2019, but the reports were filed in late July, 2019. He outlined the issues that were of concern to the CRI reviewer:

1. The treatment of the Raymond James income. The Authority has always treated it as investment income, and the prior auditors agreed. The CRI reviewer required that this income be listed in its own category.
2. The treatment of payments to bondholders. The CRI reviewer required repayments to bondholders be included in income as contributions and repayments.
3. Liabilities and assets in the single family bond program. The CRI reviewer has listed the outstanding bonds as reserved loans receivable under assets, which offsets the same liability for the outstanding bonds.
4. Contribution to DPA program fully reserved and repayment as income. The CRI reviewer agreed with this method of reporting as the most conservative.

Due to the late filing, the Authority is on a non-compliant list with the state. The changes to the financial statements made no difference to the bottom line numbers. Mr. Dodson dealt directly with the CRI reviewer in Alabama to resolve the issues. The way CRI is structured, it does not allow statements to be released as final until they have gone through a review process by the home office. The delay in the filing of the financial statements was caused

by CRI's review process. The Authority discussed that this late filing cannot happen again and will not be tolerated in the future. Mr. Dodson believes, and he has been assured by Tim Gruters, that the next report will be much smoother because the issues have been worked through and are not likely to change. Mr. Pierro asked whether the County has a problem with the late filing. Ms. Abbott indicated that she filed the statements with the County and has not received any feedback. Ms. Abbott has inquired as to whether there are any penalties for the late filing, and there are not. Mr. Wranovix stated that the Authority may have to disclose the late filing in future single family bond issues for a period of five years. Mr. Miller stated that the financial statements should have been filed timely, and then amended later if necessary, instead of causing the filing to be late. If the filing is late again next year, the Authority should consider terminating CRI. The Authority provided its records and information promptly shortly after the end of the fiscal year. Mr. Dodson added that the issue of whether the single family bonds constitute conduit debt came up late in the process. This issue was previously addressed when Neil Unruh was the auditor. Unfortunately, Mr. Unruh did not document our file for that fiscal year with the customary audit notes regarding the resolution of this issue. A strong argument was made that under the terms of the bond issues and under Florida law, the Authority is not responsible for its single family bond issues. However, CRI approached GASB, which determined that, regardless of state law, single family bonds are not conduit debt under the GASB definition because there is no third party obligor. Ms. Abbott pointed out that this issue was resolved in February and the financial statements have been in the hands of the reviewer since then. There was ample time for the reviewer to complete the job so the statements could be filed timely. Mr. Dodson attributes some of the delay to communication issues among he, Tim Gruters and the reviewer.

C. Proposed Budget:

Mr. Dodson stated that the proposed budget assumes that the Palmetto Senior project closes by February, 2020. The proposed budget reduces the RJ program income, increases the interest and dividends and DPA income, and slightly increases the legal and administrative costs. Motion made by Paul Sharff, seconded by Jay Heagerty, and carried unanimously to approve the proposed budget for fiscal year 2019-2020, and adoption of Resolution No. 19-04 entitled:

RESOLUTION ADOPTING THE 2019-2020 BUDGET FOR THE HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA

D. Discussion regarding request for contribution to FLALHFA/Sadowski Education Effort and approval of Requisition No. 688 related thereto:

Mr. Pierro stated that the Governor and the Senate committed to full funding, but the House swept the Sadowski funds. At the FLALHFA conference, Senator Ken Pruitt explained how this happened. The education effort has been very beneficial and Mr. Pierro is hopeful that next year will be even more successful. During the last session, hurricane relief to the panhandle was taken from SHIP funds. Motion made by Jay Heagerty, seconded by Rich Pierro and carried unanimously to approve Requisition No. 688.

VI. Status Report of Single Family Programs:

A. Loan and Mortgage Credit Certificate Program:

Status Report: Ms. Abbott presented a memorandum on the status of the program and indicated that there were seven loans closed during the months of June and July, 2019, and one new lender has joined the program. One additional loan has reserved in the last week. Mr. Wranovix stated that loan originations have been slow but interest rates have been reduced recently to 4.25% for GNMA and 4.875% for conventional loans.

Mr. Pierro noted that there are have been three DPA loans funded under the Livable Manatee program. Ms. Abbott stated that, at the next meeting, Denise Thomas will be requesting a modification to the terms of the Livable Manatee program which would increase the second mortgage amount and delete the requirement for leveraging with SHIP and HOME funds. The reason for the request is that lenders and their underwriters are not allowing three tiers of financing. Mr. Dodson and Mr. Wranovix indicated that when there are more tiers of financing, loan officers must work harder for the same fee.

B. Discussion regarding proposed allocation request for not to exceed \$50,000,000 for single family, MCC's or multifamily carryforward:

Ms. Abbott explained that, due to increased interest in local financing of multifamily projects, private activity bond ("PAB") allocation is expected to become increasing competitive and scarce over the next few years. For bond allocation purposes, Manatee County is in Region 7 with Polk, Hardee, Desoto and Highlands Counties. Region 7 had a pool of \$64,520,978 in PAB allocation in 2019. The regional pool is available until June 30th. On July 1, the regional pools are dissolved with unused allocation reverting to the State pool. Unused allocation in the State pool becomes available to local issuers on November 16th on a statewide, first come, first served basis. The purpose of the Public Hearing and Resolution No. 19-05 is to allow the Authority to apply for allocation prior to the end of 2019, which may be converted to carryforward allocation for single family bonds, mortgage credit certificates or multifamily bonds over the next three years. The Board of

County Commissioners will have to approve the public hearing. It is important that the Authority attempt to preserve PAB allocation for future issues. Motion made by Frank Dodson, seconded by Rich Pierro, and carried unanimously to approve Resolution No. 2019-05 entitled:

A RESOLUTION OF THE HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA 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.

VII. Multi-family Programs: Discussion regarding status of application of Dominion (Palmetto Senior Project):

A memo from the financial advisors was distributed to the members regarding the current status of the application. Ms. Abbott indicated that the Board of County Commissioners unanimously approved the resolution on June 18, 2019. Unfortunately, the issue did not receive the entire requested allocation in June, 2019. There were two industrial development projects (one in Polk County and one in Highlands County) that received allocation a few days before the Authority's request. The project received a partial allocation of \$6,265,362.20, with the remaining \$19,734,637.80 on the pending list until mid-November. It is very likely that the remaining allocation will be awarded on November 18, 2019, and that the closing will occur in late November or early December. At this time, the developer is indicating that the project will need additional allocation of \$3,000,000. If Dominion pursues the additional allocation, a new TEFRA hearing and County Commission approval will be required. Mr. Dodson indicated that if the Authority obtains the \$50,000,000 allocation, perhaps a portion could be used to fund the Palmetto Senior project if needed.

VIII. Other: Tim Wranovix stated that the new HUD mortgagee letter has been delayed. There may be some Freddie Mac changes to the loan program coming out soon. Further, he mentioned that multifamily activity is increasing statewide. A Notice of Funding Availability and the short bond application were recently posted to the Authority's website and circulated to the Coalition of Affordable Housing Providers and developers. Mr. Pierro asked about whether Manatee County has scoring

disadvantages in the FHFC process. Mr. Wranovix responded that Manatee County does not have its own RFA.

IX. The meeting adjourned at 2:13 p.m.

Respectfully submitted:

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