

HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA

435 12th Street West, Suite 117
Bradenton, Florida 34205
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MINUTES

August 11, 2020

The Housing Finance Authority of Manatee County convened on the 11th day of August, 2020, at the hour of 1:30 p.m. by video and telephone conference.

Present by telephone: Paul Sharff, Chairman
Jay Heagerty, Jr., 1st Vice Chairman
Rich Pierro, 2nd Vice Chairman
Frank R. Dodson, III, Secretary/Treasurer
Angela A. Abbott, Attorney for the Authority
Mark Mustian, Nabors, Giblin & Nickerson, P.A.
Susan Leigh, The Community Concepts Group
Tim Wranovix, Raymond James & Associates
Sue Denihan, Denihan & Associates

- I. The Chairman called the meeting to order at 1:34 p.m., determined the presence of a quorum and acknowledged proof of publication of the Notice of Virtual Public Meeting. Ms. Abbott conducted a roll call of all those present on the video and telephone. The Chairman requested that each member identify himself when making motions and he announced that all voting by the members would be taken by roll call.
- II. Public Comments: The Chairman called for public comments. Hearing none, public comment was closed.
- III. Motion made by Jay Heagerty, seconded by Frank Dodson and carried unanimously to approve the Consent Agenda as follows:
 - A. Minutes of June 9, 2020 meeting
 - B. Requisition No. 725 for website hosting and editing by Hendrickson Ink
 - C. Requisition No. 726 for costs of Angela A. Abbott, P.A. for general services
 - D. Next Meeting: September 8, 2020, or October 13, 2020, at 1:30 p.m. at 417 12th Street West, 2nd Floor Conference Room, Bradenton, Florida or by conference call
- IV. Report of Treasurer, Frank R. Dodson, III:
 - A. Presentation of General Fund Financial Reports for May and June, 2020:

Mr. Dodson presented the General Fund Financial Reports for May and June, 2020. He noted that, with the exception of the Reef at Riviera, the TBA

program and investment income, all income is on target, and expenses are well within budget. The change in net position as of June 30, 2020, is \$248,385. In regard to investment income, Dr. Dodson pointed out that the dividends and interest on all trusts were \$4.79 on approximately \$951,000, and the SBA earnings were \$3.89 on approximately \$8,300, during the month of June. He raised this issue because of the significant difference in the earnings between the Treasury securities and the SBA. He asked whether the members would consider investing any funds with the SBA. Mr. Dodson reminded the members about the history with the SBA and the problems and losses investors incurred in the past. He stated that the current rate with SBA is just under 0.5%. Mr. Dodson stated that Mr. Hendrickson indicated that the Hillsborough HFA would not consider investing with SBA, but he advised the Monroe HFA recently to invest all of its funds with SBA. Mr. Heagerty asked whether other investment options are available. Ms. Leigh stated that this is an odd time in the market to make significant changes in investments. She suggested waiting until after the election and continuing to research investment options before making a change. Mr. Dodson stated that Treasury securities are safe investments even though the earnings are low at this time. The members concurred with Ms. Leigh's recommendations.

Motion made by Jay Heagerty, seconded by Rich Pierro and carried unanimously to accept the general fund financial report into the record.

B. Proposed Budget for FY 2020-2021:

Mr. Dodson stated that the proposed budget for FY 20-21 reduces income by \$96,000 and reduces expenses by \$110,000, from last year. Motion made by Jay Heagerty, seconded by Rich Pierro, and carried unanimously to approve the proposed budget for fiscal year 2020-2021, and adoption of Resolution No. 20-02 entitled:

RESOLUTION ADOPTING THE 2020-2021 BUDGET FOR THE HOUSING FINANCE AUTHORITY OF MANATEE COUNTY, FLORIDA

C. Discussion regarding request for contribution to FLALHFA/Sadowski Education Effort and approval of Requisition No. 727 related thereto:

Mr. Dodson stated that the requested contribution is included in the budget. Motion made by Frank Dodson, seconded by Rich Pierro and carried unanimously to approve Requisition No. 727.

V. Status Report of Single Family Programs:

A. Status Report on Loan and Mortgage Credit Certificate Program:

Ms. Abbott presented a memorandum on the status of the program and indicated that four loans closed during the months of June and July, 2020, and one loan paid off. There are three loans currently pending. Fairway Independent Mortgage has been the most active lender for the past six months. Homebridge has elected not to participate anymore. Mr. Pierro inquired about the current interest rate. Sue Denihan reported that the current mortgage interest rates are 2.75% on DPA loans and 2.875% on grant loans.

B. Status report on Livable Manatee DPA Program:

Ms. Abbott presented a memorandum indicating that four loans (\$40,000 total) have closed and two reservations are pending (\$24,000 and \$19,500) leaving \$16,500 unused.

C. Discussion regarding Loan Level Price Adjustment for conventional loans:

Tim Wranovix stated that the Federal Housing Finance Agency (FHFA), the regulator for Fannie and Freddie (GSE's), has adopted a temporary policy allowing the purchase of certain loans by GSE's that go into forbearance prior to delivery to the GSE's. Typically, these loans would be ineligible for purchase. In an attempt to mitigate the risk of loss to the GSE's by purchasing these loans, FHFA require payment of a 5% loan level price adjustment (LLPA) on first time homebuyer (FTHB) loans and 7% for non-FTHB loans that go into forbearance prior to delivery to the GSE's. U.S. Bank, as servicer, has been taking the risk of loss on any loan that goes into forbearance between the time they purchase the loan and deliver the loan to the GSE's. However, on loans purchased after August 1, 2020, U.S. Bank will require the HFA to take the risk of loss. The risk has not been high, but the potential cost is substantial. The HFA professionals have suspended conventional loans as of August 1st due to the potential cost. Most HFA's have done the same. There are currently two conventional loans in the pipeline that the HFA is at risk for. After August 31, 2020, if FHFA does not extend the temporary policy, then these loans will be considered ineligible for purchase and kicked to the lenders. Mr. Dodson is concerned about the risk of loss being time sensitive which is increased because the HFA does not control the length of time it takes U.S. Bank to purchase and deliver loans to the GSE's. On a \$200,000 loan to a non-FTHB, the LLPA would be \$14,000. He asked how many conventional loans have been originated. Ms. Abbott responded that three conventional loans have closed in the past year,

two in the past six months. There are two loans pending. Ms. Leigh stated that she and Mr. Hendrickson do not recommend taking the LLPA risk.

Motion made by Jay Heagerty, seconded by Frank Dodson, and carried unanimously to continue to suspend production of conventional loans until the LLPA risk to the HFA ends.

VI. Multi-family Programs: Discussion regarding status of Gorman & Company application.

Ms. Abbott stated that a full application is expected to be submitted later this month, with a projected closing date of May, 2021. The developer will apply for a SAIL loan with FHFC. Ms. Leigh noted that the developer is also trying to make the deal work without the SAIL loan.

VII. Other:

Mr. Wranovix reported that all lenders except Synovus Bank have signed the new agreement with U.S. Bank. Homebridge does not like the early prepayment default language, which is why it will not continue to originate loans under the program.

VIII. Motion made by Rich Pierro, seconded by Jay Heagerty and carried unanimously to adjourn the meeting at 2:08 p.m.

Respectfully submitted:

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