



Agenda Report

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Consent

F.10.

5/26/2022

Subject:

Approval, Re: Partial Defeasance of Two United States Department of Housing and Urban Development (HUD) Section 108 Loans

Fiscal Impact:

Defeasance of three years on each Section 108 loan will be accomplished by utilizing \$524,000 in Community Development Block Grant (CDBG) funds already awarded to Brevard County. This action will not impact currently approved projects or the solicitation of future projects. There will be no impact to the General Fund.

Dept/Office:

Housing and Human Services

Requested Action:

It is requested that the Board of County Commissioners:

- (1) authorize the Housing and Human Services Department Director to take all steps necessary (including endorsing documents) to complete a partial defeasance of two HUD Section 108 loans upon approval of Risk Management and the County Attorney's Office and
- (2) authorize the County Manager to approve any related budget change requests.

Summary Explanation and Background:

The Housing and Human Services Department (Department) has been experiencing issues with approved projects (both housing and infrastructure) relating to the procurement of materials, contractors, and cost. These factors have impacted requirements related to "timeliness" as defined by HUD. Under the provisions of 24 CFR 570.902 of the CDBG regulations, a grantee is considered to be timely, if 60 days prior (August 2nd of every year) to the end of the grantee's program year, the balance in its line-of-credit (LOC) does not exceed 1.5 times the annual grant. Currently, our LOC exceeds this threshold by approximately \$502,000. The Department has sought to utilize existing Construction Management contracts through Facilities and the School Board, but both exceed the procurement timeframe mandated by HUD (not more than three years since the procurement), are currently out to bid, and don't include required HUD provisions (such as Davis Bacon requirements). The Department has also sought to advance a project (sidewalk) which could have utilized a current County vendor, but this contract is also currently out for bid. The consequences of violating the timeliness requirement could be a reduction in the County's annual allocation.

Staff initiated a conversation with HUD regarding using CDBG funds for the partial defeasance of our Section 108 loans as a means to meet the timeliness requirement. The HUD representatives stated it was an appropriate use of the funds and expedient considering the current impediments relating to project expenditures. The Board of County Commissioners approved these loans on April 28, 2015. They were for

the installation of a waterline and fire hydrants in the West Canaveral Groves Neighborhood Strategy Area and the construction of a Health Department Clinic located at 601 E. University Blvd., Melbourne, Fl. Both loans had 20-year terms, utilize CDBG funds for payment, and required the County to set aside General Funds equal to one year's debt service. Payment on the loans commenced upon completion of each project.

This action will allow the Department to meet timeliness, reduce the term of the loans approximately three years (thereby allowing those communities to seek new projects sooner), reduce total interest over the life of the loans (\$18,181.04), and reduce the period that the County has to hold a reserve of General Fund aside as a guarantee.

Clerk to the Board Instructions:

None



Kimberly Powell, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972
Kimberly.Powell@brevardclerk.us

May 27, 2022

MEMORANDUM

TO: Ian Golden, Housing and Human Services Director

RE: Item F.10., Approval for Partial Defeasance of Two United States Department of Housing and Urban Development (HUD) Section 108 Loans

The Board of County Commissioners, in regular session on May 26, 2022, authorized you to take all steps necessary (including endorsing documents) to complete a partial defeasance of two HUD Section 108 loans upon approval of Risk Management and the County Attorney's Office; and authorized the County Manager to approve any related Budget Change Requests.

Your continued cooperation is always appreciated.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
RACHEL M. SADOFF, CLERK

for Donna Scott
Kimberly Powell, Clerk to the Board

/sm

cc: County Attorney
Risk Management
County Manager
Finance
Budget



BOARD OF COUNTY COMMISSIONERS

Housing and Human Services

2725 Judge Fran Jamieson Way
Building B, Suite 106
Viera, Florida 32940

May 26, 2022

Paul D. Webster, Director
Financial Management Division
U. S. Department of Housing & Urban Development
451 7th Street SW – Room 7180
Washington, DC 20410

SENT BY OVERNIGHT MAIL & E-MAIL

Subject: Notice of Election to Defeasance
Note No. B-14-UC-12-0011, Series 2019-A

Dear Mr. Webster,

The County of Brevard, Florida is hereby providing notice of its election to defease the principal amounts listed below that are due under the above referenced note. The defeasance will be accomplished through the deposit of [Government Obligations and/or] cash sufficient to pay when and as due the amounts of principal and interest.

Maturity Date	Principal Amount
August 1, 2034	\$90,000
August 1, 2035	\$90,000
August 1, 2036	\$95,000
Total	\$275,000

If you require additional information regarding this transaction, please contact Ian Golden at the following address:

Housing and Human Services Department
2725 Judge Fran Jamieson Way, B-103
Viera, FL 32940
321-633-2007 (phone)
321-633-2026 (fax)
ian.golden@brevardfl.gov

Sincerely,

Ian Golden, Director
Housing and Human Services

Phone (321) 633-2076 • Fax (321) 633-2170
Website: BrevardFL.gov



BOARD OF COUNTY COMMISSIONERS

Housing and Human Services

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Maturity Date	Principal Amount
August 1, 2035	\$90,000
August 1, 2036	\$90,000
August 1, 2037	\$69,000
Total	\$249,000

If you require additional information regarding this transaction, please contact Ian Golden at the following address:

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