

**MINUTES OF MEETING OF THE BOARD OF COMMISSIONERS OF  
THE EL PASO COUNTY HOUSING AUTHORITY**

The Board of Commissioners of the El Paso County Housing Authority (the “Authority”) met on October 12, 2020, at 12:00 P.M., via the virtual Teams Meeting platform.

Members of the Authority were present as follows:

Jack Beuse  
Steve Posey  
Beth Diana  
Martie Stott

Members Absent:

Greg Basham

Also present were:

Crystal LaTier and Eric Leonard, El Paso County Economic Development Department  
John Bales and Fred Marienthal, Kutak Rock  
Commissioner Cami Bremer, El Paso County  
Mark O’Brien, Misty Dalke, and Stacy Houston, Raymond James  
Eric Grodahl and Alisa Wilson, DBG Properties

Crystal LaTier called the meeting to order at 12:03 P.M.

I. Consideration of Meeting Minutes of August 12, 2020

*Commissioner Diana moved approval of the minutes from August 12, 2020 and, upon a second by Commissioner Stott, the motion passed unanimously.*

II. Financial Items

A. Housing Trust Fund Commitments

As of October 14, 2020, the Authority’s Housing Trust Fund cumulative balance is approximately \$3,085,534 with outstanding commitments of \$300,000, leaving an available balance of \$1,284,734 for future funding requests if a \$1.8M corpus is maintained. The outstanding conditional loan commitment is currently DBG Properties’ Academy Heights for \$300,000.

III. Turnkey Discussion

Mr. O’Brien shared with the Authority a presentation of the current situation with how the Turnkey Plus Mortgage Origination Program works and possible options to increase the sustainability of the program.

On a \$200,000 FHA loan, a 4% DPA will require a \$10,000 initial investment for EPCHA. When the loan is packaged and sold to US Bank, the 1.75% investment that EPCHA makes into the loan stays with the mortgage, while the remaining 2.25% is returned to the Housing Authority. Depending on the daily rate for the loan, a small percentage will be included as profit. In the Raymond James example, \$5,625 was returned as the 2.25% and a daily rate 0.25% resulted in \$625 of net revenue being returned.

The table pictured below shows the rate of return that EPCHA will experience on their 1.75% investment. The average life of a mortgage (prepay speed of 100%) is 7 years. Mr.

O'Brien did state that most portfolios are in the 200 to 300 percent range for prepayment, which results in a significantly higher percentage being returned to EPCHA.

Estimated Rates of Returns to EPCHA*		
Prepay Speed	Rate of Return (No Loan Losses)	Rate of Return (1.00% Loan Losses)
100%	1.47%	0.39%
200%	5.79%	4.67%
300%	10.02%	8.87%
400%	14.37%	13.19%
500%	18.66%	17.45%

Mr. O'Brien then shared with the Authority four options that could be taken to increase the sustainability of the program for years to come. The first option was to adjust the daily rates that are received by the Authority for their short-term investment. This would reduce the overall investment by increasing net revenue on the DPA as well as increasing flexibility for the program. However, it would likely raise interest rates for borrowers. The second option was to reduce the overall investment from 1.75%. This would increase the rates for borrowers, but it would increase the short-term and long-term funds available to the Authority by reducing the amount held in the investment. The third option is to have the lender advance the 4% or 5% down payment assistance and then wire out the 1.75% investment when the loan is sold. This increases the liquidity of the funds for EPCHA but decreases the transparency and connections with the lenders utilizing the program. The final option was to sell off some or all of the portfolio of 2<sup>nd</sup> mortgages that the Authority has to recapitalize funds.

(12:45 - Eric Grodahl and Alisa Wilson enter meeting)

Mr. Leonard shared with the Authority that Turnkey Plus data charts that showed the spike of June-August usage of the program along with a table that showed the estimated cashflow for the Authority. Ms. LaTier shared the recommendations that EPCHA staff had for the board. This was to raise the daily rate as close to 1% as possible and to increase the capability of staff to manage the funds and cash flow balance between the US Bank Escrow account and the US Bank Custody account, ensuring no disruption in the program.

*Commissioner Stott moved approval of the staff recommendations for daily rate adjustments within the Turnkey Plus Program and the staff's ability to manage and monitor funds between the US Bank Custody and Escrow accounts and, upon a second by Commissioner Diana, the motion passed unanimously.*

(12:51 - Mark O'Brien, Misty Dalke, and Stacy Houston leave meeting)

IV. Academy Heights Commitment Adjustment

Academy Heights, a project previously committed to by the Authority, returned to request a change in the position of the loan from EPCHA. Mr. Grodahl shared with the Authority that the project is moving ahead, there are no changes in the scope or plans for the project. However, the CHIF funds from the Colorado Division of Housing, that are part of the financial stack for the project require a second position. Ms. Wilson spoke to the transfer of projects from HOME and HDG funding due to the quantity of funds to the latter programs being so low. CHIF is a must pay loan, as opposed to the originally thought cash flow contingent loans.

Ms. LaTier reminded the board that the remaining terms of the loan have not changed, the \$300,000 commitment is an amortized loan with a 3% interest rate and a term of 18 years.

*Commissioner Posey moved approval of changing the position for the HTF loan to DBG Properties for Academy Heights from second position to third position, while keeping all other terms the same as previously committed and, upon a second by Commissioner Diana, the motion passed unanimously.*

(12:59 - Eric Grodahl and Alisa Wilson leave meeting)

V. The Commons Request

Ms. LaTier shared with the Authority that The Commons, an HTF request that had been denied twice by the board in the past, was requesting additional funding to cover stormwater mitigation.

*Commissioner Stott moved denial of the request to reconsider The Commons for HTF funding and, upon a second by Commissioner Diana, the motion passed unanimously.*

VI. Other Business

A. CHFA 2020 Round 2 LIHTC

Ms. LaTier noted that Village at Solid Rock, a project that will be considered by the Authority for an HTF loan in December 2020, has applied for CHFA 2020 Round 2 LIHTC.

B. Multifamily Projects Update and Photos

Ms. LaTier shared details and pictures about the various multifamily projects that have reached significant milestones in development in 2020 by either completing a financial close or have been placed in service.

C. Meeting Schedule for the Remainder of 2020

Ms. LaTier cancelled the November meeting in observance of Veterans Day and confirmed that the next EPCHA meeting will occur on December 9, 2020.

VII. Adjournment

The meeting adjourned at 1:08 P.M.

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Jack Beuse, Chair

**Public notice for meeting posted online via the El Paso County Agenda Suite, October 14, 2020.**