

October 5, 2018

Line of Credit, New Financial Partner & Mortgage Change

Background

Since May, after Bank of America approached HUF with concerns about renewing the agency's credit line, the Finance Committee determined HUF should explore other financial partnership for the organization.

The committee members recommended HUF approach the following institutions based on their relationship with HUF and their local and national reputation:

- BankUnited and
- BB&T

All throughout the vetting process, Virginia has involved not only the Finance Committee, with a number of members playing key and important parts including: Emma Pfister, Arnold Nazur, Rodney Bacher and Chuck Tatelbaum but also Willy Gomez. He has been consulted from the start and played a significant role in discussions with BB&T regarding the commercial banking proposal process. Willy's guidance and direct participation has been invaluable.

HUF was embargoed from mentioning the \$1million gift from The Jim Moran Foundation. Eventually, BB&T knew of the gift – but *after* they had submitted their proposal to HUF. By then, they had spent considerable time meeting with Virginia with multiple individuals from the bank including their underwriter and market president.

Willy said the following about the recommendation to select BB&T as its new financial partner:

“As to my recommendations yes you can say that I am supportive for the following reasons:

- Their solution is thoughtful and competitive
- BB&T is a supporter of the organization
- BB&T has an extensive branch network and will value HUF not only as a customer but as a provider of CRA credit which is important to them
- They got there *before* we advised them of the \$1 million. That is very noteworthy.”

BB&T Proposal

The Finance Committee recommends and voted to approve the BB&T Proposal. Also involved in the deliberations were non-voting committee members, Chuck Tatelbaum and Willy Gomez). HUF staff support the BB&T proposal.

- \$400K approved Line of Credit (Bank + Prime), collateralized by promises to give
- (\$10K) reduction in banking charges
- Mortgage – required to obtain
Terms:
Fixed at 5.10% for 5-year term (25 year amortization)
Fixed at 5.25% for 7-year term (25 year amortization)
Fixed at 5.40% for 10-year term (25 year amortization)

Vote by the Finance Committee

The finance committee voted on the following:

- 1- securing BBT for our commercial banking services AND to:
- 2- obtain the LOC for \$400K
- 3- transfer our current bank accounts
- 4- refinance the mortgage
- 5- refinance the mortgage at 5.40% - 10 years – 25 year amortization
- 6- increase the minimum monthly mortgage payment as recommended

See attached analysis

Commercial Banking Services Proposals

HUF requested proposals from Bank of America, Bank United and BB&T for commercial banking services.

Below are the proposals:

Bank of America

- 1 Line of Credit \$200,000
Approved extending the current \$200,000 line of credit from October 1, 2018 to June 5, 2019.
 Terms remained the same:
 Bank Prime + 1.75%
 Collateralized by receivables and promises to give
 Renewable annually
- 2 Interest on Savings and Bank Charges - net No Change
- 3 Mortgage Existing

BankUnited

- 1 Line of Credit Not Approved
- 2 Interest on Saving and Bank Charges - net Reduction Annually of \$10K-\$11K
- 3 Mortgage NA
 Requested our banking accounts only.

BB&T

- 1 Line of Credit \$ 400,000
 Terms:
 Bank Prime + 0%
 Collateralized by receivables and promises to give
 Renewable annually
- 2 Interest on Saving and Bank Charges - net Reduction Annually of \$10K-\$11K
- 3 Mortgage Required
 Required to obtain
 Terms:
 Fixed at 5.10% for 5-year term (25 year amortization)
 Fixed at 5.25% for 7-year term (25 year amortization)
 Fixed at 5.40% for 10-year term (25 year amortization)

Recommendation:

HUF management and the Finance Committee recommend:

BB&T for the agency's commercial banking relationship which includes:

- 1 Obtaining the \$400,000 LOC as noted above
- 2 Transferring existing banking accounts
- 3 Securing \$825,000 property mortgage as noted below at fixed 5.40%, 10 year term, 25 year amortization

The mortgage will be increased to \$825K from \$718K to cover closing costs and to provide \$80K cash to the agency. The cash will cover costs incurred for the hurricane, the server, and Gulfstream/Miami leasehold improvements.

	Per Mo	Per Year		
On 1-1-20 begin additional payment to mortgage	1,647	19,764	177,876	To Princ 9 Yrs
On 1-1-20 to 12-31-23 begin addtl mtg pmt to pay-off server, hurricane, lease impr (5 yrs amortization)	1,663	19,950	79,800	To Princ 4 Yrs
			\$ 257,676	
Estimated balance at mortgage maturity	\$ 282,658			
NOTE:				
Balance of BOA's current mortgage on 11-30-28	\$ 162,721			