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BOARD MEETING MINUTES Wednesday, February 13, 2013

A regular Board meeting of the Housing Finance Authority of Broward County, Florida, was held on Wednesday, February 13, 2013 in the 2nd Floor Conference Room, located at 110 N.E. 3rd Street, Fort Lauderdale, Florida. The Chair, Mr. Robert McKinzie, Jr. called the meeting to order at 5:32p.m.

Present: Robert McKinzie, Jr., Chair
Daniel Reynolds, Vice Chair
John Primeau, Assistant Secretary
Donna Jarrett, Member
Jose "Pepe" Lopez, Member
Kirk L. Frohme, Member
Bertha Smith, Member

Absent: Tony R. Valentine, Secretary
Brad Orvieto, Member

Staff: Ralph Stone, Director
Christine Thorsen on behalf of Noel Pfeffer, Deputy County Attorney
Norman Howard, Assistant to the Director
Elizabeth Kersting, Interim Administrative Assistant

Also Present: JoLinda Herring, Bryant, Miller & Olive, P. A.
Tracy Bryan, Dufresne & Associates, CPA
Nicolas Hoffer, Raymond James & Associates
Helen Feinberg, RBC Capital Markets
Vladimir Munoz, Regions Financial Corp
Deborah Zomermaand, Zomermaand Financial Advisory Services

CALLING OF THE ROLL

A Roll Call was taken by Ms. Elizabeth Kersting and a quorum declared.

Mr. Howard introduced two new colleagues to the HFA Board that were present at the meeting:

- Tracy Bryan of Dufresne & Associates
- Christine Thorsen on behalf of Noel Pfeffer, Deputy County Attorney

PLAQUE PRESENTION

Mr. Robert McKinzie, Chair presented a plaque to former Chair, Mr. Kirk Frohme stating “*On behalf of the Housing Finance Authority of Broward County, the Board of Directors and the entire Authority wish to express our sincere appreciation for your leadership to the Authority during your tenure as Chair in 2012.*” Mr. Frohme expressed his thanks and appreciation to everyone in receiving the plaque and stated that he looks forward to being a part of many more meetings to come.

CONSENT AGENDA (1 through 8)

1. Approval of December 12, 2012 Regular Meeting Minutes
2. Executive Report
3. Financial Reports
4. Request for Letters of Interest (RLI) – HFA Accounting Services for Single-Family and Multi-family Mortgage Revenue Bonds

MOTION TO APPROVE Request for Letters of Interest (RLI) No. 20131231-AS1 to provide accounting services for the HFA; monthly and annual financial statements for its Single Family and Multi-Family Mortgage Revenue Bonds and operations accounting.

5. Zomermaand Financial Advisory Services, LLC (Agreement/Option)

MOTION TO APPROVE the second and final one (1) year option in the Agreement between the HFA and Zomermaand Financial Advisory Services, LLC from April 13, 2013 to April 13, 2014 for the HFA Financial Advisory Services.

6. HFA 2013 National Housing Finance Association (NALHFA) Annual Educational Conference at the Intercontinental Hotel, Downtown in New Orleans, LA.

MOTION TO APPROVE the HFA Board Members and Staff to attend the 2013 NALHFA Annual Educational Conference in New Orleans, LA from April 3-6, 2013.

7. Single Family Private Activity Bond Allocation

MOTION TO APPROVE Resolution of the Housing Finance Authority of Broward County, Florida, approving a plan of financing involving the issuance by the Housing Finance Authority of Broward County, Florida of its Single Family Mortgage Revenue Bonds (the “Bonds”) in an aggregate face amount of not to exceed \$250,000,000; approval of bonds as required by Section 147(f) of the Internal Revenue Code of 1986, as amended; authorizing the Authority to hold a public hearing held in accordance with section 147(f) of the Internal Revenue Code of 1986, as amended; authorizing the proper officers to do all things necessary or advisable; and providing an effective date for this resolution.

8. Fair Lake Apartments Project

MOTION TO APPROVE Resolution of the Housing Finance Authority of Broward County, Florida approving and authorizing a consent and direction of Bondholder and approving and authorizing an amendment to the amended and restated Land Use Restriction Agreement in connection with its Multifamily Housing Variable Rate Demand Revenue Bonds (Fair Lake Apartments Project), 1985 series issued in the original amount of \$20,000,000; approving and authorizing the execution and delivery of certain other documents in connection therewith; and providing an effective date.

Consent Agenda Items #3 and #4 were pulled by Mr. Daniel Reynolds for discussion.

Consent Agenda Item #7 was pulled by Mr. John Primeau for clarification.

Item #7 - Mr. Primeau made reference to the \$250,000,000 authorization request on the Consent Agenda and asked whether it was an overview and why a request for such a large amount was put under Consent Agenda. Ms. JoLinda Herring, Bond Counsel of Bryant, Miller & Olive, P. A. responded and explained to Mr. Primeau that the referred requested authorization was for HFA Board's approval of a resolution allowing staff to hold a public hearing in reference to the Single Family Mortgage Revenue Bonds specifying an amount not to exceed \$250,000,000. Once the approved Public Hearing takes place this item will be brought back to the HFA Board at a later date for the actual bond approval.

Item #3 – Mr. Reynolds made reference to HFA's relationship with the Karpus Investment Management and inquired whether there was a contract with this firm; and was there a bidding process done periodically. He noted that although he has no complaints with Karpus performance, he was concerned about the length of time that the HFA has their finance investments managed by this company; the lack of feedback in terms of a contract, investment points, guidelines, etc. Mr. Howard responded that the HFA has a contract with Karpus which has been in place since his tenure which is approximately 9 years and according to the agreement they follow the investment policy of Broward County. After further discussion in terms of the investment policy, it was concluded by Mr. Stone indicating that staff will do some research regarding the contract terms with Karpus and a feedback will be brought to the HFA Board at the next meeting.

Item #3 - Mr. Frohme made reference to the Financial Report in terms of Attachment 1 - *The Comparative Balance Sheet (Flux Report) and the Profit and Loss Flux Report for period December 2012 to January 2013*. Upon overview of several items of the reports, Mr. Frohme inquired whether the profit and loss reports were calculated on a cash basis or accrued basis. Mr. Howard referred to Ms. Bryan of Dufresne & Associates who confirmed that income and expenses were calculated on an accrued basis. Mr. Frohme made reference to the amount of \$117,026 for professional fees under *the Profit & Loss Flux Report* and noted the selected period, amount budgeted and the variance identified and questioned the amount of variance. Ms. Bryan provided an explanation in terms of the variance during a four month period (October to January). After further discussion, Mr. Frohme requested that Dufresne &

Associates provide the HFA Board with a breakdown on the amount of \$117,026 for Professional Fees. Ms. Bryan responded that a breakdown will be brought back to the HFA at the next meeting.

Item #4 - *Request for Letters of Interest (RLI) – HFA Accounting Services for Single-Family and Multi-family Mortgage Revenue Bonds*: Mr. Reynolds inquired how broadly does the HFA advertise for this RLI? Mr. Howard provided a response referring to the HFA's list of accounting firms that will be utilized via emails. He also stated that advertising will be done through the HFA Website, the Broward County Purchasing Division website, the Housing Council website and the Sun Sentinel. Upon further discussion regarding the 8-month timeline of the RLI, Mr. Howard confirmed that once approval is received by the HFA Board, the timeline will kick off immediately for the RLI process.

Mr. Jose Lopez entered the meeting at 5:45pm.

At the conclusion of discussion, it was moved by Chair, Mr. McKinzie that the Items #3, #4 and #7 be approved with the rest of the Consent Agenda with the caveat that a written response be brought back by Duffresne and Associates regarding Agenda Item #3 under *the Profit & Loss Flux Report* at the next HFA Board Meeting.

MOTION was made by Mr. Daniel Reynolds, seconded by Mr. John Primeau to approve Consent Agenda Items #1, #2, 3, 4, 5, 6, 7 and 8 for February 13, 2013. This motion was unanimously approved.

REGULAR AGENDA

9. Florida Housing Finance Corporation (FHFC) - Memorandum of Understanding (MOU) Agreement with FHFC to fund local HFAs with Down Payment Assistant Loans

MOTION TO AUTHORIZE the execution of a Memorandum of Understanding (MOU) with the Florida Housing Finance Corporation (FHFC) or such entity as designated by the State to secure future available down payment assistance funds which may become available pursuant to the State of Florida mortgage settlement.

Mr. Stone provided an overview informing the Board of a newspaper article that identified the State of Florida's inclusion among the 49 states that sued a number of banks that were involved with robot signing in the foreclosure process. He spoke about the negotiation process by the State Association on the HFA's behalf and the State of Florida mortgage settlement. He stated that part of that settlement has been earmarked specifically for down payment assistance through Florida Housing Finance Corporation (FHFC) of which the Housing Finance Authorities will have direct access to a portion of these funds. Mr. Stone indicated that Bond Counsel, Mr. Pfeffer and Financial Advisor Ms. Zomermaand were part of this phone conference process with the other HFA's and referred to her to provide an update.

Ms. Zomermaand provided an update of the negotiation process. She stated that based upon the phone conference call discussion it was noted that Florida ALHFA was the direct contact with the FHFC and the decision made was that all local HFA's will go through Florida ALHFA. It is anticipated that there will be one form of Memorandum of Understanding (MOU) between the local HFAs and FHFC that will be utilized by all HFAs that elect to participate within the program. The thought process is that funding will be on a first come first serve basis to be utilized specifically for down payment assistance and is to be utilized as quickly as possible. Ms. Zomermaand stated that since this MOU is expected to go before the FHFC Board for approval, the HFA's staff and professional team need direction regarding the process that should be followed to allow for the execution of an MOU. Ms. Zomermaand stated that in their discussion with Florida ALHFA it was anticipated that the funding would be teamed with local bond programs. She stated that staff put in a request for funding to be available to the Mortgage Credit Certificates Program (MCC) but based on discussion among the professional team shortly before this meeting, the funding cannot be teamed with the MCC Program and will have to be teamed with another local bond program. Such recommendations will be provided at the next Board meeting. Due to the short timeframe to act on this opportunity it will be necessary to have a special meeting after the HFA Board meeting on March 13th. There was further discussion among the board members and professional team in reference to the \$60 million settlement; Florida ALHFA conceptual agreement with FHFC that will allow local HFA's to utilize a portion of the \$35 million of DPA funded from the settlement; the mechanism of local HFAs structure of their own DPA loans which are not to exceed \$7,500; the cap of potentially \$5 million for all HFAs; the consensus to get the moneys out to the homeowners as quickly as possible; HFA's urgency in regards to the short timeframe to authorize execution of the MOU. Ms. Zomermaand concluded that the MOU will be one agreement that will be the same for all HFAs.

Mr. Stone reiterated that the approved form of the MOU will be a final document agreed upon by FHFC and the participating HFAs. To the extend the Board authorized execution of the MOU, the authorization would be subject to County Attorney, HFA's bond counsel, and HFA's financial advisor approval or by any other options identified by the Board.

MOTION was made by Mr. Daniel Reynolds, seconded by Mr. Kirk Frohme to approve the execution of a Memorandum of Understanding (MOU) with the Florida Housing Finance Corporation (FHFC) or such entity as designated by the State to secure future available down payment assistance funds which may become available pursuant to the State of Florida mortgage settlement. This motion was unanimously approved.

INFORMATION ITEMS

10. Multi-family Private Activity Bond Applications for 2013

Ms. Zomermaand referred to the Public Notice that was published on January 9 and 10, 2013 in the Sun-Sentinel stating the HFA was accepting multi-family bond program applications from applicants interested in utilizing the HFA's tax exempt and/or taxable private activity bond allocation for the acquisition, construction and/or rehabilitation of multi-family rental housing development. Ms. Zomermaand stated that applications were due on January 25, 2013 and although staff received a few inquiries of interest, the HFA did not receive any application responses to the Public Notice.

11. Single Family Mortgage Revenue Bonds

- a) Foreclosure Trends per Lender
- b) CitiMortgage Second Mortgage Audit
- c) Release Collateral – 1991 Series and 2000 Series

Ms. Zomermaand provided an overview as requested by the HFA Board at the last meeting in terms of foreclosure trends per lender within the HFA's 2006 and 2007 single family transactions; an update of the CitiMortgage second mortgage audit and information regarding released collateral from single family 1991 Series and 2000 Series.

Two matrixes were provided detailing information on bankruptcy and foreclosure information as well as first mortgage delinquencies by lender for the period ending December 2012. There was Board discussion regarding the delinquency data. Ms. Zomermaand stated that CitiMortgage reported on three second mortgages that have apparently been paid off. She indicated that staff has made a request to CitiMortgage for additional information regarding these Paid-Off loans and to find out what comprised the payoff, whether it was a sale, refinancing, bankruptcy or foreclosure. The board will be apprised of additional details at the next Board meeting.

With reference to the collateral released form of the 1991 Series and 2000 Series, Ms. Zomermaand indicated that the securities in the amortized face amount of \$53,694.00 and \$869,572.57 respectively were released to Karpus Investment Management. Upon inquiries by Mr. Frohme as to when the securities were transferred, Ms. Zomermaand responded that the securities were transferred this past week and were in the account at Karpus Investment Management.

12. **MATTERS OF HFA MEMBERS**

There was discussion between Mr. Howard and Mr. Reynolds who expressed concerns with regards to Mr. Orvieto's absence due to health issues and indicated the automatic removal policy of a board member who shows three absences within a year. He stated that Mr. Orvieto has been a valued and consistent member of the Board and inquired what impact it would entail in reference to attendance procedures. Mr. Howard responded that he had the opportunity to speak with County Administration this week who advised that according to policy Mr. Orvieto will have to address a letter to the Chair who can approve it, based upon recommendations.

13. **MATTERS FROM THE FLOOR**

None.

14. **NEXT BOARD MEETING**

March 13, 2013

15. **ADJOURNMENT**

Meeting was adjourned at 6:25p.m.

Disclosure: The above captioned Minutes are transcribed in a summary format. To hear the full meeting, a compact disk of the meeting (#HFA 02-13-2013) can be provided after 24 hour notice to the administrative office at 954-357-4928.