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BOARD MEETING MINUTES Wednesday, June 11, 2014

A regular Board meeting of the Housing Finance Authority of Broward County, Florida, was held on Wednesday, June 11, 2014 in the 2nd Floor Conference Room, located at 110 N.E. 3rd Street, Fort Lauderdale, Florida.

Mr. Reynolds called the meeting to order at 5:30 p.m.

Board Members Present:

Daniel Reynolds, Chair
John Primeau, Vice Chair
Bertha Smith, Secretary
Donna Jarrett, Assistant Secretary
Jose "Pepe" Lopez, Member
Robert McKinzie, Jr., Member
Milette Thurston, Member

Board Members Absent:

Kirk L. Frohme, Member

Staff:

Noel Pfeffer, Deputy County Attorney
Carlos Rodriguez-Cabarrocas, Assistant County Attorney
Ralph Stone, Executive Director
Norman Howard, Assistant to the Director
Betsy Barnicle, Administrative Assistant
Elizabeth Kersting, Interim Administrative Assistant

Also Present:

Misty Taylor, Bryant, Miller & Olive, P. A.
Linda Dufresne, Dufresne & Associates, P.A.
InRay Son, Galleria International Realty
Jeff Smith, Los Nevados LLC
Tim Wranovix, Raymond James & Associates
Helen Feinberg, RBC Capital Markets Corporation
John Sabatier, RBC Capital Markets Corporation
Deborah Zomermaand, Zomermaand Financial Advisory Services

CALLING OF THE ROLL

A Roll Call was taken by Ms. Betsy Barnicle and a quorum declared.

CONSENT AGENDA (1 through 3)

1. Approval of April 9, 2014 Regular Meeting Minutes
2. Approval of May 14, 2014 Regular Meeting and Retreat Minutes
3. Executive Director's Report

There were no discussions on Consent Agenda items 1 through 3.

MOTION was made by Mr. Robert McKinzie, seconded by Mr. John Primeau to approve Consent Agenda items 1, 2, and 3 for June 11, 2014. This motion was unanimously approved.

REGULAR AGENDA

PRESENTATIONS

4. Bond Underwriter Firms – RLI No. 20140909-BU3

Both RBC Capital Markets and Raymond James & Associates provided presentation handouts to the Board for reference during their overviews.

- I. RBC Capital Markets

Ms. Helen Feinberg provided an overview of RBC and RBC Capital Markets (section A). Ms. Feinberg pointed out RBC's stability and strength in comparison to their peers (page 4), noting that they were ranked 4th in a 2013 listing of the World's Strongest Banks and are the highest rated bank doing business in the Municipal marketplace. Ms. Feinberg reported that they are the largest Municipal Market Operation in the U.S. (page 5). She also reported that RBC has demonstrated their strong dedication to Municipal Finance by recently hiring over fifty Municipal Finance bankers from major Wall Street firms, and by providing a U.S. distribution network of over 2,200 financial consultants (page 6).

Ms. Feinberg then spoke about RBC's Housing Finance capabilities (section B), stating that the Housing Finance Group (HFG) is the largest specialty sector within their Municipal Finance platform (page 8). She reported that they have Housing bankers providing local knowledge and noted that they would use a dedicated Housing Bond underwriter (page 10). She explained their Pass-Through Bond product, which marketed over \$800 million and saved approximately 75-90 bps over traditional structure

(page 12). She then noted that their Florida Local HFA clients have earned over \$3 million on the six active TBA programs since November 2011 (page 13).

Mr. John Sabatier of RBC Capital Markets continued the presentation, noting their capabilities as a Multifamily underwriter; 1) their involvement in Multifamily community associations, 2) their consistent watching of regulations, and 3) their leadership as a syndicator of tax credits (page 14). Mr. Sabatier reported that since 2009 they have issued more Multifamily bonds in Florida than any other firm (page 15). He concluded with a summary of their capabilities (page 16), stressing the continuity of their Florida team, many with seven to fifteen years with RBC.

Mr. Sabatier opened the floor to questions. Mr. Primeau asked if any of the Multifamily Issues (from page 15) were from Broward County, and Ms. Feinberg responded that there were not any issues for which the HFA was the issuer. However, she did share that RBC helped facilitate two large Multifamily developments in Broward County that were issued by Florida Housing under the New Issue Bond Program. Ms. Feinberg noted that RBC assisted in negotiating the HFA of Broward's participation in those issues through the sharing of administrative fees. Mr. Primeau then asked about the move of RBC Bank out of Florida three years ago, and Ms. Feinberg responded that they sold the retail bank to concentrate on the Capital Markets.

II. Raymond James & Associates, Inc.

Mr. Tim Wranovix provided an overview of Raymond James & Associates (section I), with capital strength and stability shown by their 2013 revenue of approximately \$4.5 billion and their ranking in the Top 10 Municipal and Housing Underwriters and Top 10 retail network with offices in all fifty states (page 4). Mr. Wranovix reported Raymond James as being one of the largest employers in Florida, ranked 4th in the state in 2013 for \$1.2 billion par amount of Florida municipal bonds (page 5). He explained that in Broward County they have over \$2.2 billion in assets (page 6).

Mr. Wranovix reported their 2013 10th ranking for Underwriting Long-Term New Issues (page 7). He explained that they differentiate themselves by marketing to the mid-sized and smaller institutional buyers, distributing bonds to a broader audience (page 8). He reported new issues since 2011 averaging more than fifty senior managed and more than 40 co-managed per month, with a strong historical capital position (page 9).

Mr. Wranovix presented an overview of their National Housing Group (section II). He reported that they have recently served as senior manager to eighteen local HFA's nationwide and are the 2nd ranked co-manager for

Single Family in 2013 (page 11). He noted their consistent Top 10 ranking for National Underwriting of Housing Bonds (page 13). Mr. Wranovix presented that their firm provides a monthly Single Family MBS Prepayment Report (good for analyzing bond issues), are a top secondary market trader of housing bonds, and manage Raymond James Tax Credit Funds, Inc. (page 14). He described their implementation of the HFA “Turnkey” program for Broward County, with forty-four loans and \$437,125 in originated second mortgages, and reimbursement at approximately \$400,000 (page 15).

Mr. Wranovix and Mr. Reynolds opened the floor to questions. Mr. Primeau asked for a differentiation between the ranking charts on pages 11 and 13, and Mr. Wranovix explained that the chart from page 11 was specifically Multifamily.

Mr. Ralph Stone asked the Board to utilize their ranking sheets to rank the two presenting firms as either “1” or “2”. Mr. Noel Pfeffer explained that the RLI had allowed for the Board to hire more than one firm, which they may discuss after the ranking. The rankings forms were gathered from the Board, tallied by Mr. Pfeffer, to which he reported RBC Capital Markets as receiving the ranking of #1:

<u>Presenters</u>	<u>Ranking Points</u>	<u>Resulting Rank</u>
RBC Capital Markets	9	1
Raymond James & Associates	12	2

The Chair opened the floor to discussion regarding their decision to use either a sole or multiple provider. Mr. Pfeffer explained that a firm’s assignment would be made on a transaction-by-transaction basis, and that any negotiation for a deal would take place on the assignment using a fee schedule.

Motion was made by Mr. Primeau, seconded by Ms. Bertha Smith to hire both RBC Capital Markets and Raymond James & Associates in association with RLI No. 20140909-BU3, creating a library of available Bond Underwriters in relation to its Single and Multifamily Mortgage Revenue Bonds. The Chair asked if there was any discussion on the motion, and a discussion followed.

Mr. Reynolds explained that having two firms would create a library of providers, and he confirmed that the Board has always used two firms. Mr. Primeau offered that there would be an advantage to having two alternatives for the best fit. Mr. Stone reported that in the past both firms have been very dependable and knowledgeable.

The motion made by Mr. Primeau and seconded by Ms. Smith to engage both RBC Markets and Raymond James was unanimously approved.

5. Financial Reports Monthly Overview

Mr. Stone pointed out that the Monthly Overview was moved by the Board's request from the Consent to the Regular Agenda. Ms. Linda Dufresne explained that there are now two additional reports; 1) the Balance Sheet comparing the prior year's same month, and 2) the Profit and Loss comparing the current Year-to-Date to the prior Year-to-Date. She noted that Balance Sheet changes relate primarily to the DPA account activity, and that the Profit and Loss Report indicates the changes that relate primarily to fair market value adjustments, timing of invoices, MCC's, and the lender's program income fluctuations.

The Chair opened the floor to discussion. Mr. Primeau asked if the variances on the Profit and Loss Year-to-Date amounts should have explanations, to which Ms. Dufresne answered that this is addressed at the bottom of the chart (the "Actual" is zero).

Motion was made by Mr. McKinzie, seconded by Ms. Donna Jarrett to approve the Housing Finance Authority monthly financial reports for May 31, 2014. This motion was unanimously approved.

6. FY2015 Budget of the Housing Finance Authority

Mr. Stone provided an overview of the proposed FY2015 Budget, pointing out the reduction in revenues of \$44,491, absorbed by personnel and operating expenses, resulting in a reduced budget over the last year. He summarized the personnel expenses, both 100% HFA Board funded and subsidized, and the reduction in personnel over time supporting the same workload. Mr. Stone strongly recommended the continued subsidizing to help deliver the affordable housing mission of the Board.

A discussion followed regarding the subsidizing of staff, to which Mr. Stone explained the staff requirement needed to fulfill the expectations of HUD, the state, and the County Auditor. The Board discussed their mission as it pertains to addressing affordable housing and reinvesting income into the neighborhoods.

Motion was made by Mr. Primeau, seconded by Mr. McKinzie to approve the FY2105 Budget of the Housing Finance Authority. This motion was unanimously approved.

DISCUSSION ITEM

7. Single Family Bonds – 2006 & 2007 Capitalized Interest Accounts

Ms. Debbie Zomermaand reviewed the four recommendations on page two of the agenda memorandum and pointed out the listed Capitalized Interest Account balances in the Series 2006ABC, 2007ABCD, and the 2007EF transactions. Mr.

Pfeffer explained that the \$21,500 in proposed expenditures would include; up to \$10,000 for the legal work, \$5,000 for the Bond Counsel Opinion on the first two transactions, and up to \$6,500 for the cash flow report and the rating agency confirmation for the 2007E transaction. Ms. Misty Taylor, of Bryant, Miller & Olive, confirmed that the fee would be for one opinion, and that they would offer a legal memorandum. Ms. Zomermaand explained that the advantage would be that the money within the 2007E Capitalized Interest Account would be released to the HFA. Funds within 2006 and 2007A Capitalized Interest Accounts would be released to segregated accounts of the HFA versus the Trustee, the Bank of New York. The funds will remain within the segregated accounts until such time as the Bonds are repaid in full or the HFA receives further direction, satisfactory to the HFA Board, supporting the release of the funds from the segregated accounts.

Motion was made by Mr. McKinzie, seconded by Mr. Primeau for the Board to allocate up to \$21,500 in expenditures and to direct staff to proceed with the recommendations made in the “Single Family Bonds – 2006 & 2007 Capitalized Interest Accounts” action item. This motion was unanimously approved.

UPDATE ITEM

8. Down Payment Assistance Funds – 2nd Mortgage Program

Mr. Wranovix reviewed with the Board that authorized staff is not to accept any DPA loan reservations after May 21, 2014, and all pending loans must close before May 30, 2014; and the HFA exposure is not to exceed \$200,000. He reported that the total HFA exposure would be about \$40,000 when taking into account statements yet to be received. Also, he reported the \$45,520 earned income on the first twenty-five mortgage loans and an estimated income of \$40,015 on the remaining nineteen in the pipeline. The Board concurred that this was a positive report.

INFORMATION ITEM

9. Galleria International Realty – Letter of Intent to Purchase Real Estate (120 N.E. 3rd Street Property)

The Chair introduced Mr. Jeff Smith and InRay Son (Galleria International Realty). Mr. Smith expressed his interest in the property and explained that the value of his offer was based on amounts he had paid for eight other parcels in the direct area. Mr. Smith said he would make a cash offer and was prepared to pay for the appraisal. It was established that the zoning was RAC-CC district.

Mr. Stone explained the current staffing at the property (to be reduced from two to zero by spring of 2015), periodic overflow staff parking needs, and possible future

parcel needs for building expansion. A discussion was held regarding any burden of not owning the property and regarding its holding in the name of the HFA (not the County). Based on the statement by Mr. Pfeffer that the County's policy legally requires that a property be competitively offered for sale (in order to attempt to receive market price), it was agreed that the Board should also offer the property competitively for the best price.

Mr. Smith introduced the possibility of selling the parcel on the west side of the HFA lot to the HFA (which is the same size parcel as the one located at 120 N.E. 3rd Street). Mr. Pfeffer reported that there is a County policy on property exchanges (swaps). Mr. McKinzie introduced the consideration of "landlock." Mr. Reynolds described a future possibility of razing the existing building and developing the land as Multifamily, affordable housing, retail, and office space for the HFA (including parking).

The Board concluded the discussion agreeing that they should postpone the decision on the current property offer, first doing due diligence on zoning issues, performing a real estate study, and obtaining an appraisal. Mr. Stone stated that prior to the next Board Meeting there would be discussions with Mr. Smith on more details about a possible exchange, and that Mr. Stone would determine if the Planning Dept. still had documentation on their past development proposal for the HFA site.

10. **MATTERS OF HFA MEMBERS**

Mr. McKinzie brought up a discussion on possible opportunities for the HFA to consider supporting infill housing. Mr. Stone offered that there could be an opportunity with a half dozen lots with the County.

Mr. Reynolds offered his appreciation to the staff for the Retreat. Ms. Smith, on behalf of the Board, thanked Ms. Elizabeth Kersting for her services to the HFA. Mr. Pfeffer announced that he would be leaving his position with Broward County in June to accept an offer as Attorney for the City of Delray Beach.

11. **MATTERS FROM THE FLOOR**

None

12. **NEXT BOARD MEETING**

August 13, 2014

It was noted that there will not be a July meeting due to summer recess.

13. **ADJOURNMENT**

There being no other business the meeting was adjourned at 7:00 p.m.

Disclosure: The above captioned Minutes are transcribed in a summary format. To hear the full meeting, a compact disk of the meeting (#HFA 6-11-2014) can be provided after 24 hours' notice to the administrative office at 954-357-4928