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## **BOARD MEETING MINUTES Wednesday, August 13, 2014**

A regular Board meeting of the Housing Finance Authority of Broward County, Florida, was held on Wednesday, August 13, 2014, in the 2<sup>nd</sup> 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:

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

Board Members Absent:

Bertha Smith, Secretary

Staff:

Carlos Rodriguez-Cabarrocas, Assistant County Attorney  
Ralph Stone, Executive Director  
Norman Howard, Assistant to the Director  
Betsy Barnicle, Administrative Assistant

Also Present:

Angela Crist, University of South Florida  
Latora Francis, Atlantic Pacific Co.  
Linda Mendillo, Dufresne & Associates, P.A  
John Sabatier, RBC Capital Markets Corporation  
Misty Taylor, Bryant, Miller & Olive, P. A.  
Tim Wranovix, Raymond James & Associates  
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 4)**

1. Approval of June 11, 2014, Regular Meeting Minutes
2. Executive Director's Report
3. Stirling Apartments I & II (Compliance Monitoring)

MOTION TO AUTHORIZE staff to terminate the servicing functions of the Construction Loan and Mortgage Servicing Agreement with regards to Stirling Apartments Project and Stirling Apartments II Project; and direct staff to advise Seltzer Management Group.

4. Florida Association of Local Housing Finance Authorities

MOTION TO AUTHORIZE staff to pledge \$5,000 to the Florida Housing Coalition/Sadowski Education Effort to provide financial support during the 2015 Legislative Session.

There were no discussions on Consent Agenda items 1 through 4.

**MOTION was made by Mr. Robert McKinzie, seconded by Mr. Kirk Frohme to approve Consent Agenda Items 1 through 4. This motion was unanimously approved.**

## **REGULAR AGENDA**

### **PRESENTATION**

5. 2014 Community Real Estate Development South Florida Certificate Program

Mr. Ralph Stone reviewed that the Housing Finance Authority ("HFA") Boards of Broward and Palm Beach County each had pledged \$25,000 in funding for the 2014 Community Real Estate Development ("CRED") South Florida Certificate Program. Mr. Stone introduced Ms. Angela Crist, Director of The John Scott Dailey Florida Institute of Government, who then presented an overview and assessment of the 2014 CRED Program.

Ms. Crist referred to the submitted materials; the Executive Summary, the Annual Report, and the 2014 Program Report. She reported that classes were held at the Urban League of Broward County and also at the City of Deerfield Beach Mitigation Operations Center. Ms. Crist also reported that out of forty-two (42) applicants, twenty-six (26) were accepted, and twenty-four (24) started and also finished the class and received continuing education credits from the University of South Florida. Ms. Crist referred to the Program Report's listing of seven (7) student projects, each of which were presented, judged, and given an overall assessment score. She highlighted that, as detailed in the Evaluation Results section of the report, 100% of the participants either agreed or strongly agreed that the CRED program met their expectations and

also met the program's goal of creating a positive behavior change toward Community Real Estate Development. Ms. Crist summarized that the participants rated the program overall at a 4.88 (on a scale with five (5) being highest), and that they will be resurveyed in six (6) months. Ms. Crist concluded by reviewing the Program Expense Report which detailed how the funding from the two (2) contributing counties was fully used towards expenses. Ms. Crist invited the Board to consider approving funding again for CRED in the future.

Ms. Crist answered a question regarding the participants by pointing out that their profiles are in the Annual Report and by describing their recruitment through networking, the Florida Institute of Government, and Carras Community Investment (the facilitator).

6. Financial Reports Monthly Overview – Ms. Linda Mendillo

MOTION TO APPROVE the HFA monthly financial reports for July 31, 2014.

The Chair introduced Ms. Linda Mendillo of Dufresne & Associates, P.A., who presented a brief overview of the July 31<sup>st</sup>, 2014, financial reports. Ms. Mendillo noted that the Balance Sheet changes were primarily related to the Down Payment Assistance (“DPA”) account activity, and that the Profit and Loss Report indicate the changes primarily related to the Fair Market Value adjustments, timing of invoices, MCC's, and the Lender Program income fluctuation. She reported that there were not many fluctuations on this month's financial reports

Mr. Frohme asked if the Budget comparison report (Attachment 2) was done using a cash basis or accruals, and Ms. Mendillo responded that the cash basis method is used. Mr. Frohme also asked the same question regarding the historical reports, and Ms. Mendillo responded that the accrual method is used, which she will confirm and report back to the Board for the next month's meeting. Ms. Mendillo acknowledged a correction by Mr. Frohme to be made on the “Balance Sheet, July 2014 comparison to June 2014” report (Attachment 1), where the Authority Fees Receivable variance is reported at -99.4% but should be -50.1%. Mr. John Primeau asked if that report's Accumulated Depreciation line items should have shown a variance from June 2013 to July 2014, and Ms. Mendillo said she would research it and provide an answer to the Board.

**Motion was made by Mr. Primeau, seconded by Mr. McKinzie to approve the HFA monthly financial reports for July 31, 2014. This motion was unanimously approved.**

7. 2014 Florida Housing State Apartment Incentive Loan (“SAIL”) Local Government Contribution

MOTION TO APPROVE Resolution of the HFA of Broward County, Florida, approving and authorizing the use of up to \$1,000,000 from HFA reserves to provide the local

government contribution requirement for the Florida Housing Finance Corporation's ("FHFC"s) 2014/2015 request for applications (as defined herein), subject to the conditions set forth herein; authorizing HFA staff to publish appropriate notices regarding the availability of such funding; and providing for severability and an effective date.

Mr. Stone reported that the FHFC is starting to accept loan applications for their SAIL programs and later in the year for their 9% Tax Credit programs. He explained that due to a difference in the Florida Housing calendar and the Housing Division's universal funding cycle, a source of temporary funding is desired in order to allow Broward County to have the required Local Government Contributions ("LGC"s) to optimize its scoring and chances for selection. Mr. Stone said that the HFA is requested to provide \$1,000,000 so that a Local Match can be done for at least ten (10) applications.

The Board discussed the history of providing a similar amount for this funding purpose over the past couple of years. Ms. Zomermaand explained that the FHFC is changing the way they take applications, moving from one application cycle within a year with a set schedule to now using Request for Applications ("RFA"s) with shorter time frames for responding; this creates the need for available funding throughout the year. Mr. Stone explained that the requested HFA funds are provided in a way that the money never leaves the Karpus account, and that the HFA would substitute Local Match with the HOME funds.

**Motion was made by Mr. Frohme, seconded by Mr. McKinzie; to approve and authorize the use of up to \$1,000,000 from HFA reserves to provide the LGC requirement for the FHFC's 2014/2015 request for applications, subject to the conditions set forth herein; to authorize HFA staff to publish appropriate notices regarding the availability of such funding; and for providing for severability and an effective date. This motion was unanimously approved.**

8. Northwest Gardens V Apartments Project (Multifamily Bond Application)

MOTION TO APPROVE Resolution of the HFA of Broward County, Florida, declaring its official intent to issue Multifamily Housing Revenue Bonds of the Authority to finance all or a portion of the cost of the acquisition, construction and rehabilitation of certain multifamily housing facilities (Northwest Gardens V Apartments Project) to be located within Broward County, Florida, and other related purposes; approving the issuance of the bonds, subject to certain further findings and conditions; and providing an effective date.

Ms. Zomermaand reported that the HFA has received a request for an Inducement Resolution and authorization to hold a TEFRA Hearing for a project called Northwest Gardens V Apartments. She informed the Board of a change in the date for the TEFRA Hearing, from August 19, 2014, to August 27, 2014. Ms. Zomermaand said that the developer, Atlantic Pacific Co., received SAIL funding from the FHFC and are using our

local bonds. Mr. Norman Howard reported that the Mayor of the City of Fort Lauderdale and the City Manager were informed of the proposed project and the TEFRA Hearing.

The Board discussed the project's property location and number of units, outlined in the application's attachments. Ms. Latora Francis of Atlantic Pacific Co. explained the location of the ninety-nine (99) units to be rehabilitated and the one hundred and one (101) units of new construction. Ms. Francis explained that Northwest Gardens I was from 2009. Mr. Frohme asked about the comparison of per unit costs between Northwest Gardens I through IV to Northwest Gardens V, and Ms. Francis answered that she would need to research the change.

**Motion was made by Mr. Frohme, seconded by Mr. Primeau, for the Board to approve the HFA Resolution to issue Multifamily Housing Revenue Bonds to finance all or a portion of the cost of the acquisition, construction and rehabilitation of the Northwest Gardens V Apartments Project, approving the issuance of the bonds, subject to certain further findings and conditions; and providing an effective date. This motion was unanimously approved.**

9. HFA 120 Property (the "Little House")

MOTION TO APPROVE staff position to maintain the HFA ownership of the 120 Property ("Little House") and direct staff to advise Mr. Jeff Smith and Ms. InRay Son (Galleria International Realty) of this position.

Mr. Stone, in response to Board inquiries at the last meeting, presented information on the development potential of the property at 120 N.E. Third Street (the lot directly to the east of the Housing Finance & Community Development building). He referenced a 2007 study by Urban Planning and Redevelopment and concluded that the existing HFA building and "Little House" site has the potential to house a significant amount of development. Mr. Stone noted several successful neighboring development projects which indicate a high future marketability for the HFA site. Based on these findings, he recommended that the HFA not sell the "Little House" in a "swap" for the similar sized lot directly to the west of the HFA building.

**Motion was made by Mr. Jose Lopez, seconded by Mr. Frohme for the Board to maintain the HFA ownership of the 120 Property ("Little House") and directed staff to advise Mr. Smith and Ms. Son (Galleria International Realty) of this position. This motion was unanimously approved.**

**UPDATE ITEM**

10. HFA Retreat (Follow-up)

Mr. Stone reviewed with the Board that on May 14, 2014, the HFA, Professional Team and invited participants held a Retreat, where they discussed topics relevant to the operation and programs of the HFA. In response to directives for further research,

discussion, or action, Mr. Stone reviewed the following six (6) areas where the HFA may want to pursue opportunities that benefit affordable housing:

1. Mortgage Credit Certificate Program (“MCC”) – Mr. Stone reported that the MCC program has been so successful, that it would be good to continue to fund and market it until the market is better for the single family bond mortgage program.
2. Gap Financing for New Multifamily Construction – Mr. Stone suggested that if there were some gap financing available, the HFA would have a better ability to market some of their funding options. Mr. Stone reported a potential opportunity for \$1,000,000 of non-HFA resources, which could be used as gap financing for multifamily issues (and he will report back on the status of this after meeting with the County Administrator in the next couple of weeks).
3. New Dedicated Funding Resource for Affordable Housing – Mr. Stone noted that the Board is aware of the significant benefit which a dedicated funding source (such as the local documentary stamp program used in Miami-Dade), would provide toward alleviating the County’s nationally known affordable housing deficit. He relayed that Staff recommends that the HFA pass a resolution toward establishing a dedicated funding source in Broward County, and that the Chair send a letter and supporting resolution to the Board of County Commissioners, the League of Cities and the Broward County Legislative Delegation.
4. FHFC Rule Making/Resources – Mr. Stone indicated the need to continue to participate in the FHFC rule making process in order to work towards the State’s improvement in awarding a fair share, or “need based” share, of affordable housing in Broward County. He reported the recommendation that the HFA direct staff to: 1) actively participate in the rule making, 2) prepare a resolution and letter from the Chair to the FHCB identifying the fact that Broward County is the third worst metro area in the nation, out of over 380 metro areas, for cost burdened households, and requesting that future funding be on a proportionate needs basis.
5. Construction Financing for New Single Family Infill Development – Mr. Stone reported that the County currently has single family vacant lots in the unincorporated area, including seventeen (17) contiguous lots in the Franklin Park neighborhood. He presented the consideration to the HFA to provide the construction financing, estimated at \$3.4 million dollars, at a stronger interest rate than what is currently being earned in the investment portfolio, explaining that they would be repaid from the sale of the homes. Also, he explained that the County would provide the necessary purchase assistance gap financing for affordable home buyers, with mixed-income clientele qualifying between 80% to 140%. Mr. Stone added that the approximate \$650,000 funding has already been approved and allotted for the required privacy wall between the homes and the Sunrise right-of-way, which the Board then would not have to fund.

6. Evaluate Alternative Mortgage Programs for First Time Homebuyers - Mr. Tim Wranovix described the Raymond James “turnkey” single family market program which Broward County HFA participated in through Lee County’s HFA until June, 2013, and which has netted the Broward County HFA approximately \$78,000. Mr. Wranovix expressed that the Lee County HFA program is still an option for Broward County HFA. Mr. Wranovix also described a second product where the HFA would raise the DPA grant funds through premium pricing in the market.

Mr. Frohme asked about the future of Florida Housing’s provision of funding in proportion to need. Mr. Stone and Ms. Zomermaand addressed the question by explaining the State’s use of Affordable Housing studies to aid in determining need; studies such as Shimberg reports, the Harvard Center Study, and those from Dr. Murray (Florida Atlantic University); and how those studies differ and the State differs in their interpretation of the presented data. Ms. Zomermaand pointed out that data may be skewed regarding percentage of rental households, due to the many deed restricted condos with controlling factors such as age limits (such as ‘over fifty-five (55)’) and high maintenance fees, thus causing lower purchase prices.

**Motion was made by Mr. Primeau, seconded by Ms. Donna Jarrett, to direct staff to pursue the recommendations made to move forward with the six (6) areas of future affordable housing investments; 1) Mortgage Credit Certificate Program, 2) Gap financing for new multifamily construction, 3) new dedicated funding resource for affordable housing, 4) FHFC Rule making/resources, 5) construction financing for new single family infill development, and 6) alternative mortgage programs for first time homebuyers. This motion was unanimously approved.**

#### 11. Single Family and Multifamily Mortgage Revenue Bonds

Ms. Zomermaand reviewed that correspondence was sent from the HFA on June 18, 2014, requesting the FHFC that there be no Limited Development Areas (“LDA”) in Broward County for the 2014/2015 funding cycles. Ms. Zomermaand reported that the HFA received a letter from CitiMortgage, sent on to the Trustee, regarding billing changes that pertain to Combined Loans that “become greater than 45 days delinquent.” She reported that Bond Counsel and staff will continue to finalize a resolution regarding the Capitalized Interest Account, 2006 Series and 2007 Series, and will keep the Board apprised. Ms. Zomermaand concluded that the 2007 E Series analysis by RBC Capital Markets determined that the capitalized interest funds could not be released at this time; but the Bonds will be subject to Optional Redemption in 2017, when it’s anticipated that the funds should be released.

Mr. Primeau asked about the status of resolution for the 2006 and 2007 Series Account, and Ms. Zomermaand explained that they are working on receiving authorization from the Trustee to put the funds in a segregated account.

## **INFORMATION ITEM**

12. Current Trends in SEC Municipal Disclosure Enforcement Overview – Ms. Misty Taylor of Bryant, Miller and Olive, P.A.

Ms. Taylor summarized some key points from the presentation made at the National Association of Local Housing Finance Agencies' annual conference in April, 2014, by Chapman and Cutler LLP. She reported on the SEC Municipal Continuing Disclosure Cooperation Initiative ("MCDC"), announced March 10, 2014, which is a self-reporting initiative which offers issuers and underwriters standardized, favorable settlement terms. Ms. Taylor concluded that the new initiative has little effect on the HFA as a conduit bond issuer, because in the municipal offerings the HFA is not entering into a Continuing Disclosure undertaking. She reported that the Continuing Disclosure undertaking does apply to the single family issues (though the HFA's work in and before 2009 is exempt from the rule).

13. **MATTERS OF HFA MEMBERS**

None

14. **MATTERS FROM THE FLOOR**

None

15. **NEXT BOARD MEETING**

September 10, 2014

16. **ADJOURNMENT**

There being no other business the meeting was adjourned at 6:40 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 8-13-2014) can be provided after 24 hours notice to the administrative office at 954-357-4928