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## **BOARD MEETING MINUTES Wednesday, September 10, 2014**

A regular Board meeting of the Housing Finance Authority (“HFA”) of Broward County, Florida, was held on Wednesday, September 10, 2014, in the 2<sup>nd</sup> Floor Conference Room, located at 110 NE 3rd Street, Fort Lauderdale, Florida.

Mr. John Primeau, Vice Chair, 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  
Bertha Smith, Secretary  
Milette Thurston, Member

Board Members Absent:

Daniel Reynolds, Chair

Staff:

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

Also Present:

Jolinda Herring, Bryant, Miller & Olive, P. A.  
Deborah Zomermaand, Zomermaand Financial Advisory Services

### **CALLING OF THE ROLL**

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

Mr. John Primeau referenced a Typo Error Correction Memorandum, which corrected the current Agenda’s Item 4 “Motion to Direct” balance transfer amount and the related Board Package Item 4 Overview “Background” and “Recommendation” figures to \$287,815.

## **CONSENT AGENDA (1 and 2)**

1. Approval of August 13, 2014, Regular Meeting Minutes
2. Executive Director's Report

Ms. Milette Thurston requested that the Rental Occupancy Report Key (Attachment 1) also include descriptions for the report columns "J" and "K." Mr. Norman Howard noted that the Report Key would be updated as requested for future reports.

**MOTION was made by Mr. Kirk Frohme, seconded by Mr. Robert McKinzie, to approve Consent Agenda Items 1 and 2. This motion was unanimously approved.**

Mr. Ralph Stone introduced Mr. James Rowlee, Senior Assistant County Attorney of Broward County, and explained that Mr. Rowlee is taking the HFA Counsel position left by Noel Pfeffer, former Deputy County Attorney. Mr. Rowlee reported to the Board that he has been with the County for fourteen (14) years and is looking forward to working as Counsel with the HFA.

## **REGULAR AGENDA**

3. Financial Reports Monthly Overview – Ms. Linda Dufresne

Ms. Dufresne provided a brief overview of the monthly reports, such as Balance Sheet changes relating to cash account activity and Authority Fees Receivable, and also the Profit and Loss report changes. She gave a comparison of the Cash versus Accrual Basis for the Profit and Loss Budget to Actual reporting; the "Budgetary" column shows a cumulative 1/12<sup>th</sup> of the budgeted revenues and expenses (incrementing up each month until September shows 100% of the budget), and the "Actual" column shows significant known revenue and expense items as accrued.

Mr. Primeau, asked for detail on the August to July Balance Sheet Asset item "Cash-Wells Fargo" \$390,648 negative difference, and Mr. Howard answered that the amount reflected items such as budgeted payments to the County. Mr. Primeau then asked for detail on the Year-to-Date Balance Sheet Asset item "US Bank Custody Acct-Karpus" \$718,405 negative difference, and Ms. Dufresne answered that the HFA had approved to move funds in 2013 from the account for Operational expenses, and included funds to operate a DPA Program (referring to the next listed Asset item "US Bank-DPA". Mr. Frohme asked for an explanation of the "Notes Receivable" Asset items, and Mr. Howard explained that it is comprised of forty-one (41) loans made by the HFA through the DPA Program, with reimbursements when a second mortgage is refinanced or paid off.

**MOTION was made by Mr. Frohme, seconded by Mr. McKinzie, to approve the HFA monthly financial reports for August 31, 2014. This motion was unanimously approved.**

#### 4. FY2014 Operational Expenses

Mr. Howard presented the Staff request to close the U.S. Bank Down Payment Assistance (DPA) Custody Account that was used for the Lee County HFA DPA program (which is no longer in operation), and to deposit the funds to the Wells Fargo Operating Account (Operating Account) in the amount of \$462,815. He explained that the request is for \$175,000 of the non-operational account's funds to be used towards HFA operational expenses for the current FY2014, and for the remaining balance of \$287,815 to be transferred to the Karpus Investment Account to maximize yield.

Mr. Frohme asked for the basis for the \$175,000 requested for operational expenses, and Mr. Howard explained that the HFA Board had approved the County Operational Expenses in the 2014 Budget, due by the end of the fiscal year, September 30, 2014.

**MOTION was made by Mr. McKinzie, seconded by Ms. Bertha Smith, to direct staff to close the U.S. Bank DPA Custody Account which has a balance of approximately \$462,815; to deposit the funds to the Wells Fargo Operating Account (Operating Account) for Broward County operational expenses of approximately \$175,000 for the current FY2014; and transfer the remaining balance of approximately \$287,815 from the Operating Account to the Karpus Investment Account. This motion was unanimously approved.**

#### 5. Construction Financing for New Single Family Infill Development

Mr. Stone described to the Board the opportunity to fund development of eighteen (18) lots with single family homes in the Franklin Park community located west of 17<sup>th</sup> Avenue and south of Sunrise Boulevard, which was an HFA Retreat item discussed at the previous month's meeting. Mr. Stone reported that the Broward County Administrator has indicated an interest in building out all the lots (seventeen (17) owned by Broward County, and one (1) owned by the HFA), and preliminarily agreed to transfer title in their lots to the HFA. The HFA engagement in the project would be contingent upon the County transferring the seventeen (17) lots to the HFA.

Mr. Stone reported that the gap between each home's purchase price and construction cost would be approximately \$20,000 to \$50,000, and the gap financing would come from County funding sources such as SHIP and/or HOME grant programs. He explained that SHIP clientele could qualify with up to 140% of median income, allowing for a stronger neighborhood and product. Mr. Stone reported that in that community there are currently seventeen (17) homes built and five (5) under construction, and that there is an available backlog of qualified homebuyers (subject to the gap financing).

The Franklin Park Estimated Schedule for completion was reviewed, starting with the program approval September 10, 2014, and ending with the sale and closing on the homes approximately one year later, September, 2015. Mr. Stone reported that the interest earned on the HFA's financing would be approximately 4%.

The floor was opened discussion; Mr. Stone reported that no third-party financing for construction would be used (it would be provided by the HFA); the construction time would be from January, 2015, to July, 2015; in-loan financing could be done by one of the First Time Home Buyer banks, though open to other buyers' banks; a determination is needed as to whether the property is in a HUD targeted zone; the gap financing would be a responsibility of the buyer at 0% interest, forgivable after a set time such as ten (10) years; and construction would be on all eighteen (18) homes at the same time.

Member Mr. McKinzie announced that due to his position as a developer and construction contractor for residential and commercial developments, a conflict of interest would cause him to be unable to take part in the voting process for this Agenda Item. Mr. Rowlee confirmed the requirement for Mr. McKinzie's recusing himself from discussion and voting in relation to this matter and said that a Voting Conflict form, '8B Memorandum of Voting Conflict for County, Municipal, and other local Public Officer', would be provided to the HFA at the next meeting (see form 8B attached).

**MOTION was made by Mr. Jose Lopez, seconded by Ms. Smith, to begin developing an RFP for construction financing for new single family homes infill development on eighteen (18) lots in the Franklin Park community, which shall be brought back for the HFA approval at the November 2014 meeting. The motion was passed with six ayes and one abstention (Mr. McKinzie).**

## **INFORMATION ITEM**

### 6. Multifamily Projects – Pier Club, Banyan Bay & Los Prados Apartments (Form 8038)

Ms. Jolinda Herring reviewed with the Board that the Pier Club Apartments, Banyan Bay, and Los Prados Projects' HFA funded Bonds could be determined to be reissued for tax purposes due to the extension of the maturity of the swap agreement, at which time an IRS Form 8038 (tax exemption) would be required to be filed for each project. She reported that subsequent to the issuance of the Bonds, Borrowers entered into swap agreements whose extensions could cause a reissuance of the Bonds. Therefore, in August, 2014, the Borrowers of each respective project requested that the HFA execute a protective IRS Form 8038 to eliminate any concern of reissuance. Ms. Herring also reported that the HFA Bond Counsel prepared Borrowers' Certificates and Direction letters (reviewed by the County Attorney's office), and that the documents were executed by the Executive Director and delivered as outlined within the instruction letters.

## 7. **MATTERS OF HFA MEMBERS**

Mr. Stone reported that a new HFA Board Member, Ms. Ruth Cyrus (appointed by Commissioner Dale Holness), will be joining them at the next Board meeting.

8. **MATTERS FROM THE FLOOR**

Ms. Jolinda Herring informed the Board that after participating with the HFA for three years, Bryant, Miller, & Olive, P.A. would no longer be the HFA Bond Counsel. Mr. Rowlee explained that the new Bond Counsel to be rotated in starting October, 2014 (from the five available in the library), would be Nabors, Giblin & Nickerson, P.A., with Junious Brown as the representing Attorney.

9. **NEXT BOARD MEETING**

October 8, 2014

10. **ADJOURNMENT**

There being no other business, the meeting was adjourned at 6:03 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 9-10-2014) can be provided after 24 hours notice to the administrative office at 954-357-4928

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