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## **BOARD MEETING MINUTES Wednesday, May 11, 2016**

A regular Board meeting of the Housing Finance Authority (“HFA” or the “Authority”) of Broward County, Florida, was held on Wednesday, May 11, 2016, in the 2<sup>nd</sup> Floor Conference Room, located at 110 NE 3rd Street, Fort Lauderdale, Florida.

Ms. Milette Thurston, Chair, determined a quorum was present and called the meeting to order at 5:30 p.m.

### Board Members Present:

Jacqueline Paige Browne, Secretary  
Kirk L. Frohme, Member  
Donna Jarrett, Member  
Colleen LaPlant, Assistant Secretary

Jose “Pepe” Lopez, Member  
John G. Primeau, Member  
Daniel D. Reynolds, Member  
Milette Thurston, Chair

### Board Members Absent:

Ruth T. Cyrus, Vice Chair

### Staff:

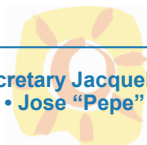
Betsy Barnicle, Secretary  
Norman Howard, Senior Officer  
Tina Kosakowski, Secretary  
James Rowlee, Senior Assistant County Attorney  
Ralph Stone, Executive Director

### Also Present:

Kevin Adderley, The Sharpton Group, PA  
Tanya Davis, S. Davis & Associates, PA  
Linda Dufresne, Dufresne & Associates, CPA, PA  
Liran Friedman, Continental Real Estate Companies  
Hugh Jacobs, The Partnership, Inc.  
William Lamm, The Bank of New York Mellon Trust Co.  
Thomas Radicioni, The Bank of New York Mellon Trust Co.  
Deborah Zomermaand, Zomermaand Financial Advisory Services, LLC

## **CALLING OF THE ROLL**

A Roll Call was taken by Ms. Betsy Barnicle.



### **CONSENT AGENDA (1 through 3)**

1. Approval of April 20, 2016, Regular Meeting Minutes
2. Executive Director's Report
3. Satisfactions of Mortgage (Second Mortgage Loans)

**MOTION was made by Mr. John Primeau, seconded by Mr. Daniel D. Reynolds, to approve Consent Agenda Items 1 through 3. This motion was unanimously approved.**

### **REGULAR AGENDA**

4. HFA 2015 Operational Audit Presentation

Mr. Kevin Adderley, Audit Director of The Sharpton Group, PA, provided a presentation of the HFA 2015 Audited Financial Statements for year-end September 30, 2015. Mr. Adderley reviewed the Operational Audit primarily using the printed PowerPoint report titled "Audit Results & Financial Overview," (one of three reports previously provided to the Members and Staff in the Board Agenda documents).

The Board discussed details of the Audit findings, and answers to questions were provided by Mr. Adderley and Staff.

5. HFA 2015 Single-Family and Multifamily Housing Revenue Bonds Audit Presentation

Ms. Tanya I. Davis, Partner of S. Davis & Associates, PA, presented the results of the 2105 Single-Family and Multifamily Housing Mortgage Revenue Bonds Audit and Financial Overview for the HFA. Ms. Davis reviewed the findings using a printed PowerPoint report, which had been previously provided to the Members and Staff in the Board Agenda documents.

The Board asked questions on the reported findings, and answers were provided by Ms. Davis, the Bond Trustee, Mr. William Lamm of The Bank of New York Mellon Trust Co., and Staff.

6. Reliance Gulfstream Associates, Ltd

The Chair opened the floor to questions regarding the Gulfstream Apartments Agenda Item. Ms. Thurston asked if monitoring was in place to allow the Board to know if an equity distribution occurred, and Ms. Debbie Zomermaand replied that such information would be included in the audited financial statements and restricted by HUD Surplus Cash calculations.

Mr. Hugh Jacobs of The Partnership, Inc. (developer) added that they provide an annual audit to the HFA.

**MOTION was made by Mr. Primeau, seconded by Mr. Jose Lopez, to authorize the execution of the following documents; (i) Allonge to Promissory Note, (ii) First Amendment to Mortgage and Security Agreement, and (iii) Subordination Agreement U.S. Department of Housing and Urban Development with regard to Gulfstream Apartments, and authorize HFA Chairperson or Staff to take such other actions as necessary to accomplish the HUD refinancing, subject to the review and consent of the County Attorney's Office. This motion passed with all ayes.**

7. Financial Reports Monthly Overview – Ms. Linda Dufresne, Dufresne & Associates, CPA, PA

Ms. Linda Dufresne made a brief review of the Financial Reports for April 2016. Ms. Dufresne reported that in response to Mr. Frohme's request from the prior month's meeting, additional detail was provided on the "Cash Activity Summary" (Attachment 1, page 9). Mr. Lamm addressed a question by Mr. Primeau regarding the collection for Aged Receivable (Attachment 1, page 5), 2008 Driftwood.

**MOTION was made by Mr. Lopez, seconded by Mr. Kirk Frohme, to approve the HFA monthly financial reports for April 30, 2016. This motion passed with all ayes.**

8. Fiscal Year 2017 Budget of the Housing Finance Authority

Mr. Ralph Stone, Executive Director, presented the HFA's Fiscal Year (FY) 2017 Budget, proposing total Expenses of \$1,062,099, a reduction of 4% from FY 2016. Mr. Stone noted some significant variances in Revenues and Expenses, such as the Authority Fees decrease due to project payoffs and the Personnel Expenses decrease related to a reduction in employees.

The Board discussed the proposed Budget on topics such as Personnel and Bond Counsel expenses, and Staff provided background and explanations to the proposed changes.

**MOTION was made by Mr. Lopez, seconded by Ms. Donna Jarrett, to approve the HFA Budget for Fiscal Year 2017. This motion carried with all ayes.**

9. 2016/2017 Mortgage Credit Certificate Program

Ms. Zomermaand reported to the Board that the Program effective dates for a new Mortgage Credit Certificate (MCC) Program would be for the year it was issued and the following two years. So, Ms. Zomermaand continued, the HFA would attempt to apply the fixed costs of a

new Program to as much coverage time as possible. She noted that one significant proposed Program change would be an increase in the MCC Issuance Fee from \$175 to \$250, providing greater revenues. The Board discussed the setting of the MCC Fee, and Ms. Zomermaand informed them that the Fee could be increased or decreased during the course of the Program.

**Motion was made by Mr. Reynolds, seconded by Ms. Jarrett, to authorize the HFA Bond Counsel to prepare all program documents and Resolutions which will provide for: a) the exchange of bond allocation for Mortgage Credit Certificate authority, b) designation of a program administrator, c) all other program documents necessary to implement a Mortgage Credit Certificate Program; and authorize program expenditures in an amount not to exceed \$35,000. This motion was unanimously approved.**

10. Public Entity/Officials Liability Official Management Liability Insurance Coverage for the Housing Finance Authority

Mr. James Rowlee, Senior Assistant County Attorney, reported that Staff worked with the County Risk Management Division to use its insurance broker to obtain quotes from private insurance carriers on public entity and officials liability insurance, obtaining three quotes on two different policies. Mr. Rowlee explained that there were significant concerns with all three quotes, such as the ACE policy only covering the HFA as a body (not as individual members) and having housing claim and bond issuance exclusions. He recommended not procuring any of the three quotes and recommended Staff discuss coverage with Broward County Risk Management which has a self-insurance program.

The Board discussed with Staff the option of private individual plans and more details regarding insurance through Broward County, which could provide coverage for the HFA as a County-appointed statutory Board. Mr. Rowlee stated that Risk Management has explained that a coverage arrangement might be reached for a cost-effective fee using a Memorandum of Agreement.

**MOTION was made by Mr. Primeau, seconded by Mr. Frohme, to direct Staff to meet with Broward County Risk Management Division to pursue potential coverage for the HFA Board as an entity and also for the HFA Members as individuals, and for Staff to report the findings to the Board at the next Regular meeting. This motion passed with all ayes.**

**UPDATE ITEMS**

11. HFA 110/120 Properties (Parking Lot Extension)

Mr. Stone provided a brief budget-related update on the 120 NE 3<sup>rd</sup> Street property and reported the two recommendations received from the Broward Highway Construction and Engineering Division (HCED): 1) stabilized sod and occasional use as overflow parking (approximate cost of \$63,042), and 2) sod and landscape with no parking (approximate cost of \$35,443). Mr. Stone stated that Staff recommended the first option that provides for parking and would be under-budget, and he described the lower cost option of installing a manual gate which could be opened when over-flow parking was needed.

Ms. Thurston, Chair, deferred further discussion on this Agenda Item until after the Board had discussed Item 12, the “Continental Real Estate Companies (CREC) Proposal for Land Swap.”

## 12. Continental Real Estate Companies (Proposal for Land Swap – 120 Property)

Mr. Stone reported to the Board that Staff had received an unsolicited offer to trade the 120 NE 3<sup>rd</sup> Street HFA property (east of the HFA Building) with the 100 NE 3<sup>rd</sup> Street property (west of the HFA Building). He stated that the Los Nevados offer of \$230,000 included an agreement to demolish and clear the existing structure. Mr. Stone noted that the recommendation from Staff is to not approve the land swap proposal based on the 100 NE 3<sup>rd</sup> Street property’s market value and the benefit of keeping the HFA’s option open for developing their three current lots in phases.

The Board and Staff discussed property values and the benefits and disadvantages to the various alternatives regarding the HFA properties and the Los Nevados offer. Mr. Liran Friedman of Continental Real Estate Companies, representing Los Nevados, explained that their land on the block totals approximately 29,000 square feet, with the HFA properties “sandwiched” between the owned properties, thus their offer to swap the 100 and 120 lots to render them a contiguous property. The Board asked Mr. Liran questions regarding details on the properties and development plans.

**MOTION was made by Mr. Frohme, seconded by Mr. Primeau, to direct Staff to bring to the next Board Regular meeting: 1) a price for an independent appraisal of the 120 NE 3<sup>rd</sup> Street property, 2) more information on relative positions given where the real estate market is currently, and 3) aerial-view maps of the property sites including dimensions. This motion passed with all ayes.**

Based on the motion made for Item 12, the Chair confirmed with the Board that Item 11 will be deferred to the next Board meeting in June.

## **INFORMATION ITEMS**

13. Mr. Rowlee presented an overview on the 2015 Statement of Financial Interests, Form 1 (Financial Disclosure) from the Florida Commission on Ethics. He summarized that at this time the requirement for the HFA Board Members to file the Financial Disclosure was

unclear in the form's instructions, the State statute, as read by the Deputy County Attorney, and from the State Commission on Ethics' attorney. Mr. Rowlee recommends that Staff request an issuance of a formal advisory review in writing from the State Commission on Ethics as to the requirement for the HFA Board Members to file the annual Financial Disclosure.

**MOTION was made by Mr. Lopez, seconded by Mr. Primeau, to direct Staff to request an issuance of a formal advisory review in writing from the State Commission on Ethics as to the requirement for the HFA Board Members to file the annual Financial Disclosure, to be provided prior to the next Regular Board meeting, June 8th. This motion passed with all ayes.**

14. **MATTERS OF HFA MEMBERS**

Ms. Thurston reminded the Board of the Florida Association of Local HFA's (FL ALHFA) educational conference July 6 through 9, encouraging attendance, and requesting Members RSVP to Ms. Barnicle.

15. **MATTERS FROM THE FLOOR**

16. **NEXT BOARD MEETING**

June 8, 2016.

17. **ADJOURNMENT**

There being no other business, the meeting was adjourned at 7:10 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 5-11-2016) can be provided after 24 hours' notice to the administrative office at 954-357-4928