



BOARD PACKAGE

Meeting

JUNE 21, 2017

REGULAR MEETING

A regular meeting of the Housing Finance Authority of Broward County, Florida, will be held on Wednesday, June 21, 2017, at 5:30 p.m., in the 2nd Floor Conference Room located at 110 N.E. 3rd Street, Suite 201, Fort Lauderdale, Florida.

CALLING OF THE ROLL

CONSENT AGENDA ITEMS 1 – 3

1. Approval of May 17, 2017, Regular Meeting Minutes
2. Executive Director's (May) Operational Report
3. 2017 Budget Amendments

MOTION TO APPROVE the Proposed Amended Budget for FY2017 in the amount of \$100,500 to include \$13,000 for Continuing Education and Travel expenditures, \$70,000, for Investment Management Fees, \$8,000 for the replacement of the building's fire alarm panel, and \$9,500 for a steel coated white two rail fence.

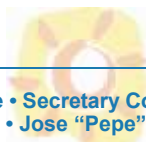
MOTION TO APPROVE the Consent Agenda for June 21, 2017

REGULAR AGENDA

PRESENTATION

4. Ms. Tanya I. Davis, Partner of S. Davis & Associates, P.A., will present the 2016 Single-family and Multifamily Housing Revenue Bonds Audited Financial Statements (Results Financial Overview).
5. Financial Reports Monthly Overview – Ms. Linda Dufresne

MOTION TO APPROVE the Housing Finance Authority monthly financial reports for May 31, 2017.



6. Investment Portfolio - Safekeeping/Custody

MOTION TO AUTHORIZE execution of custodial safekeeping and other agreements as required to establish accounts in connection with HFA's investment portfolio and self-directed investments; subject to approval of the Senior County Attorney, Executive Director and Chair of the Investment Committee.

INFORMATION ITEM

7. Single Family Mortgage Revenue Bonds, Series 2007E

8. **MATTERS OF HFA MEMBERS**

9. **MATTERS FROM THE FLOOR**

10. **NEXT BOARD MEETING**

August 16, 2017

11. **ADJOURNMENT**

Subject to Change



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MINUTES
BOARD MEETING
Wednesday, May 17, 2017

A regular Board Meeting of the Housing Finance Authority (“HFA”) of Broward County was held on Wednesday, May 17, 2017, at 5:30 p.m., in the 2nd Floor Conference Room, located at 110 Northeast 3rd Street, Fort Lauderdale, Florida.

The Chair, Ruth T. Cyrus, called the meeting to order at 5:30 p.m.

CALLING OF THE ROLL

A Roll Call was taken by Ms. Sonia Isme.

Board Members Present

Ruth T. Cyrus, Chair – Colleen LaPlant, Secretary – Milette Thurston, Asst. Secretary
Jose “Pepe” Lopez, Member – Kirk L. Frohme, Member – Donna Jarrett-Mays, Member
John G. Primeau, Member – Daniel D. Reynolds, Member

Board Members Absent

Jacqueline Paige Browne, Vice Chair

Staff

Ralph Stone, Executive Director
Norman Howard, Manager
Sonia Isme, Secretary
James Rowlee, Senior County Attorney

Also Present

Deborah Zomermaand, Financial Advisor

CONSENT AGENDA ITEMS 1 – 2

1. Approval of April 19, 2017, Regular Meeting Minutes
2. Executive Director’s (April) Operational Report

MOTION TO APPROVE Consent Agenda, April 19, 2017.

MOTION was made by Mr. Daniel D. Reynolds, seconded by Mr. Kirk L. Frohme, to approve Consent Agenda Items 1 and 2. The motion carried unanimously.

REGULAR AGENDA

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

Ralph Stone announced that Ms. Linda Dufresne was absent due to the loss of a colleague and that there was not a representative from Dufresne & Associates to speak on the financial reports. Mr. Stone suggested that the Board either make a decision on the action in the absence of a representative of the firm, or chose to postpone the decision until the next meeting.

Mr. Frohme inquired whether or not there were payments pending from the Franklin Park project that is due to the HFA. Mr. Stone replied that the HFA construction loan had fully been paid and that the County is processing a payment for retainage from both the HFA and Grant expense.

MOTION TO APPROVE the Housing Finance Authority monthly financial reports for April 30, 2017.

MOTION was made by John G. Primeau, seconded by Kirk L. Frohme, to approve Housing Finance Authority monthly financial reports for April 30, 2017. The motion carried unanimously.

4. HFA Investment Policy and Portfolio

Ralph Stone provided an update that Karpus Investment Management was contacted and informed of the Board's decision to terminate the investment agreement and Karpus will process a final report of investments. U.S. Bank was also notified and have acknowledged the designee agent change.

Mr. Stone provided a brief description of Exhibit A, the Investment Policy plan; and informed the board that committee members are required to complete at least eight hours of continuing education in subjects or courses of study related to investment practices and products on an annual basis.

(There was a detailed discussion between Ralph Stone, Board members and Staff on Investment Policy Safety and Securities).

MOTION TO APPROVE Resolution of the Housing Finance Authority of Broward County, Florida ("Housing Finance Authority"), approving and adopting an Investment Policy; and providing an effective date with amendment's to the Investment Policy as discussed and approved.

MOTION was made by Mr. Daniel D. Reynolds, seconded by Mr. Kirk L. Frohme, to approve Resolution 2017-003 with amendments. The motion carried unanimously.

MOTION TO DIRECT Staff to modify Section 13, Investment Portfolio Committee in Exhibit A, of the Investment Policy to replace and modify “*and an Assistant to Director*” to read as, “*and a Designee from the Broward County Finance and Administrative Services Department, responsible for the County’s investment portfolio.*”

MOTION was made by Mr. Daniel D. Reynolds, seconded by Ms. Donna Jarrett-Mays, to modify Section 13, Investment Portfolio Committee. The motion carried unanimously.

MOTION TO DIRECT Staff to modify Section 11, Internal Controls in Exhibit A, of the Investment Policy to replace and modify as needed “*Executive Director or Authority Board Chair or other Authority Board member*” to read as, *Executive Director or a majority of the Committee serving on the Investment Portfolio Committee.*

MOTION was made by Mr. Jose Lopez, seconded by Ms. Donna Jarrett-Mays, to modify Section 11, Internal Controls. The motion carried unanimously.

MOTION TO DIRECT Staff to modify Section 11, Internal Controls in Exhibit A, of the Investment Policy to replace and modify, “The Authority” to specify the establishment of control shall be the responsibility of “Staff” with the Authority’s final review and approval.

MOTION was made by Mr. Kirk L. Frohme seconded by to Mr. John G. Primeau, to modify Section 11, Internal Controls responsible party to establish. The motion carried unanimously.

The Board discussed that there should be two Board members on the Committee. During the discussion, the Chair, Ruth T. Cyrus nominated John G. Primeau as a member of the Investment Committee. At that time, a motion was presented by Kirk L. Frohme nominating John G. Primeau as a member of the Investment Committee.

MOTION TO APPROVE the nomination of John G. Primeau as a member of the Investment Committee.

MOTION was made by Mr. Jose Lopez and seconded by to Mr. Daniel D. Reynolds, to approve Investment Committee member. The motion carried unanimously.

5. HFA Executive Director

Ralph Stone informed the Board and Staff that this will be his last meeting. Mr. Stone expressed his appreciation to the Board and Staff for their extensive support. In addition, Mr. Stone introduced Suzanne R. Fejes as the Assistant Director and elaborated on Ms. Fejes accomplishments and experience within the field of affordable housing and planning; and mentioned that Ms. Fejes will attend future meetings.

9. **MATTERS OF HFA MEMBERS**

None.

10. **MATTERS FROM THE FLOOR**

Norman Howard requested that all Board members provide an attendance confirmation for the upcoming FLHFA Conference in July by the end of the week. The Chair, Ruth T. Cyrus requested an email reminder to be sent to all Board members.

11. **NEXT BOARD MEETING**

June 21, 2017

12. **ADJOURNMENT**

Meeting adjourned by Chair, Ruth T. Cyrus, at 6:23 p.m.

Disclosure: The above captioned Minutes are transcribed in a summary format. To request a CD of the full meeting, please contact Sonia Isme at (954) 357-4914.

MEMORANDUM

Date: June 6, 2017
To: Housing Finance Authority Board Members
Through: Ralph Stone, Executive Director
From: Norman L. Howard, Manager
Subject: May Operational Report

INVESTMENT COMMITTEE

An Investment Committee meeting of the Housing Finance Authority of Broward County, Florida, will be held on Wednesday, June 21, 2017, at 4:00 p.m., at 110 N.E. 3rd Street, 3rd Floor, Suite 300 Fort Lauderdale, Florida (Attachment 1).

SINGLE-FAMILY

Information listed below is the foreclosure/bankruptcy report received from CitiMortgage for the months of March 2017 and April 2017. The report for the month of May 2017 has not been received from CitiMortgage to date.

Bankruptcy – March 2017

Loan Count	Total	1 st Lien	2 nd Lien	1 st Mort./Total	2 nd Mort./Total
0	\$0	0	0	\$0	\$0

Foreclosure – March 2017

Loan Count	Total	1 st Lien	2 nd Lien	1 st Mort./Total	2 nd Mort./Total
5	\$621,728	4	1	\$585,224	\$36,504

Bankruptcy – April 2017

Loan Count	Total	1 st Lien	2 nd Lien	1 st Mort./Total	2 nd Mort./Total
0	\$0	0	0	\$0	\$0

Foreclosure – April 2017

Loan Count	Total	1 st Lien	2 nd Lien	1 st Mort./Total	2 nd Mort./Total
5	\$621,728	4	1	\$585,224	\$36,504

2017 Mortgage Credit Certificate Program (MCC)

At this time, the HFA has ten (10) lenders participating in the January 2017 MCC Program. The program totals to date are as follows:

<i>MCC's by Lender</i>	<i>Reserved</i>	<i>Issued</i>	<i>Cancelled/Expired</i>
Academy Mortgage	4	2	0
Bank of America	2	0	0
Banking Mortgage Services Trust Corp.	0	0	0
Cornerstone Home Lending	1	1	0
Everett Financial	0	0	0
Gold Star Mtg. Financial Group	1	1	0
Guaranteed Rate	0	0	0
Hamilton Funding Group	22	14	2
HG Mortgage, LLC	9	5	1
Neighborhood Housing Services of S. FL	0	0	0
Paramount Residential Mortgage Group	10	3	0
Plaza Home Mortgage	0	0	0
Primary Residential Mortgage	0	0	0
Priority Lending Corp.	0	0	0
VanDyk Mortgage Corp.	0	0	0
Venta Financial Group	0	0	0
Gulf Atlantic Funding Group	0	0	0
Totals	49	26	3
<i>Income to date:</i> \$5,175			

MULTI-FAMILY

Multifamily compliance monitoring; reporting period March 21, 2017, to April 20, 2017.

Monthly Compliance

Review of this month's bond report shows all properties are in compliance with their respective Land Use Restriction Agreements (LURA's).

Occupancy Report

The HFA Rental Occupancy Report for time period March 21, 2017, to April 20, 2017, is included (Attachment 2).

Annual Management Review and Inspections

There following seven (7) reviews or inspections were completed during the reporting period of March 21, 2017 to April 20, 2017.

Banyan Bay	Chaves	Emerald Palms
Sailboat Bend	Banyan Pointe	Colonial Park
Lake Vista		

All of the above listed properties were in compliance with their respective LURAs.

ATTACHMENT 1

**Housing Finance Authority of Broward County
Investment Committee Meeting
June 21, 2017**

I. Chair Introduction

Welcome to the first Housing Finance Authority of Broward County (the 'HFA') Investment Committee meeting held on June 21, 2017.

II. Introduction from Members

III. Organizational Matters

- a. Minutes – Should they be required?
- b. Time, location and duration of the meeting.
- c. Public Notice Requirements.
- d. Meetings other than quarterly meeting – Is it possible to have an investment committee meeting outside of a quarterly meeting, without public notice, if there is only one HFA Board Member present? If so, is there a process for determining the member to participate?
- e. Investment Committee Recommendations to the HFA Board
 - i. To the extent HFA Board Action is taken at a meeting based on Investment Committee recommendations without time to prepare a resolution in advance:
 - 1. Resolution - Should a resolution be presented to the HFA Board at the next meeting to ratify the Board actions?
 - 2. Case by Case, and
 - 3. Other Thoughts.
- f. Conflicts/Ethics disclosures and documentation.

IV. Safekeeping/Custody - Discussion and HFA Board Recommendation

- a. **HFA Action Item** - Authorize execution of custodial, safekeeping and other agreements as required to establish accounts in connection with HFA's investment portfolio and self-directed investments; subject to approval of the Senior County Attorney and Chair of the Investment Committee and Executive Director.
- b. **Institutions Contacted and Information Provided** –
 - i. U.S. Bank National Association, current custodian holding securities previously managed by Karpus Investment Management ("Karpus").
 - 1. Custody/safekeeping is handled in Birmingham, AL and the investment contact is in Minneapolis, MN.

2. The Custody Fee is 6 basis points on the 1st %15 million with a \$7,500 minimum. The Custody Fee Schedule outlines additional information regarding services provided.
- ii. Wells Fargo Securities, currently serves as custodian and investment contact for the County.
 1. The HFA would have one contact for custody/safekeeping and investment direction.
 2. Due to the County's existing relationship with Wells Fargo Securities, the fees outlined within The Bank Safekeeping Fee Schedule will be discounted. Specifically the Monthly Account Maintenance Fee will be waived and the Monthly Security Holdings per CUSIP will be discounted 25%. Fees will fluctuate based on actual investment activity. The annual fee is expected to be less than \$1,000.

iii. Information Provided

1. U.S. Bank National Association
 - a. Custody Agreement,
 - b. Fee Schedule,
 - c. Money Market Alternatives
 - d. New Account Profile Form,
 - e. Authorized Signature Form
 - f. Form W-9,
 - g. Addendum, and
 - h. Acknowledgement and Authorization for the Money Center's Investment Products
2. Wells Fargo Security
 - a. Governmental Client Agreement,
 - b. Safekeeping Agency Agreement With Addendum,
 - c. Customer Disclosure on Disaster Recovery,
 - d. Customer Order Handling Policies and General Disclosures,
 - e. Form W-9,
 - f. Commercial Electronic Office (CEO) Online Business Portal,
 - g. Online Access Agreement,
 - h. Commercial Electronic Office (CEO) User Enrollment Form,
 - i. Bank Safekeeping Fee Schedule
 - j. Money Market Alternatives
 - i. Wells Fargo Government Fund (used by the County) or any of the family of funds available via Well Fargo.

- k. Clearwater Analytics (Analytic software used by local governments to track investment performance, accounting reports, etc. in accordance with GASB standards. The HFA has the ability to conduct a trial run prior to committing to the service. The fee is 0.5 basis points annually.)

c. Discussion Topics

- i. Institution Preferences,
- ii. Electronic Access,
- iii. External Analytics Software, and
- iv. Automatic Sweep of Excess Funds

V. Investment Direction

a. Reinvestment Direction for Cash and July 15 Maturity:

- i. Cash and Cash Equivalents
 - 1. \$2,602,271.52 – Unrestricted Cash (\$3,261,211-\$6,101-\$330,878-\$280,264-\$41,696.48)
 - 2. \$227,158.09 - Karpus – MMA
- ii. Maturities prior to next Investment Committee Meeting
 - 1. \$1,250,000 US Treasury N/B 0.875% Due 07-15-2017;
- iii. Additional Maturities prior to year end
 - 1. \$1,500,000 US Treasury N/B 1.00% Due 12-15-2017;
- iv. Anticipated cash needs of the HFA through September 30, 2017.
 - 1. \$175,000 - \$200,000.
- v. Investment Direction (Note options will be limited until the new safekeeping/custody account is finalized.)

VI. Other Committee Member Discussion Items

VII. Adjourn

ATTACHMENT 2

Housing Finance Authority of Broward County
Rental Occupancy Report

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K
Property	Total Number of Units	From Mgmt Number of Units Occupied	% of Units Occupied	Previous month % of Lower Units Occupied March	From Mgmt Low Income Units Occupied	% Occupied by Low Income	LURA Low Income Requirement	Certificate of Compliance rec'd April	Comments	Vacant Units
Banyan Bay	416	374	89.9	48%	179	47.9	20%	5/9/2017		42
Banyan Pointe	300	300	100.0	95%	286	95.3	40%	5/1/2017		
Chaves Lakes	238	235	98.7	96%	220	93.6	40%	4/28/2017	QP expires 3/2018	3
Colonial Park	160	160	100.0	100%	160	100.0	99%	4/22/2017		0
Cypress Grove/Sandalgrove	814	751	92.3	100%	751	100.0	40%	4/25/2017		63
Emerald Palms	318	317	99.7	89%	283	89.3	40%	4/28/2017	QP expires 5/1/2017	1
Fairlake at Weston	368	349	94.8	38%	130	37.2	20%	4/26/2017	QP expires 12/2016	19
Golden Villas	120	120	100.0	99%	119	99.2	40%	5/5/2017		0
Golf View Gardens	160	159	99.4	100%	159	100.0	100%	4/27/2017		1
Harbour Cove	212	210	99.1	90%	190	90.5	40%	5/4/2017		2
Heron Pointe	200	197	98.5	97%	192	97.5	40%	5/1/2017		3
Laguna Pointe	188	188	100.0	92%	172	91.5	40%	5/1/2017		0
Lake Vista (fka Ashlar/Pier Club)	480	412	85.8	23%	94	22.8	20%	4/28/2017	QP expires 6/1/2021	68
Lauderhill Point (fka Driftwood Terr)	176	174	98.9	100%	174	100.0	100%	5/3/2017		2
Los Prados	444	396	89.2	23%	94	23.7	20%	5/2/2017		48
Mar Lago Village	216	205	94.9	43%	87	42.4	40%	5/10/2017		11
Meridian	160	159	99.4	100%	159	100.0	99%	4/25/2017	QP expires 5/2018	1
Palms of Deerfield	56	56	100.0	100%	56	100.0	100%	5/5/2017		0
Pembroke Gardens	198	196	99.0	93%	182	92.9	40%	4/28/2017	QP expires 12/2015	
Pembroke Park	244	242	99.2	87%	206	85.1	40%	5/1/2017		2
Pembroke Villas	180	179	99.4	94%	169	94.4	40%	5/2/2017	QP expires 6/2016	1
Pinnacle Village	148	148	100.0	99%	147	99.3	40%	5/5/2017		0
Prospect Park	125	121	96.8	100%	121	100.0	40%	4/28/2017		4
Sailboat Bend	37	37	100.0	100%	37	100.0	100%	5/10/2017		0
San Tropez (fka Pembroke Village)	480	466	97.1	21%	95	20.4	20%	5/8/2017	QP expires 6/26/2019	14
Sanctuary Cove	292	292	100.0	99%	290	99.3	40%	4/27/2017		0
St Croix	246	243	98.8	100%	243	100.0	40%	5/1/2017	QP expires 6/1/2020	3
Summerlake	108	105	97.2	100%	105	100.0	40%	4/20/2017		3
Venice Cove	150	149	99.3	100%	149	100.0	40%	5/5/2017	QP expires 11/2017	1
Woodsdale Oaks	172	171	99.4	100%	171	100.0	70%	4/21/2017		1
Totals	7,406	7,111			5,420					293
* Figures in red show properties that are less than 90% occupied										
Total % rate of occupancy for all properties		96%								
Properties highlighted in yellow have bonds outstanding although the QP has expired										
Pending New Projects										
Northwest Gardens (new construction)										
Stanley Terrace (acquisition rehab)										
Residents at Crystal Lakes (acquisition rehab)										

ATTACHMENT 2a

MULTI-FAMILY BOND RENTAL OCCUPANCY REPORT KEY

The Rental Occupancy Report was prepared by staff from Certifications of Continuing Compliance reports received from Multi Family property management.

Column B represents the total number of units the property has.

Column C represents the number of units occupied during the time period.

Column D represents the percentage of units occupied versus the total number.

Column E represents the percentage of total units that were lower income occupied during the month of March, 2017

Column F represents the number of lower income units occupied.

Column G represents the percentage of lower income units occupied versus the total number of units available.

Column H represents the lower income requirement per the Land Use Restriction Agreement.

Column I represents the date the Certificate of Compliance was received by Housing Finance Authority.

Column J represents comments deemed important or necessary such as the qualifying period expiration date or explanation for red numbers on the report.

Column K represents the number of units vacant for each property.

Columns that are blank represent no report was received from property management.

Housing Finance Authority of Broward County

June 21, 2017 - Board Meeting

FY2017 Budget Amendment

Staff is requesting approval of the Proposed Budget Amendments for FY2017.

Present Situation

This amendment is necessary to authorize additional expenditures, consisting of the replacement of the building fire alarm panel, Investment management fees, an increase in continuing education/travel expenditures and a steel coated white/2 rail fence. (Attachment 1)

1. Investment Management Fees	<u>\$ 70,000</u>
2. Continuing Education/ Travel	<u>\$ 13,000</u>
3. Steel coated white/ 2 rail fence	<u>\$ 9,500</u>
4. Building/Fire Alarm Panel	<u>\$ 8,000</u>
TOTAL EXPENSES	<u>\$100,500</u>

Recommendation

Approve the FY2017 Budget Amendment items.

1. Authorize the expenditures in the amount of \$100,500 (Item numbers 1 through 3 above).

Attachment

1. Proposed Amended Budget FY2017

ATTACHMENT 1

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY
PROPOSED BUDGET AMENDMENT
FOR YEAR ENDED SEPTEMBER 30, 2017**

	Original Adopted Budget	Proposed Budget Amendment	Proposed Amended Budget	\$ Budget Difference Increase (Decrease) Original/Amended	% Budget Difference Increase (Decrease) Original/Amended
	FY 2017	FY 2017	FY 2017	FY 2016/FY 2017	FY 2016/FY2017
Revenue:					
Authority Fees	444,960		444,960	-	0%
Other bond issuance/Redemption Inc	292,089	(99,500)	192,589	(99,500)	-34%
Lender & MCC Programs Income	45,000		45,000	-	0%
Interest Income	159,000		159,000	-	0%
Gain/Loss Investments			-	-	
Rent Income	121,050		121,050	-	0%
TOTAL REVENUE	\$ 1,062,099	\$ (99,500)	\$ 962,599	\$ (99,500)	-9%
Other Sources of Funds:					
Liquidation of Investments	-	200,000	200,000	200,000	
TOTAL REVENUE AND OTHER SOURCES OF FUNDS	\$ 1,062,099	\$ 100,500	\$ 1,162,599	\$ 100,500	9%
BOCC Expenses:					
Personnel Expenses:					
Regular Salaries	400,813		400,813	-	0%
Benefits	155,216		155,216	-	0%
SUBTOTAL, PERSONNEL EXPENSES	\$ 556,029	\$ -	\$ 556,029	\$ -	0%
Operating Expenses:					
Auditing Fee	46,150		46,150	-	0%
Contract Svcs	5,000		5,000	-	0%
Travel/Per Diem	10,000		10,000	-	0%
Education	3,000		3,000	-	0%
Motor Pool	3,360		3,360	-	0%
Software Support	1,980		1,980	-	0%
Telephone	850		850	-	0%
Communication Devices	1,120		1,120	-	0%
Postage	800		800	-	0%
Rent Office Equipment	2,500		2,500	-	0%
Self Insurance	390		390	-	0%
Building Maintenance	18,750		18,750	-	0%
Equipment Maintenance	2,500		2,500	-	0%
Ground Maintenance	2,500		2,500	-	0%
Comp Maintenance	2,500		2,500	-	0%
External Printing	1,500		1,500	-	0%
Internal Printing	2,500		2,500	-	0%
Advertising	3,500		3,500	-	0%
Cost Allocation	27,490		27,490	-	0%
County Attorney	25,000		25,000	-	0%
Office Supplies	8,000		8,000	-	0%
Office Eq <1000	2,500		2,500	-	0%
Dues & Memberships	2,500		2,500	-	0%
Subscriptions	1,500		1,500	-	0%
Miscellaneous Exp.	5,180		5,180	-	0%
SUBTOTAL, OPERATING EXPENSES	\$ 181,070	\$ -	\$ 181,070	\$ -	0%
Capital Expenses:					
Machinery & Equipment	-		-	-	
Computer Hardware	-		-	-	
SUBTOTAL, CAPITAL EXPENSES	\$ -	\$ -	\$ -	\$ -	
TOTAL BOCC EXPENSES	\$ 737,099	\$ -	\$ 737,099	\$ -	0%
Authority Expenses:					
Professional Fees, Accounting	85,000		85,000	-	0%
Professional Fees, Zomermand Assoc	75,000		75,000	-	0%
Professional Fees, Bond Counsel	31,000		31,000	-	0%
Investment Management Fees		70,000	70,000	70,000	100%
Advertising/Marketing/Notices	7,000		7,000	-	0%
Dues/Membership	5,500		5,500	-	0%
Single Family Bonds/Audit Fees	13,200		13,200	-	0%
Continuing Education/Travel	12,000	13,000	25,000	13,000	108%
Postage/Fedex	300		300	-	0%
Building/Maintenance	62,000		62,000	-	0%
Utilities	25,000		25,000	-	0%
Liability Insurance /HFA Board	9,000		9,000	-	0%
SUBTOTAL, AUTHORITY EXPENSES	\$ 325,000	\$ 83,000	\$ 408,000	\$ 83,000	
Capital Expense:					
Steel Rail Fence		9,500	9,500	9,500	
Elevator/Fire Alarm Panel		8,000	8,000	8,000	
SUBTOTAL, CAPITAL EXPENSES	-	17,500	17,500	17,500	
Total Authority Expenses	\$ 325,000	\$ 100,500	\$ 425,500	\$ 100,500	31%
TOTAL EXPENSES	\$ 1,062,099	\$ 100,500	\$ 1,162,599	\$ 100,500	9%

\$ 1,162,599
\$ (1,162,599)
\$ -

**Housing Finance Authority of Broward County
June 21, 2017 – Board Meeting**

S. Davis & Associates, P.A. – Presentation

S. Davis & Associates, P.A., will present the 2016 Single-Family and Multifamily Mortgage Revenue Bonds Audit Results and Financial Overview for the Housing Finance Authority.

Enclosed

- *Presentation:* Audit Results and Financial Overview
- Bond Audit Audited Financial Statements for Year Ended September 30, 2016

Due to the large size of the document, the Bond Audit Audited Financial Statements for Year Ended September 30, 2016, (one copy) will be available at the Board meeting.



HOUSING FINANCE AUTHORITY OF BROWARD COUNTY

MULTI-FAMILY & SINGLE FAMILY BOND ISSUES

AUDIT RESULTS AND FINANCIAL OVERVIEW

SEPTEMBER 30, 2016



June 7, 2017

CONFIDENTIAL

To the Board of Directors
Housing Finance Authority of Broward County

In planning and performing our audit of the multi-family and single family bond issue financial statements of the Housing Finance Authority of Broward County for the year ended September 30, 2016, we considered HFA's internal control in order to determine the extent of our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of HFA's internal control.

Statements on Auditing Standards No. 114 requires the auditors to communicate certain matters to keep those charged with the governance adequately informed about matters related to the basic financial statements audit which are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes the communications.

Our procedures are designed, primarily, to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the organization gained during our work to make comments and suggestions.

This report is intended solely for the information and use of management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

S. Davis & Associates, P.A.

S. DAVIS & ASSOCIATES, PA
Certified Public Accountants & Consultants



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Report to the Board of Directors

MATTERS TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>1 Auditor's Responsibility Under Professional Standards</p>	<p>Our responsibility is to express an opinion on the multi-family and single family bond financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i>, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.</p>

Report to the Board of Directors

MATTERS TO BE COMMUNICATED	AUDITOR'S RESPONSE
2 Accounting Practices	<p><u>Significant Accounting Estimates, Accounting Policies or Unusual Transactions</u></p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><u>Alternative Treatments Discussed with Management</u></p> <p>We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.</p>
3 Management's Judgments and Accounting Estimates	<p>Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in attached "Summary of Accounting Estimates" (page 6).</p>

Report to the Board of Directors

MATTERS TO BE COMMUNICATED	AUDITOR'S RESPONSE
4 Financial Statement Disclosures	The financial statement disclosures are neutral, consistent and clear.
5 Audit Adjustments	There were two significant adjustments (see page 9 for more details). All adjustments are reflected in the bond financial statements.
6 Audit Difficulties and Disagreements with Management	<p>We encountered no difficulties or disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the purpose of the audit or significant disclosures to be included in the basic financial statements.</p> <p>Management and staff were very cooperative and we had free access to all necessary audit information.</p>

Report to the Board of Directors

MATTERS TO BE COMMUNICATED	AUDITOR'S RESPONSE
7 Consultations with Other Accountants	We are not aware of managements' consultations with other accountants about significant accounting or auditing matters. The accounting records are maintained by an external certified public accounting firm.
8 Discussions with Management	There were no significant discussions with management that were not in the normal course of our professional relationship as auditors and discussions that were a condition to our retention as auditors.

Report to the Board of Directors

MATTERS TO BE COMMUNICATED		AUDITOR'S RESPONSE
9	Certain Written Communications Between Management and our Firm	See executed engagement letter and draft management representation letter attached.
10	Other Matters	We confirm that there were no relationships that we believe impair our independence with the Authority or Authority's Multi-family and Single Family Bond Issues.
11	Material Uncertainties Related to Events and Conditions that May Cast Doubt on the Ability to Continue as a Going Concern	We are not aware of any material uncertainties related to events that cast doubt on the Authority's Multi-family or Single Family Bond Issues' ability to continue as a going concern.

Report to the Board of Directors Summary of Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about the past and current events and certain assumptions about future events. You may wish to monitor the process used to compute and record these accounting estimates throughout the year. The following describes the significant accounting estimates reflected in the Authority's Multi-family and Single Family Bond Issue's September 30, 2016 financial statements:

AREA	ACCOUNTING POLICY	ESTIMATION PROCESS	COMMENTS
Allowance for doubtful Accounts	Accounts receivable are reported at net realizable value.	The receivables are analyzed based on the terms and conditions of the agreements. A general allowance is calculated for HFA's Multi-family and Single Family Bond Issues identified as potentially uncollectible based on the Bond's policy and historic experience.	The process used by the management has been reviewed by SDA in order to determine the reasonableness of management's estimates. We believe the estimates for allowance for doubtful accounts are reasonable.

Audit Results and Financial Overview

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY

SUMMARY OF WORK PERFORMED

- Audit of financial statements pursuant to Generally Accepted Auditing Standards and *Government Auditing Standards*
- Review of internal control environment
- Test of compliance with bonds covenants

Bond issues audited as of and for the year ended September 30, 2016, September 2015 and September 2014 are as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<input type="checkbox"/> Multi-family Bond Issues	13	15	17
<input type="checkbox"/> Single Family Bond Issues	<u>4</u>	<u>4</u>	<u>4</u>
Total	17	19	21

Audit Results and Financial Overview

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY

AUDIT RESULTS

- Unmodified audit opinions were issued on the financial statements of all bond issues.
- No significant deficiencies relating to the internal control over financial reporting and no instances of non-compliance with provisions of laws, regulations, and contracts were noted.

Audit Results and Financial Overview

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY

MULTI-FAMILY BONDS ISSUES

- ❑ Cypress Grove: During our audit, we noted that the statement for account number 312651 was not recorded in the general ledger, resulting in an understatement of the investment by \$121,162. Per discussion with the external accounting firm, they had not received the account statement from the Trustee and, therefore, the balance was not recorded in the preliminary trial balance provided to the auditor. A prior period adjustment was made in the current year to properly record the account in the general ledger as of September 30, 2016, after discussion with the auditors and receipt of the statement from the Trustee.

- ❑ Pembroke Villas: As noted in the prior year audit, there was a difference of \$423,431 between the Guaranteed Investment Contract (“GIC”) provider statement, the general ledger and the Trustee account statements. The GIC provider statement provided to the external accountant omitted the \$423,431 balance in the debt service reserve account which resulted in an inadvertent omission of the amount from the 9/30/15 general ledger. The difference still existed in the preliminary trial balance provided to the auditor by the external accountant for fiscal year ended 9/30/16 and, therefore, a prior period adjustment was made in the current year to properly record the account in the general ledger as of September 30, 2016. The correcting entry was also posted to the general ledger to reflect the correct final trial balance numbers after discussion with the auditors and receipt of the correct GIC provider statement and the statement from the Trustee.

Audit Results and Financial Overview

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY

MULTI-FAMILY BONDS ISSUES

- ❑ In March 2017, the external accountant requested a complete list of all accounts be provided by the Trustee in order to ensure that all account transactions and balances are recorded properly in the general ledger going forward. The Trustee provide the list in April 2017.

- ❑ Current status of prior year comment on Meridian/Woodsdale Oak: Payments of interest (from Borrower) were not made on a timely basis in fiscal year ended September 30, 2015. In the current year, payments were made on time, in accordance with the Trust Indentures.

Audit Results and Financial Overview

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY

SINGLE FAMILY BONDS ISSUES

SINGLE FAMILY BONDS ISSUE 1985 B

- ❑ A negative change in net position of approximately \$94,000 was noted. This is, primarily, due to the accretion on the Capital Appreciation Bonds (“CAB’ s”) of \$110,000 during the period. The reported deficit of \$1,002,963 includes an accumulated deficit of approximately \$909,118 as of the beginning of the fiscal year under audit (10/1/2015).
- ❑ According to the Trustee, during the fiscal year ended September 30, 2016, there were not sufficient funds on hand to pay debt service. No payments have been made during the fiscal year. A default notice was received and the Trustee is communicating with the Financial Guaranty Insurance Company (“FGIC”) and FGIC’s claims paying agent (Wilmington Trust) to coordinate the details for presentation of physical certificates and distribution of payments. FGIC has provided notice to the Trustee regarding its objections to the policy claim. The remaining balance due related to the debt is \$1,155,000.
- ❑ As of September 30, 2016, the Trustee had submitted total claims amounting to \$687,707 to the FGIC and an additional \$203,231 on October 1, 2016 (subsequent event) due to insufficient funds in the current and prior years. The claims have not been paid.

Audit Results and Financial Overview

HOUSING FINANCE AUTHORITY OF BROWARD COUNTY

SINGLE FAMILY BONDS ISSUES

SINGLE FAMILY BONDS ISSUE 2006AB& C

We noted a negative change in net position of \$17,149 compared to a positive change of \$12,827 in the prior year. This is, primarily, due to the decrease of the other income (recovery of prior year's allowance provision on the 2nd mortgage).

SINGLE FAMILY BONDS ISSUES 2007ABC&D

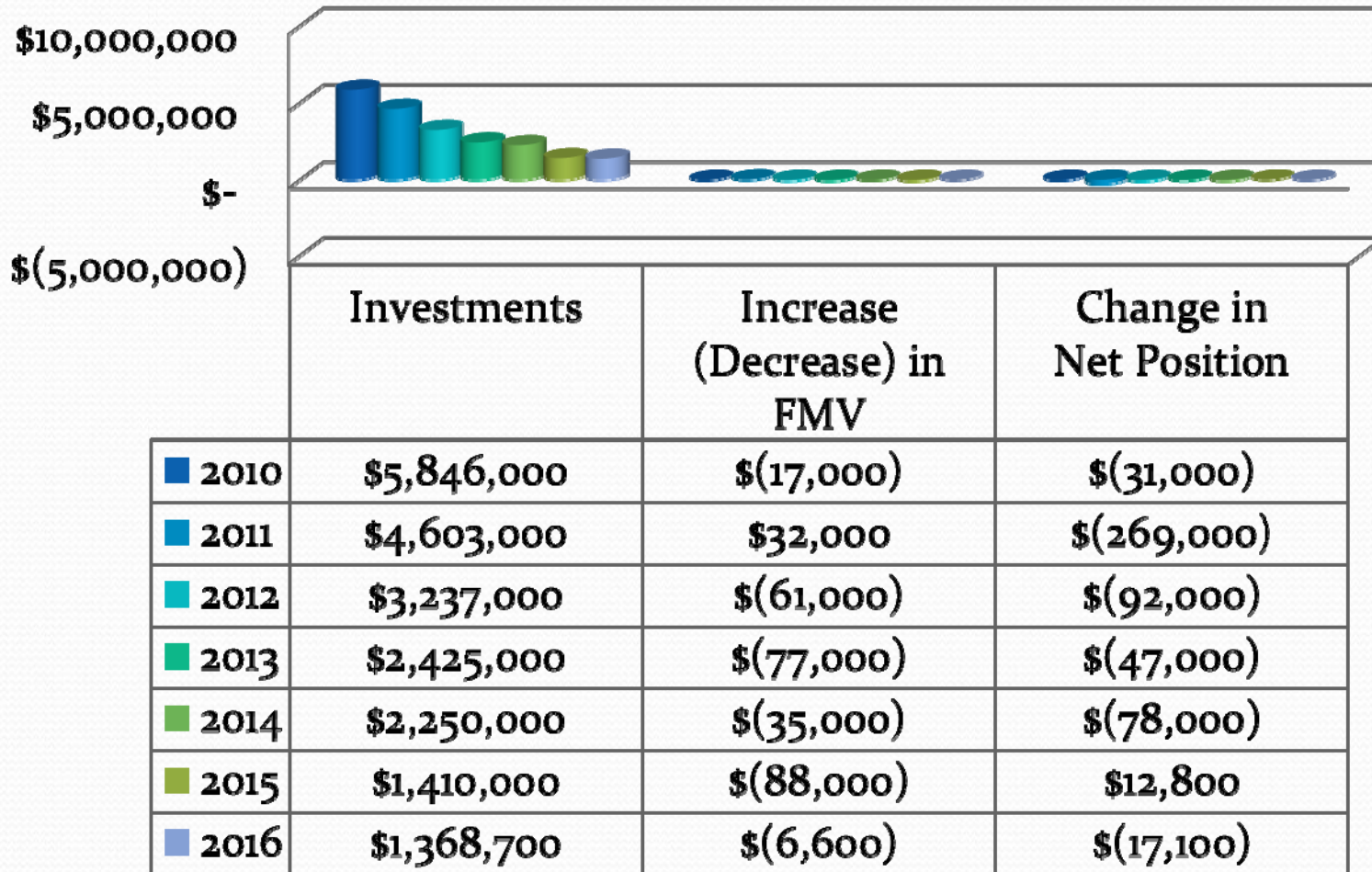
We noted a betterment in the change in net position to negative \$38,500 in the current year from negative \$48,600 in the prior year. This is, primarily, due to the decrease in bond interest and other expenses.

SINGLE FAMILY BONDS ISSUES 2007E&F

We noted a decrease in the change in net position reflecting a positive change of \$27,258 in fiscal year ended 2016 as compared to a positive change of \$54,495 in fiscal year ended 2015. This is, primarily, due to decreased unrealized gain on investment and lower amortization of bond premium in the current year.

**TREND ANALYSIS OF INVESTMENT BALANCES, INCREASE (DECREASE) IN
FAIR MARKET VALUES AND CHANGES IN NET POSITION**

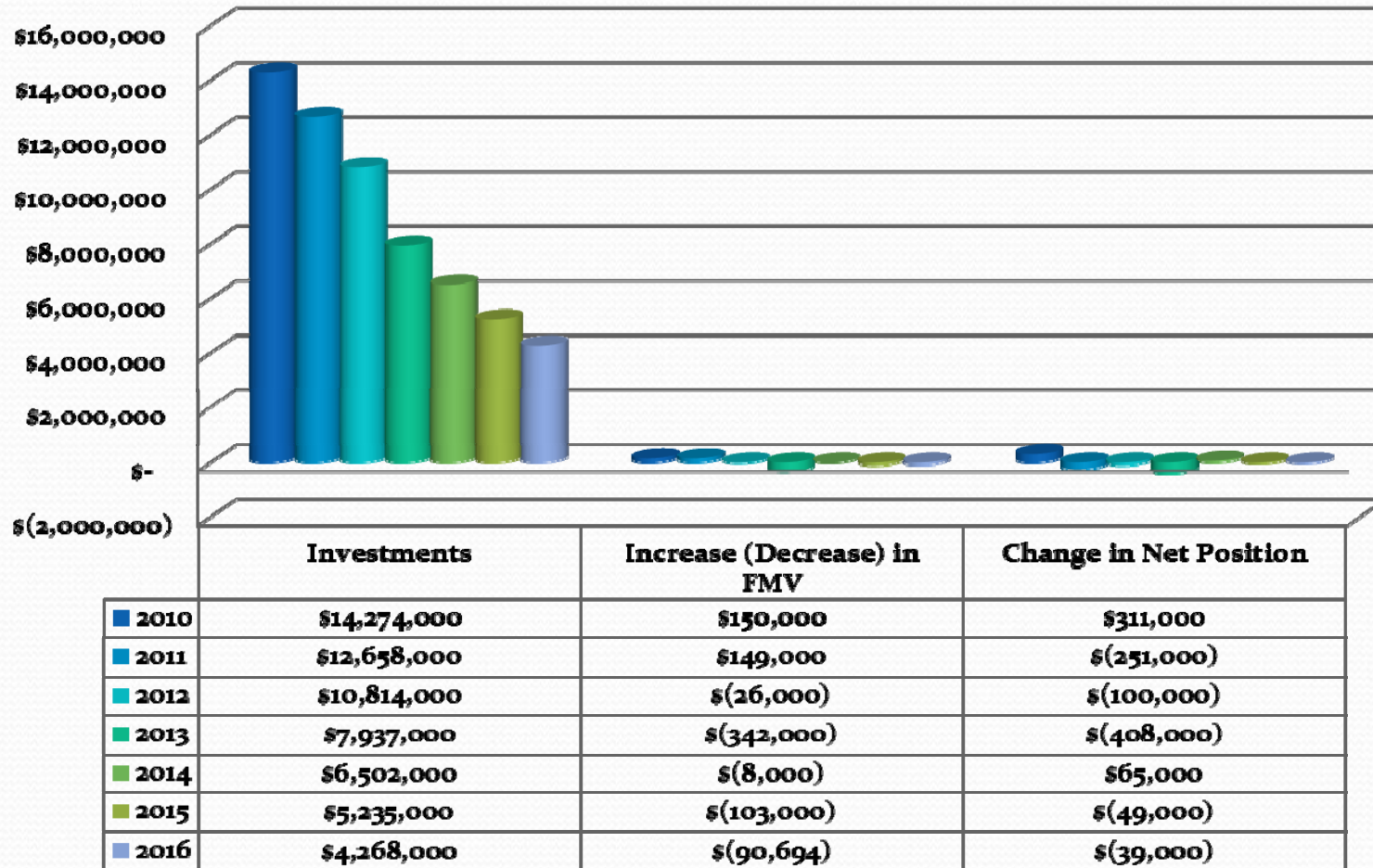
Fiscal Years 2010 – 2016
Single Family 2006 A B & C



Note: The Increase / (Decrease) in Fair Market Value (FMVSM) represents a comparison of the cost to the fair market value of investments held as the fiscal year end.

TREND ANALYSIS OF INVESTMENT BALANCES, INCREASE (DECREASE) IN FAIR MARKET VALUES AND CHANGES IN NET POSITION

Fiscal Years 2010 – 2016
Single Family 2007 A B & C

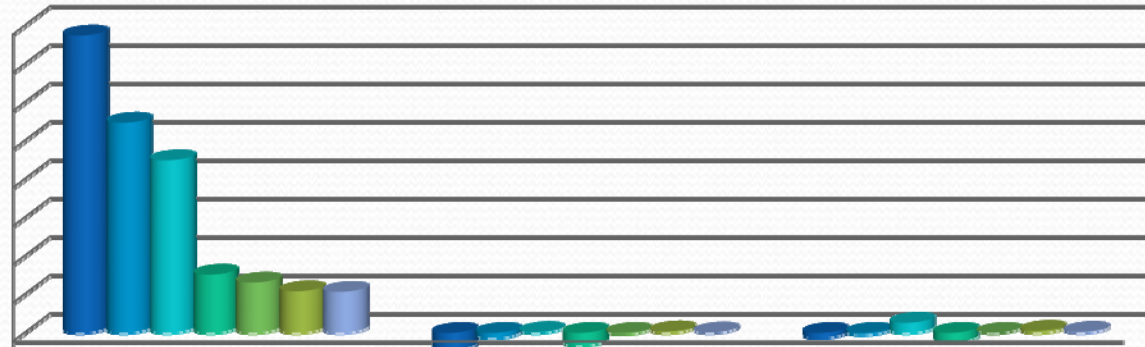


Note: The Increase / (Decrease) in Fair Market Value (FMVSM) represents a comparison of the cost to the fair market value of investments held as the fiscal year end.

TREND ANALYSIS OF INVESTMENT BALANCES, INCREASE (DECREASE) IN FAIR MARKET VALUES AND CHANGES IN NET POSITION

Fiscal Years 2010 – 2016
Single Family 2007 E & F

\$8,000,000
\$7,000,000
\$6,000,000
\$5,000,000
\$4,000,000
\$3,000,000
\$2,000,000
\$1,000,000
\$-
\$(1,000,000)



	Investments	Increase (Decrease) in FMV	Change in Net Position
■ 2010	\$7,744,000	\$(436,000)	\$(131,000)
■ 2011	\$5,474,000	\$(134,000)	\$(46,000)
■ 2012	\$4,496,000	\$22,000	\$264,000
■ 2013	\$1,518,000	\$(332,000)	\$(240,000)
■ 2014	\$1,310,900	\$(31,000)	\$(3,000)
■ 2015	\$1,084,000	\$39,000	\$54,500
■ 2016	\$1,069,000	\$10,500	\$27,260

Note: The Increase / (Decrease) in Fair Market Value (FMVSM) represents a comparison of the cost to the fair market value of investments held as the fiscal year end.

ENGAGEMENT LETTER



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January 13, 2017

To the Board of Directors and Ralph Stone, Executive Director
Housing Finance Authority of Broward County, Florida

We are pleased to confirm our understanding of the services we are to provide to the Housing Finance Authority of Broward County, Florida (the "Authority") for the year ended September 30, 2016. We will audit the financial statements of each of the Single-Family and Multi-Family Bond Program Funds (the "Bond Program Funds") (as listed in Exhibit I) which comprise the statements of net position as of September 30, 2016 and the related statements of revenue, expenses and change in net position, and cash flows for the year ended September 30, 2016, and the related notes to the financial statements (the "financial statements").

Audit Objectives

The objective of our audits is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Bond Program Funds and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audits of the Bond Program Funds' financial statements. Our report will be addressed to the Board of Directors of the Housing Finance Authority of Broward County, Florida. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing*

Standards in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Bond Programs Funds are subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audits and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of cash, receivables and certain other assets and liabilities by correspondence with selected individuals, developers, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audits, we will require certain written representations from you about your responsibilities for the

financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audits will include obtaining an understanding of the government, the Bond Program Funds and their environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audits, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Bond Program Funds' compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audits will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for

providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audits, and (3) unrestricted access to persons within the government and any advisors from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Bond Program Funds or government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Bond Program Funds or government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior

to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Housing Finance Authority of Broward County, Florida; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of S. Davis & Associates, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Broward County, Florida County Auditor or his designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audits, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of S. Davis & Associates, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by Broward County, Florida. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in January 2017. Tanya I. Davis is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. To ensure that S. Davis & Associates, P.A.'s independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fee for these services will be as stated in Exhibit I for each Single-Family and Multi-Family Bond Program Fund. Our invoices for these fees will be rendered as stated in Exhibit II and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered

during the audits. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Any controversy or claim arising out of or relating to the services covered by this letter or hereafter provided by us to the Housing Finance Authority of Broward County, Florida (including any such matter involving any subsidiary, affiliate or agent of the Housing Finance Authority of Broward County, Florida or of S. Davis & Associates, P.A.) shall be submitted first to voluntary mediation and, if mediation is not successful then to binding arbitration, in accordance with the dispute resolution procedures set forth in the attachment to this letter. Judgment on any arbitration award may be entered in any court having proper jurisdiction. In the event that we must proceed with legal action to recover any unpaid invoice, you will be obligated to pay all attorney's fees and costs that we incur. In addition, you agree that the exclusive venue for any action to collect such invoices shall be the courts of Broward County, Florida.

We appreciate the opportunity to be of service to the Housing Finance Authority of Broward County, Florida and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

S. Davis & Associates, P.A.

S. Davis & Associates, P.A.

RESPONSE:

This letter correctly sets forth the understanding of Housing Finance Authority of Broward County, Florida.

Management signature:

Sharon RFS
for Ralph Strad

Title:

Executive Director

DISPUTE RESOLUTION PROCEDURES

The following procedures shall be used to resolve any controversy or claim (“dispute”) as provided in our engagement letter of January 13, 2017. If any of these provisions are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

Mediation

A dispute shall be submitted to mediation by written notice to the other party or parties. In the mediation process, the parties will try to resolve their differences voluntarily with the aid of an impartial mediator, who will attempt to facilitate negotiations. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator shall be designated by the American Arbitration Association (“AAA”) or such other neutral facilitator acceptable to both parties.

The mediation will be conducted as specified by the mediator and agreed upon by the parties. The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the dispute.

The mediation will be treated as a settlement discussion and therefore will be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. No recording or transcript shall be made of the mediation proceedings.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Arbitration

If a dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute will be settled by arbitration. The arbitration will be conducted in accordance with the procedures in this document and the Arbitration Rules for Professional Accounting and Related Services Disputes of the AAA as in effect on the date of the engagement letter (“AAA Rules”). In the event of a conflict, the provisions of this document will control.

The arbitration will be conducted before a panel of three arbitrators, regardless of the size of the dispute, to be selected as provided in the AAA Rules. Any issue concerning the extent to which any dispute is subject to arbitration, or concerning the applicability, interpretation, or enforcement of these procedures, including any contention that all or part of these procedures are invalid unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. No potential arbitrator may serve on the panel unless he or she has agreed in writing to abide and be bound by these procedures.

DISPUTE RESOLUTION PROCEDURES – Continued

The arbitrators may not award non-monetary or equitable relief of any sort. They shall have no power to award punitive damages or any other damages not measured by the prevailing party's actual damages, and the parties expressly waive their right to obtain such damages in arbitration or in any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitrators have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

No discovery will be permitted in connection with the arbitration unless it is expressly authorized by the arbitration panel upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrators may disclose the existence, content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. Before making any such disclosure, a party shall give written notice to all other parties and shall afford such parties a reasonable opportunity to protect their interests.

The result of the arbitration will be binding on the parties, and judgment on the arbitrators' award may be entered in any court having jurisdiction.

Exhibit I

**Housing Finance Authority of Broward County, Florida
List of Bond Programs and Fees**

BOND PROGRAM	FEE
<i>Single-Family Issues:</i>	
1. 1985 B	\$1,500
2. 2006 AB&C	\$1,500
3. 2007 ABC&D	\$1,500
4. 2007 E&F	\$1,500
<i>Multi-Family Issues:</i>	
1. Banyan Bay	\$3,000
2. Colonial	\$6,000
3. Cypress Grove	\$6,000
4. Driftwood Apartments	\$6,000
5. Emerald Palms	\$6,000
6. Fairlake Apartments	\$3,000
7. Los Prados	\$3,000
8. Meridian Apartments	\$6,000
9. Pembroke Villas	\$6,000
10. Pinnacle Village	\$6,000
11. Prospect Park	\$6,000
12. Summerlake	\$6,000
13. Woodsdale Oaks	\$6,000
<i>Total</i>	\$75,000

Exhibit II

**Housing Finance Authority of Broward County, Florida
Payment Schedule**

DATE	AMOUNT
January 15, 2017	22.5% of the total annual audit fee \$16,875
February 15, 2017	22.5% of the total annual audit fee 16,875
March 15, 2017	22.5% of the total annual audit fee 16,875
April 15, 2017	22.5% of the total annual audit fee 16,875
Within 30 days after submission of invoice showing completion of all annual audit work (including acceptance of finalized audited financial statements by the Contract Administrator)	10.0% of the total annual fee 7,500
Total	\$75,000

DRAFT MANAGEMENT REPRESENTATION LETTER

June __, 2017

S. Davis & Associates
22521 Hollywood Boulevard
Hollywood, Florida 33020

This representation letter is provided in connection with your audit(s) of the financial statements of The Single-Family and Multi-Family Bonds Program Funds of the Housing Finance Authority of Broward County, Florida (The "Authority"), as of September 30, 2016, and for the year then ended, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factor.

We confirm, to the best of our knowledge and belief, as of June __, 2017 the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 13, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of The Single-Family and Multi-Family Bonds Program Funds financial statements.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of The Single-Family and Multi-Family Bonds Program Funds as required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) No events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit.
- 9) No actual or possible litigation claims, and assessments have been accounted and that require disclosure in the Single-Family and Multi-Family Bonds Program Funds financial statement in accordance with U.S. GAAP.
- 10) Guarantees whether written or oral, under which the Single-Family and Multi-Family Bonds Program Funds is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the meetings of the Authority.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have no Knowledge of any fraud or suspected fraud affecting the sin The Single-Family and Multi-Family Bonds Program Funds and involving:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the Single-Family and Multi-Family Bonds Program Funds' financial statements communicated by regulators, or others.
- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

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- 16) We are not aware of any actual or possible litigation, claims, and assessments whose effects should be considered for disclosure in the Single-Family and Multi-Family Bonds Program Fund's financial statements.
- 17) We are not aware of any related party relationships nor transactions that require disclosure in the Single-Family and Multi-Family Bonds Program Funds financial statements.
- 18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 19) There are no previous audits, attestation engagements, or other studies related to the audit objectives of the fiscal year 2016 Single-Family and Multi-Family Bonds Program Funds financial statements.
- 20) The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 21) We are responsible for compliance with the laws, regulations, and provisions of contracts applicable to the Single-Family and Multi-Family Bonds Program Funds, including debt limits and debt contracts; and we have identified and disclosed to you all laws regulations that we believe have a material effect on the-Family and Multi-Family Bonds Program Funds financial statements amounts or other financial data significant to the audit objectives including legal and contractual provisions for reporting specific activities in separate funds.
- 22) There are no violations or possible violations of laws and regulations, provisions of contract or debt limits and any related debt covenants whose effects should be considered for disclosure in the Single-Family and Multi-Family Bonds Program Funds financial statements or other financial data significant to the audit objectives.
- 23) There are no abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) The Single-Family and Multi-Family Bonds Program Funds has satisfactory title to all owned asstes, and there are no liens or encumbrances on such assets nor as any assets been pledged as collateral
- 26) The Single-Family and Multi-Family Bonds Program Funds financial have complied with all aspects of contractual agreements that would have a material effect on the financial statements in event of non compliance.
- 27) The Single-Family and Multi-Family Bonds Program Funds financial statements properly classify all funds and activities
- 28) Components of net position (net investment in capital assets restricted and unrestricted and equity amounts are properly classified.
- 29) Investments are properly valued.
- 30) All receivable balances reflected in the financial statements as of September 2016 are considers collectible. The provision for uncollectible receivable recorded in 2015 for Single Family Bond Issue 2006ABC has been reversed based on information provided by Citibank. Single Family 2007

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Series ABCD Bond Program Funds has a provision for uncollectible receivables as of September 2016.

31) Deposits and investment securities are properly classified as to risk and are properly disclosed.

Signature: _____

Signature: _____

Title: _____

Title: _____

Housing Finance Authority of Broward County
June 21, 2017 – Board Meeting

Dufresne CPA Services, PA – Overview of the May 31, 2017 Financial Reports

The following are items considered to be of note regarding the financial reports for the month of May, 2017:

1. Balance sheets (Attachments 1 and 2) changes relate primarily to individual cash account activity, including the receipt of Franklin Park home sale proceeds, some of which are presented on a new line item entitled Due to BOCC – Franklin Park. Please note a disclosure was added to the bottom of the balance sheets that reports the unrealized gain/loss on the Karpus investments.
2. Profit and loss report indicates the changes that relate primarily to timing of new bond issuances, redemptions and related fees and residuals, fair market value adjustments, Franklin Park, rent income and timing of invoices paid and payments received. Please note that to more accurately reflect the components of interest income certain line descriptions were changed in February's monthly reports and the new descriptions are being used in all months subsequent to February, 2017. (Attachments 3 and 4)
3. Audit fees payable represents the amount that is owed to S.Davis as compensation for their audit services. No amounts are reported on the income statement for these fees because they do not represent expenses of the Authority. These are expenses of the developers, it is only the payment of the fees that is facilitated through the Trustee and the Authority. (Attachments 1 and 2)
4. Cash Projections report provided by Zomermaand Financial Advisory Services, LLC replaced Franklin Park Transactions job report because it provides additional detail as requested by the HFA Board. (Attachment 8)

Cash vs Accrual Basis for P&L Budget to Actual comparison (Attachment 4)

On a monthly basis the process to prepare the financial statements includes:

- a. Budgetary column – Cumulative 1/12 of the budgeted revenues and expenses are reported
- b. Actual column – Significant known revenue and expense items are accrued
 - a. Authority fees receivable are adjusted to correct accrual basis balance
 - b. Cumulative 1/12 of budgeted Personnel and Other Expenses due to BOCC are adjusted to correct accrual basis balance
 - c. Expenses for all invoices submitted to the HFA prior to month end are paid and recorded in the financial statements.
 - d. Bank and account management fees that are reported on the monthly bank statements are recorded as expense in the applicable month.

Index to Attachments

- Attachment 1, Page 3: Balance Sheet (Flux Report May, 2017 comparison to April, 2017)
- Attachment 2, Page 4: Balance Sheet (Flux Report – May, 2017 comparison to May, 2016)
- Attachment 3, Page 5: P&L (Flux Report – Current Year-to-Date to Prior Year-to-Date)
- Attachment 4, Page 6: P&L (Flux Report – Budget to Actual)
- Attachment 5, Page 7: Aged Receivable Report
- Attachment 6, Pages 8-9: Wells Fargo Bank Reconciliation Report – Operating
- Attachment 7, Page 10: Wells Fargo Bank Reconciliation Report – Franklin Park
- Attachment 8, Pages 11-12: Franklin Park Transactions – provided by Zomermaand Financial Advisory Services, LLC
- Attachment 9, Page 13: Change in Cash and Investments Analysis

ATTACHMENT(S)

Attachment 1
The Housing Finance Authority of Broward County
110 NE Third Street, #300
Fort Lauderdale, FL 33301
Balance Sheet (Flux Report)
5/31/2017

	May	April	\$ Difference	% Difference	Explanation (See criteria below)
Assets					
Cash-Wells Fargo	\$ 452,830	\$ 747,852	(295,022)	-65%	2
Cash-Wells Fargo - Franklin Park	2,471,402	2,304,856	166,546	7%	1
Cash- LOC	6,101	6,096	5	NA	
Indemnification Fund -BNY	330,878	330,785	93	0.03%	
Total Cash	<u>\$ 3,261,211</u>	<u>\$ 3,389,589</u>			
US Bank Custody Acct-Karpus*	\$ 8,853,357	\$ 8,850,541	2,816	0.03%	
Note Receivable-DPA	387,125	397,125	(10,000)	-3%	
Authority Fees Receivable	141,307	118,783	22,524	16%	3
Interest Receivable	11,345	19,221	(7,876)	-69%	4
Notes Receivable-CDC	200,000	200,000	-	NA	
Notes Receivable - Mt. Olive	241,156	241,156	-	NA	
HFA Mortgage Receivables	9,777	9,808	(31)	-0.3%	
Due from Artspace	503,729	503,729	-	NA	
Utility Deposit	1,925	1,925	-	NA	
HFA Land	698,164	698,164	-	NA	
HFA Land Inventory For Homes	31,400	31,400	-	NA	
HFA Buildings	1,036,000	1,036,000	-	NA	
Land Improvements	-	4,499	(4,499)	-100%	
Equipment	90,258	90,258	-	NA	
Capital Assets BOCC (Tagged)	127,474	127,474	-	NA	
Accumulated Depreciation -BOCC	(126,954)	(126,954)	-	NA	
Accumulated Depreciation, HFA	(617,838)	(617,838)	-	NA	
Total Assets	<u>\$ 14,849,436</u>	<u>\$ 14,974,880</u>			
Liabilities					
Accrued Sick/Vacation, ST	\$ 50,000	\$ 50,000	-	NA	
Due to BOCC - Exp reimb	77,721	335,557	(257,836)	-332%	2
Due to BOCC - Artspace project	428,070	428,070	-	NA	
Due to BOCC - Artspace Interest	75,659	75,659	-	NA	
Due to BOCC - Franklin Park	280,264	112,992	167,272	59.7%	1
Audit Fee Payable	18,375	18,375	-	NA	
Good Faith Deposits	43,000	43,000	-	NA	
Accrued Sick/Vacation, LT	39,000	39,000	-	NA	
Total Liabilities	<u>\$ 1,012,089</u>	<u>\$ 1,102,653</u>			
Equity					
Beginning of year	\$ 13,533,205	\$ 13,533,205			
Prior Period Adjustment	476,694	476,694	-	NA	
Current Year Earnings	(172,552)	(137,672)			
Total Equity	<u>13,837,347</u>	<u>13,872,227</u>			
Total Liability and Equity	<u>\$ 14,849,436</u>	<u>\$ 14,974,880</u>			

Criteria to determine if explanations are required:

Cash account fluctuation explanations provided for >=\$100,000 variance

Remaining items explanations are provided for >=10% and >=\$5,000 variance

NA No change as compared to prior month

100% No activity in prior month

-100% No activity in current month

- 1 Deposit of Franklin Park home sales proceeds; Due to BOCC - FP is amount received that exceeds P&I owed to HFA
- 2 Expenses reimbursed to BOCC during current month
- 3 Timing of receipts/payments and accruals based on budget
- 4 Change in accrued income - Karpus

*Market Value-Karpus	\$ 8,853,357
Unrealized Gain/Loss-Karpus	393,640
Cost Basis-Karpus	\$ 8,459,716

Attachment 2
The Housing Finance Authority of Broward County
110 NE Third Street, #300
Fort Lauderdale, FL 33301

Balance Sheet (Flux Report)
5/31/2017

	<u>May-17</u>	<u>May-16</u>	<u>\$ Difference</u>	<u>% Difference</u>	<u>Explanation (See criteria below)</u>
Assets					
Cash-Wells Fargo	\$ 452,830	\$ 242,899	\$ 209,931	86%	2, 3, 4
Cash-Wells Fargo - Franklin Park	2,471,402	275,892	2,195,510	796%	1, 2
Cash- LOC	6,101	6,059	42	0.7%	
Indemnification Fund -BNY	330,878	267,527	63,351	24%	
Cash-BOCC Pooled equity	-	60,692	(60,692)	-100%	6
Total Cash	<u>\$ 3,261,211</u>	<u>\$ 853,069</u>			
US Bank Custody Acct-Karpus*	\$ 8,853,357	\$ 9,037,297	\$ (183,940)	-2%	
Note Receivable-DPA	387,125	417,125	(30,000)	-7%	
Authority Fees Receivable	141,307	50,590	90,717	179%	2
Audit Fees Receivable	-	12,000	(12,000)	100%	9
Interest Receivable	11,345	72,000	(60,655)	-84%	3, 8
Notes Receivable-CDC	200,000	200,000	-	NA	
Notes Receivable - Mt. Olive	241,156	256,156	(15,000)	-6%	
HFA Mortgage Receivables	9,777	10,140	(363)	-4%	
Notes Receivable Gulfstream Ap	-	100,000	(100,000)	-100%	3
Due from Artspace	503,729	503,729	-	NA	
Utility Deposit	1,925	1,925	-	NA	
HFA Land	698,164	693,289	4,875	1%	
HFA Land Inventory For Homes	31,400	31,400	-	NA	
HFA Buildings	1,036,000	1,115,000	(79,000)	-7%	
Equipment	90,258	108,437	(18,179)	-17%	5
Capital Assets BOCC (Tagged)	127,474	127,474	-	NA	
Accumulated Depreciation -BOCC	(126,954)	(122,364)	(4,590)	4%	
Accumulated Depreciation, HFA	(617,838)	(643,563)	25,725	-4%	
Total Assets	<u>\$ 14,849,436</u>	<u>\$ 12,823,704</u>			
Liabilities					
Accrued Sick/Vacation, ST	50,000	50,000	-	NA	
Due to BOCC - Exp reimb	77,721	347,841	(270,120)	-78%	2
Due to BOCC-Artspace project	428,070	428,070	-	NA	
Due to BOCC-Artspace Interest	75,659	75,659	-	NA	
Due to BOCC - Franklin Park	280,264	-	280,264	100%	1
Audit Fee Payable	18,375	8,100	10,275	127%	2
Good Faith Deposits	43,000	-	43,000	100%	10
Escrow Deposit-Indemnification	-	247,527	(247,527)	-100%	6
Accrued Sick/Vacation, LT	39,000	39,000	-	NA	
Total Liabilities	<u>\$ 1,012,089</u>	<u>\$ 1,196,198</u>			
Equity					
Beginning of year	\$ 13,533,205	\$ 13,107,136			
Prior Period Adjustment	476,694	-	476,694	100%	7
Current Year Earnings	(172,552)	(1,479,630)			
Total Equity	<u>13,837,347</u>	<u>11,627,506</u>			
Total Liability and Equity	<u>\$ 14,849,435</u>	<u>\$ 12,823,704</u>			

Criteria to determine if explanations are required:

Cash account fluctuation explanations provided for >=\$100,000 variance

Remaining items explanations are provided for >=10% and >=\$5,000 variance

NA No change as compared to prior year

100% No activity in prior year

-100% No activity in current year

1 Account fluctuates due to transfers from Karpus for payment of FP expenses and receipts from sales of FP homes

2 Timing of payments, receipts, and accruals based on budget

3 Gulfstream payoff of second mortgage

4 Bond issues closed

5 Depreciation posted in fiscal 2016

6 No activity in current year

7 Audit adjustments

8 Change in accrued income - Karpus

9 Audit fees for multifamily bonds were collected by BNY as trustee, remitted to Authority and paid to S.Davis for bond audit services

10 Good faith deposit for Deerfield Beach

Market Value-Karpus	\$ 8,853,357
Unrealized Gain/Loss-Karpus	393,640
Cost Basis-Karpus	\$ 8,459,716

Attachment 3
The Housing Finance Authority of Broward County
110 NE Third Street, #300
Fort Lauderdale, FL 33301
Profit & Loss (Flux Report) Current Year-to-Date to Prior Year-to-Date
Year to Date As of May 2017

	May-17	May-16	\$ Difference	% Difference to PY	*Explanation
Income					
Bond Authority Fees	\$ 370,243	\$ 432,257	\$ (62,014)	-14%	4
Bond redemption & other income	79,859	20,111	59,748	297%	4
Compliance Monitoring Fees	6,000	26,000	(20,000)	-77%	2
Application, TEFRA and Closing Fees	9,500	15,505	(6,005)	-39%	1
MCC and Lender Program Income	14,817	20,975	(6,158)	-29%	1
Interest Income, Mortgages	450	466	(16)	-3%	
Interest Income, Wells Fargo	605	60	545	908%	
* Interest Income, Karpus	49,179	79,082	(29,903)	-38%	3
* Net Change in Investment Value, Karpus	(53,646)	-	(53,646)	100%	3
* Realized Gain/Loss On Investment, Karpus	(2,852)	(25,450)	22,598	-89%	3
* Interest Income, FHLB LOC	43	-	43	100%	
* Interest Income, BNY	276	-	276	100%	
FP Sales Proceeds Income	2,182	-	2,182	100%	
Other Income	-	3,925	(3,925)	100%	
Rent Income	121,044	74,984	46,060	100%	1
Parking Rent Income	6,040	-	6,040	100%	7
Total Income	\$ 603,739	\$ 647,914	\$ (44,175)		
Expenses					
Personnel Services, Broward Co	\$ 370,686	\$ 416,081	45,395	11%	4
Other Expenses, Broward County	120,713	120,973	260	0%	
Cost of Bond Issuance	-	209	209	100%	
Professional Fees	142,084	143,430	1,346	1%	
Bank Management Fees	48,082	49,310	1,228	2%	
Advertising/Marketing	1,066	3,557	2,491	70%	
Dues and Membership Fees	7,290	2,290	(5,000)	-218%	
Conference and Travel Expense	20,339	10,445	(9,894)	-95%	1
Building/Land Maintenance	40,321	34,042	(6,279)	-18%	1
Utilities	12,125	13,938	1,813	13%	
Franklin Park Homes Construction	-	1,333,270	1,333,270	100%	5
Capital Outlay Expense	13,586	-	13,586	100%	6
Total Expenses	\$ 776,291	\$ 2,127,544	\$ 1,378,425		
Net Profit/(Loss)	\$ (172,552)	\$ (1,479,630)	\$ (1,422,600)		

Explanations provided for >=10% and >= \$5,000 variance

- 1** Timing of services and billings
- 2** Timing of new bond financings
- 3** Gain/Loss related to current market conditions
- 4** Timing of receipts/payments and accruals based on budget
- 5** Accumulated FP expenses booked as receivable
- 6** New expense account for fiscal 2017 to report costs related to additional parking lot development
- 7** New income account for fiscal 2017 to track parking rent paid to HFA

* Please note that to more accurately reflect the components of interest income certain line descriptions were changed

"%Actual to Budget" Column Legend

NA - No amount reported in either of the two years
0% - Current year actual is equal to PY actual amount
100% - No amount in one of the two years presented

Attachment 4
The Housing Finance Authority of Broward County
110 NE Third Street, #300
Fort Lauderdale, FL 33301
Profit & Loss (Flux Report) Budget to Actual
Year to Date As of May 2017

	Selected Period	Budgeted	\$ Difference	% Difference to budget	*Explanation
Income					
Bond Authority Fees	\$ 370,243	\$ 296,640	\$ 73,603	25%	1
Bond redemption & other income	79,859	194,726	(114,867)	-59%	2
Compliance Monitoring Fees	6,000	-	6,000	NA	
Application and Closing Fees	9,500	-	9,500	NA	
MCC and Lender Program Income	14,817	30,000	(15,183)	-51%	1
Interest Income, Mortgages	450	-	450	NA	
Interest Income, Wells Fargo	605	-	605	NA	
Interest Income, Karpus	49,179	106,000	(56,821)	-54%	3
Net Change in Investment Value, Karpus	(53,646)	-	(53,646)	NA	
Realized Gain/Loss On Investment, Karpus	(2,852)	-	(2,852)	NA	
Interest Income, FHLB LOC	43	-	43	NA	
Interest Income, BNY	276	-	276	NA	
Interest Income - FP Construction Loan Receivable	2,182	-	2,182	NA	
Rent Income	121,044	80,700	40,344	50%	1
Parking Rent Income	6,040	-	6,040	NA	
Total Income	\$ 603,740	\$ 708,066			
Expenses					
Personnel Services, Broward Co	\$ 370,686	\$ 370,686	\$ -	0%	
Other Expenses, Broward County	120,713	120,713	-	0%	
Professional Fees	142,084	127,333	(14,751)	-12%	1
Audit Expense (BOCC)	-	8,800	8,800	100%	1
Bank Management Fees	48,082	-	(48,082)	NA	
Advertising/Marketing	1,066	4,667	3,601	77%	
Dues and Membership Fees	7,290	3,667	(3,623)	-99%	
Conference and Travel Expense	20,339	8,000	(12,339)	-154%	1
Postage/FedEx	-	200	200	100%	
Liab Insurance/HFA Board	-	6,000	6,000	100%	1
Building/Land Maintenance	40,321	41,333	1,012	2%	
Utilities	12,125	16,667	4,542	27%	
Capital Outlay Expense	13,586	-	(13,586)	NA	
Total Expenses	\$ 776,292	\$ 708,066			
Net Profit/(Loss)	\$ (172,552)	\$ (0)			

* Explanations provided for >=10% and >= \$5,000 variance

- 1** Timing of invoices and payments
- 2** Indemnity deposits (Praxis at Deerfield Beach and Stanley Terrace)
- 3** A lower balance is maintained current year, resulting in less interest earned

NA - No Budget amount

100% - Actual is zero

Attachment 5
The Housing Finance Authority of Broward County
110 NE Third Street, #300
Fort Lauderdale, FL 33301

Aged Receivables
5/31/2017

Authority fee receivable	Total Due	0 - 30	31 - 60	61 - 90	90+
1985 FAIRLAKES	\$17,100.00	\$0.00	\$0.00	\$17,100.00	\$0.00
1996 BANYAN BAY	\$22,075.36	\$0.00	\$22,075.36	\$0.00	\$0.00
1996 LOS PRADOS	\$26,416.16	\$0.00	\$26,416.16	\$0.00	\$0.00
1997 Heron Pointe	\$3,615.00	\$3,615.00	\$0.00	\$0.00	\$0.00
2000 SUMMERLAKE	\$3,661.93	\$0.00	\$3,661.93	\$0.00	\$0.00
2002 LAGUNA POINTE	\$7,449.41	\$0.00	\$7,449.41	\$0.00	\$0.00
2002 MERIDIAN	\$6,060.62	\$0.00	\$6,060.62	\$0.00	\$0.00
2003 SANTUARY COVE	\$13,635.00	\$13,635.00	\$0.00	\$0.00	\$0.00
2004 CYPRESS GROVE	\$32,490.00	\$0.00	\$0.00	\$32,490.00	\$0.00
2006 Sailboat Bend	\$2,520.00	\$2,520.00	\$0.00	\$0.00	\$0.00
2006 Single Family ABC	\$622.79	\$0.00	\$622.79	\$0.00	\$0.00
2007 Single Family ABC	\$2,194.56	\$0.00	\$2,194.56	\$0.00	\$0.00
2007 Single Family EF	\$711.96	\$0.00	\$711.96	\$0.00	\$0.00
2008 Golden Villas	\$2,754.00	\$2,754.00	\$0.00	\$0.00	\$0.00
Total Authority Fee Receivable	141,307	22,524	69,193	49,590	-

Housing Finance Authority

110 NE Third Street, #300
Fort Lauderdale, FL 33301

Reconciliation Report

6/2/2017
4:41:20 PM

Page 1

ID#	Date	Memo/Payee	Deposit	Withdrawal
Checking Account: 1-1000 Cash-Wells Fargo				
Date of Bank Statement: 5/31/2017				
Last Reconciled: 4/30/2017				
Last Reconciled Balance: \$757,422.43				
Cleared Checks				
4744	4/24/2017	L&B Janitorial Services		\$4,044.00
4746	4/24/2017	TECO Peoples Gas		\$7.42
4747	4/25/2017	Zomermaand Financial Advisor		\$5,518.95
GJ002129	5/1/2017	Utility Debit		\$471.32
4749	5/15/2017	TECO Peoples Gas		\$44.67
4750	5/15/2017	Holmes Lawn Service, Inc		\$335.00
4751	5/15/2017	L&B Janitorial Services		\$4,044.00
4752	5/15/2017	Dufresne and Associates		\$1,300.00
4753	5/15/2017	Milette Thurston		\$1,696.23
4754	5/15/2017	Ruth T Cyrus		\$1,626.10
4755	5/15/2017	Colleen LaPlant		\$1,764.37
4756	5/15/2017	Jacqueline Paige Browne		\$0.00
4758	5/16/2017	S. Davis & Associates, P.A.		\$16,875.00
4760	5/24/2017	Broward County Board of Coun		\$319,260.84
4761	5/24/2017	Florida ALHFA		\$3,250.00
4763	5/24/2017	Florida ALHFA		\$650.00
4768	5/30/2017	WSA Systems - Boca, Inc.		\$0.00
GJ002136	5/31/2017	Utility Debit		\$1,327.27
SC053117	5/31/2017	WF Srvc Chrg		\$409.10
Total:			\$0.00	\$362,624.27
Cleared Deposits				
GJ002131	5/4/2017	"4 MCCs, Parking rent"	\$1,700.00	
GJ002132	5/10/2017	"DPA Loan Payoff, MCCs"	\$10,275.00	
GJ002133	5/17/2017	"MCC's, 2nd Mtg P&I, MBS loa	\$1,229.26	
GJ002134	5/26/2017	2 MCC's	\$350.00	
GJ002135	5/31/2017	Emerald Palms issuer transfer	\$62,275.00	
IE053117	5/31/2017	WF Interest Received	\$52.68	
Total:			\$75,881.94	\$0.00
Outstanding Checks				
4757	5/15/2017	Jacqueline Paige Browne		\$1,618.17
4759	5/16/2017	Broward County Board of Coun		\$100.00
4762	5/24/2017	Holmes Lawn Service, Inc		\$335.00
4764	5/24/2017	Milette Thurston		\$69.00
4765	5/24/2017	Daniel D. Reynolds		\$2,565.60
4766	5/30/2017	L&B Janitorial Services		\$4,044.00
4767	5/30/2017	Zomermaand Financial Advisor		\$5,972.17
4769	5/31/2017	WSA Systems - Boca, Inc.		\$3,146.30
Total:			\$0.00	\$17,850.24

Housing Finance Authority

Reconciliation Report

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ID#	Date	Memo/Payee	Deposit	Withdrawal
Checking Account:	1-1000	Cash-Wells Fargo		
Date of Bank Statement:	5/31/2017			
Last Reconciled:	4/30/2017			
Last Reconciled Balance:	\$757,422.43			

Outstanding Checks

Reconciliation

AccountEdge Pro Balance on 5/31/2017:	\$452,829.86
Add: Outstanding Checks:	\$17,850.24
Subtotal:	\$470,680.10
Deduct: Outstanding Deposits:	\$0.00
Expected Balance on Statement:	<u>\$470,680.10</u>

Housing Finance Authority

110 NE Third Street, #300
Fort Lauderdale, FL 33301

Attachment 7

Reconciliation Report

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ID#	Date	Memo/Payee	Deposit	Withdrawal
Checking Account: 1-1005 WF Franklin Park Estates				
Date of Bank Statement: 5/31/2017				
Last Reconciled: 4/30/2017				
Last Reconciled Balance: \$2,304,855.77				

Cleared Checks

10066	5/15/2017	Dufresne and Associates		\$567.00
SC053117	5/31/2017	WF FP Srvs Chrg		\$346.46
Total:			\$0.00	\$913.46

Cleared Deposits

GJ002130	5/2/2017	"Franklin Park, closing on lot #	\$167,272.00	
IE053117	5/31/2017	WF FP Int Received	\$188.12	
Total:			\$167,460.12	\$0.00

Reconciliation

AccountEdge Pro Balance on 5/31/2017:	\$2,471,402.43
Add: Outstanding Checks:	\$0.00
Subtotal:	\$2,471,402.43
Deduct: Outstanding Deposits:	\$0.00
Expected Balance on Statement:	<u>\$2,471,402.43</u>

Attachment 9
 Cash Activity Summary
 April 30, 2015 - May 31, 2017

	<u>4/30/2015</u>	<u>5/31/2017</u>	<u>Difference</u>
Total Cash	858,476	3,261,211	2,402,735
US Bank Custody Acct - Karpus	<u>11,179,484</u>	<u>8,853,357</u>	<u>(2,326,127)</u>
	<u>12,037,960</u>	<u>12,114,568</u>	<u>76,608</u>
		Total Cash Difference	<u>76,608</u>

Explanation of Cash Difference - explained when difference exceeds \$100,000.

Housing Finance Authority of Broward County
June 21, 2017 – Board Meeting

Investment Portfolio (Safekeeping/Custody) – Action Item

Authorize execution of custodial, safekeeping and other agreements as required to establish accounts in connection with HFA's investment portfolio and self-directed investments; subject to approval of the Senior County Attorney and Chair of the Investment Committee and Executive Director.

Background

1. At the March 15, 2017 meeting, the HFA Board directed staff to contact local HFAs to review their Investment Policy and compare their fees with Karpus Investment Management ("Karpus") fees.

Staff contacted five (5) local HFAs and the Broward County Department of Finance and Administration Division and acquired their investment policies and compared the Local HFA's rate of return on investments, management fees, and their investment securities.

2. At the April 19, 2017 meeting, staff recommended to the HFA Board that an Investment Committee be established to oversee and manage the HFA investment portfolio. At the same meeting the HFA board approved the composition of the Investment Committee to include the HFA Chair, a Board Member, Executive Director, HFA Financial Advisor and the Assistant to the Director of the Broward County Department of Finance and Administration.

The HFA Board directed staff to send a Notice of Termination to Karpus, effective May 31, 2017, and inform US Bank, N.A., the custodian of the account in which HFA assets are held ("HFA Account"), that the Designated Agent for managing the assets in the HFA Account will change from Karpus to the HFA Investment Committee, effective May 31, 2017.

On April 26, 2017, a letter was mailed to Karpus, terminating the HFA investment management agreement, effective May 31, 2017. On April 27, 2017 a letter was mailed to U.S. Bank, N.A., the custodian of the account in which, the HFA assets are held, advising that, effective May 31, 2017, the HFA investment Committee will replace Karpus as the Designated Agent for managing the assets in the HFA Account.

3. At the May 17, 2017 meeting, the HFA Board recommended amending the Investment Policy and the establishment of responsibilities for the Internal Control procedures (Attachment 1).

Present Situation

1. HFA Staff and Financial Advisor contacted US Bank and Wells Fargo, N, A. regarding the following:
 - a. Fee Schedule,
 - b. Required Documentation,
 - c. Procedural Matters (Investment Contacts, Statement Information, etc.)
 - d. Money Market Alternatives, and
 - e. Other Recommendations.

2. The information was presented to the Investment Committee for additional direction and Board recommendation.

Attachment

1. HFA Investment Policy

ATTACHMENT 1

**HOUSING FINANCE AUTHORITY OF BROWARD COUNTY, FLORIDA
INVESTMENT POLICY**

1. SCOPE. This Investment Policy shall apply to the surplus funds of the Housing Finance Authority of Broward County, Florida (“Authority”) in excess of amounts needed to meet current short term expenses. This Investment Policy shall not apply to proceeds from the issuance of bonds or other debts or other funds held with respect thereto where there are indentures or agreements by the Authority relating to the investment of said funds. Nor shall this Investment Policy apply to the investment or application of funds in the furtherance or implementation of the housing programs of the Authority.

2. INVESTMENT OBJECTIVES. The first objective of all investments shall be the preservation of the capital of the Authority. The second objective of all investments shall be the liquidity of Authority funds. The third objective of all investments shall be investment income to the Authority.

3. PERFORMANCE MEASUREMENT. In order to assist in the evaluation of the investments made pursuant to this Investment Policy, the Investment Portfolio Committee (as defined in Article 13) shall, at least quarterly, (1) compare the rate of return on its investments to the rate of return on the Local Government Surplus Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided for in Section 163.01, Florida Statutes, and established in Section 218.405, Florida Statutes; and (2) include that rate comparison in the quarterly report described in Article 13 herein.

4. PRUDENT PERSON RULE. Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital and liquidity requirements, as well as the probable income to be derived from the investment.

5. ETHICAL STANDARDS. Persons involved in the investment process shall refrain from personal business activity that may conflict with the proper execution of the investment program, or which impair their ability to make impartial investment decisions. Also, persons involved in the investment process shall disclose to the Authority any material financial interests in financial institutions that conduct business with the Authority, and they shall further disclose any material financial/investment positions that could be related to the performance of the Authority's portfolio.

6. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION. Funds in the investment portfolio shall be limited to the following eligible securities. Marginable accounts, short sales (where the Authority does not own the underlying security), and investments in any derivative securities (including interest only or principal only and inverse floaters investments) are prohibited unless specifically designated below:

- a. Direct obligations, or obligations, of the United States Government, the principal and interest of which are unconditionally guaranteed by the United States

Government, including bonds, notes, and other obligations. Such securities will include, but not be limited to, the following:

1. Cash Management Bills.
 2. Treasury Bills.
 3. Treasury Notes.
 4. Treasury Bonds.
- b. Bonds, notes, and other obligations of any federal agency whose obligations represent the full faith and credit of the United States Government. Such securities will include, but not be limited to, the following:
1. Farmers Home Administration—Certificate of beneficial ownership.
 2. Federal Housing Administration Debentures.
 3. United States Department of Housing and Urban Development Project notes and local authority bonds.
 4. Government National Mortgage Association (GNMA or "Ginnie Mae").
 5. Department of Veterans Affairs (VA).
- c. Bonds, debentures, or notes issued by Government Sponsored Enterprises (GSEs), which carry the implicit backing of the United States Government, but are not direct obligations of the United States Government. Such securities will include issuances from, but not be limited to, the following:
1. Federal Home Loan Bank System (FHLB)—Senior debt obligations.
 2. Federal Farm Credit Bank (FFCB).
 3. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")—Participation certificates, senior debt obligations.
 4. Federal National Mortgage Corporation (FNMA or "Fannie Mae")—Participation certificates, senior debt obligations.
 5. Federal Agricultural Mortgage Corporation (FRM or "Farmer Mac")—Participation certificates, senior debt obligations.
- d. The Local Government Surplus Trust Fund ("Florida PRIME") or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided for in Section 163.01, Florida Statutes, and established in Section 218.405, Florida Statutes. In addition, a thorough investigation of the pool is required prior to investing and on a continual basis. Areas of consideration shall include a review of the Investment Policy, the types of securities allowed, the fund's risk profile, operational requirements, and calculations relating to interest, gains and losses, and distributions.

- e. Repurchase agreements with Primary Dealers, as defined by the Federal Reserve Bank of New York, and a custodian bank acting as a tri-party agent, provided such agreements are (i) in writing; and (ii) fully secured by securities unconditionally guaranteed by the United States Government, and provided further that:
 - 1. Any such collateral is held by the Authority or the tri-party agent acting for the Authority during the full term of such agreements;
 - 2. Any such collateral may only be substituted for same credit quality or better;
 - 3. Any such collateral is not subject to liens or claims of third parties;
 - 4. Any such collateral has a market value (determined at least every seven (7) days) at least equal to one hundred two percent (102%) of the amount invested in such agreement;
 - 5. The Authority has a perfected first security interest in such collateral;
 - 6. A Master Repurchase Agreement has been executed with all counterparties pursuant to Article 9 of this Investment Policy;
 - 7. The Master Repurchase Agreement provides that the failure to maintain such collateral at the level required by clause (4) above will require the Authority or the tri-party agent to liquidate the investments; and
 - 8. Term of the repurchase agreements cannot exceed ninety (90) days from date of purchase.
- f. Commercial paper rated in one of the two highest rating categories by at least two (2) nationally recognized rating agencies, or commercial paper backed by a letter of credit or line of credit rated in one of the two highest rating categories.
- g. Bonds, notes, or obligations of the State of Florida, or of any municipality, political subdivision, or agency or authority of the State of Florida, if such obligations are rated by at least two (2) nationally recognized rating services in any one of the two highest classifications.
- h. Bank time deposits evidenced by certificates of deposit, or other evidences of deposit, issued by any bank, savings and loan association, trust company, or national banking association, which are (a) fully insured by the Federal Deposit Insurance Corporation and are governed by Florida Statutes or (b) to the extent not so insured, secured by government obligations provided (i) the institution is designated by the Chief Financial Officer of the State of Florida as a qualified public depository, as defined in Section 280.02, and such obligations shall be in the physical possession of the State of Florida or a bank or trust of its choosing as directed by the Chief Financial Officer of the State of Florida, and (ii) such obligations must continuously have a market value at least equal to the amount so invested.

- i. Securities of, or other interest in, any open-end or closed-end management type, investment company, or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as amended from time to time, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and the repurchase agreements fully collateralized by such United States Government obligations and provided such an investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian. In addition, a thorough review shall take place as described in item d., above.
- j. Collateralized Mortgage Obligations ("CMOs") which are bank eligible and pass a three-pronged test for CMO safety at purchase based on the following:
 - 1. The Weighted Average Life ("WAL") does not exceed five (5) years;
 - 2. The expected WAL does not extend for more than two (2) years nor shorten by more than three (3) years assuming an immediate and sustained parallel shift in the yield curve of plus or minus three hundred (300) basis points; and
 - 3. The estimated change in price is not more than ten percent (10%) assuming an immediate and sustained parallel shift in the yield curve of plus or minus three hundred (300) basis points.
- k. World Bank notes, Bonds, or Discount Notes, rated AAA or equivalent by Moody's Investor Service or Standard and Poors Corporation.
- l. Obligations of the Tennessee Valley Authority.
- m. Reverse repurchase agreements which shall be used only for liquidity purposes and cannot be longer than thirty (30) days in duration and must have the approval of the CFO.
- n. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

7. MATURITY AND LIQUIDITY REQUIREMENTS. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements. The investment portfolio shall be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due.

8. THIRD PARTY CUSTODIAL AGREEMENTS. Securities should be held with a third party; and all securities purchased by, and all collateral obtained by, the Authority should be properly designated as an asset of the Authority. No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an authorized representative of the Authority. Security transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to

ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

9. MASTER REPURCHASE AGREEMENT. All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in a Master Repurchase Agreement, when and if adopted by the Authority. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement, when and if adopted by the Authority.

10. BID REQUIREMENT. The Authority or its ~~authorized representative~~ Investment Committee shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the bid deemed to best meet the Investment Objectives specified in Article 2, above, must be selected.

11. INTERNAL CONTROLS. The Authority shall establish a series of internal controls and operating procedures to protect the Authority's assets and ensure proper accounting and reporting of the transactions related thereto. No person may engage in an investment transaction except as authorized under the terms of this policy. Internal controls shall include, but are not limited to:

- (a) Transfers of funds from the HFA to the State Board of Administration may be made by wire transfer or EFT (by Executive Director or ~~Authority Board Chair or other Authority Board member~~ majority of the Committee serving on the Investment Portfolio Committee), or by check with one signature (by Executive Director or Authority Board Chair or other Authority Board member serving on the Investment Portfolio Committee).
- (b) Funds may be deposited in the Authority's checking account by the Executive Director or Authority Board Chair or other Authority Board member serving on the Investment Portfolio Committee, without further approvals.
- (c) Transfers by wire transfer or EFT to money market funds meeting the requirements of this Investment Policy may be made by the Executive Director with the prior written approval of the ~~Authority Board Chair or other Authority Board member~~ majority of the Committee -serving on the Investment Portfolio Committee.
- (d) Transfers to banks for investment in certificates of deposit meeting the requirements of this Investment Policy may be made by the Executive Director (utilizing wires or the EFT system) with prior written approval by the ~~Authority Board Chair or other Authority Board member~~ majority of the Committee serving on the Investment Portfolio Committee.
- (e) Monthly reconciliations of all accounts affected by investment transactions must be performed by parties other than those who have the authority to approve or execute such transactions under this Investment Policy.

Such internal controls shall be reviewed by independent auditors as a normal part of the annual financial audit of the Authority.

12. REPORTING. The Authority's certified public accountant shall monthly, as part of its normal financial statement report, list the securities in the investment portfolio by class or type, book value, income earned, and market value as of the report date.

13. INVESTMENT PORTFOLIO COMMITTEE. An Investment Portfolio Committee (“Committee”), comprised of Authority’s Executive Director, two Authority Board Members (one of which shall be the Authority Board Chair), Authority's Financial Advisor, and ~~an Assistant to the Director~~ a Designee from the Broward County Finance and Administrative Services Department, responsible for the County’s investment portfolio, shall be established to manage and monitor the performance and composition of the Authority’s investments in accordance with this Investment Policy. The Committee shall (1) meet at least quarterly; (2) review the monthly statements of the funds, investments, and securities of the Authority to determine the performance and status of said funds, investments, and securities. (3) provide quarterly reports regarding the status of the Authority’s investment portfolio to the Authority Board; and (4) recommend necessary or desirable modifications to this Investment Policy for the Authority Board’s consideration.

14. CONTINUING EDUCATION. All members of the Investment Portfolio Committee established pursuant to Article 13 hereof shall annually complete at least eight hours of continuing education in subjects or courses of study related to investment practices and products.

15. AMENDMENTS; WAIVERS. The Authority, by action specifically taken with a quorum present and voting at a public meeting thereof, may amend or waive provisions of this Investment Policy to the extent authorized by law.

16. ADOPTION. This Investment Policy shall become effective upon its adoption by resolution of the Authority Board.

June 1, 2017

Mr. Tom Radicioni
Relationship Manager
The Bank of New York Trust Company, N.A
10161 Centurion Parkway
Jacksonville, FL 32256

Re: Housing Finance Authority of Broward County, Florida Single Family Mortgage Revenue Bonds, Series 2007E (the "Bonds")

Dear Mr. Radicioni:

The Housing Finance Authority of Broward County, Florida (the "Authority") received a May 23, 2017 notice pertaining to the upgrade of the Moody's Investors Service's ratings (the "Notice") associated with the referenced Bonds. The Notice stated "Moody's Investors Service upgrades the ratings of Housing Finance Authority of Broward County, FL, Single Family Mortgage Revenue Bonds, Series 2007E (Program) to Aaa from Aa1."

Per Section 5 of Continuing Disclosure Agreement rating changes are included as a Listed Event. Therefore, the Authority requests that the Trustee file a notice of this occurrence with the Municipal Securities Rulemaking Board, the State Repository and other parties as necessary to report the event per Continuing Disclosure guidelines.

Your assistance regarding this matter is greatly appreciated. Please do not hesitate to contact Debbie Zomermaand at (813) 250-9356 should you have any additional questions.

Sincerely,



Ralph Stone, Executive Director

Attachment – Moody's Investors Service Credit Opinion dated May 23, 2017



CREDIT OPINION

23 May 2017

Update
Contacts

Jonathan N Garcia 212-553-2895
 Associate Analyst
 jonathan.garcia@moodys.com

Florence Zeman 212-553-4836
 Associate Managing
 Director
 florence.zeman@moodys.com

Broward County Housing Finance Auth., FL

Update - Moody's upgrades to Aaa from Aa1 Hsg Fin Auth of Broward Cnty, FL, Single Family Mtg Rev Bonds, Series 2007E

Summary Rating Rationale

Moody's Investors Service upgrades the rating of Housing Finance Authority of Broward County, FL, Single Family Mortgage Revenue Bonds, Series 2007E (Program) to Aaa from Aa1. The rating action is based on the strong financial position which is a 1.40x program asset-to-debt ratio as well as the rating of the Program's guaranteed investment provider (GIC) Credit Agricole S.A. (A1 / P-1). We further expect the financial performance of the program to improve due program's strong over collateralization.

Strengths

- » The Program's high asset-to-debt ratio 1.40x
- » High credit quality of the credit enhanced mortgages

Challenges

- » Performance relies on proper administration and adherence to the mandatory provisions of the trust indenture and financing agreement.

Factors that Could Lead to a Downgrade

- » A downgrade of the counterparty provider Credit Agricole (A1 / P-1)
- » Significant deterioration to the asset-to-debt ratio
- » Projected cash flow deficiencies

Factors that Could Lead to an Upgrade

- » Not applicable.

Key Indicators
Exhibit 1

	2017
Asset-to-Debt Ratio	1.40x
Security	Mortgage Revenues
Mortgage Insurance	GNMA / FHLMC
Debt Outstanding	\$740,000

Source: Moody's Investors Service

Detailed Rating Considerations

Mortgage Enhancement

The underlying mortgage pools are guaranteed as to full and timely payment of principal and interest by the Government National Mortgage Association (GNMA), Fannie Mae or Freddie Mac. The mortgage pools have an established pass-through rate and are guaranteed with respect to payment regardless of the actual performance of the underlying pool of mortgage loans.

Legal Framework

The bonds are issued under a stand-alone trust indenture are payable only from the MBS, cash and investments held in the trust account.

Cash Flow Projection Performance

Cash flow's prepared by Moody's exhibit both revenue and parity sufficiency for the Program under several stress scenarios. The Program's significant over-collateralization, with an asset-to-debt ratio of 1.40x, gives the program greater ability to perform under severe stress scenarios.

Investments

The investment agreement between Credit Agricole (A1/P-1) at the rate of 4.5% provides additional revenue to the program for principal and interest payments on excess reserves that must remain in the program until maturity or redemption.

Methodology

The principal methodology used in this rating was US Stand-Alone Housing Bond Programs Secured by Credit Enhanced Mortgages published in December 2012. Please see the rating methodologies page on www.moody.com for a copy of this methodology.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody.com for the most updated credit rating action information and rating history.

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