

Minutes

BROWARD COUNTY HEALTH FACILITIES AUTHORITY REGULAR BOARD MEETING

**THURSDAY, FEBRUARY 13, 2014
9:00 A.M. – ROOM 513**

BROWARD COUNTY GOVERNMENTAL CENTER, 115 SOUTH ANDREWS AVENUE, FORT LAUDERDALE, FL 33301

MEMBERS PRESENT

Susan Telli, Chair
Alan Routman, MD, Vice Chair
Dan Lewis, Member
Shelly Spivack, Member

ALSO PRESENT

Sue Baldwin, Deputy CFO/Deputy Director, Finance and Administrative Services Department
Stephen Farmer, Acting Assistant to Department Director, Finance and Administrative Services Department
Susan Friend, Director, Accounting Division
Mandy Wells, Director, Community Partnerships, Human Services Department
Noel Pfeffer, Deputy County Attorney, County Attorney's Office
Mary Hayen, Accountant IV, Accounting Division
Anette Ofoezie, Division Administrative Assistant, Finance and Administrative Services Department (Recording Secretary)
Kevin Adderley, Partner, Sharpton, Brunson & Company

CALL MEETING TO ORDER (1)

The Chair called the meeting to order at 9:05 a.m. on February 13, 2014, in Room 513 of the Governmental Center after establishing that a quorum was present.

MOTION TO APPROVE MINUTES TO MEETING OF NOVEMBER 14, 2013 (2)

Mr. Lewis made a motion to approve the minutes to the meeting of November 14, 2013, seconded by Dr. Routman. The motion passed unanimously.

DISCUSS OUTREACH OPTIONS (3)

Ms. Wells, Director of the Community Partnerships Division, one of the Divisions within Human Services Department, introduced herself. Ms. Wells was contacted to explore the options they use to outreach into the community to solicit interest from a range of not for profit organizations to apply for social service dollars put out by the county. Community Partnerships Division has a website where interested parties are encouraged to register and apply for funds. Funding announcements are sent out to a list of about 500 people. Ms. Wells mentioned that they periodically offer in-person informational workshops with subject experts available. Funding announcements are issued to those interested after the workshops. Ms. Wells offered

to share their existing appropriate avenues to send out information or flyers and suggested the HFA do some targeted announcements to those eligible for the HFA's type of financing opportunity.

Mr. Lewis reminded the meeting of the \$350,000,000 that the HFA has the authority to borrow, that could be utilized by eligible parties for tax exempt bond financing. Many organizations do not know that the HFA exists, and therefore the HFA members have been discussing a way to advertise. Mr. Lewis asked Mr. Pfeffer how to apply for bonds from the HFA. Mr. Pfeffer explained that any eligible borrower can send a letter to the Finance Department and request to use the HFA Board as a conduit to issue bonds, use the proceeds of the bonds for an eligible project and get the benefit of tax exemption. Broward County has some fairly lengthy internal procedures, and even though the bonds are issued by the HFA, they are a debt of the county. Broward County has outstanding financial reputation in the market and the internal regulations are fairly conservative with respect to financial history and credit worthiness. Mr. Lewis asked if the HFA has any authority to actually grant the bonds. Mr. Pfeffer advised that Broward County has the authority. The HFA recommends approval and every bond issuance goes to the Board of County Commissioners two or three times. The resolution goes to the Board first and once it has been enacted the borrower has the authority to seek reimbursement for cost they spend prior to the issue of debt. Secondly a tefra hearing goes to the Board, which is a public hearing where people who are against it can speak. The Board has the final approval. The cost of issuance comes from the bond proceeds. Normally it requires \$3,000,000 - \$4,000,000 to make it cost efficient. Mr. Lewis commented that if the HFA were to put together a profile of an ideal project it would be a health facility that is needed in the community with a project size in excess of \$5,000,000 because x number of dollars is the cost of issuance. Mr. Pfeffer pointed out that the market is not healthy right now. There is very little activity and it takes very strong financial history and very strong financial statements to issue credit worthy conduit bonds. All recent bond deals are bank loans, i.e. a bank will agree to purchase 100% of the proceeds of the bonds and hold to maturity or if it's a sale, the sale can only occur to a sophisticated investor who understands the high risk. These bonds are higher risk than publicly traded bonds. Mr. Lewis thought that new banks may be unaware of the HFA's process. Mr. Lewis asked if there was a set of procedures, guidelines or a flow chart that could be given to a sophisticated person. Mr. Pfeffer suggested the Finance Department put together a process flow chart with internal rules, underwriting criteria, and how the Board goes about approving these transactions. Mr. Pfeffer will arrange for a brief conversation with the county's bond counsel, if we have a serious request. Mr. Lewis made a suggestion to put together a general process flow chart that could be sent as pdf in an e-mail. Dr. Routman made a motion to ask staff to make a document or flow chart that members of the committee could utilize and send to prospective clients or to advertise. Ms. Spivack made another motion to ask staff to help develop some form of process that becomes available to the public. Ms. Spivack did not want the HFA Board members to send out information and be involved with the distribution, contrary to Mr. Lewis' suggestion to share with people that the members know. Dr. Routman withdrew his motion. Ms. Telli advised that the Board needs to see the document first. Ms. Baldwin then suggested that staff put together a flow chart and at the next scheduled meeting the HFA Board review the

document. At that time the staff will also have some recommendations of how to distribute the information for the HFA Board to consider. Ms. Baldwin recommended inclusion on the county website and public service announcements. Mr. Lewis made a motion for staff to come up with a flow chart and some recommendations of how to distribute the information. The motion was seconded by Ms. Spivack. All were in favor and the motion carried.

DISCUSS AUDITED FINANCIAL STATEMENTS (4)

Ms. Friend introduced the Auditor Mr. Kevin Adderley, from Sharpton, Brunson & Company. Mr. Adderley distributed the audit results with a financial overview and a detailed list of engagement hours. Mr. Lewis agreed to accept the audit and clarified that he only had a problem with the billing. Mr. Adderley reviewed the documents and informed that this was the first year for Sharpton, Brunson & Company to perform this audit. Mr. Adderley also explained the hours that were incurred, and commented that the number of hours will be less next year. Ms. Friend informed that the discounted fee is \$5,000 and the billing rate is \$130 per hour which comes to almost \$6,800. Ms. Friend also mentioned that 80 hours were spent on the audit last year and the fee was still discounted to \$5,000. The principle bothered Mr. Lewis and he could only count six transactions during the year: the three bondholders and three surplus funds transactions. In the past HFA has been charged by the hour. Mr. Lewis commented that 32 audit hours and 20 hours of staff time for six transactions is absurd and would prefer a flat fee. Mr. Lewis also wanted to compare the HFA audit bill to other authorities, like the Housing Authority with many more transactions than the HFA. Mr. Lewis argued over the hours with Ms. Friend, who tried to explain the components involved in an audit. Ms. Spivack did not have a problem with this year's audit, however, if the hours are the same next year, she will. Ms. Friend advised that when they look at the allocation for next year it will be done on the hours that are estimated times the billing rate. Dr. Routman made a motion to accept the Audited Financial Statements. The motion was seconded by Ms. Spivack.

ADJOURNMENT (5)

There was no new business to discuss. Ms. Spivack made a motion to adjourn the meeting, seconded by Dr. Routman. The Chair adjourned the meeting at 10:10 am.

This meeting was recorded with file name: Health Facilities Authority Board Meeting 02-13-14 on recorder named *Eisenhower*.

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