

THE HENDRICKSON COMPANY

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To: Leon County Housing Finance Authority Board of Directors
From: Mark Hendrickson, Financial Advisor
Subject: October 13, 2016 Board Meeting
Date: October 10, 2016

I. Financial Reports and Budget—Informational

1. The Financial Statement for September 30, 2016 is attached. Net assets as of September 30, 2016 are \$1,703,284.67, with \$646,847.16 in cash.
2. The HFA Budget and Income/Expenditure detail is attached. For September, income exceeded expenses by \$62,206. Year-to-date, expenses have exceeded revenues by \$38,675.
3. A payment to Newks for \$646.25 was incorrectly booked as an HFA expense. This will be reversed and will be noted on next month's financials.
4. This month, Escambia County HFA will pay \$5,737.26 to the Leon County HFA as the semi-annual participation fee in the Single Family Program. Additionally, \$4,707.91 will be paid to the Leon County HFA due to the repayment of a DPA loan.
5. The requested reconciliation between the County's detailed expense report and the HFA's financial statement is attached.
6. **Recommendation:** None.

II. Emergency Repair Program—Informational

1. The HFA authorized an emergency repair program, for minor repairs that need immediate attention—and are not covered by the County's SHIP Program. A total of \$20,000 has been authorized for this program. Individual repairs were limited to \$1,650 per home.
2. The total amount of repairs funded through September is \$11,549.97.
3. The program was resumed this month.
4. **Recommendation:** None.

III. Financial Advisor Contract—Informational

1. The Board authorized continued payment via a Purchase Order of the Financial Advisor, at an annual rate of \$40,000.
2. The Board directed the FA to bring a proposed contract to the Board, which would be approved by the Board, submitted for BOCC approval, and made part of the FY 16-17 budget (effective date of contract October 1, 2016).
3. The contract was approved by Dan Rigo for, and the Board approved the contract in June.
4. **The contract was approved by the BOCC on September 20.** Chairman Rogers can now execute the contract on behalf of the HFA.
5. **Recommendation:** None.

IV. Legal Services RFQ—Action

1. Mr. Rigo has advised the HFA that the County Attorney is not the “legal counsel” of the HFA, although he is able to attend Board meetings and provide general legal guidance.
2. The Board directed Mr. Rigo and Mr. Hendrickson to utilize various RFQ’s utilized by other local HFA’s, and draft and issue an RFQ for legal services.
3. Mr. Rigo and Mr. Hendrickson completed the RFQ, which was approved by the Board in June.
4. Mr. Hendrickson worked to have the RFQ issued. County staff advised that the County Purchasing Department needed to approve the contract.
5. The contract was submitted to Purchasing, who made numerous revisions, including a point scoring system, provision that the County Administrator would appoint the Review Committee, and other changes such as requiring that the submittals be printed on both sides of the page on paper that was at least 30% recycled, bound only by a clip.
6. Board members Rogers, Stucks, and Sharkey were appointed to the Review committee, along with Ms. Calabro and Mr. Rigo. Mr. Rogers withdrew due to a scheduling conflict, and Mr. Kemp was appointed as an alternate.
7. The RFQ was issued, with a due date of August 16. The Review Committee met and reviewed the two responses (Nabors Giblin and Knowles Randolph). The Committee scheduled another meeting for September 16, at which time the two firms were interviewed.
8. Following the interviews, the Committee ranked the Knowles Randolph firm #1.
9. Mr. Rigo responded to my inquiry on the status of the process:
Here's my understanding of the status -- the HFA will need to consider for approval the selection committee's recommendation of the Knowles & Randolph as the highest ranked firm to begin negotiating a contract with -- it's been suggested that the finance committee would be the negotiating team and I would provide the legal support for staff on the contract itself and any

sunshine law exemptions or other such issues concerning the meetings of the negotiating team -- the HFA will need to also discuss how much direction it wants to give the negotiating team given the fact that the HFA meeting is open to the public but the negotiating team meeting will be closed to the public

10. **Recommendation:** (1) Consider approval of Selection Committee's recommendation of the Knowles Randolph firm as the highest ranked firm, and (2) If Selection Committee's recommendation is approved, appoint a negotiating team and give direction to the team.

V. Real Estate—Action

1. Dan Rigo reported that the County approved a new real estate policy. Subject to that new policy, an additional twenty-three (23) properties were added to the Affordable Housing list.
2. The HFA accepted the properties, and the Real Estate Division is working on disposing of properties as clear title is obtained.
3. Chairman Rogers and Susan Leigh drove the properties to make an initial assessment of their usefulness and value. Their work has been incorporated into a Spreadsheet (attached).
4. The Real Estate Division reports that Osceola Street property was sold (\$33,077 reported as net revenue to the HFA). Mr. Rigo reported that the Real Estate Division staff is working with TALCOR to list the additional properties on MLS.
5. The Real Estate Division has asked that the HFA prioritize properties for purposes of clearing title. This is important because expenses associated with obtaining clear title and paying fees can cost between \$4,000-\$5,000—more than some of the properties are likely worth. Chairman Rogers has recommendations for prioritization, which are part of the attached spreadsheet.
6. **Recommendation:** Consider accepting Chairman Rogers recommendations for prioritization of properties.

VI. Future Role of HFA—Informational

1. Staff has research the Leon County HFA ordinance, and Mr. Rigo has prepared a list of restrictions that are in the ordinance, but not in Chapter 159 (state statute that governs local HFA's) is attached. This is designed to lead to an ordinance revision that grants the HFA a more independent status, in line with several other local HFA's.
2. The primary power that is withheld from the HFA is the power to enter into contracts without receiving BOCC approval for each specific contract. This is a restriction that other HFA's do not have, and severely hinders the HFA's independence and ability to move quickly to address issues.
3. Another issue is that the HFA's budget is approved by the BOCC as part of the County's overall budget. Again, this is a restriction that other HFA's do not have, and again hinders the HFA's ability to move quickly to address issues.
4. Another issue which needs to be addressed is the HFA's ability to handle the process of procurement without the need to involve the County Purchasing Department.

5. **The Board voted in June to direct County staff to move forward with an ordinance amendment to accomplish the goal of HFA independence**, which would also include a requirement for annual reports from the HFA to the BOCC. At the September meeting, the Board again directed County staff to move forward with this.
6. The presentation on housing to the joint City-County Housing Workshop, is scheduled for October 27. The HFA will need to draft its presentation to be included as part of the County's presentation.
7. Mr. Kemp reports:
*HFA Ordinance creation amendment: OMB is conducting research of other HFA structures, written policy, procedures, ordinances, and enabling resolution that would culminate into a BOCC Agenda Item that includes the research results and the revised ordinance. **In progress with a target date of either November 22, 2016, or December 13, 2016 (both dates are scheduled BOCC meeting dates).***
8. **Recommendation:** None.

VII. New Law Impacting Special Districts—Action

1. Effective October 1, a new Florida law impacting Special Districts, of which the HFA is one, went into effect.
2. This amended the statute that governs Special Districts—detailing requirements for their websites.
3. The most important changes are requirements that:
 - The HFA post a list of its regularly scheduled public meetings
 - At least 7 days before each meeting or workshop, the agenda of the event, along with any meeting materials available in an electronic format, excluding confidential and exempt information. The information must remain on the website for at least 1 year after the event.
4. From a staff perspective, the requirement for posting meeting materials seven days in advance of meetings will necessitate changes to the process. Specifically, all parties will need to provide input and updates to the Financial Advisor at least nine days in advance of each meeting so that the materials can be evaluated and included in the FA memo.
5. The nine day period is recommended based upon an assumption that the County can post materials on the day they are provided. If this is not accurate, then additional days will need to be added to the period.
6. **Recommendation:** Direct staff to comply with the requirements, and to provide information to the Financial Advisor at least nine days in advance of all meetings.

VIII. To-Do List—Informational

To-Do Item	HFA	FA	CAO	LK	EC	Status	Completed
Prior to October 2015 Meeting							
Set date for Stakeholders Meeting	X					On September Agenda	
Seek Independent operational status separate from County. Make specific request to BOCC.	X	X	X		X	Board asked CAO to draft ordinance amendments	
October 2015							
Research if old payoffs of DPA loans came to HFA.		X			X	In process.	
November 2015							
Due diligence on properties by Real Estate Division and County Attorney. Obtain clean title.			X			Ongoing as properties are received.	1 st sale completed
April 2016							
Enter into formal contract with FA, to be effective October 1, 2016.		X	X		X	BOCC approved contract. Awaiting signature.	
May 2016							
Board directed FA to prepare analysis of the HFA's future role, and what the HFA should deliver in writing to the City-County workshop.		X	X	X		City-County workshop postponed until October 27. Susan working on presentation.	
June 2016							
Board directed FA to create a readable summary list of all properties in the system, and to update the larger Master List of properties to add the new steps being developed by the Real Estate Division and the new properties.		X				Updating master list to include new properties.	Chairman Rogers has recommended priorities.
Board directed Mr. Rigo and Mr. Ross to move forward with sale of properties with the goal of selling as soon as possible to create revenue—for this point in time.			X			Work underway. 1 st sale complete.	
September 2016							
Board asked Chairman Rogers to communicate with BOCC/County administration that the Emergency Repair Program exists and how it works.	X					Mr. Rogers met with County Administration	Done
Board directed staff to get process moving for HFA independence/required Ordinance changes				X	X	Discussions have taken place. No definitive outcome. OMB conducting research for potential Ordinance amendments (December or January)	

IX. Florida ALHFA Annual Dues—Action

1. An invoice has been received for the \$500 annual dues payment to Florida ALHFA.
2. **Recommendation:** Authorize staff to make the payment of the \$500 Florida ALHFA dues.

X. Sadowski Education Effort Contribution—Action

1. Florida ALHFA has requested that all local HFA's contribute funds at this time to the 2017 Sadowski Education Effort. The attached letter details the request and the benefits of the work of SEE with the legislature.
2. As a result of SEE, our community received SHIP allocation for FY 16-17 of \$1,812,802 (Leon County \$614,721 and the City of Tallahassee 1,197,081).
3. Last year, the HFA contributed \$2,500 to SEE.
4. This year, the larger HFA's are contributing \$15,000, with most other contributions of \$5,000-\$10,000. The Polk County HFA makes a \$2,500 contribution.
5. The SEE budget for 2017 is \$174,000.
6. **Recommendation:** Consider authorizing staff to make a SEE contribution, and determine the amount of the contribution.