

# THE HENDRICKSON COMPANY

1404 Alban Avenue ☞ Tallahassee, Florida 32301

Telephone: 850-671-5601

Fax: 850-671-5603

To: Leon County Housing Finance Authority Board of Directors  
From: Mark Hendrickson, Financial Advisor  
Subject: November 10, 2016 Board Meeting  
Date: November 2, 2016

## **I. Financial Reports and Budget—Action**

1. The revised Financial Statement for September 30, 2016 is attached. The revisions reflect interest earnings (\$2,588.94) and a reversal of an expenditure to Newks (\$646.25) that were not booked until after the last HFA meeting.
2. The revised net assets as of September 30, 2016 are \$1,709,519.86, with \$650,082.35 in cash.
3. For the fiscal year ending September 30, expenses exceeded revenues by \$35,440. The Kenwood Place grant/local government contribution of \$37,500 was a non-recurring expense—without which the budget would have been balanced.
4. In October, the Escambia County HFA paid \$5,737.26 to the Leon County HFA as the semi-annual participation fee in the Single Family Program, and \$4,707.92 due to the repayment of a DPA loan. These payments were not booked in October, and are not reflected on this month's financial statement.
5. For October, booked revenues were \$0, and expenditures were \$3,939.83. The net assets (excluding the Escambia payments) as of October 31, 2016 are \$1,705,580.03, with \$646,142.52 in cash.
6. A detailed budget for FY 16-17 will be distributed before the December HFA meeting.
7. **Recommendation:** Accept September 30 (revised) and October 31 financial statements.

## **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 \$30,000 has been authorized for this program. Individual repairs were limited to \$1,650 per home.
2. The total amount of repairs funded through October is \$11,549.97.
3. The program resumed in October, with eighteen (18) new cases totaling \$18,300 in process. If all of those cases are funded, \$150.03 would remain unencumbered.
4. **Recommendation:** None.

### **III. 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. An RFQ was issued by the County Purchasing Department and 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.
3. After the 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.
4. Following the interviews, the Committee ranked the Knowles Randolph firm #1.
5. At the October meeting, the Board approved the rankings and appointed the Finance Committee to negotiate a fee. The Review Committee met on October 25, with Chairman Gay, Board members Gail Milon and Allen Stucks, and Dan Rigo in attendance. The Committee negotiated a fee with the Knowles Randolph firm, and Mr. Rigo is preparing a contract for Board consideration.
6. The negotiated fee:
  - \$150 per hour to attend HFA meetings
  - \$250 per hour for other matters, other than litigation and bonds
  - \$350 per hour for litigation
  - Negotiated fee on any bond issue
7. **Recommendation:** Consider approval of contract prepared by Mr. Rigo with the Knowles Randolph firm.

### **IV. Real Estate—Informational**

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. The Real Estate Division reports that Osceola Street property was sold in September (sales price of \$34,100 with net revenue to HFA of \$33,077). Mr. Rigo reported that the Real Estate Division staff is working with TALCOR to list the additional properties on MLS.
4. At the request of the Real Estate Division, the HFA prioritized the properties (to avoid spending more money obtaining clear title than the property’s value). A list is attached.
5. Mitzi McGhin reports:
  - 723 Frankie Lane Drive: Cash offer of \$12,000 (appraised value \$13,000). County staff will move forward to close sale this month.

- 278 Oakwood Drive: Buyer expressing interest at price of \$34,000 (appraised value \$35,000). County staff will move forward with negotiations.

6. **Recommendation:** None.

**V. Future Role of HFA—Informational**

1. Staff has researched 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 mostl other local HFA's.
2. Three significant powers are withheld from the HFA, that severely hinder the HFA's independence and ability to move quickly to address issues:
  - Contracts—must be approved by BOCC
  - Budget—must be approved by BOCC as part of County's overall budget
  - Procurement—must follow County process and involves County Purchasing Department
3. 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.
4. The Board requested that the Board and Financial Advisor be involved with the drafting and review of any proposed Ordinance changes.
5. Last month Mr. Kemp reported that OMB was conducting research of other HFA structures, written policy, procedures, ordinances, and enabling resolution that would culminate into a BOCC Agenda Item. Mr. Lamy reports that a draft report will be available for HFA review.
6. Mr. Lamy reports:  
*We plan to bring a report to the County Commission with recommended changes at its Dec. 13 meeting which will include a recommendation to schedule a public ordinance to effectuate the changes in the ordinance.*

7. **Recommendation:** None.

**VI. Joint City-County Housing Workshop—Action**

1. The workshop was held as a joint meeting of the Leon County BOCC and City of Tallahassee Commission.
2. A memo from Mr. Kemp is attached which summarizes the workshop and its outcomes.
3. One of the outcomes was the creation of an Affordable Housing Workgroup, to be staffed by City and County staff. The HFA is one of 15 members of the Workgroup. Details on the Workgroup and its purpose are in Mr. Kemp's memo..
4. **Recommendation:** Appoint HFA Representative to the Workgroup.

**VII. To-Do List—Informational**

<b>To-Do Item</b>	<b>HFA</b>	<b>FA</b>	<b>CAO</b>	<b>LK</b>	<b>LS</b>	<b>Status</b>	<b>Completed</b>
<b>Prior to October 2015 Meeting</b>							
Set date for Stakeholders Meeting	X					On hold	
Seek Independent operational status separate from County. Make specific request to BOCC.	X	X	X		X	Board asked CAO to draft ordinance amendments	
<b>October 2015</b>							
Research if old payoffs of DPA loans came to HFA.		X			X	In process.	
<b>November 2015</b>							
Due diligence on properties by Real Estate Division and County Attorney. Obtain clean title.			X			Ongoing as properties are received. Priority list provided.	Ongoing
<b>May 2016</b>							
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 held. HFA part of ongoing workgroup	
<b>June 2016</b>							
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.	Done
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 <sup>st</sup> sale complete.	
<b>September 2016</b>							
Board directed staff to get process moving for HFA independence/required Ordinance changes				X	X	Moving forward. Report draft to be distributed to HFA. Ordinance change process to begin formally at December BOCC meeting	