

THE HENDRICKSON COMPANY

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To: Leon County Housing Finance Authority Board of Directors
From: Mark Hendrickson, Financial Advisor
Subject: March 9, 2017 Board Meeting
Date: March 1, 2017

I. Financial Reports and Budget—Action

1. The Financial Statement for January 31, 2017 is attached. Net assets as of January 31, 2017 are \$1,731,729.72, with \$682,059.13 in cash.
2. The HFA Budget and Income/Expenditure detail is attached. For January, income exceeded expenses by \$22,415.13. Year-to-date, income has exceeded expenses by \$25,291.46.
3. The funds derived from the sale of lands designated for affordable housing must be spent on housing activities. As such, the net proceeds are now shown as restricted assets on the HFA's Balance Sheet.
4. **Recommendation:** Accept Financial Statement.

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 February 2017 is \$11,549.97.
3. County staff conducted a "purge" of the waiting list, to determine if the persons still had need of repairs, or still lived at the residence. As a result, the waiting list was eliminated and persons who apply can immediately be processed for full repair funding. Ms. Sousa reports that there is one potential client for the program who is being evaluated for eligibility.
4. The Board directed that this line item remain in the HFA's budget should the emergency repair program be needed.
5. **Recommendation:** None.

III. Real Estate—Informational

1. The Real Estate Division is working on disposing of properties as clear title is obtained. They are also obtaining appraised values.
2. 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).
3. Mitzi McGhin reports:
 - 114 Osceola Street: Sold 8-29-16 for \$34,100, with net revenue to the HFA of \$32,577.
 - 723 Frankie Lane Drive: Sold 12-1-16 for \$12,000, with net revenue to the HFA of \$11,300.
 - 278 Oakview Drive: Sold 1-5-17 for \$27,300, with net revenue to the HFA of \$26,525.
 - 2109 Holton Street: Sold 2-15-17 for \$6,500, with net revenue to the HFA of \$4,800.
 - Calloway Street Lot: Under contract for \$5,900 (appraised value \$7,000), with "closing shortly". Net to HFA to be determined.
 - For sale signs placed on properties in Crown Ridge, with appraisals due December 2. Several inquiries have been received, but no interest shown after being given sales price.
4. Therefore, the total revenues to the HFA are \$75,202 (does not include Calloway Street pending sale).
5. The master spreadsheet has been emailed to Board Members.
6. **Recommendation:** None.

IV. Future Role of HFA—Action

1. On February 7, the BOCC passed amendments to the HFA's Ordinance, and an accompanying Resolution, that grant significant independence to the HFA.
2. Three significant powers that had been withheld from the HFA, are now granted to the HFA:
 - Contracts—no longer need BOCC approval.
 - Budget/Finance/Banking/Audit—HFA to adopt its own systems; budget no longer needs BOCC approval.
 - Procurement—HFA to adopt its own Procurement Policy/Procedures.
3. The HFA's ability to adopt its own budget is available as an option at the sole discretion of the HFA—but not until the beginning of FY 17-18 (October 1, 2017). Mr. Lamy has requested that the HFA formally notify the County if the HFA will be adopting its own budget for FY 17-18.
4. Over the next few months, the HFA will need to adopt policies and procedures in order to implement these changes. The HFA's professional team will assist in providing the HFA Board the information needed for implementation. The team will look to other local HFA's for comparable procedures, policies, and systems—as well as to the County when appropriate.
5. The HFA Board decided to utilize the Finance Committee to make recommendations to the full Board on several of the transition items..

6. Mr. Lamy prepared the County's summary of activities and County plans for transfer to the HFA (attached).
7. The Board directed the Financial Advisor to compile a bullet point list of decisions that will need to be addressed, putting the list in a priority order. An initial list is attached. For the first draft, the list is divided by topic, rather than by priority.
8. The decisions to be made include
 - Set priorities for decisions to be made. Financial Advisor can make recommendations on this for the April Board meeting, as directed by the Board.
 - Develop timeline for decision and implementation
 - Determine who will be responsible for each function
 - Set up "evergreen" calendar for actions to make sure all functions are performed when required.
9. **Recommendation:** Decide order, if any, that transition items to be considered.

V. Legal Update

1. The Board asked that a legal update be place on each agenda and FA memo.
2. Legal Counsel and FA met to discuss how to implement future work, and to begin to identify potential financing opportunities for the HFA.
3. **Recommendation:** None.

VI. To-Do List—Informational

| To-Do Item | HFA | FA | CAO | LK | LS | KR | Status | Completed |
|---|------------|-----------|------------|-----------|-----------|-----------|--|------------------|
| Prior to October 2015 Meeting | | | | | | | | |
| Set date for Stakeholders Meeting | X | | | | | | On hold | |
| October 2015 | | | | | | | | |
| Research if old payoffs of DPA loans came to HFA. | | X | | | X | | In process. | |
| December 2016 | | | | | | | | |
| HFA to seek additional donations of property from lending institutions. Mr. Gay volunteered to draft letter and provide lender contacts. | X | | | | | | In progress | |
| Mr. Gay and Mr. Hendrickson to recommend policy for handling financial statements when Board meeting falls early in the month—and the 7 day website publication rule. Board directed that 7-day notice should be followed even if financials were delayed by one month. | X | X | | | | | In progress | |
| February 2017 | | | | | | | | |
| Mr. Gay and Mr. Hendrickson to reflect funds from sale of properties as restricted assets on HFA balance sheet | X | X | | | | | Change made to Balance Sheet | Done |
| The Board asked Mr. Knowles to explore opportunities for the HFA's involvement with City owned properties. | | | | | | X | In progress | |
| The Board directed the Financial Advisor to list all items that would need to be addressed for the transition to HFA independence, using a bullet format, and putting items in priority order (no later than April meeting). | | X | | | | | Initial list in Board Packet. Priorities to be recommended by April meeting. | |
| Mr. Lamy asked that the Board agenda an item wherein the HFA could formally notify the County that the HFA intended to adopt its own budget for FY 17-18. The Board directed that this item be placed on the March HFA agenda | | X | | | | | Action item | Done |