

THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors
From: Mark Hendrickson, Administrator
Subject: August 10, 2017 Board Meeting
Date: August 3, 2017

I. Financial Reports and Budget—Action

1. The Financial Statement for July 31, 2017 is attached. Net assets as of April 30, 2017 are \$1,708,455.31, with \$667,534.72 in cash (\$76,458.01 restricted).
2. The HFA Budget and Income/Expenditure detail is attached. For July, expenses exceeded income by \$6,000.90. Year-to-date, income has exceeded expenses by \$1,117.05. Additionally, \$15,516.92 has been shifted from loan assets to cash as a result of the repayment of DPA loans.
3. As recommended by the Finance Committee, all Emergency Repair expenditures will be booked against the restricted assets from the property sales (they meet the test as direct housing expenditures).
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 June 2017 is \$14,457.47, with another two homeowners in process (\$2,250). A total of \$13,292.53 remains uncommitted.
3. The Board directed that this line item remain in the HFA's budget should the emergency repair program be needed.
4. Mr. Lamy indicated that the County wished to continue the program at no administrative cost to the HFA. Beginning October 1, this will require an agreement and procedures so that the expenditures can be audited by the HFA's auditor. The basic concept will be to identify the procedures in an MOU, which would detail intake procedures, eligibility, and reporting—with the HFA advancing funds periodically so that the County would be paying vendors, not the HFA.
5. **Recommendation:** None.

III. Real Estate—Informational

1. The Real Estate Division is responsible for selling surplus properties designated for affordable housing, with proceeds of the sale coming to the HFA.
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). Ms. McGhin has been asked to evaluate potential price reductions to induce sales.
3. Mitzi McGhin reports (no change for five months):
 - 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: Sold 3-30-17 for \$5,900, with net revenue to the HFA of \$5,200.
 - 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 \$80,402.
5. This month, Ms. McGhin reports:

We are going to piggy back off the City Real Estate Services contract with local vendor adopted last week to place the affordable housing properties on MLS. No change in property sales. Thank you, Mitzi
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. The Finance Committee chaired by Mr. Gay met to begin planning for the transition. The Action Plan for transition was approved by the HFA in April.
3. A revised contract with The Hendrickson Company to act as Administrator/Financial Advisor was approved in May.
4. Chairman Rogers, Mr. Hendrickson, Mr. Lamy and Ms. Barnes met on August 2 to discuss the ongoing relationship between the County and the HFA. The meeting was highly productive, with most outstanding issues resolved. The County will draft an MOU for HFA consideration in September, which will detail various items, including the Emergency Repair Program, record retention, mailing address, and website issues.

5. Upon recommendation of HFA Counsel, an RFQ for checking account services was issued. Six responses were received, from the following banks: Capital City, Centennial, Hancock, Prime Meridian, Regions, and Tallahassee State. The Finance Committee met on August 3 and determined/recommended:
 - All six banks met basic threshold requirements in their response
 - Centennial and Prime Meridian did not have branch offices located near the County offices or the Administrator's office
 - Of the remaining banks, Tallahassee State charged fees for basic checking services, which were to be offset by an interest rate payment. The Committee found this to be overly complex to determine balances needed to avoid ongoing fees.
 - Of the three remaining banks, all were deemed to have adequate services, locations, and fees (Capital City, Hancock and Regions).
 - Capital City Bank is an active participant in the Escambia-Leon single family program, which serves Leon County residents and generates income for the HFA
 - The Committee voted to recommend that the Board select Capital City Bank for checking account services.

6. A general summary of the Action Plan:
 - HFA to adopt its own budget in September
 - HFA to establish checking account and investment account with SBA Prime Fund, for transfer of funds and responsibilities on October 1
 - Accounting system using QuickBooks online to be established
 - Proper financial controls to be established, using combination of Mr. Gay, the Administrator, and the Board
 - General administrative duties and developer/citizen inquiries to be handled by the Administrator
 - General Counsel and the Administrator to develop proposed procurement and travel policies
 - Auditor to be hired in time to audit FY 17-18 HFA financials. RFQ to be designed after consultation with County on proper format for coordination with County audit.
 - "Evergreen" calendar to be established for action to make sure all functions performed when required
 - Need to establish HFA mailing address and system for retention of public records (and establish custodian of those records)
 - Finance Committee to meet again to evaluate all implementation recommendations

7. Some initial information on implementation:
 - County Attorney advises that they cannot serve as mailing address/public records custodian for the HFA because they are not HFA counsel
 - County will draft MOU
 - Emergency Repair Program to be administered by the County at no cost. MOU will establish intake procedures, eligibility, and payment systems.
 - HFA to maintain current mailing address of 918 Railroad Avenue
 - HFA records to be kept at County office. County researching best method for ongoing record retention in conformance with State law and County policy.
 - County will maintain HFA website on County system, with meeting notices and posting of meeting materials to be handled by the Administrator.

8. **Recommendation:** Consider selection of Capital City Bank for checking account services.

V. Legal Update—Action

1. The Board asked Ms. Whitehurst and Mr. Hendrickson to review the bylaws for any changes required by the transition, and to prepare bylaw amendments, including the creation of a Board Officer position of Treasurer.
2. Counsel has completed the proposed revisions (attached). Counsel advises that the existing by-laws were so-outdated and failed to address so many required areas that production of a “redlined” document was not possible. The proposed by-laws are a total redraft, not an edit of the exiting document.
3. The Administrator recommends that the proposed by-laws add a provision under the Quorum and Voting area (Section 4), that “illness” be specifically recognized as an extraordinary circumstance that warranted Board member participation by telephone (consistent with the Florida Sunshine Manual), and to change all references to the Leon County Housing Finance Authority to the “Housing Finance Authority of Leon County”.
4. **Recommendation:** Approve proposed By-Laws, with revisions noted above and any other revision approved by the Board.

VI. Multi-Family Bond and Local Government Contribution Applications—Action

1. The Board requested that the Administrator draft proposed revised Multi-Family Bond and Local Government Contribution applications (Local Government Support Application and NOFA attached). The Bond application and NOFA will be brought to the September meeting.
2. From a policy perspective, the Local Government Support Application and NOFA remain unchanged. remain unchanged, except that the NOFA has a proposed change to reflect methods to deal with developers involved with fraud and other negative legal issues. The Hillsborough County Attorney is drafting language to deal with this issue, for potential use by any local HFA.
3. **Recommendation:** Approve proposed Local Government Support NOFA and Application.

VII. To-Do List—Informational

To-Do Item	HFA	Admin	CAO	SL	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	
March 2017							
The Board requested that an analysis of the remaining properties and the potential for price reductions be put on an HFA agenda						Request for update sent to Mitzi McGhin	
April 2017							
The Board directed Counsel and FA to bring back a proposed policy on participation by Board members by telephone.		X			X	In Packet	August Agenda
June 2017							
The Board the Administrator to inquire of the County what process was being used to decide who would be funded under this program, and to work to establish a system where homeowners that were assisted would receive a letter from the HFA related to their assistance	X			X		Process to be in MOU which will be drafted for HFA consideration in September	
The Board directed the Administrator to bring a revised Multi-Family Bond and Local Government Contribution application to the August HFA meeting for review and consideration of approval.	X					Local Government Contribution complete. Bond application moved to September agenda.	Local Government Contribution Application and NOFA complete