

THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors
From: Mark Hendrickson, Administrator
Subject: September 14, 2017 Board Meeting
Date: September 7, 2017

I. Financial Reports and Budget—Action

1. The Financial Statement for August 31, 2017 is attached. Net assets as of August 31, 2017 are \$1,701,076.81, with \$663,476.22 in cash (\$76,328.03 restricted).
2. The HFA Budget and Income/Expenditure detail is attached. For August, expenses exceeded income by \$7,128.50. Year-to-date, expenses have exceeded revenue by \$5,361.45. Additionally, \$18,836.92 has been shifted from loan assets to cash as a result of the repayment of DPA loans.
3. All Emergency Repair expenditures are booked against the restricted assets from the property sales (they meet the test as direct housing expenditures).
4. The annual payment for Lakes at San Marcos is late (again). The Administrator has communicated directly with the trustee to emphasize that the continual (last three years at least) late payment is not acceptable. The payment of \$32,000 should be received prior to the September HFA meeting.
5. The HFA is now responsible for adopting its own budget. A proposed FY 17-18 budget has been recommended for Board adoption by the Finance Committee (attached).
6. **Recommendations:**
 - Accept Financial Statement
 - Adopt Proposed FY 17-18 Budget

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 July 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 six 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 that are not new sales or interest in the properties.
6. **Recommendation:** None.

IV. Future Role of HFA—Informational

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 October, which will detail various items, including the Emergency Repair Program, record retention, mailing address, and website issues.

5. Some initial information on implementation:
 - 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
 - MOU with County needed to govern the Emergency Repair Program records retention, mailing address, and other matters.
6. **Recommendation:** None.

V. Legal Update—Action

1. At the August 24 Special Meeting of the HFA, the Board voted to give a 30-day notice of termination to the Knowles & Randolph law firm. The termination will be effective September 25, 2017. The HFA needs to determine what legal services are required and how they will be procured..
2. If the HFA chooses to engage a new General Counsel, there are two options. First, the County Attorney’s office (Dan Rigo) has advised that it is permissible to move to the firm ranked second in the 2016 RFQ process—Nabors, Giblin & Nickerson. Second, the HFA can issue a new RFQ.
3. The Finance Committee recommends that the HFA engage Nabors, Giblin & Nickerson as General Counsel, subject to the firm’s agreement to “step into the shoes” of the existing contract (duties and fee schedule) for FY 17-18, with the contract and fees subject to renegotiation for FY 18-19. The Nabors, Giblin & Nickerson agreement would have an effective date of October 1, 2017.
4. The Administrator was directed to contact the firm, and they expressed their willingness to agree to these terms.
5. **Recommendation:** Accept recommendation of Finance Committee.

VI. Old DPA Loans

1. The Administrator discovered that over \$587,000 of loans appeared to be outstanding (same owner of home as when DPA loan made). However, more research was needed to determine which loans had been paid off, particularly when the first mortgage was refinanced.
2. Research is still ongoing to determine which first mortgage loans were paid off or refinanced, and to determine if the HFA if the DPA loan was repaid as required. It appears that some DPA loans, particularly where Peoples First Bank was the first mortgage lender, were not paid as required.
3. The research will continue, with a full report at the October meeting, including an adjustment to the balance sheet and a plan for recovery (if possible) of funds owed to the HFA>
4. **Recommendation:** None.

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		Completed initial research. More research required.	In Board Packet
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	
June 2017							
The Board the Administrator to inquire of the County what process was being used to decide who would be funded under the Emergency Repair 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 October	