

GENERAL RULES AND REGULATIONS

OF

**THE HOUSING FINANCE AUTHORITY OF
PALM BEACH COUNTY, FLORIDA**

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ARTICLE I : INTRODUCTION AND EFFECTIVE DATE

Pursuant to Section 159.608(1), Florida Statutes, the Housing Finance Authority of Palm Beach County, Florida (the "Authority") has the authority to make, and from time to time amend, rules and regulations not inconsistent with the Housing Finance Authority Law encoded in Chapter 159, Part IV, Florida Statutes, as such law may be amended from time to time (the "Act"), to carry into effect the powers and purposes of the Authority.

Pursuant to Section 11 of Palm Beach County Ordinance 2002-022 enacted by the Board of County Commissioners of Palm Beach County, Florida (the "County") on May 21, 2002, as an amendment and replacement to Ordinance 79-3, as amended by Ordinances 91-7, 98-53 and 01-016 of the County, as may be further amended and supplemented (the "Ordinance"), the Authority has the authority to promulgate rules and regulations, provided that such rules and regulations are submitted to and approved by the Board of County Commissioners of the County (the "BOCC").

The following rules and regulations of the Authority (the "Rules") are consistent with the Act and the Ordinance and have been approved by the BOCC. The Rules are intended to generally govern the manner in which the business of the Authority may be conducted.

EFFECTIVE DATE: November 18, 2008

[End of Article I]

ARTICLE II: ADDITIONAL DOCUMENTS

In addition to the requirements set forth herein, the Authority shall comply with and observe all laws, rules, regulations, policies and procedures set forth in the Act; the Ordinance; the Palm Beach County Code of Ethics encoded in Resolution 94-693 of the BOCC, as amended by Resolution 2003-0962 of the BOCC, as may be amended and supplemented (the "County Ethics Code"); the Code of Ethics for Public Officers and Employees encoded in Part III of Chapter 112, Florida Statutes, as may be amended and supplemented (the "State Ethics Code"); the Florida Sunshine Law encoded in Section 286.011, Florida Statutes, as may be amended and supplemented (the "Sunshine Law"); the Florida Public Records Law encoded in Chapter 119, Florida Statutes, as may be amended and supplemented ("Public Records Law"); the Uniform Special District Accountability Act encoded in Sections 189.401 through 189.429, Florida Statutes, as may be amended and supplemented, such other sections of the Florida Statutes and the Palm Beach County Code of Ordinances (the "Code of Ordinances") as may be applicable to the Authority and its members (each a "Member") and any other documents, rules, regulations, laws, policies and orders prescribed by the BOCC or the Florida Statutes.

If any provision of the Rules is found to be in conflict with federal law, state law or the Code of Ordinances, the provisions of said federal law, state law or Code of Ordinances shall prevail over the conflicting provision in the Rules.

[End of Article II]

ARTICLE III : AMENDMENTS

Changes to the Rules shall be by resolution approved by a majority of the Members of the Authority present and submitted to the BOCC for final approval and, unless otherwise provided in such amendment, shall take effect immediately upon BOCC approval; provided, however, that amendments made to address changes in the Code of Ordinances, state or federal law shall not require the approval of the BOCC.

[End of Article III]

ARTICLE IV: OFFICERS

4.01. Chairperson

- a. Appointment: In June of every year, pursuant to Section 4 of the Ordinance, the Members of the Authority shall elect a chairperson nominee by vote of the majority of the Members present and shall submit such chairperson nominee to the BOCC for approval. Any Member can nominate any Member other than him- or herself for consideration in the election of the chairperson nominee. Subject to 4.01(b), any Member may serve as Chairperson of the Authority. Upon approval, such chairperson nominee shall serve a one (1) year term as chairperson (the "Chairperson") to the Authority, with the effective date of such term commencing July 1. If the BOCC has not approved the Chairperson prior to July 1, upon approval, the Chairperson's term shall commence retroactive to July 1.
- b. Term limits: No Member may serve more than two (2) consecutive complete one (1) year terms as Chairperson.
- c. Duties:
 - (i) *Presiding over meetings*: The Chairperson shall preside over all meetings of the Authority.
 - (ii) *Signatures*: The Chairperson shall execute all documents approved and authorized by the Authority on behalf of the Authority.

4.02. Temporary Chairperson

In the event that the Chairperson is absent or otherwise unable to perform his or her duties, the Vice Chairperson shall perform such duties. In the event that the Chairperson and Vice Chairperson are both absent or otherwise unable to perform their duties, any other Member shall perform such duties; provided, however, that in the event the duties include execution of a document that requires attestation by the Secretary, the Secretary shall not sign as temporary Chairperson. In each instance in which the term "Chairperson" is used herein, such term shall apply to a temporary Chairperson if a temporary Chairperson is needed.

4.03. Vice Chairperson

- a. Appointment: In June of every year, the Members shall elect a vice chairperson (the "Vice Chairperson") by vote of a majority of the Members present, to serve for a one (1) year term, with the effective date of such term commencing July 1.
- b. Term limits: There is no limitation on the number of consecutive terms a Member may serve as Vice Chairperson; provided, however, that by vote of a majority of the Members present, term limits for Vice Chairperson may be imposed.

- c. Duties: The Vice Chairperson shall perform the duties of the Chairperson in the Chairperson's absence in accordance with Section 4.02 above.

4.04. Secretary

- a. Appointment: In June of every year, the Members shall elect a secretary (the "Secretary") by vote of a majority of the Members present, to serve for a one (1) year term, with the effective date of such term commencing July 1.
- b. Term limits: There is no limitation on the number of consecutive terms a Member may serve as Secretary; provided, however, that by vote of a majority of the Members present, term limits for Secretary may be imposed.
- c. Duties:
 - (i) *Minutes*: The Secretary, or other party designated by the Secretary, shall ensure that the minutes of each Authority meeting have been properly recorded and are put into written form accurately reflecting the actions of the Authority and the events that transpired at the meeting for which the minutes are prepared.
 - (ii) *Attestation*: The Secretary shall attest to the signature of the Chairperson and to the seal on any documents to be executed by the Authority requiring such attestation. In the event that the Secretary is not available for such attestation, the Assistant Secretary, if any, or any other Member of the Authority, other than the person signing as Chairperson, may attest to the signature of the Chairperson and to the seal.

4.05. Assistant Secretary

The Authority may appoint an Assistant Secretary should it deem such appointment to be useful in the furtherance of the activities and purposes of the Authority. Said Assistant Secretary shall perform the duties and obligations of the Secretary in the absence of the Secretary, unless limitations shall be imposed by the Authority at the time of such appointment, and shall perform other duties and obligations as may be determined by the Authority at the time of such appointment.

[End of Article IV]

ARTICLE V: STAFF/PROFESSIONALS

5.01. Executive Director

The administrative, operational and program oversight functions of the Authority may be handled and coordinated by an executive director (“Executive Director”). If the Authority determines it appropriate to have an Executive Director, such Executive Director may be an employee of the Authority, an independent contractor, or an employee of the County and shall be selected by the Authority pursuant to a Request for Qualifications or other selection process deemed desirable and meeting the legal requirements for such selection. The Executive Director, if any, serves at the pleasure of the Authority in the furtherance of the Authority’s purposes.

5.02. Administrative Assistant to the Executive Director

The Executive Director may, at the Authority’s option, receive ministerial assistance in the execution of his or her duties from an administrative assistant (the “Administrative Assistant”). Such Administrative Assistant may be an employee of the Authority, an independent contractor or an employee of the County and shall be selected by the Authority and serve at the pleasure of the Authority.

5.03. General Counsel

The Authority may employ legal counsel or retain the services of an independent law firm that serves as general counsel (the “General Counsel”) to the Authority pursuant to a contract between the Authority and the General Counsel. The General Counsel provides legal assistance and advice in connection with Sunshine Law matters, Florida Ethics Code and County Ethics Code matters, the Act, the Ordinance and other legal aspects of the operations and functions of the Authority; reviews legal documents and program documents of the Authority to ensure that the Authority’s interests are protected in connection with bond and other transactions of the Authority; drafts legal documents for the Authority as may be requested by the Authority; and performs other tasks and duties as directed by the Authority.

5.04. Other Professionals

The Authority may employ or enter into contracts with financial advisors, accountants, auditors, attorneys, including, but not limited to, bond counsel and disclosure counsel and other professionals as it deems necessary, provided that the selection of such parties is completed in compliance with the requirements of the Ordinance, if applicable, and applicable law. The duties and responsibilities of such professionals and the terms of their engagements shall be determined by the Authority at the time such party is engaged. Contracts with professionals should be reviewed periodically as may be required.

[End of Article V]

ARTICLE VI: FISCAL POLICIES AND BUDGET

6.01. Fiduciary Responsibility

All of the Members and employees and, to the extent applicable in the performance of their services for the Authority, professional staff, of the Authority have a fiduciary responsibility to the citizens of the County to safeguard the Authority's assets and use such assets to further the purposes of the Authority.

6.02. Financial Records, Reports and Audits

- a. Accounting Method: The Authority's official financial records and reports shall be prepared and maintained by its accountant, or such other party designated by vote of the majority of the Members present, and shall be reported in accordance with Generally Accepted Accounting Principles and in compliance with federal law, state law, including, but not limited to, the Uniform Local Government Financial Management and Reporting Act encoded in Part III, Chapter 218, Florida Statutes (the "Reporting Act"), Section 189.418, Florida Statutes, and the Code of Ordinances.
- b. Financial Statements and Reports:
 - (i) *Monthly*: Monthly reconciliation statements for the Authority's general fund, and such other accounts as may be requested by the Authority, including, but not limited to accounts relating to the Authority's multifamily and single family bond programs, with respect to income received and payments made from such accounts shall be submitted to the Authority's accountant by its Executive Director, financial advisor or other party appointed by the Authority to do so; provided, however, that the Authority may waive this requirement by vote of the majority of the Members present.
 - (ii) *Quarterly*: Quarterly financial reports shall be provided to Authority within 60 days of the end of each quarter. This report shall summarize financial and performance data for the preceding quarter, including, but not limited to, a comparison of actual expenditures and revenues to budgeted expenditures and revenues. This report shall be prepared by the Authority's Executive Director, financial advisor or other party appointed by the Authority to do so; provided, however, that the Authority may waive this requirement by vote of the majority of the Members present.
 - (iii) *Annually*: The Authority's accountant shall prepare an annual financial report for submission to the County in accordance with the Reporting Act and the requirements of the County. The County's Comprehensive Annual Financial Report includes the audit of the Authority's general fund and fulfills all of the Authority's reporting

requirements under the Reporting Act based on the information submitted to the County pursuant to this section.

- c. Audits: The Authority's financial records shall be audited annually, at the end of the Authority's fiscal year, by an independent auditor.

6.03. Fiscal Year

The Authority's fiscal year shall be from October 1 through September 30.

6.04. Budget

The Authority shall adopt an annual budget (the "Budget") by written resolution adopted by vote of the majority of the Members present, on or prior to the August preceding the fiscal year for which the Budget is prepared.

- a. Preparation: The Authority's Executive Director, financial advisor or other party appointed to do so by the Authority, shall prepare a budget and submit it directly to each Member of the Authority for review on or prior to July 31 of each year to give each Member sufficient time to consider the budget prior to the budget approval at the Authority's August meeting. The budget shall be balanced, that is, the total of the estimated receipts, including balances brought forward, shall equal the total of the appropriations and reserves. The appropriation division of the budget shall include itemized appropriations for all expenditures authorized by law, contemplated to be made, or incurred for the benefit of the Authority during the said year.
- b. Changes: Budget changes shall be approved by written resolution adopted by vote of the majority of the Members present.

6.05. Use/Management of Monies

- a. Use of Surplus Funds: The use of surplus monies shall be in accordance with the Authority's Policies and Procedures for the Use of Surplus Funds effective January 1, 2008, as may be amended and supplemented, attached hereto as "**Appendix A.**"
- b. Permissible Expenditures: All expenditures of Authority funds shall be made in furtherance of the purposes of the Authority. In addition to the use of surplus funds as set forth under Section 6.05(a) above, Authority funds may be expended, without specific prior approval of the Authority unless otherwise provided for below, but subject to approval prior to reimbursement for or payment of such expenditure pursuant to the procedures set forth in Section 6.05(d) below, in amounts standard and reasonable for the particular item, for the payment of:
 - (i) regular periodic payment of employees, including benefits therefor, and professional staff, whether on a contract basis or otherwise, provided that such regular payments were initially approved by the Authority;