

2024 Florida ALHFA ANNUAL EDUCATIONAL CONFERENCE

THRIVING THROUGH ADVERSITY

HFA Board Members: How to be an Effective Board Member of an HFA





HFA Board Members: How to be an Effective Board Member of an HFA

Board members have asked, “What exactly am I supposed to be doing as a Board member? Am I supposed to be an expert on programs, or is that for staff only? How much can I rely on professionals and staff? Do I have a fiduciary responsibility?” What’s the “Goldilocks” position between micromanaging staff and professionals and being too hands off? This session will discuss financial statements, audits, expenditure policies, budgeting, multifamily policies, procurement, and working with elected officials at the local and state level. Learn that “right” level of involvement, so that you can be an effective board member.



PANEL

MODERATOR

Michael T. Cronin, Esq.
Counsel to Housing Finance Authority
of Pinellas County, Florida, 30 plus years

ESTEEMED PANEL

Don Horn, Esq.
Board Chairman
Miami-Dade Housing
Finance Authority for 30 years

Jim Ryan, Board Chairman
Housing Finance Authority of Clay
County for 34 Years & FLALHFA
Board Member

Barney Smith, Chairman
Jacksonville Housing Finance
Authority & Former Chairman,
Florida Housing Finance Corporation
21 Combined Years

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Basic Board Member Duties

Board members are the fiduciaries who steer the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies.

HFA board members must fulfill three specific core legal responsibilities.

1) Duty of Care

Being a board member is more than a résumé builder. Members should be committed to assisting the organization to the best of their abilities. This means:

- Attending Meetings
- Communicating with the executive director and other board members
- Supporting program initiatives



2) Duty of Loyalty

Board members should do more than show up. You should embody your HFA's mission and be loyal ambassadors for affordable housing. When acting on behalf of your HFA, each board member must put aside their personal and professional interests.

3) Duty of Obedience

One of the more subtle board member duties is obedience. The board should do everything in its power to reach organizational goals, but members still have an obligation to follow your organization's guidelines. These are found in your governance documents, state and county laws and regulations. Every board member has a legal responsibility to understand them.



Protection of Board Members

- Business Judgment Rule –

A board member shall not be held liable if he or she discharges their duties

(a) in good faith

(b) with the care of an ordinary prudent person

(c) in a manner he or she reasonably believes is in the best interest of the HFA

- Reliance upon outside advisors
- Sovereign Immunity
- Indemnity from County
- Insurance



Practices for Effective Board Members

Personal Responsibility:

- Attend meetings
- Prepare for meetings
- Ask questions and provide input
- Avoid Conflicts/Follow Sunshine Law

Education:

- Take advantage of training opportunities
- Participate in association conferences (FLALHFA & NALHFA)
- Sadowski Housing Coalition (SadowskiCoalition.org)
- Educate yourself about the role of your board (and your role as a board member).



Oversight:

- Uphold fiduciary principles and act in the best interests of the HFA.
- Exercise care when making decisions and voting by informing yourself, asking questions and expecting answers.
- Oversee the executives who lead the organization.
- Monitor and protect public expenditures.
- Detect and report suspected fraud, wrongdoing or other misuse of public resources: If you see something, say something.



HFA Board Members

Duties / Responsibilities

General:

- Define and advance the mission of the HFA
- Make policy decisions of the HFA
- Provide leadership by speaking up when concerns arise
- Strategic Planning
- Succession Planning
- Selecting Professionals
- Set Compensation of Executive Director and other C level executives
- Be aware of the HFA programs, goals and projects
- Approve minutes of board meetings



Financial;

- Assure the HFA satisfies obligations on audit recommendations
- Approve internal controls to safeguard the HFA assets
- Approve, review, and monitor budgets, contracts, and other financial documents
- Review and approve monthly financial reporting information
- Accept annual audits of the HFA's financial statements

Traits of an Effective Board Member

- Consistent
- Fair
- Conscientious
- Detail Oriented
- Cooperative
- Transparent
- Adaptable
- Thick-Skinned
- Able to ask for help
- Open to learning
- Respectful of other opinions



Knowledge Base and Expertise

It is important to understand the impact and role an HFA can play as a team member for the community. As a Board member it is important to bring your knowledge and skills to the HFA dialogue. Good communication with the other members (during meetings) and staff will make the HFA a much stronger and effective organization.



Board Member Expertise and Practical Applications:

Accounting:

- Monthly Financial Statements
- Annual Audits
- Budgets
- Review of Applicant Financial Information

Construction:

- Assessment of costs submitted on applications and underwriter's report comparison to previous similar project financed by the HFA
- Provide updates on current construction costs – labor materials



Development:

- Assist in development of selection criteria for RFPs
- Visit sites of potential developments and provide market insight
- Analyze applications submitted and actively participate in discussions

Finance:

- HFA Investments – establishing policies and serving on the investment committee
- Provide current market knowledge on investment rates and financial institutions



Mortgage Banking/ Lending:

- Advise Board on current market conditions
- Provide information to the Board when determining rates for HFA mortgages

Property Management:

- Review monthly reports on occupancy on HFA financed communities
- Identify and address potential performance issues

Community Outreach:

- Educate board on services provided by local not-for-profits
- Establish programs to partner with local not-for profits to address unmet needs of the community

