

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
April 22, 2005**

TIME: 9:00 a.m.

LOCATION: Tallahassee City Hall Commission Chambers
300 Adams Street
Tallahassee, Florida

BOARD MEMBERS PRESENT:

Terry Santini, Chairman
Lynn Stultz, Vice Chairman
Zully Ruiz
Jay Taylor
Thaddeus Cohen

CORPORATION STAFF PRESENT:

Orlando Cabrera, Executive Director
Steve Auger
Wayne Conner
Laura Cox
Sheila Freaney
Barbara Goltz
Esrone McDaniels
Wellington Meffert
Nancy Muller
Sunny Phillips
Stephanie Sgouros

ADVISORS AND OTHERS PRESENT:

Ed Corristan, Deloitte & Touche
Stan Fitterman, Florida Housing Coalition
Bill Johnston, WLJ Capital/TIBOR Partners
Tom Lang, Shuffield, Lowman & Wilson, P.A.
Mark Mustian, Nabors, Giblin & Nickerson

Chairman Santini called the Board of Directors' meeting to order at 9:15 a.m.

MINUTES

Chairman Santini asked for a motion to approve the Minutes of the March 4, 2005, Board Meetings.

Motion to approve the Minutes was made by Mr. Taylor with a second by Secretary Cohen. Motion passed unanimously.

LEGISLATIVE UPDATE

Chairman Santini recognized Sunny Phillips to report on Legislative matters.

Ms. Phillips make a brief report about bills of interest to Florida Housing, noting that the legislative session was coming to an end.

Secretary Cohen also provided a quick summary of work he was doing with others on a proposed growth management bill.

LEGAL

Chairman Santini recognized Wellington Meffert to brief the Board on Legal matters.

Item A, Florida Coalition for the Homeless v. Florida Housing. Mr. Meffert stated that the Judge granted Florida Housing's Motion to Dismiss Florida Housing Coalition's challenge to the Universal Cycle 2005 Rule, but that the Coalition filed an amended petition. He stated that Florida Housing filed another motion to dismiss and he was awaiting the ruling from the Judge.

Item B, Request to Continue Process to Acquire Land. Mr. Meffert asked the Board to authorize the Executive Director to negotiate and execute documents in connection with the acquisition of professional services needed to acquire property for administrative offices. He added that the authorization would only encompass the negotiations, not the actual acquisition, which would need to come back before the Board for additional authorization. Barb Goltz added that the authorization would include the ability of the Executive Director to amend the budget as needed to facilitate the negotiations.

Motion to approve the recommendation was made by Ms. Stultz with a second by Secretary Cohen.

FISCAL

Chairman Santini recognized Barb Goltz to brief the Board of Fiscal Matters.

Item A, 2004 Financial Audit Update. Ms. Goltz introduced Ed Corristan, from Deloitte & Touche, to update the Board on the 2004 audit.

Mr. Corristan reported to the Board that Deloitte & Touche had completed six weeks of work on the audit and expected to complete the final review and report before the Memorial Day holiday. He stated that nothing significant was found and he expected to be able to present the completed audit to the Board at the June 10 Board Meeting. Ms. Stultz asked if it was possible to get a

report from the auditors more than once a year. Chairman Santini reminded the Board Members that they were always at liberty to contact the auditors throughout the year with any questions or concerns. Mr. Corristan confirmed that and added that it was the auditor's responsibility to get in touch with Board Members at anytime during the year if something came to their attention that would be relevant to internal controls or financial reporting, not just during the annual audit.

ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Chairman Santini recognized Nancy Muller to brief the Board on EHCL matters.

Item A, Approval of 2005 EHCL Final Rankings. Ms. Muller reminded the Board that the Elderly Housing Community Loan Application Cycle opened on December 10, 2004, and closed on February 7, 2005, with approximately \$1.08 million available for funding. She stated that seven applications were received and one was subsequently withdrawn. She noted that the rule stipulates that Florida Housing will carry out a second cycle if funds are left over, and she added that there would be approximately \$167,000 left over if funding was awarded to all six applicants. She asked the Board to approve the Review Committee's recommendations for the final rankings, which would award funding to all six remaining applicants, and direct staff to issue preliminary commitment letters and proceed with all necessary credit underwriting activities.

Motion to approve the recommendation was made by Mr. Taylor with a second by Ms. Ruiz. Motion passed unanimously.

HOMEOWNERSHIP PROGRAMS

Chairman Santini recognized Esrone McDaniels to brief the Board on Homeownership Programs.

Item A, Bradenton Village Homeownership, Inc. Mr. McDaniels asked the Board to approve staff's recommendation to de-obligate \$2,588,850 in HAP funds for Bradenton Village Homeownership, Inc., an application that was submitted during the 2002 Homeownership Loan Program Cycle to construct 92 homes in Manatee County. He stated that the developer informed Florida Housing of its decision to withdraw the application due to increased costs.

Motion to approve the recommendation was made by Ms. Stultz with a second by Ms. Ruiz. Motion passed unanimously.

Item B, Sun Village Estates. Mr. McDaniels asked the Board to approve staff's recommendation to approve the change in use of funds for Sun Village Estates in Bonita Springs. He stated that the developer submitted the application in 2003 and was issued a commitment letter in the amount of \$242,010 for use as construction costs, but subsequently found other funding sources to use for construction costs and submitted a request to be allowed to use the \$242,010 solely for purchase assistance.

Motion to approve the recommendation was made by Ms. Stultz with a second by Ms. Ruiz. Motion passed unanimously.

Item C, Goulds II Homeownership/Goulds II Homeownership Two. Mr. McDaniels asked the Board to approve staff's recommendation to de-obligate the HOME funds for the Goulds II developments, two developments of 11 units each which were granted aggregate funding in the amount of \$1,107,062, due to the lack of response from the developer to repeated requests from the credit underwriter for documentation.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Ms. Stultz.

Ms. Ruiz asked if the developer had been before the Board before. Mr. McDaniels stated that he believed this was the first time. Chairman Santini asked if this project had been before the Board before. Mr. McDaniels stated that it had not.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Ms. Stultz. Motion passed unanimously.

Item D, Sable Chase. Mr. McDaniels asked the Board to approve staff's recommendation to approve the loan closing extension for Sable Chase, a proposed 50 home development in Broward County that requested \$1,325,000 during the 2002 Homeownership Loan Program Cycle. He stated that the developer had encountered several development issues throughout the process, but was now ready to proceed, and was requesting a loan closing extension until May 31, 2005.

Motion to approve the recommendation was made by Mr. Taylor with a second by Ms. Stultz. Motion passed unanimously.

Item E, Three Rivers Housing Foundation, Inc. Mr. McDaniels asked the Board to approve staff's recommendation to approve the developer's request to substitute lots for a Leon County HAP redevelopment. He stated that Three Rivers Housing Foundation submitted an application during the 2002 Homeownership Loan Program Cycle requesting \$776,250 to fund 30 units in Leon County, but has subsequently had difficulty securing lots, and would like to substitute lots in Gadsden County, which is adjacent to Leon County

Motion to approve the recommendation was made by Ms. Ruiz with a second by Mr. Taylor.

Ms. Ruiz asked if the developer had already secured the new lots in Gadsden County. Mr. McDaniels stated that the developer had some of the new lots, but would be required to have all lots secured before credit underwriting was complete. Ms. Ruiz asked what time restrictions are place on the developers to get the houses built. Mr. McDaniels stated that developers have three years from closing to construct all the units.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Mr. Taylor. Motion passed unanimously.

Item F, 2005 Homebuyer Expo. Mr. McDaniels reminded the Board that the 2005 Homebuyer Expo would be held June 10 and 11 in conjunction with the June 10 Board Meeting in Orlando.

PROFESSIONAL SERVICES SELECTION (PSS)

Chairman Santini recognized Wellington Meffert to brief the Board on PSS Item A.

Item A, Special Counsel Services. Mr. Meffert reminded the Board that at the January meeting, it directed staff to issue a Request for Qualifications (RFQ) to select more than one attorney for special counsel services and one qualified attorney to act as special counsel for the Guarantee Fund. He stated that responses to the RFQ were received from Adorno & Yoss, Cline & Self, Nabors, Giblin & Nickerson, and Shuffield, Loman & Wilson, but Cline & Self withdrew its response on March 22, 2005. He asked the Board to approve the Review Committee's recommendation to authorize staff to enter into contract negotiations with Adorno & Yoss, Nabors, Giblin & Nickerson, and Shuffield, Loman & Wilson, to provide special counsel services, and to authorize Nabors, Giblin & Nickerson to act as primary special counsel to the Guarantee Fund.

Motion to approve the recommendation was made by Mr. Taylor with a second by Ms. Stultz. Motion passed unanimously.

Chairman Santini recognized Nancy Muller to brief the Board on PSS Item B.

Item B, RFP for Development of Affordable Housing for Persons with Physical, Mental or Developmental Disabilities. Ms. Muller reminded the Board that at the October 14, 2004, meeting, it authorized staff to issue a request for proposals to solicit proposals for the new construction and/or rehab of homeownership or rental housing for people with disabilities. She stated that RFP 2004-12 was issued on December 3, 2004, indicating that Florida Housing expected to make approximately \$1.5 million available as loans to one or more offerors, and 17 responses were received requesting a total of approximately \$8.2 million. She stated that the Review Committee met and ranked the proposals and asked the Board to approve the Committee's recommendation to approve and accept the final ranking and approve the use of \$2.1 million to fund the top five ranked proposals (Lutheran Social Services, Lee County Department of Human Services, Noah's Ark, Boley Center and Grove House), and further, to approve the staff recommendation that the two proposals that proposed forgivable loan terms, Lee County Department of Human Services and Boley Center, be awarded funding according to the terms as described in the RFP. She further asked for approval to de-obligate funds should any of the five top ranked offerors not accept loan terms as presented by Florida Housing, and to allow the funds to be made available to other offerors in the order in which they were ranked by the Review Committee.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Mr. Taylor. Motion passed unanimously.

Chairman Santini recognized Wayne Conner to brief the Board on PSS Item C.

Item C, RFP for Refinancing and Rehabilitation of Elderly Properties. Mr. Conner asked the Board to authorize staff to issue an RFP to solicit proposals for the refinancing and rehabilitation of elderly properties which were originally financed by HUD under the Section 202 Property, through use of Florida Housing bonds and HOME funds and other Florida Housing funds.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Ms. Stultz. Motion passed unanimously.

Chairman Santini recognized Laura Cox to brief the Board on PSS Item D.

Item D, RFQ for Inclusion Within a Pool of Qualified Contractors. Ms. Cox stated that Florida Housing requires annual ratification or recertification of tenant income on all affordable housing units. She explained that the IRS issued a revenue procedure last July which provides that an owner of a property with 100 percent of the units set aside as affordable can apply for a waiver from the annual recertification. She stated that Florida Housing requires an independent review of tenant filed prior to certifying to the IRS that a building 100 percent low income, and requested that the Board authorize staff to issue an RFP to solicit proposals from qualified entities for inclusion within a pool of qualified contractors which property owners can negotiate with to perform the scope of work that Florida Housing requires for an owner to seek a waiver from the recertification process.

Motion to approve the recommendation was made by Secretary Cohen with a second by Ms. Stultz. Motion passed unanimously.

Chairman Santini recognized Barb Goltz to brief the Board on PSS Item E.

Item E, RFQ for Investment Banking Services. Ms. Goltz stated that effective October 25, 2005, the contract for the current pool of investment bankers will expire and she asked the Board to authorize staff to begin the solicitation process to select a pool of firms to act as investment bankers for negotiated and privately placed multifamily program transactions, select up to four firms to manage or co-manage single family program transactions, select one firm to act as the investment banker for the Guarantee Program, and authorize the Executive Director to establish a review committee to make a recommendation for qualified investment banks for Florida Housing.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Ms. Stultz. Motion passed unanimously.

DEMONSTRATION LOANS

Chairman Santini recognized Nancy Muller to brief the Board on Demonstration Loan matters.

Item A, Gardens of Mount Carmel. Ms. Muller stated that this item was pulled from the Consent Agenda, as it was mistakenly placed there instead of the Action Agenda. She stated that on June 21, 2003, the Board approved a loan amount of \$900,000 for the Gardens of Mount Carmel subject to a positive report from the credit underwriter. She stated that a positive recommendation was received from the credit underwriter based on certain assumptions and subject to certain conditions, including the requirement for a firm loan commitment from the first mortgagee prior to closing on the Florida Housing loan. She stated that staff believes that going forward with approval of the \$900,000 loan from Florida Housing will encourage private lenders to finalize their commitments of their own resources, and asked the Board to approve the credit underwriter's final recommendation and direct staff to issue a firm loan commitment and proceed with loan closing activities.

Motion to approve the recommendation was made by Mr. Taylor with a second by Ms. Stultz. Motion passed unanimously.

APPLICATION CYCLES

Chairman Santini recognized Steve Auger to brief the Board on Application Cycle matters.

Item A, Timelines for Hurricane Funding Cycle and 2006 Universal Application Cycle. Mr. Auger reminded the Board that there are four housing programs being funded through the Hurricane Housing Workgroup's recommendations, the Hurricane Housing Recovery Program, which is similar to the SHIP program; the Rental Recovery Loan Program, a SAIL-like program to primarily leverage the mortgage revenue bonds and four percent tax credits that we have in abundance; the Farmworker Housing Recovery Program geared toward migrant farmworkers; and the Special Housing Assistance and Development Program, which would address special needs populations. He discussed the proposed timelines for implementation of these programs, noting that Florida Housing could receive emergency rulemaking authority to fast track the programs. Secretary Cohen asked staff to coordinate with the Department of Community Affairs staff on workshops for the Hurricane Housing Recovery Program. Mr. Auger asked the Board to authorize staff to begin emergency rule-making in development of the request for proposals to implement the hurricane programs should funding be appropriated to Florida Housing for that purpose.

Motion to approve the recommendation was made by Ms. Stultz with a second by Secretary Cohen. Motion passed unanimously.

RATIFICATION OF COMMITTEE ACTIONS

Chairman Santini asked for a motion to approve all committee actions taken.

Motion to approve all committee actions was made by Ms. Ruiz with a second by Ms. Stultz. Motion passed unanimously.

CONSENT AGENDA

Chairman Santini asked the Board to approve staff recommendations on the Consent Agenda with the exception of Homeownership Item D, which was pulled by Mr. McDaniels, Special Assets Item D, which was pulled by Laura Cox, and SAIL Item J, which was pulled by Steve Auger for discussion. Mr. Auger stated that due to delays in closing other funding sources, he was asking the Board to approve an extension of the closing date on the SAIL loan for Harding Village to May 31, 2005, instead of April 30, 2005, as had been requested in the original Consent Item.

Motion to approve the loan closing extension on Harding Village was made by Ms. Stultz with a second by Mr. Taylor. Motion passed unanimously.

Motion to approve the items on the Consent Agenda with the exception of the items pulled was made by Ms. Stultz with a second by Secretary Cohen. Motion passed unanimously.

GOOD AND WELFARE

Chairman Santini recognized Stan Fitterman from the Florida Housing Coalition to speak to the Board about the Catalyst Program.

Mr. Fitterman gave the Board a brief overview of the functions of the Catalyst Program.

Hearing no further business, Chairman Santini adjourned the April 22, 2005 Board of Directors' Meeting at 10:24 a.m.