

**Florida Housing Finance Corporation  
Board of Directors' Meeting Minutes  
June 10, 2005**

**TIME:** 9:00 a.m.

**LOCATION:** Hyatt Regency Orlando International Airport  
9300 Airport Blvd.  
Orlando, Florida

**BOARD MEMBERS PRESENT:**

Terry Santini, Chairman  
Lynn Stultz, Vice Chairman  
Cesar Calvet  
Thaddeus Cohen  
David Oellerich  
Sandra Terry

**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  
Ian Smith

**ADVISORS AND OTHERS PRESENT:**

Ed Corristan, Deloitte & Touche  
Tom Lang, Shuffield, Lowman  
Bill Johnston, WLJ Capital/TIBOR Partners  
Mark Mustian, Nabors, Giblin & Nickerson

Chairman Santini called the Board of Directors' meeting to order at 9:00 a.m., and confirmed that a quorum was present.

### **LEGISLATIVE UPDATE**

Chairman Santini recognized Sunny Phillips to report on Legislative matters.

Ms. Phillips made a brief report on the status of bills of interest to Florida Housing.

### **2004 FINANCIAL STATEMENT AUDIT**

Chairman Santini recognized Barb Goltz to brief the Board on the 2004 Financial Statement Audit.

Ms. Goltz began by thanking the Florida Housing staff and the audit team from Deloitte & Touche for their work on the audit. She then introduced Ed Corrigan, of Deloitte & Touche.

Mr. Corrigan made a short presentation of Deloitte's audit findings. Chairman Santini asked Mr. Corrigan to discuss the corporation's internal controls compared to five years ago. Mr. Corrigan said the controls are greatly improved.

Ms. Goltz asked the Board to accept and approve the 2004 audited financial statements.

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

Secretary Cohen introduced the new Inspector General for the Department of Community Affairs, Annette Kittrell. Ms. Kittrell stated that she looked forward to working with Florida Housing in the future.

### **DEMONSTRATION LOANS**

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

**Item A, M.I.S.S. of the Treasure Coast.** Ms. Muller reminded the Board that in 2001 it approved a demonstration project to offer funding to developers to house homeless and/or extremely low income people, and that as part of the demonstration, the Board approved funding for Butterfly Gardens in the amount of \$500,000, subject to a positive recommendation from the credit underwriter. She stated that in April 2002, based on a positive credit underwriting report, the Board authorized staff to issue a firm commitment and proceed with loan closing activities. She stated that upon further review, the credit underwriter determined that the repayment terms in the original report must be modified, as there will not be enough subsidy to ensure sufficient cash flow to support repayment on an annual basis. She asked the Board to approve the recommendation of the credit underwriter and staff to modify the repayment terms of Butterfly Gardens' demonstration loan from annual payments based on available cash flow to repayment of interest and principal deferred until loan maturity.

Motion to approve the recommendation was made by Mr. Calvet with a second by Mr. Oellerich. Motion passed unanimously.

## **HOMEOWNERSHIP PROGRAMS**

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

Mr. McDaniels explained that Items A through E involved the deobligation of HOME funds on five developments that would not be able to proceed due to current market conditions.

**Item A, Oakwood Village.** Mr. McDaniels asked the Board to approve staff's recommendation to deobligate funding in the amount of \$1,086,625 for Oakwood Village, a proposed 49-unit development in Citrus County.

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

Chairman Santini asked if **Items A through E** could be taken as one item due to the similar nature of the items. Mr. Meffert said it was appropriate to do so.

Mr. McDaniels then asked the Board to approve staff's recommendation to deobligate funding for Oakwood Village, Arrowhead Estates I through III, Plum Point/Vista Lago, the Taft Scattered Sites and Homes for All, as the deals were no longer feasible in the current market.

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

**Item F, Ravenswood Forest.** Mr. McDaniels asked the Board to approve staff's recommendation to allow a reduction in units for the Ravenswood Forrest subdivision, a 61-unit Homeownership development in St. Johns County, from 61 units to 45 units in order to provide enough subsidy to homebuyers to support the purchase prices in the area.

Motion to approve the recommendation was made by Mr. Calvet with a second by Mr. Oellerich.

Secretary Cohen asked if the developer could provide a schedule of values to verify the new cost structure since the funding amount would stay the same. Mr. McDaniels stated that the credit underwriter would do a cost analysis and provide updated information to support the reduction in units.

Motion to approve the recommendation was made by Mr. Calvet with a second by Mr. Oellerich. Motion passed unanimously.

**Item G, Habitat Resources of Duval County.** Mr. McDaniels asked the Board to approve staff's recommendation to allow a reduction in units from 96 to 95 for the Habitat Resources of Duval County Brentwood Estates development in Duval County.

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

**Item H, Metro North CDC Scattered Sites.** Mr. McDaniels asked the Board to approve staff's recommendation to approve the credit underwriter's analytical review of Metro North CDC Scattered Sites, a proposed nine-unit development in Duval County.

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

**Item I, Amendments to Rule Chapter 67-50, F.A.C., and Notice of Change for the 2005 HLP Program.** Mr. McDaniels asked the Board to approve amendments to Rule 67-50, Florida Administrative Code, and the Notice of Change associated with the changes. He stated that workshops were held to solicit input from the public, and JAPC had already commented as well. He gave a brief synopsis of the changes and asked the Board to approve staff's recommendation to approve the amendments to the Rule to be filed for adoption on July 15, 2005.

Motion to approve the recommendation was made by Mr. Calvet with a second by Secretary Cohen.

Secretary Cohen asked the proposed changes would be reflected in the contract documents once they are adopted. Mr. McDaniels explained that once a commitment is issued to a developer, the rules and regulations are embedded in the commitment letter.

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

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

**Item J, Results of 2005 Series 1 Single Family Bond Sale.** Ms. Goltz briefed the Board on the bond sale that took place on May 9 and 10, 2005. She stated that loans began being reserved from the pool of \$52.6 million on June 1. She added that because of the low rates and downpayment assistance, the programs are competitive in the current market. She stated that she expects the \$52.6 million to be originated over the next six months. She thanked everyone that participated in the bond sale.

## **HOME RENTAL**

Chairman Santini recognized Steve Auger to brief the Board on HOME Rental matters.

**Item A, Request for Proposals for Farmworker and Special Needs Hurricane Programs.** Mr. Auger reminded the Board that in February 2005 the Hurricane Housing Work Group made recommendations on hurricane-related housing matters to the Legislature. He added that among the recommendations were programs for farmworker housing and special needs housing; however, the Legislature did not fund either of those programs. He stated that Florida Housing staff determined that HOME dollars could be used to fund the programs through the request for proposals process. He asked the Board to authorize staff to begin the request for proposals process to use up to \$20 million in HOME funds that is or will be available over the next one to two years in a Hurricane Housing Recovery Program targeted to migrant farmworkers and households with special needs in areas devastated by the 2004 hurricanes.

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

Ms. Stultz asked if some of the deobligated HOME funds would be used to fund these programs. Mr. Auger said he expected some of those funds to be used. Ms. Stultz then asked if Florida Housing had ever utilized HOME funds for this type of program. Mr. Auger said this was the first time. Ms. Stultz commented that she appreciated the innovative thinking within the programs.

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

### **HURRICANE HOUSING RECOVERY PROGRAM (HHRP)**

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

**Item A, Proposed Emergency Rule.** Ms. Muller stated that based on the Hurricane Housing Work Group's recommendations, the Legislature appropriated \$208 million for a local hurricane recovery program and the Governor signed the legislation on May 26, 2005. She pointed out the Hurricane Housing Recovery Program is closest in nature to the SHIP program, so the SHIP infrastructure, administrators and general processes would be used to distribute the funds. She added that the Legislature granted Florida Housing emergency rule making authority in order to move the funds out as quickly as possible, and after a series of workshops around the state, staff developed the rule based on the input from the workshops and the recommendations from the Hurricane Housing Work Group. She asked the Board to approve Emergency Rule 67ER05-1 through 67ER05-7 of the Florida Administrative Code. She also asked the Board to authorize staff to make technical, non-substantive changes to the Rule with the approval of the Chair before filing for adoption.

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

Mr. Oellerich asked if there was a time limit on the money available to the counties. Ms. Muller stated that the strategies from local governments would be due to Florida Housing within the next couple months and once the strategies are approved, the local governments would have two years to expend the funds with another year available if needed.

Secretary Cohen suggested that the definitions for manufactured homes and mobile homes be verified so as not to be redundant in the rule.

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

### **LEGAL**

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

**Item A, 2004 Universal Cycle Appeals Ranking Disputes.** Mr. Meffert asked the Board to adopt the settlement agreement and issue a final order adopting its findings of fact and conclusions of law and recommendations in order to resolve the last of the 2004 Universal Cycle cases.

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

## **PREDEVELOPMENT LOAN PROGRAM (PLP)**

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

**Item A, MLK Liberty Tower.** Ms. Muller reminded the Board that in February 2005 it approved an amendment to Rule Chapter 67-38.002(1), Florida Administrative Code, to limit the number of outstanding Predevelopment Loan Program loans that an applicant may have at any given time without Board approval. She added that the amendment was adopted as a tool to address limited resources, increasing popularity of the program, and potential inherent risks in not spreading the funds out across more developers. She asked the Board to approve staff's recommendation to approve Carrfour Supportive Housing's request to allow them to have three outstanding PLP loans based on their satisfactory past performance.

Motion to approve the recommendation was made by Mr. Calvet with a second by Mr. Oellerich. Motion passed unanimously.

## **PROFESSIONAL SERVICES SELECTION (PSS)**

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

**Item A, Market Study Services Request for Qualifications (RFQ).** Ms. Muller stated that as a result of needing market study services from time to time, Florida Housing issued a request for qualifications for these services in 2002, and in June 2002, the Board approved a provider list of seven firms. She stated that approved provider list will expire on June 21, 2005, and asked the Board to authorize staff to begin the RFQ process and establish a review committee to make recommendations to the Board on a pool of market study providers from which staff may choose from time to time to provide market study services.

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

Secretary Cohen asked to be updated on scope of work included in the RFP. Ms. Muller agreed to provide him with the scope of work from the 2002 RFQ, as well from the new RFQ, with the changes outlined. Chairman Santini asked for an executive summary of the scope of services on all PSS items.

Ms. Santini also suggested that before bringing in a new servicer, an analysis be done of what other housing agencies are payment for these types of services.

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

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

**Item B, Management Company Services Request for Qualifications (RFQ).** Ms. Cox reminded the Board that at the October 2002 Board Meeting, it selected seven offerors to provide management company services on an as-needed basis, and in October 2005, those approvals will expire. She asked the Board to authorize staff to begin the RFQ process and establish a review committee to make recommendations to the Board on a pool of management companies from which Florida Housing staff may choose to provide management company services.

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

Chairman Santini recognized Barb Goltz to brief the Board on PSS Items C and D.

**Item C, Cash Flow Verification Agent Services.** Ms. Goltz stated that as a result of an RFP for cash flow verification agent services issued on February 18, 2005, responses were received from Causey, Demgen & Moore and DuFresne & Associates. She stated that Causey, Demgen & Moore was the selected service provider and asked the Board to approve the review committee's recommendation to authorize staff to enter into contract negotiations with Causey, Demgen & Moore contingent upon receipt of documentation of their staff being covered under professional liability errors and omissions insurance.

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

**Item D, Guaranteed Investment Contract (GIC) Broker Services.** Ms. Goltz asked the Board to authorize staff to begin the RFP for guaranteed investment contract broker services, and further to establish a review commitment to make recommendations to the Board.

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

#### **RENTAL RECOVERY LOAN PROGRAM (RRLP)**

Chairman Santini recognized Steve Auger to brief the Board on Rental Recovery Loan Program matters.

**Item A, Approval of Final Rule and Application.** Mr. Auger reminded the Board that at the April 2005 Board Meeting it approved a timeline for the Rental Recovery Loan Program. He stated that subsequent to that approval, the Governor's office asked that the timeline be revised for quicker distribution of the funds. Mr. Auger outlined the timing for the funding cycle and asked the Board to authorize the Chair to approve the final rule and Application prior to its filing with the Department of State.

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

#### **STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)**

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

**Item A, Crossings at Cape Coral.** Mr. Auger stated that this item was a request for relief from the farmworker set-aside for the Crossings at Cape Coral, a 1999 SAIL deal in Cape Coral that was awarded under the farmworker set-aside. He stated that in March 2002, the Board approved the developer's request to waive the farmworker requirement for a period of three years and imposed more restrictive rent limits than those in the Land Use Restriction Agreement (LURA). He stated that the developer that won the SAIL subsequently left the deal and has not been active in applying for Florida Housing funding since then. He added that the new developer has been running the development with the imposed rent restrictions with good occupancy for the family

market. He stated that a market study shows there is no current or expected future need for farmworker housing in Cape Coral. Accordingly, he asked the Board to approve permanent relief from the farmworker demographic commitment, remove the rent restriction that was imposed in 2002, and direct staff to amend the LURA subject to the developer continuing to provide additional amenities.

Mr. Calvet excluded himself from the voting on this issue.

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

Mr. Oellerich asked for more perspective on the recommendation. Mr. Auger said that because waiving a demographic commitment is a big change, the exchange for this at the time was to require rent restrictions on these units, something that is not required through the SAIL program, and this would not continue under the recommendation. Ms. Stultz asked if rents would be increased and impact tenants, and Mr. Auger stated the increases would not occur on current leases. Secretary Cohen expressed concern about this change, suggesting the rent restrictions be kept in place. Mr. Auger explained that the rent restrictions served as a punishment of sorts to the developer who originally built the property, but now that developer is gone and the current owner has the property running well with good occupancy. He added that the recommendation would allow this property to operate as a normal SAIL deal targeted to families.

Motion to approve the recommendation was made by Ms. Stultz with a second by Secretary Cohen. Motion passed in a 5-1 vote.

**Item B, Aswan Village Apartments.** Mr. Auger stated that this item was a request for approval of an updated credit underwriting report and approval of a loan closing extension for Aswan Village. He reminded the Board that at the April 22, 2005 Board Meeting it approved an increase in the surtax funds and approved a 60-day loan closing extension for this development. He stated that on June 3, Florida Housing staff received another request for a loan closing extension due to easement issues with Florida Power and Light. He asked the Board to approve staff's recommendation to grant the request for a 60-day loan closing extension.

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

### **UNIVERSAL CYCLE**

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

**Item A., 2006 Universal Cycle.** Mr. Auger provided a status report and asked the Board to authorize staff to proceed with the 2006 Universal Cycle rule development process.

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

### **PRESENTATION OF PLAQUE**

Mr. Cabrera presented Cesar Calvet with a plaque to thank him for his dedicated service as the Chairman of the Board of Directors for two consecutive years. Mr. Calvet thanked Mr. Cabrera, the other Directors and the Florida Housing staff.

### **CONSENT AGENDA**

Chairman Santini asked the Board to approve staff recommendations on the Consent Agenda

Motion to approve the items on the Consent Agenda was made by Mr. Oellerich with a second by Mr. Calvet. Motion passed unanimously.

### **HOMEOWNERSHIP EXPO**

Chairman Santini recognized Ian Smith to brief the Board on Homeownership Expo events. Mr. Smith reminded everyone about the Lender Appreciation Awards Dinner in the evening and Homeownership Expo at the Orlando Convention Center on Saturday, June 11, 2005.

Hearing no further business, Chairman Santini adjourned the June 10, 2005 Board of Directors' Meeting at 10:30 a.m.