

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
October 14, 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
Cesar Calvet
Thaddeus Cohen
David Oellerich
Zully Ruiz
Jay Taylor

CORPORATION STAFF PRESENT:

Stephen P. Auger, Executive Director
Wayne Conner
Laura Cox
Sheila Freaney
Barbara Goltz
Esrone McDaniels
Wellington Meffert
Nancy Muller
Sunny Phillips
Stephanie Sgouros
Ian Smith

ADVISORS AND OTHERS PRESENT:

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

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

Chairman Santini recognized Steve Auger, Florida Housing's new Executive Director, to address the Board.

Mr. Auger thanked the Board for the opportunity to serve as Florida Housing's Executive Director. He outlined some of the challenges facing those involved in providing affordable housing and stated that he looked forward to working together to get beyond those challenges.

MINUTES

Chairman Santini asked for a motion to approve the Minutes of the August 25, 2005, Board Meeting.

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

ELDERLY HOUSING COMMUNITY LOAN (EHCL) PROGRAM

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

Item A, Request Approval of 2005 EHCL Program Review Committee's Recommendation of Final Rankings. Mr. Auger reminded the Board that it authorized staff to go out with a supplemental application cycle for the EHCL Program in order to distribute funds left over after the normal 2005 application cycle. He stated that one application for \$200,000 was received from Baptist Tower, and asked the Board to approve the EHCL Review Committee's recommendation to fund the project, and direct staff to issue a preliminary commitment letter and proceed with all necessary credit underwriting activities.

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

FISCAL

Chairman Santini recognized Barb Goltz to brief the Board on Fiscal matters.

Item A, 2006 Operating Budget. Ms. Goltz advised the Board that staff was working on the proposed 2006 Operating Budget and expected to provide Board Members with drafts during the first two weeks in November for discussion and action at the December meeting.

HOMEOWNERSHIP

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

Item A, Authorization to Commence Program Development and Rule Promulgation Process for the Homeownership Loan Program. Mr. McDaniels asked the Board to authorize staff to begin the rule development process for the Homeownership Loan Program.

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

Item B, Northwest Jacksonville CDC. Mr. McDaniels asked the Board to approve the staff's recommendation to allow the substitution of lots for a scattered site development in Duval County due to Habitat for Humanity's withdrawal of an option to purchase previously specified lots.

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

Items C, D and E, Deobligation of HAP Funds for Three Rivers Housing Foundation, Frenchtown CDC and Silver Pines Pointe, Phase I. Mr. McDaniels asked the Board to approve staff's recommendation to deobligate the funds committed to Three Rivers Housing Foundation, Frenchtown CDC and Silver Pines Pointe, Phase I, as the developers found that due to increased construction and land costs, as well as impact fees and other costs, the developments were no longer feasible.

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

Item F, Ravenswood Forest. Mr. McDaniels asked the Board to approve the staff's recommendation to approve a change in amenities for Ravenswood Forest, a proposed 65-unit development in St. John's County. He stated that the developer wanted to substitute R30 insulation for R17 insulation in an effort to reduce deterioration of roof shingles.

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

Item G, Reduction in Number of Units. Mr. McDaniels asked the Board to authorize staff to approve requests from developers to reduce the number of units without a reduction in the amount of subsidy awarded in order to allow the developers to offer maximum assistance to homebuyers up to 25% of the purchase price of the home subject to approval by credit underwriters and counsel. He stated that rather than deobligating the committed funds, this would allow developers to go forward with the developments, albeit with fewer units.

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

Mr. Auger explained that there have been so many deobligations in part because of how much costs go up over the period between award of funds, credit underwriting, construction and putting the homes on the market. Florida Housing made a decision earlier in the year to cancel a scheduled funding cycle of this program and to take a step back to reconsider what might work. We've discussed many solutions and as we get into rule development, we'll be working with stakeholders. Mr. Auger added that this recommendation is a way to give some flexibility to salvage the deals that are still out there. Chairman Santini said that this is one of the key reasons Florida Housing is having a retreat.

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

Mr. Auger presented Esrone McDaniels with a plaque and thanked him for his dedication to Florida Housing and the Single Family programs, and wished him well in his new position as director of the Office of Urban Opportunity at the Department of Community Affairs.

LEGAL

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

Items A , Mortgage Credit Certificate (MCC) Program. Mr. Meffert reminded the Board that it previously authorized staff to take \$30 million from the 2003 carry forward bond allocation and \$20 million from the 2004 allocation for use in the MCC program. He stated that staff subsequently discovered that the entire \$50 million could be taken from the 2003 carry forward allocation. He asked the Board to revoke the \$20 million from the 2004 allocation and to amend the prior resolution to take the entire \$50 million from the 2003 carry forward allocation.

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

MULTIFAMILY BONDS

Chairman Santini recognized Wayne Conner to brief the Board on Multifamily Bond matters.

Item A, Tuscany Pointe Apartments a/k/a Horizon Place. Mr. Conner asked the Board to approve the final credit underwriting report for the refunding of the bonds for Tuscany Pointe Apartments, a/k/a Horizon Place Apartments, subject to further approval and verification of the credit underwriters, bond counsel, special counsel and Florida Housing staff.

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

PROFESSIONAL SERVICES SELECTION (PSS)

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

Item A, Real Estate Brokerage Services RFQ. Ms. Cox reminded the Board that at the May 2005 meeting, it authorized staff to issue an RFQ for real estate brokerage services. She stated that the only response received was from Marcus & Millichap Real Estate Broker Services and asked the Board to authorize staff to enter into contract negotiations with Marcus & Millichap upon proof of insurance of their staff covered under their errors and omissions policy. She also asked the Board to authorize staff to modify and reissue the RFQ to allow offerors to bid on one or more services instead of the entire scope of services, as not many potential offerors have experience in both single family and multifamily affordable housing.

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

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

Item B, Guaranteed Investment Contract (GIC) Broker Services RFQ. Ms. Goltz reminded the Board that in June 2005 it authorized staff to begin the solicitation process for GIC broker services. She asked the Board to approve the review committee's recommendation to enter into contract negotiations with Bond Logistics, LLC, and PackerKiss Securities, Inc., the two top offerors, to provide GIC services to Florida Housing.

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

UNIVERSAL CYCLE

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

Item A, Rental Recovery Loan Program Rankings. Mr. Auger presented a synopsis of the process and methodology used to arrive at the final rankings for the Rental Recovery Loan Program Cycle, a SAIL-like rental program recommended by the Hurricane Housing Work Group and funded by the legislature in the amount of \$42 million to assist in hurricane recovery. He then asked the Board to approve the staff's recommendation to approve the final scores and ranking and direct staff to issue the notice of rights to the applicants.

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

Item B, 2006 Universal Cycle. Mr. Auger said that the next item was approval of the rules for the 2006 Universal Cycle. He pointed out that Florida Housing funded a little over 13,000 rental units in 2004 and over the last several years funded a similar number of units – 13,000, 11,000, 18,000 – and then in 2005, only funded just over 7,500, which is a direct result of the increase in subsidy limits to make sure that the transaction are financially viable considering what is going on in the market. In the 2006 rule, one goal is to get to a point where Florida Housing is allocating subsidies earlier in the calendar year. He stated that other goals were (1) to make sure that subsidy limits were in the right place so there wouldn't be a situation where we awarded developments that were then turned back to us because of increases in costs and the transactions just didn't work anymore; (2) to make sure that that units are going there they are needed; and (3) to move the ball a little further down the field in serving extremely low income households. Mr. Auger summarized proposed changes and requested that the Board approve the proposed underline strike-through rules, Universal Application Instructions and QAP, and authorize staff to file the rules for adoption if a notice of change is not required. He added that if a notice of change is required, he asked the Board to authorize the Chairman to determine whether a notice of change makes material substantive change to the rule chapters, and if she determines that it does not, staff recommends that the Board approve such notice of change without requirement of another Board meeting. In the alternative, if the Chair determines that the notice of change does make material substantive changes to the rule chapters, staff recommends that a telephonic Board meeting be called to obtain Board approval for any required change.

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

Ms. Ruiz asked for information on affordability periods and how many units will be lost. Mr. Auger and Ms. Muller provided perspective on this issue, noting that the Affordable Housing Study Commission would provide comprehensive recommendations next year

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

HURRICANE HOUSING RECOVERY PROGRAM (HHRP)

Chairman Santini recognized Ian Smith to brief the Board on HHRP matters.

Item A, Video Presentation. Mr. Smith presented a videotape of Lieutenant Governor Toni Jennings' presentation of a check representing Hurricane Housing Recovery Program dollars to local authorities in Pensacola.

MISCELLANEOUS

Mr. Auger reminded everyone about the community land trust request for proposals that would be posted to Florida Housing's website on October 21.

Mr. Auger reminded everyone about the Board Retreat in Tampa on December 8, the day before the regularly scheduled Board Meeting on December 9.

CONSENT AGENDA

Chairman Santini asked the Board to approve staff recommendations on the Consent Agenda. Mr. Auger stated that the Wildwood Villas item in the Home Rental section of the Consent Agenda was being pulled.

Motion to approve the items on the Consent Agenda with the exception of the Wildwood Villas Home Rental Item was made by Mr. Calvet with a second by Ms. Stultz. Motion passed unanimously.

Hearing no further business, Chairman Santini adjourned the October 14, 2005 Board of Directors' Meeting at 10:00 a.m.