

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
December 7, 2012**

TIME: 8:30 a.m.

LOCATION: Hyatt Regency Orlando Airport
9300 Jeff Fuqua Blvd.
Orlando, Florida

BOARD MEMBERS PRESENT:

Len Tylka, Chairman
Cliff Hardy, Vice Chairman
Marilyn Carl
Mary Demetree
Lynn Hanfman
Natacha Munilla
Ken Reecy
Joe Sanchez
Barney Smith

CORPORATION STAFF PRESENT:

Stephen P. Auger
Bill Aldinger
Wayne Conner
Laura Cox
Stephanie Dupree
Sheila Freaney
Barbara Goltz
Wellington Meffert
Nancy Muller
Jacqui Sosa
Kevin Tatreau
David Westcott

ADVISORS AND OTHERS PRESENT:

Junious Brown, Nabors, Giblin & Nickerson
Jan Carpenter, Shuffield Lowman
Bill Johnston, WLJ Partners/Tibor Capital
Lynn Hearn, Esq., Meyer, Brooks, Demma and Blohm
Kerey Carpenter
Christina Savina, Orange County Public Schools
Meredith Griffin, Osceola County School District
Beth Davalos, Seminole County Public Schools
Jason Larson, Creative Choice

Scott Fergus, National Community Capital
Wayne Meyer, New Jersey Capital
John Saxton, Tax Credit Link
Frank (no last name given), FOCUS
Lauren Johns, Home Defenders League
Sherry (no last name given), Home Defenders League
Nancy Tool, City of Kissimmee

Chairman Tylka called the meeting to order at 8:30 a.m.

Chairman Tylka recognized outgoing Board Member Marilyn Carl and thanked her for her service to Florida Housing.

FISCAL

Item A, 2013 Operating Budget. Barb Goltz asked the Board to approve the proposed 2013 Operating Budget for Florida Housing Finance Corporation.

Motion to approve staff recommendation was made by Ms. Hanfman with a second by Mr. Reecy. Motion passed unanimously.

LEGAL

Item A, Florida Housing Finance Corporation v. Flagler Square Apartments, Ltd., Flagler Square Developers, LLC, Biscayne River Village Phase I, Ltd., MM Biscayne River Village I, LLC, Biscayne River Village Phase I, Ltd., MM Biscayne River Village I, LLC, Gonzalo DeRamon, and Michael Cox. Wellington Meffert asked the Board to approve staff's recommendation to approve the consent agreement between Florida Housing and Flagler Square Apartments, et al., resolving all issues in the case, with each side bearing its own fees and costs, and Florida Housing dismissing the action against the various respondents.

Motion to approve staff's recommendation was made by Mr. Sanchez with a second by Ms. Carl. Motion passed unanimously.

Item B, St. Martins PL, Ltd. v. Florida Housing Finance Corporation. Wellington Meffert asked the Board to approve staff's recommendation to adopt the findings of fact and conclusions of law in the recommended order as its own and issue a final order accordingly in the St. Martins PL, Ltd., including the provision added by the Hearing Officer that the HOME funding is included.

Motion to approve staff's recommendation was made by Mr. Sanchez with a second by Mr. Smith. Motion passed unanimously.

Item C, Evernia Place Partners, LP v. Florida Housing Finance Corporation. Wellington Meffert asked the Board to approve staff's recommendation to adopt the findings of fact and conclusions of law in the recommended order as its own and issue a final order accordingly in the Evernia Place Partners, LP matter.

Motion to approve staff's recommendation was made by Mr. Hardy with a second by Ms. Demetree. Motion passed unanimously.

Item D, The Lofts at Tarpon River LLC v. Florida Housing Finance Corporation. Wellington Meffert asked the Board to approve staff's recommendation to adopt the findings of fact and conclusions of law in the recommended order as its own and issue a final order accordingly in the Lofts at Tarpon River, LLC matter.

Motion to approve staff's recommendation was made by Mr. Sanchez with a second by Mr. Hardy. Motion passed unanimously.

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Investment Manager Services. Wayne Conner asked the Board to approve the Review Committee's recommendation to direct staff to enter into contract negotiations for Investment Manager Services with the two highest ranked offerors, Local Circle Partners, LLC, and Black Rock; and further if negotiations should fail, to enter into negotiations with the next three highest ranked offerors, PFM Asset Management, Sterling Capital Management and PNC Capital Advisers, until two contracts are signed.

Motion to approve staff's recommendation was made by Mr. Hardy with a second by Mr. Smith. Motion passed unanimously.

SINGLE FAMILY BONDS – FINANCE

Item A, Single Family Homeownership Program. Barb Goltz asked the Board to approve staff's recommendation to approve the necessary funding, including reimbursable amounts to provide funding between bond issues, staff actions and the resolution to permit the issuance of the proposed 2013 Phase One Homeowner Mortgage Revenue Bonds.

Motion to approve staff's recommendation was made by Ms. Hanfman with a second by Mr. Hardy. Motion passed unanimously.

SPECIAL ASSETS

Item A, Request Approval of Transfers of General Partnership Interests in Multiple CED Developments to Southern Affordable Services, Inc., a 501(c)(3), Not-for-Profit Corporation. Laura Cox asked the Board to approve staff's recommendation to approve the transfer of general partnership interest and partnership restructures for the CED developments included in the exhibits to the credit underwriting report, subject to further approvals and verifications by the credit underwriter, counsel and Florida Housing staff, and direct staff to proceed with loan document modification activities as required.

Motion to approve staff's recommendation was made by Ms. Hanfman with a second by Ms. Carl.

Lynn Hearn, of the law firm of Meyer, Brooks, Demma and Blohm, representing CED companies and Southern Affordable Services, Inc., spoke in support of the transfers and requested that Florida Housing's general counsel determine whether consent is actually required on 15 out of 22 properties in which cases it would not be legal to impose conditions if the loan documents did not require Board consent. Mr. Meffert agreed to expedite this review. The motion was amended by Ms. Hanfman and agreed to by Ms. Carl. Chairman Tylka asked for a motion in order to discuss the issue. Motion to consider was made by Mr. Sanchez with a second by Ms. Carl. The Board discussed the authority of local governments to require multiple years of repayment on back property taxes.

The amended motion passed by a vote of 8 to 1, with Cliff Hardy casting the dissenting vote.

Ms. Hearn then spoke to the Board on an additional issue related to the level of escrow in the bank at all times for each property.

Kerey Carpenter, representing CED Companies, spoke in support of allowing the property tax escrow on these properties to be treated no differently than other properties in Florida Housing's portfolio. Chairman Tylka suggested this issue be taken up separately in order to allow the transfers to occur by the end of the year.

Item B, Request Approval of Transfers of General Partnership Interests in Multiple Atlantic Housing Developments to Southern Affordable Services, Inc., a 501(c)(3), Not-for-Profit Corporation. Laura Cox asked the Board to approve staff's recommendation to approve the transfer of general partnership interest and partnership restructures for the Atlantic Housing developments included in the exhibits to the credit underwriting report, subject to further approvals and verifications by the credit underwriter, counsel and Florida Housing staff, and direct staff to proceed with loan document modification activities as required.

Motion to approve staff's recommendation was made by Ms. Hanfman with a second by Ms. Carl.

Lynn Hearn asked that Fountains at Millennia, Phase I, and Fountains at Millennia, Phase II, be removed from the list of transfers, as they are housing credits only, and have no Florida Housing loans attached.

Ms. Hanfman amended her motion to exclude Fountains and Millennia, Phase I, and Fountains at Millennia, Phase II. Ms. Carl accordingly amended her second. Motion passed by a vote of 8 to 1, with Cliff Hardy casting the dissenting vote.

Laura Cox presented a global analysis of the Creative Choice portfolio.

Doug McCree, of First Housing, summarized the analysis.

Jason Larson, of Creative Choice, discussed the status of the Creative Choice portfolio.

Item C, Request Approval of Loan Closing Extension for Coral Gardens. Laura Cox asked the Board to approve staff's recommendation to approve the extension of the SAIL loan for Coral Gardens at its current terms for one year and extend the term of the LURA for an additional year and direct staff to proceed with loan document modification activities as needed.

Motion to approved staff's recommendation was made by Mr. Sanchez with a second by Mr. Smith. Motion passed unanimously.

Chairman Tylka called a ten minute recess.

The meeting reconvened.

PRESENTATION

Bill Aldinger introduced Christina Savina, of Orange County Public Schools, Meredith Griffin, of Osceola County School District, and Beth Davalos, of Seminole County Public Schools, who spoke to the Board about the increasing number of homeless students across the state and their efforts to get the students into safe, permanent housing.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Item A, Request Approval of Loan Closing Extension for Vista Palms f/k/a Andros Isle. Kevin Tatreau asked the Board to approve staff's recommendation to approve the loan extension request for Creative Choice's Vista Palms property for 120 days until January 24, 2013, subject to payment of a loan closing extension fee of one-half of one percent of the loan amount pursuant to Rule Chapter 57-48, Florida Administrative Code, and RFP 2011-05.

Motion to approve staff's recommendation was made by Mr. Sanchez with a second by Ms. Hanfman.

Mr. Tatreau clarified for Chairman Tylka that there was a rolling past-due item on Tuscan Isle, another property owned by Creative Choice. Mr. Smith stated his red flag concerns from his review of the global analysis, including 9 of 23 properties with unsatisfactory physical inspections and the unwillingness of the general partner to provide personal financial statements. He made a motion for the Board to take all three proposal together. After discussion about how to proceed, the Chairman indicated that the three properties should be discussed before a motion was made. Mr. Smith withdrew his motion

Mr. Smith outlined his concerns about the properties and made a motion not to extend the SAIL ELI closing date for Vista Palms. Mr. Sanchez seconded the motion.

Ms. Cox asked Mr. Larson why Creative Choice chose not to provide the financial information and he stated it was because the statements would be subject to a public records request. Chairman Tylka said that he was concerned that the developer was asking for public money, but the developer was afraid of exposing itself. Mr. Larson explained Creative Choice's perspective about the action the Board would be taking. Ms. Hanfman asked staff how the proposed loans were underwritten without the financials, and Ms. Cox said the financials were available for each property, but the developer's information was not provided for the global analysis.

Mr. Sanchez amended his motion to table all three Creative Choice items rather than approve them. Ms. Hanfman amended her second. Ms. Cox clarified that they items were tabled pending receipt of personal financial information from the principals and First Housing updating its analysis. Motion passed unanimously.

CONSENT AGENDA

Chairman Tylka asked for a motion to approve staff recommendations on the items on the Consent Agenda

Motion to approve staff's recommendations on the items on the Consent Agenda was made by Mr. Hardy with a second by Mr. Sanchez. Motion passed unanimously.

AUDIT COMMITTEE DISCUSSION

Cliff Hardy briefed the Board on the Audit Committee Meeting held December 6, 2012, and asked the Board to approve the Committee's recommendation to approve the work plan for 2012, 2013 and 2014 for the Inspector General.

Motion to approve the Audit Committee's recommendation was made by Mr. Hardy with a second by Ms. Hanfman. Motion passed unanimously.

PROCEDURES COMMITTEE DISCUSSION

Joe Sanchez briefed the Board on the Procedures Committee Meeting held on December 6, 2012, stating that the Committee adopted a new evaluation form for the Inspector General which would be distributed to all Board Members to complete and return to Florida Housing. Chairman Tylka added that he had received all the completed evaluation forms for the Executive Director and would report on them at the next Board Meeting.

UNIVERSAL APPLICATION CYCLE DISCUSSION

Steve Auger discussed the status of the Universal Application Cycle, indicating that as a result of the recommendations in the OPPAGA audit to change the process, staff is considering changes to allocate housing credits through a request for proposals process so Florida Housing doesn't have to come up with a one-size-fits-all mechanism and to change the dynamics of the scoring and appeals process. He asked the Board whether this idea made sense to work on and several Board Members agreed.

John Saxton, of Tax Credit Link, asked if the entire system was going to be new. Mr. Auger said these changes would be in place for allocation of 2014 credits, probably in mid-summer 2013.

DISCUSSION OF POTENTIAL HARDEST-HIT FUND STRATEGIES

David Westcott briefed the Board on the two new Hardest-Hit Fund strategies staff is proposing to add to the existing programs in order to help more people suffering from the threat of foreclosure.

Mr. Westcott stated that the first proposed option is the Modification Enabling Pilot Program, which would partner Florida Housing with National Community Capital (NCC) and New Jersey Capital to secure mortgage modifications for qualifying homeowners. Scott Fergus, of NCC, and Wayne Meyer, of New Jersey Capital, spoke in support of the proposed program.

Mr. Westcott stated that the second proposed option is the Reverse Mortgage Program, which would provide funds to senior homeowners facing the threat of foreclosure.

Mr. Westcott stated that staff would do more research on the proposed programs and he would update the Board on the programs at the next Board Meeting.

PUBLIC COMMENT

Frank (no last name given), of FOCUS, commended David Westcott for the work he and his staff do to help people through the Hardest-Hit Fund.

Lauren Johns, of the Home Defenders, also praised David Westcott and his staff and thanked the Board for its consideration of the expansion of the Hardest-Hit Fund. She added that she believes getting the word out about the programs is very important.

Sherry (no last name given), of the Orlando Home Defenders League, also added her praise of the Hardest-Hit Fund programs.

Nancy Tool, of the City of Kissimmee, asked that local government officials be included in the discussions regarding the redesign of the Universal Cycle.

Outgoing Board Members Marilyn Carl and Lynn Hanfman thanked the staff and stakeholders for all their hard work in providing safe, affordable housing for the citizens of the State of Florida.

Hearing no further business, Chairman Tylka asked for a motion to adjourn the December 7, 2012, Board of Directors' Meeting at 11:53 a.m.

Motion to adjourn was made by Mr. Hardy with a second by Mr. Smith. Motion passed unanimously.

The meeting was adjourned.