

FLORIDA HOUSING FINANCE CORPORATION
Board Meeting
October 30, 2014
Action Items



LEGAL

Action

I. LEGAL

A. In Re: Karen Servant – FHFC Case No. 2014-066VW

1. Background

- a) On or about September 25, 2013, Karen Servant (“Petitioner”) applied for financial assistance through the Hardest Hit Fund Principal Reduction (“HHF-PR”) program. Petitioner is the sole occupant of her house, located in Citrus County, Florida. The HHF-PR program is designed to provide financial assistance to those eligible borrowers with up to \$50,000 to reduce the principal balance of the first mortgage thereby reducing the loan to value of the first mortgage to no less than 100%. The HHF-PR program is operated on a first come, first served basis.
- b) On or about October 22, 2013, Petitioner’s application for HHF-PR funds was denied because she failed to meet the eligibility requirement that her income be no greater than 140% of the AMI for Citrus County.
- c) On April 2, 2014, Petitioner requested a variance or waiver of rule 67-59.210(1)(d), F.A.C., to allow her to receive HHF-PR benefits despite her income exceeding program limits. On June 13, 2014, Petitioner’s request was denied by the Board. Petitioner timely filed her “Petition for Judicial Review of Waiver Rule Chapter 67-59.210” (“Petition”), pursuant to Sections 120.569 and 120.57, Florida Statutes, seeking a hearing on the denial of her request. Florida Housing reviewed the Petition pursuant to Section 120.569(1), Florida Statutes, and determined that the Petition did not raise disputed issues of material fact.
- d) An informal hearing was held in this case on September 5, 2014, in Tallahassee, Florida, before Florida Housing’s appointed Hearing Officer, Chris McGuire. Petitioner and Respondent timely filed Proposed Recommended Orders. On September 27, 2014, the Hearing Officer filed his Recommended Order, which recommended that Petitioner’s Petition be dismissed for failing to demonstrate that the purpose of the underlying statute will be achieved by means other than are provided by rule, and for failing to demonstrate that denying the request for a waiver would create a substantial hardship or violate the principles of fairness. The Recommended Order is attached as [Exhibit A](#).

2. Present Situation

The Board must enter a Final Order in this matter.

3. Recommendation

Staff recommends the Board adopt the Findings of Fact, Conclusions of Law and Recommendation of the Recommended Order as its own, and issue a Final Order consistent with same in this matter.

MULTIFAMILY PROGRAMS

Action

II. MULTIFAMILY PROGRAMS

A. Request for Applications (RFA) 2014-111 for SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits

1. Background/Present Situation

- a) On August 25, 2014, Florida Housing staff issued RFA 2014-111 offering the following State Apartment Incentive Loan (SAIL) Program funding: (i) an estimated \$17,578,800 of Elderly funding for proposed Developments with the Elderly Demographic Commitment (ALF and Non-ALF) and one (1) proposed Development with the Elderly Transformative Preservation Demographic Commitment, (ii) an estimated \$46,830,000 of Family funding for proposed Developments with the Family Demographic Commitment, and (iii) additional gap funding to cover the units that must be set aside for Extremely Low Income (ELI) Households. The deadline for receipt of Applications was 11:00 a.m., Eastern Time, Thursday, September 18, 2014.
- b) Florida Housing received 30 Applications in response to this RFA (16 with the Family Demographic, 12 with the Elderly Demographic, and 2 with the Elderly Transformative Preservation Demographic). The Review Committee members, designated by the Executive Director, were Amy Garmon, Multifamily Programs Manager (Chair), Bill Cobb, Multifamily Programs Manager, Kevin Tatreau, Director of Development Finance, Elizabeth O'Neill, Multifamily Programs Manager, Bill Aldinger, Assistant Policy Director, Elaine Roberts, Senior Supportive Housing Analyst, Heather Boyd, Multifamily Programs Manager, and Nancy Muller, Policy Director. Each member of the Review Committee independently evaluated and scored their assigned portions of the submitted Applications, consulting with non-committee staff and legal counsel as necessary and appropriate.
- c) At its October 22, 2014 Review Committee meeting, the individual committee members presented their scores and the Committee carried out the funding selection process in accordance with Section Four B of the RFA.
- d) The RFA 2014-111 All Applications chart (provided as Exhibit A) lists the eligible and ineligible Applications. The eligible Applications (i.e., Applications that met all criteria to be eligible to be considered for funding) and the ineligible Applications are listed in assigned Application Number order.
- e) The Review Committee considered the following two (2) motions:
 - (1) A motion to adopt the scoring results, as set out on [Exhibit A](#); and
 - (2) A motion to tentatively select the Applications set out on [Exhibit B](#) for funding and invite the Applicants to enter credit underwriting.
- f) Both motions passed unanimously.

MULTIFAMILY PROGRAMS

Action

- g) As outlined in Part I.C.1. of Exhibit E of the RFA, at the completion of all litigation and approval by the Board of all Recommended Orders with regard to this RFA, the Corporation shall offer all Applicants within the funding range an invitation to enter credit underwriting.

2. Recommendation

- a) Approve the Committee's recommendations that the Board adopt the scoring results of the 30 Applications (set out on Exhibit A) and authorize the tentative selection of the 16 Applications (set out on Exhibit B) for funding and invitation to enter credit underwriting.
- b) If no notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., staff will proceed to issue an invitation to enter credit underwriting to the Applications set out on Exhibit B.
- c) If a notice of protest or formal written protest is filed in accordance with Section 120.57(3), Fla. Stat., et. al., then at the completion of all litigation, staff will present all Recommended Orders for Board approval prior to issuing invitations to enter credit underwriting to those Applicants in the funding range.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

III. PROFESSIONAL SERVICES SELECTION (PSS)

A. Invitation to Negotiate (ITN) 2014-08, Insurance Agent of Record

1. Background

At the August 8, 2014, meeting, the Board authorized Florida Housing staff to issue a solicitation to procure an Insurance Agent of Record and authorized the Executive Director to establish a Review Committee to make a recommendation to the Board.

2. Present Situation

- a) Invitation to Negotiate (ITN) 2014-08 was issued on Thursday, September 4, 2014; and an addendum to the ITN was issued on Thursday, September 11, 2014. The deadline for receipt of responses was 2:00 p.m., Thursday, September 18, 2014. A copy of the ITN and Addendum #1 is provided as [Exhibit A](#).
- b) Two (2) responsive Responses were received by the deadline from the following:
 - (1) McKinley Financial Services, Inc. d/b/a McKinley Insurance Services
 - (2) Rogers, Gunter, Vaughn Insurance, Inc.
- c) A response was also received from Brown and Brown Insurance but was not scored as it was deemed non-responsive for failure to supply the mandatory certification statement.
- d) Members of the review committee were Rene Knight (Chairperson), Operations Director; Barbara Goltz, Chief Financial Officer; and Angie Sellers, Comptroller.
- e) Each member of the Review Committee individually reviewed the proposals submitted prior to convening for the Review Committee meeting which was held at 2:00 p.m., Tuesday, September 30, 2014.
- f) At the September 30 meeting, the Review Committee provided final scores for each of the responses. The score sheet is provided as [Exhibit B](#).

3. Recommendation

The Review Committee recommends that the Board authorize Florida Housing to enter into a contract with Rogers, Gunter, Vaughn Insurance, Inc. as the Corporation's Insurance Agent of Record.

PROFESSIONAL SERVICES SELECTION (PSS)

Action

B. Request for Qualifications (RFQ) 2014-05, for Inclusion in a Pool of Energy Consumption Providers

1. Background

At the April 25, 2014 meeting, the Board authorized Florida Housing staff to issue a Request for Qualifications for Inclusion in a Pool of Energy Consumption Providers and authorized the Executive Director to establish a Review Committee to make a recommendation to the Board.

2. Present Situation

- a) Request for Qualifications (RFQ) 2014-05 was issued on Thursday, August 28, 2014. The deadline for receipt of responses was 2:00 p.m., Thursday, September 18, 2014. A copy of the RFQ is provided as [Exhibit C](#).
- b) Four (4) responsive Responses were received by the deadline from the following:
 - (1) Diamond Property Consultants, Inc.
 - (2) Florida Solar Energy Center
 - (3) KN Consultants, LLC
 - (4) Matern Professional Engineering, Inc.
- c) A response was also received from 2rw Consultants, Inc. after the deadline for responses, was deemed non-responsive, and was not scored.
- d) Members of the review committee were Elizabeth O'Neill (Chairperson), Multifamily Programs Manager; and Luke White, Asset Management Senior Analyst.
- e) Each member of the Review Committee individually reviewed the proposals submitted prior to convening for the Review Committee meeting which was held at 2:00 p.m., Wednesday, October 1, 2014.
- f) At the October 1 meeting, the Review Committee provided final scores for each of the responses. The score sheet is provided as [Exhibit D](#).

3. Recommendation

The Review Committee recommends that the Board authorize Florida Housing to enter into agreements with the four respondents listed above for inclusion in a pool of energy consumption providers.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

IV. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Farmworker Demographic Waiver for Esperanza Place (RFP 2007-10-01)

Development Name: Esperanza Place (“Development”)	Location: Collier County
Developer/Principal: Florida Non-Profit Services, Inc. (“Developer”)	Set-Aside: 100% Farmworker; 20% @ 50% AMI and 80% @ 60%
Number of Units: 48	Loan Amount: \$3,187,764
Type: Garden Style	Housing Credit Allocation: N/A
Demographics: Farmworker	MMRB: N/A

1. Background/Present Situation

- a) On February 11, 2010, a SAIL loan in the amount of \$3,187,764 closed for this 48 unit Farmworker development in the town of Immokalee, located in Collier County. Immokalee has been a long standing hub of farm work in Florida, providing housing for many workers who travel out to the fields in Collier and surrounding counties for work.
- b) On June 4, 2014, staff received a letter from the Developer requesting temporary relief from the 100% Farmworker demographic set-aside requirement for a period of two years ([Exhibit A](#)). The Developer states that the diminished demand for Farmworker housing in Immokalee has resulted in higher vacancies than budgeted for and in vacant units remaining unoccupied for longer periods of time. Without approval of the waiver the Developer indicates that continued lost rent revenue will continue to adversely affect the fiscal viability of the development. This property also has financing from USDA Rural Development, including Section 521 project based rental assistance, which allows tenants to pay only 30% of their incomes for rent. USDA recently approved a two year waiver to allow the development to lease to income eligible non-farmworker households ([Exhibit B](#)).
- c) Staff conversations with the third party property manager for this property and other knowledgeable farmworker experts suggest that several changes to the farm labor needs for the Immokalee area have shifted. Citrus production is on the wane with citrus canker and greening on the rise, while other shorter production period crops such as blueberries are on the rise. Additional mechanization in packing houses also has lowered the need for farmworkers. As a result, not only are fewer Farmworkers needed, but they often have farm work in the Collier County area for no more than three to six months in a year. The farm labor season varies by crop, but generally runs from October through March each year. The Farmworkers who migrate to other areas following the crops do not need an apartment with a year lease, and the workers who stay in the area supplement farm work with hotel and landscaping work. During this off-season, vacancies peak until the next season begins. The property manager indicates that tenant turnover was 30% in 2013, and 21% through September of

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

2014. As of September 30, 2014, Esperanza Place currently has 46 of the total 48 units occupied, all of which (95.8%) are occupied by Farmworkers.

- d) A final issue has arisen recently related to changes in the approach to how USDA evaluates legal status of prospective farmworker tenants, which has lowered the number of farmworker eligible tenants for USDA RD properties.
- e) Section 420.503 (18)(a), Florida Statutes, defines Farmworkers as “. . . a laborer who is employed on a seasonal, temporary, or permanent basis in the planting, cultivating, harvesting, or processing of agricultural or aquacultural products and who derived at least 50 percent of her or his income in the immediately preceding 12 months from such employment.” The property manager at Esperanza Place also indicates that the property must turn away prospective tenants because farm work is not a high enough percentage of their incomes to meet the statutory requirement. This suggests that the farmworker need for housing in the Immokalee area still exists, but that the definition of “Farmworker” which is provided in Florida Statutes may not currently match what is actually occurring in that area.
- f) Florida Housing’s Board has approved a few other similar Farmworker waivers over the last few years, with two properties in Immokalee approved at the June 2014 Board meeting. Staff is concerned that the statutory approach targeting Farmworkers may not be adequate to allow us to match needed affordable housing with Farmworkers working in Florida today. Moreover, while Farmworker housing need data are updated every three years for Florida Housing using the most sophisticated approach available, we have been concerned that the data may not be providing the level of detail needed to thoughtfully allocate SAIL resources going forward. Staff is just now completing work with the Shimberg Center and farmworker experts to analyze seasonal farm work trends in the state and how these are expected to impact the need for farm labor in the next 3-5 years and beyond.
- g) Florida Housing has a fairly recent precedent with SAIL financing that requires a lower percentage of the units to be set aside for Farmworkers. Recent waivers have lowered the required Farmworker set-aside to 40% of total units, with the rest for Families, i.e., general occupancy, and a priority on the waiting list for Farmworkers. Staff believes that, based on the information provided by the Esperanza Place property manager, a more nuanced approach could be implemented to respond to the seasonal change in vacancy rates. In discussion with the property manager, it appears that this approach will be responsive enough to the current situation and allow the property to maintain a positive cash flow.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

2. **Recommendation**

Staff recommends that Esperanza Place be granted a waiver for a period of up to two years of meeting the 100% Farmworker demographic set-aside requirement, and that the property instead meet the following requirements: 1.) Maintain a set-aside 80% of the units (39 units) for Farmworker households during the farm labor period of October 1 through March 31 each year; 2.) Maintain a set-aside of 60% of the units (29 units) for Farmworker households during the off-season period of April 1 through September 30 each year; 3.) Maintain the income set-aside of 20% of the units for households with incomes at or below 50% of area median income and 80% of the units for households with incomes at or below 60% of area median income; 4.) Maintain a priority on its waiting list for Farmworkers during the entire period; 4.) Collect additional tenant data as specified by and for Florida Housing; and direct Florida Housing staff to proceed with loan document modification activities.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

B. Request De-obligation of SAIL ELI Funding for Wilmington Apartments (RFP 2011-05-17)

Development Name:	Wilmington Apartments
Developer/Principal:	TWC Twenty-Five, Ltd./The Wilson Company
Number of Units:	200
Location :	Polk County
Type/Demographic:	Rental/Family (SAIL, Guarantee/HUD-RISK, and HC)
Set-Aside:	50% @ 30% AMI & 95% @ 60% (SAIL) 16.5% @ 40 % AMI (SAIL ELI) 100% @ 60% AMI (HC)
Allocated Funding Amount:	\$10,800,000 Housing Finance Authority of Polk County Bonds \$1,500,000 SAIL \$505,319 Housing Credit Allocation \$2,475, 000 SAIL ELI (RFP 2012-104)
SAIL ELI Funding under RFP 2011-05 not to exceed:	\$1,275,000

1. Background/Present Situation

- a) On October 21, 2011, Florida Housing staff issued Request for Proposals (RFP) 2011-05 to award SAIL Extremely Low Income (ELI) funding to Applicants where the Applicant's development had a mortgage note guaranteed by the Florida Affordable Housing Guarantee Program which closed by September 30, 2003, and the Applicant committed to provide additional ELI set-aside units. The deadline for receipt of Responses was Wednesday, November 9, 2011.
- b) On December 9, 2011, the Board approved the award list of RFP 2011-05 and directed staff to proceed with all necessary credit underwriting activities.
- c) On December 30, 2011, staff issued a preliminary commitment and an invitation to enter credit underwriting for SAIL ELI Funding under RFP 2011-05 for units set-aside for ELI Households. Wilmington Apartments did not yet qualify to receive a preliminary commitment and invitation to enter credit underwriting.
- d) On September 20, 2013 the Board approved staff's recommendation to de-obligate SAIL ELI Funding from awardees who were unable to close their SAIL ELI loans by the required deadlines and authorize staff to re-allocate the returned funds to the next eligible Proposal(s) on the Priority/Ranking Chart for RFP 2011-05.
- e) On October 14, 2013, staff issued a preliminary commitment and an invitation to enter credit underwriting to Wilmington Apartments with a closing deadline of October 14, 2014.
- f) As of October 14, 2014, the Developer has not closed the SAIL ELI loan or refinanced the first mortgage in order to remove the development from the Guarantee Program portfolio and repay the full amount of the SMI loan.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

2. **Recommendation**

De-obligate the \$1,275,000 SAIL ELI award, and direct staff to return the unused SAIL ELI funds from RFP 2011-05 to be used for other RFP's and/or RFA's.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

C. Request De-obligation of SAIL ELI Funding for Whispering Woods (RFP 2011-05-16)

Development Name:	Whispering Woods
Developer/Principal:	TWC Eighty-Nine, Ltd./The Wilson Company
Number of Units:	200
Location :	St. Johns County
Type/Demographic:	Rental/Family (Guarantee/HUD-RISK, HC and SMI)
Set-Aside:	100% @ 60% AMI (HC) 16.5% @ 30% AMI (SAIL ELI)
Allocated Funding Amount:	\$12,870,000 Saint John’s County Housing Finance Authority Bonds \$544,963 Housing Credit Allocation \$588,9052 Subordinate Mortgage Initiative (SMI) \$2,475, 000 SAIL ELI (RFP 2012-104)
SAIL ELI Funding under RFP 2011-05 not to exceed:	\$1,275,000

1. Background/Present Situation

- a) On October 21, 2011, Florida Housing staff issued Request for Proposals (RFP) 2011-05 to award SAIL Extremely Low Income (ELI) funding to Applicants where the Applicant’s development had a mortgage note guaranteed by the Florida Affordable Housing Guarantee Program which closed by September 30, 2003, and the Applicant committed to provide additional ELI set-aside units. The deadline for receipt of Responses was Wednesday, November 9, 2011.
- b) On December 9, 2011, the Board approved the award list of RFP 2011-05 and directed staff to proceed with all necessary credit underwriting activities.
- c) On December 30, 2011, staff issued a preliminary commitment and an invitation to enter credit underwriting for SAIL ELI Funding under RFP 2011-05 for units set-aside for ELI Households. Whispering Woods did not yet qualify to receive a preliminary commitment and invitation to enter credit underwriting.
- d) On September 20, 2013 the Board approved staff’s recommendation to de-obligate SAIL ELI Funding from awardees who were unable to close their SAIL ELI loans by the required deadlines and authorize staff to re-allocate the returned funds to the next eligible Proposal(s) on the Priority/Ranking Chart for RFP 2011-05.
- e) On October 14, 2013, staff issued a preliminary commitment and an invitation to enter credit underwriting to Wilmington Apartments with a closing deadline of October 14, 2014.
- f) As of October 14, 2014, the Developer has not closed the SAIL ELI loan or refinanced the first mortgage in order to remove the development from the Guarantee Program portfolio and repay the full amount of the SMI loan.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Action

2. **Recommendation**

De-obligate the \$1,275,000 SAIL ELI award, and direct staff to return the unused SAIL ELI funds from RFP 2011-05 to be used for other RFP's and/or RFA's.

SINGLE FAMILY BONDS – FINANCE

Action

V. SINGLE FAMILY BONDS – FINANCE

A. Single Family Homeownership Program

1. Background

- a) Florida Housing issues bonds under two master bond indentures. The 2009 Homeowner Mortgage Revenue (Special Program) Bond Indenture (the “NIBP Master Indenture”) was created for the purpose of implementing the United States Treasury’s New Issue Bond Program (the “NIBP”). The NIBP Master Indenture is currently rated “Aaa” by Moody’s Investors Service. Florida Housing also issues single family bonds under its 1995 Homeowner Mortgage Revenue Bond Indenture (the “1995 Indenture”). The 1995 Indenture is currently rated “AA+” by Standard & Poor’s Rating Services, “Aa1” by Moody’s Investors Service and “AA+” by Fitch Ratings.
- b) Florida Housing has \$2.2 billion of volume cap that has been allocated for single family bond issuance. The \$2.2 billion consists of \$590.9 million of 2011 carry forward, \$1.12 billion of 2012 carry forward and \$521.1 million of 2013 carry forward. It is expected that additional allocation from 2014 will be added to the carry forward from prior years.
- c) Due to difficult conditions in the municipal bond market but attractive pricing of Mortgage-Backed Securities (“MBS”) in the mortgage market, commencing on October 31, 2008 the Board approved multiple resolutions allowing Staff to access funding for Florida Housing’s single family lending program through the sale of specified pools or To-Be-Announced (“TBA”) commitments in the MBS mortgage market purchased by Florida Housing under its Homeowner Mortgage Program (the “Single Family Program”). To date in 2014 Florida Housing has sold over \$109 million of newly originated Ginnie Mae MBS and \$43.4 million of Fannie Mae MBS in this mortgage market. Staff expects to continue periodic funding of the Single Family Program through the sale of MBS when prudent based on market conditions at the time of sale. Recently, however, financing alternatives in the municipal market have again become more attractive. The sale of bonds in the municipal market can be for: (1) refunding outstanding high coupon bonds that are currently subject to optional redemption, and (2) continuing Florida Housing’s single family lending program through the purchase of Guaranteed Mortgage Securities backed by Mortgage Loans under Florida Housing’s Homeowner Mortgage Program. Staff will continue to evaluate market conditions and, should market conditions warrant may sell a portion or all MBS in the TBA or specified pool market, rather than issue bonds, to fund new production and/or refund the outstanding bonds subject to optional redemption.

2. Present Situation

- a) Below is a chart of bonds that are subject to optional redemption:

Bond Series	2005 Series 1	2005 Series 2&3	2006 Series 1
Bond Balance	\$12.7 million	\$9.4 million	\$17.5 million
Bond Yield	4.50%	4.53%	4.59%

SINGLE FAMILY BONDS – FINANCE

Action

- b) Staff and its Independent Registered Municipal Advisor will determine the amount of refunding bonds to be issued and whether they are executed as one or more refunding transactions based upon market conditions. Florida Housing may also opt to sell a portion of the MBS backing such bonds and to use that cash to optionally redeem the bonds should this be deemed more economically prudent.
- c) With regard to the issuance of new money bonds, conditions in the municipal bond market have improved significantly making the issuance of new money bonds feasible. The improvement in market conditions for new money funding is largely the result of market demand for MBS Pass-Through Bonds (the “Pass-Through Bonds”). Traditional housing bond issues have fixed maturities and are structured with a variety of serial and term bonds. The Pass-Through Bond structure mimics a mortgage backed security by having a single maturity date. All repayments of principal, including prepayments, are passed through to the investors on a pro-rata basis. Investors in the bonds are able to analyze the underlying MBS collateral and are better able to track the projected average life of the bond. This structure has reduced the funding cost by 50-100 basis points as compared to traditional housing bond structures. Should such market demand and advantageous pricing conditions continue, Staff expects that it would be financially prudent to issue new money bonds under several separate series throughout 2015 to continue funding single family loans under its program.
- d) The investment bankers team, bond counsels, independent registered municipal advisor and special counsels have been approved by the board pursuant a RFP/RFQ process. It is expected that the following professionals would participate in the issuances of the 2015 Phase One Bonds: (i) in alphabetical order Citigroup Global Markets Inc., Morgan Stanley & Co. LLC. and RBC Capital Markets LLC., will serve as senior and co-senior managing investment bankers for the bond sale; and (ii) Caine Mitter & Associates Incorporated will serve as financial advisor.
- e) The 2015 Phase One bonds will be issued under one of the following: the Homeowner Mortgage Revenue Bond Indenture (“1995 Master Indenture”), the Homeowner Mortgage Revenue Bond (Special Program) Indenture (“NIBP Indenture”) or a new master indenture but the aggregate amount of such 2015 Phase One Bonds shall not exceed \$450,000,000. The 2015 Phase One Bonds are expected to be rated “AA+” by Standard and Poor’s Rating Services, “AA1” by Moody’s Investors Service and “AA+” by Fitch Ratings if issued under the 1995 Master Indenture. The expected rating, if the bonds are issued under the NIBP Master Indenture or a new master indenture, is expected to be “Aaa” by Moody’s Investors Service. It is anticipated that the 2015 Phase One Bonds and any additional new money bonds issued will, for the foreseeable future, be secured by mortgage backed securities. It is expected that \$39.6 million will be issued in refunding bonds and \$410.4 million will be used for new money bonds.
- f) Authorization necessary to issue the 2015 Phase One Bonds requires (1) adoption of an authorizing resolution by Florida Housing’s Board and (2) approval of fiscal determination by the State Board of Administration. To work within the constraints of regularly scheduled public meetings and maintain Florida Housing’s goal of providing continuously available single family mortgage funding and to take full advantage of the current market conditions for

SINGLE FAMILY BONDS – FINANCE

Action

the refunding, the authorizing resolution for the 2015 Phase One Bonds is being presented for consideration at Florida Housing's October 30, 2014 meeting.

- g) Staff will determine the timing of issuance, size of issuance and the most applicable documents for the issuance of each series of 2015 Phase One Bonds based upon prevailing market conditions.
- h) To ensure sufficient time for obtaining required approvals for the 2015 Phase One Bonds, authorization is hereby requested to commit up to \$65 million of Indenture assets and/or other funds available to Florida Housing to provide interim funding for single family mortgage backed securities. Additionally, Florida Housing may also use the line of credit secured with the Federal Home Loan Bank as previously approved by the Board.
- i) [Exhibit A](#): Board Resolution

3. **Recommendation**

Staff recommends the Board 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 2015 Phase One Homeowner Mortgage Revenue Bonds.

SOLDIERS TO SCHOLARS

Action

VI. SOLDIERS TO SCHOLARS

A. Request Approval of New Contracts for the Soldiers to Scholars Subsidy Agreements for Phase II and Phase III

1. Background

a) Phase II:

- (1) In March 1998, the Board authorized the execution of a contract in the amount of \$300,000 for Soldiers to Scholars (“STS”) Subsidy Agreement Phase II. Per the contract terms, participants of the program receive a direct rental subsidy. The University of Central Florida (“UCF”) administers the entire program.
- (2) The original expiration date of July 1, 2005, was authorized for extension by the Board on four different occasions to June 30, 2014, or until the entire \$300,000 was used, whichever occurred first.

b) Phase III:

- (1) In June 1999, Florida Housing signed the Soldiers to Scholars Subsidy Agreement for Phase III. This agreement provides for an offset amount up to \$90,000 of annual interest on the Metro Place Demonstration Loan in exchange for the owners of the Metro Place development providing subsidized rental units for participants in the STS program.
- (2) The original expiration date of July 1, 2005, was authorized for extension by the Board on four different occasions with the last extension having an end date of the end date of the Phase II contract, or when Metro Place ceased to provide subsidized rental units for STS recipients, whichever occurred first.

2. Present Situation

- a) Both the Phase II and Phase III contracts expired on June 30, 2014. Under the Phase II contract, \$11,335 of the original funds have not been expended.
- b) UCF staff and Metro Place ownership have strongly expressed their willingness to continue participating in the program until the remaining funds are expended. These administrators recognize the value of the program in helping Florida soldiers and different Florida communities. UCF staff expects to expend the remaining funds by June 30, 2015. The staff also recognized a variance in subsidy dollar amounts for Phase II and Phase III, and recommended that the subsidies should be the same.

SOLDIERS TO SCHOLARS

Action

3. Recommendation

Authorize staff to enter into new contracts for both Phase II and Phase III of the STS program with terms including: contract continuation being dependent on UCF's full support for the program; new contract terms to be retroactive from July 1, 2014 with termination of the contracts being the earlier of June 30, 2015 or until all STS funds awarded to UCF are expended; continuation of required monthly reporting on program fund usage; modification of the Phase II subsidy amount to be consistent with the Phase III subsidy.