

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
September 19, 2014**

TIME: 8:30 a.m.

LOCATION: Tallahassee City Hall
300 South Adams Street
Tallahassee FL 32301

BOARD MEMBERS PRESENT:

Barney Smith, Chairman
Ray Dubuque
John Hawthorne
Bill Killingsworth – Entered Late
Len Tylka
Howard Wheeler

CORPORATION STAFF PRESENTING:

Stephen P. Auger
Sheila Freaney
Barbara Goltz
Nancy Muller
Ken Reecy
David Westcott

OTHERS PRESENTING:

Bill Johnston, WLJ Partners/Tibor Capital

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

MINUTES

Item A, Approval of Minutes of the August 8, 2014, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the August 8, 2014, Board Meeting.

Motion to approve the Minutes was made by Mr. Tylka with a second by Mr. Dubuque.
Motion passed unanimously.

Bill Killingsworth joined the meeting.

MULTIFAMILY PROGRAMS

Item A, 2014 Rule Development – Approval of Revisions to Rule Chapter 67-21, Florida Administrative Code. Ken Reecy stated that Florida Housing held two public workshops to solicit comments concerning the proposed changes to Rule Chapter 67-21, which governs the multifamily mortgage revenue bond and non-competitive housing credit program. He stated that staff clarified some definitions in the rule; deleted the financial advisor and added investment banker and independent registered municipal advisor pursuant to changes by the SEC; clarified the definition of principals; added language to provide better assurance that housing credits would be leveraged to the greatest extent to obtain the maximum benefit from the subsidy; added a few items back into the non-competitive application on amenities; updated other aspects of the limited development are information and clarified fees.

Mr. Reecy stated that once the Board approves the proposed rule, the notice of proposed rulemaking would be published in the Florida Administrative Register announcing the rule hearing on October 15 in Tallahassee, and any comments received from the Joint Administrative Procedures Committee would be considered.

Mr. Reecy stated that if a modification of the proposed rule is not required, staff will file the proposed rule for adoption; however, if a modification of the proposed rule is required based on comments received, staff will prepare the notice of change to incorporate the modifications and submit the notice of change to the Board for approval.

Mr. Reecy asked the Board to approve the proposed rule and authorize staff to file the rule for adoption if a notice of change is not required; however if a notice of change is required, he asked the Board to authorize the Chair to determine whether the notice of change makes material, substantive changes to the rule chapter, and if it does not, to approve such notice of change without the requirement of another Board Meeting. However, if the Chair determines that any notice of change does make material, substantive changes to the rule chapter, he asked the Board to approve staff's recommendation that a telephonic Board Meeting be called to obtain Board approval for any required changes and that such changes be ratified at the next scheduled Board Meeting.

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

Item B, 2014/2015 Funding Amounts and Time Lines for Request for Applications (RFA) for Multifamily Developments. Ken Reecy stated that during 2014-2015 Florida Housing expects to offer funding through various RFAs associated with the funding that the corporation has received and tax credits, such as \$10 million in grant funding from the 2014 legislative appropriation for housing developments designed, constructed and targeted for persons with developmental disabilities; \$57.6 million of State Apartment Incentive Loan Program (SAIL) funding plus program income; an estimated \$46 million in low income housing tax credit allocation; and an estimated \$10 million of HOME investment partnerships funding.

Mr. Reecy asked the Board to approve the tentative 2014-2015 funding amounts and timelines and authorize staff to proceed with the development of the various RFAs listed for the grant SAIL housing credit and HOME funding and authorize the Executive Director to establish a review committee for each RFA as each RFA is issued in order to make recommendations to the Board.

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

Item C, Request for Consideration of Applications Received for RFA 2014-108 State Apartment Incentive Loan (SAIL) to Guarantee Program Developments to Provide Set-Aside Units for Extremely Low Income (ELI) Households. Steve Auger reminded the Board that since 2008, staff has made a strategic effort to stabilize the guarantee fund with an eye toward refinancing deals out of the program. He stated that a series of RFAs were put out with SAIL funding to buy down the debt on units in the guarantee fund program so the units become affordable for folks with extremely low incomes, thus allowing the properties to refinance out of the program. He stated that a lot of that was done in 2010, 2011 and 2012, which resulted in Fitch upgrading the guarantee fund insurance strength rating; however, in May 2014, they noted that a smaller portfolio coupled with poor performance of the existing properties could result in an adverse concentration of risks putting negative pressure on the rating. He stated that SAIL funds were then targeted to the middle tranche, after which an RFA was issued to target the poorest performing properties and get them refinanced out. He stated that four applications were received in response to the RFA, and of the four, the review committee recommends that the Board approve Tuscan Isle, Bristol Bay and Carolina Club for the award amounts reflected on Exhibit B and authorize staff to issue invitations to enter credit underwriting and direct staff to return the unused SAIL funds from the RFA to be used with other RFAs.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Request for Proposals (RFP) 2014-04, Auditing Services. Barb Goltz stated that an RFP for auditing services was issued in March and responses were received from Cherry Bekaert; CliftonLarsonAllen; Ernest & Young; and McGladrey & Thomas Howell Ferguson as a joint venture. The review committee recommends that the Board authorize staff to enter into contract negotiations with Ernst & Young, the first ranked offeror; and if those negotiations fail, to enter into negotiations with the second highest ranked offeror.

Motion to approve the staff's recommendation was made by Mr. Hawthorne with a second by Mr. Killingsworth.

Len Tylka mentioned that the Audit Committee met and approved the recommendation as presented by Ms. Goltz.

Motion passed unanimously.

Item B, Request for Proposals (RFP) 2014-06, Independent Registered Municipal Advisor.

Steve Auger mentioned that Bill Johnston has been Florida Housing's financial advisor for many years, but due to new regulations by the SEC, would no longer be able to serve in that capacity without completing burdensome municipal advisor training which he has chosen not to complete. Mr. Auger thanked Bill for his dedicated service. Mr. Johnston thanked Steve Auger and Barb Goltz and stated that he looks forward to continuing to work as an advisor to Florida Housing on the Guarantee Fund.

Barb Goltz stated that there were four responses to the Independent Registered Municipal Advisor RFP from Caine Mitter, CSG Advisors, George K. Baum & Company and Public Resources Advisory Group. She asked the Board to approve the review committee's recommendation to authorize staff to enter into contract negotiations with Caine Mitter, the first ranked offeror; and if those negotiations fail, to enter into contract negotiations with the second company, George K. Baum.

Motion to approve the staff's recommendation was made by Mr. Dubuque with a second by Mr. Hawthorne. Motion passed unanimously.

Item C, Request for Proposals (RFP) for Real Estate Brokerage Services. Barb Goltz asked the Board to authorize staff to issue either a request for proposals or a request for qualifications to solicit real estate brokerage services, as the current contracts expire in February 2015. She also asked the Board to authorize the Executive Director to establish a review committee to make recommendations to the Board.

Motion to approve the staff's recommendation was made by Mr. Tylka with a second by Mr. Killingsworth. Motion passed unanimously.

SINGLE FAMILY BONDS

Item A, Request Approval to Issue Mortgage Credit Certificates (MCC). David Westcott reminded the Board that Florida Housing receives an allocation of private activity tax exempt bonds every year, and due to the difficulty in issuing bonds, both by Florida Housing and other entities that are eligible to receive the bonds, there is a lot of carry forward allocation. He stated that the Internal Revenue Code allows Florida Housing to issue mortgage credit certificates to fund first mortgage loans through the first-time home buyer programs. He stated that the mortgage credit certificates help first-time homebuyers by giving them a dollar-for-dollar tax credit on their federal income tax liability, with the amount of credit decreasing each year over the life of the loan. He stated that the program has been very well received and approximately 305 mortgage credit certificates have been issued since it was started in 2012. He stated that the current program will expire at the end of 2014 and asked the Board to approve Resolution

2014-16 authorizing the single family program staff to take all action necessary to create and implement the new 2014 MCC program subject to further approvals by bond counsel, special counsel and appropriate Florida Housing staff.

Motion to approve the staff's recommendation was made by Mr. Hawthorne with a second by Mr. Wheeler. Motion passed unanimously.

STRATEGIC PLAN

Item A, Approval of the Florida Housing Finance Corporation 2014 Strategic Plan. Steve Auger asked the Board to approve the proposed Florida Housing Finance Corporation 2014 Strategic Plan.

Motion to approve the proposed Strategic Plan was made by Mr. Tylka with a second by Mr. Dubuque.

John Hawthorne asked to get a copy of the Florida Strategic Plan for Economic Development, as the Florida Housing plan references that plan. Mr. Auger stated that staff would get that for the Board.

Motion passed unanimously.

CONSENT AGENDA

Chairman Smith asked for a motion to approve the items on the Consent Agenda.

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

PUBLIC COMMENT

No public comments were offered.

Chairman Smith adjourned the meeting at 9:20 a.m.