

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
December 11, 2015**

TIME: 8:30 a.m.

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

BOARD MEMBERS PRESENT:

Barney Smith, Chairman
Natacha Munilla, Vice Chair
Renier Diaz de la Portilla
Ray Dubuque
John Hawthorne
Len Tylka
Howard Wheeler

CORPORATION STAFF PRESENTING:

Stephen P. Auger
Hugh Brown
Cecka Green
Barbara Goltz
Chris McGuire
Nancy Muller
Ken Reecy

OTHERS PRESENTING:

Patrick Law, Madison Hollow
Doug Manson, Brixton Landing

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

MINUTES

Item A, Approval of Minutes of the October 30, 2015, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the October 30, 2015, Board Meeting.

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

FINANCE

Item A, Request Authority to Provide Funding to be Used as Match Funding for Research Related to Developments Funded to Serve High Needs/High Cost Populations. Nancy Muller stated that in March 2014 the Board awarded \$10 million from a special state appropriation to three nonprofit demonstration developments to provide permanent supportive housing to serve extremely low income, chronically homeless populations that are high users of publicly funded crises services or are living in more restrictive institutional settings than needed or desired. She stated that funding was awarded to developments in Duval, Miami-Dade and Pinellas Counties. She stated that the RFP required each applicant to commit to partnering with researchers to carry out a multiyear study to quantify cost benefit data showing what, if any, public savings will have occurred as a result of housing the intended residents in those developments. She stated that the objective is to get Florida-based data rather than using the national data already available.

Ms. Muller stated that the Duval County development is already fully occupied; the Pinellas County development is under construction and expects to be leasing in the spring; and the Miami-Dade development is expected to run next fall or winter. She stated that all three developers have researchers on board, and each research methodology plan has been reviewed by Florida Housing and its partner state agencies. She stated that awardees have been fundraising to pay for the research, but have had trouble raising all the necessary funds. She stated that staff proposes providing funding to each nonprofit to pay a portion of the research costs, with every dollar provided by Florida Housing requiring a \$2 match from the funds raised by the development. She stated that Florida Housing currently has \$219,000 in unrestricted financial adjustment factor funds available and asked the Board to approve up to \$50,000 in match funding to each of the three organizations awarded financing for developments through Request for Proposals 2014-102 and to enter into a contract with each organization to specify that these funds may be used only for the purpose of paying for research specified in the RFP according to the criteria specified by Florida Housing.

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

Mr. Tylka asked if the nonprofits could use the cost of internal staffing to meet the two-to-one match requirement. Ms. Muller stated that staff had not contemplated that, but if the Board was comfortable with it, staff would look into doing that.

Mr. Diaz de la Portilla asked about the three organizations involved. Ms. Muller stated that all three entities are nonprofits. She stated that Ability Housing in Duval County has a track record going back to the early 2000s of developing permanent supportive housing. She stated that the Catholic Diocese in Pinellas runs a series of properties focused on serving homeless persons. She stated that CarrFour

Supportive Housing in Miami-Dade County also has a long track record and is one of the biggest nonprofit housing providers in the county, and regularly receives funds from Florida Housing targeting homeless populations.

Mr. Hawthorne asked what will happen if the two-to-one match is not met. Ms. Muller indicated that Florida Housing would just provide less matching funds. Mr. Hawthorne asked how the \$50,000 figure was decided on. Ms. Muller stated that staff chose the cap of \$50,000 based on estimates from the nonprofits on what their research costs will be.

Mr. Smith questioned the high costs of the research. Mr. Auger stated that as a pilot program, it is a learning process for everyone involved, and the end result will be 122 units serving the hardest to serve population in three different counties.

Motion passed unanimously.

Approval of 2016 Operating Budget. Barb Goltz asked the Board to approve the 2016 Operating Budget.

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

LEGAL

Item A, Madison Hollow LLC v Florida Housing Finance Corporation. Hugh Brown stated that the Madison Hollow case is a challenge to the scoring and ranking of request for applications 2015-115, the six county large housing credit RFA. He stated that Madison Hollow challenged its ranking in the process that resulted from the leveraging tiebreaker population. He stated that Madison Hollow did fall in Leverage Group A, which made them eligible for funding, but they were outranked by Intervenor Brixton Landing by virtue of a better lottery number. He stated that Madison Hollow argued that several unfunded applications should be deemed ineligible for failing to demonstrate the ability to proceed, and the elimination of those applications would change the leveraging calculation, placing Brixton Landing in Group B and resulting in Madison Hollow being funded. He stated that a hearing was held at the Division of Administrative Hearings in August, and in late October the administrative law judge issued a recommended order to uphold Florida Housing's scoring and ranking of the applications in question and denying the ruling requested by Madison Hollow. He stated that Madison Hollow filed 18 exceptions to the recommended order and Florida Housing and Brixton Landing responded to the exceptions. He asked the Board to deny all 18 exceptions filed by Madison Hollow and to adopt the findings of fact, conclusions of law and recommendation in the recommended order and to issue a final order accordingly.

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

Patrick Law, the principal of Madison Hollow, argued that because Owen Hill, the authorized local governmental official who signed off on the site plans for the projects, testified that he had not reviewed the site plans even though he signed off on them, the recommended order was in error.

Chris McGuire, Florida Housing's Assistant General Counsel, stated that he litigated the case and wrote Florida Housing's responses to the exceptions filed. He stated that Florida Housing's position, which was upheld by the administrative law judge, is that once a government official signs forms stating that a site plan complies with local zoning ordinances and site plan requirements, Florida Housing and the administrative law judge are not in a position to second guess the local government official.

Doug Manson, the attorney for Brixton Landing, pointed out to the Board that the issue at hand does not pertain to Brixton Landing and there was no controversy regarding that application, other than the fact that it came in number one in the rankings and Madison Hollow came in number two, so Madison Hollow is challenging other applications to change the rankings in its favor.

Mr. Tylka asked if the site plan was inappropriate in any way that the local government official would have maybe thrown a red flag up. Mr. Law stated that the site plan issue he raised is a bright line – a requirement that it be signed that a site plan has been reviewed. He stated that Florida Housing is saying that a ruling is true because the guy signed it regardless of whether it's true or not.

Motion passed by a vote of six to one with Len Tylka casting the dissenting vote.

MULTIFAMILY PROGRAMS

Item A, Request for Applications (RFA) 2015-112 for SAIL Financing of Affordable Multifamily Housing Developments to be used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits. Ken Reecy stated that on November 9, 2015, Florida Housing issued an RFA offering SAIL program funding in the amounts of \$16.2 million for the elderly demographic commitment and \$32.8 million for the family demographic commitment. He stated that 23 applications were received - 12 for the family demographic and 11 for the elderly demographic. He stated that the review committee appointed by the Executive Director independently evaluated and scored their assigned portions of the applications and met on December 1 to compile their scores and prepare a recommendation for the Board. He asked the Board to approve the committee's recommendation to adopt the scoring results of the 23 applications and authorize the tentative selection of nine applications for funding and invitation to credit underwriting. He stated that if no notice of protest or formal written protest is filed, staff would proceed to issue invitations to enter credit underwriting to the applicants; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing invitations to enter credit underwriting.

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

Item B, Request for Applications (RFA) 2015-105 for Financing to Build Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities. Ken Reecy stated that on August 14, 2015, Florida Housing issued an RFA to allocate \$7 million of the \$10 million appropriated for new properties consisting of no more than four units. He stated that 12 applications were received. He stated that the review committee appointed by the Executive Director independently evaluated and scored their assigned portions of the applications and met on December 1 to compile their scores and prepare a recommendation for the Board. He asked the Board to approve the committee's recommendation to adopt the scoring results of the 12 applications and authorize the tentative selection of all 12 applications for funding and invitation to credit underwriting. He stated that staff

recommends the unallocated balance of \$2.4 million be added to the \$3 million in grant funding that is to be made available in RFA 2016-105 in March 2016, which will offer the ability to do both new construction and rehabilitation/retrofit for developments to serve persons with developmental disabilities. He stated that if no notice of protest or formal written protest is filed, staff would proceed to issue invitations to enter credit underwriting to the applicants; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing invitations to enter credit underwriting.

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

Item C, Request for Applications (RFA) 2015-110 for Financing of Affordable Multifamily Housing Developments with HOME Funding to be used in Conjunction with Florida Housing-Issued MMRB and Non Competitive HC. Steve Auger stated that RFA 2015-110 was issued to offer \$25 million in HOME funding for use with Florida Housing bonds and non-competitive housing credits. He stated that six applications were received, and one was deemed to be ineligible due to a site control issue. He stated that four of the five eligible applications could be funded from the \$25 million, with the fifth being short of funding by just \$200,000. He stated that the one ineligible was a community housing development organization, or CHDO, which Florida Housing is required to fund by HUD, as HUD changed its rules from a cumulative CHDO funding goal, so if Florida Housing didn't fund a CHDO one particular cycle, it wasn't a problem, but now it is a bigger issue.

Mr. Auger asked the Board to approve staff's recommendation to forward commit HOME funding and authorize the tentative selection of the remaining eligible application. He also asked the Board to approve staff's recommendation to authorize with forward-committed HOME money, the tentative selection of the ineligible CHDO application. He stated that if no notice of protest or formal written protest is filed, staff would proceed to issue invitations to enter credit underwriting to the applicants; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing invitations to enter credit underwriting.

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

Chairman Smith and Mr. Hawthorne asked several clarifying questions, which were answered by Mr. Auger.

Mr. Dubuque asked if Florida Housing had ever funded an ineligible application before. Mr. Auger stated that this was the first time he had ever made the recommendation since he was Executive Director because this is a unique situation. He stated that the Board has statutory authority to utilize discretion to do this. He stated that Florida Housing would have to do a separate RFA to fund a CHDO, and no one is harmed here.

Mr. Hawthorne stated he had the same concern until he reread the recommendation which recommends the tentative selection of the ineligible CHDO application provided they can cure their threshold failure in a reasonable time.

Motion passed unanimously.

Item D, Request for Applications (RFA) RFA 2015-115 – Multifamily Energy Retrofit Program (MERP).

Ken Reecy stated that on October 23, 2015, Florida Housing issued an RFA to offer \$7.5 million in financing to applicants proposing to retrofit older affordable multifamily developments that were completed prior to December 31, 1999. He stated that the funding would be used to pay for the retrofit of building components with energy efficient components and other improvements that reduce energy and water costs. He stated that 33 applications were received. He stated that the review committee appointed by the Executive Director independently evaluated and scored their assigned portions of the applications and met on December 2 to compile their scores and prepare a recommendation for the Board. He asked the Board to approve the committee's recommendation to adopt the scoring results of the 33 applications and authorize the tentative selection of seven applications for funding and invitation to credit underwriting. He asked the Board to delegate staff authority to distribute the \$263,000 in unreserved funding and all returned funding that may become available to additional eligible applications on the waiting list in the order they were ranked as approved by the Board, subject to the continuation of the county award tally and the 75 percent funding test as outlined in the RFA. He stated that if no notice of protest or formal written protest is filed, staff would proceed to issue invitations to enter credit underwriting to the applicants; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing invitations to enter credit underwriting.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Request for Qualifications (RFQ) 2015-06, Public Relations, Media Planning and Buying Services.

Cecka Green asked the Board to approve the review committee's recommendation to authorize Florida Housing to enter into contract negotiations with the top three respondents to the RFQ for Public Relations and Media Planning and Buyer services – Common Ground MCS, Evok Advertising and Design, Inc., and Kidd Group Public Relations. She asked the Board to authorize staff to enter into contract negotiations with the fourth-ranked respondent, EGAD Group, if the negotiations with one or more of the top three fail.

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

Item B, Request for Proposals (RFP) 2015-115, Website Design, Development and Hosting Services.

Cecka Green asked the Board to begin the RFP process and establish a review committee to make recommendations to the Board on a firm to provide website design, development and hosting services to Florida Housing.

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

CONSENT AGENDA

Chairman Smith pulled Legal Consent Item B, Osprey Apartments/Liberty Village, for discussion.

Steve Auger stated that Liberty Village is a development in Miami-Dade County serving disabled homeless veterans which came before the Board in August 2015 requesting an increase to the total development cost cap and the Board denied their request. He stated that the developer has since received a zoning waiver for parking which has enabled them to bring in the project as a mid-rise development instead of a high-rise development. He stated that this has also enabled them to bring the project in at the allowable total development cost cap in the RFA. He stated, however, that the time lost in working through this and other issues has required them to get a placed in service deadline on the credits, and consequently, they are petitioning to return their 2014 credits and get a credit swap of 2015 housing credits, and for a change in development type from high-rise to mid-rise. He asked the Board to approve staff's recommendation to grant the petitioner's request for a waiver of Section 2K of the QAP as adopted by reference in Rule 67-49.002(92), Florida Administrative Code, to permit petitioner to return its 2014 housing credit allocation and allow the corporation to allocate an equivalent amount of 2015 housing credits to the petitioner. He also asked the Board to approve staff's recommendation to grant petitioner's request for waiver of Rule 67-48.004(3)(g), Florida Administrative Code, to permit the petitioner to change their development type from high-rise to mid-rise.

Motion to approve the staff's recommendation was made by Mr. Dubuque with a second by Ms. Munilla.

Mr. Hawthorne asked if the returned 2014 credits would be lost. Mr. Auger stated that the IRS allows for a swap of an older year's credits for the same amount of credits in a current year, and the returned credits then go into the pot for Florida Housing's allocation for the next year.

Motion passed unanimously.

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

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

ELECTION OF CHAIR AND VICE CHAIR

Chairman Smith asked for nominations for Chairman and Vice Chairman of the Board of Directors.

Motion to nominate Barney Smith as Chairman was made by Ms. Munilla and seconded by Mr. Hawthorne. There were no other nominations. Motion passed unanimously.

Len Tylka nominated Natacha Munilla as Vice Chair and Chairman Smith seconded his motion. There were no other nominations. Motion passed unanimously.

PUBLIC COMMENT

There was no public comment.

Chairman Smith adjourned the meeting at 9:04 a.m.