

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
October 9, 2003**

TIME: 9:00 a.m.

LOCATION: Tallahassee City Hall Commission Chambers
300 Adams Street
Tallahassee, FL 32301

BOARD MEMBERS PRESENT:

Cesar Calvet, Chair
Terry Santini, Vice Chair
Jay Taylor
Jack Maxwell
Zully Ruiz
Lynn Stultz
Sandra Terry
Colleen Castille

CORPORATION STAFF PRESENT:

Orlando Cabrera, Executive Director
Esrone McDaniels
Kerey Carpenter
Junious Brown
Barbara Goltz
Wayne Conner
Stephanie Sgouros
Nancy Muller
Wellington Meffert
Sheila Freaney

ADVISORS PRESENT:

Bill Johnston, WLJ Capital/TIBOR Partners
Tom Lang, Allen, Lang, Carpenter & Peed, P.A.
Mark Mustian, Nabors, Giblin & Nickerson
Ben Johnson, Seltzer Management
Doug McCree, First Housing

Chairman Calvet called the Board of Directors' meeting to order at 9:10 a.m.

GOOD AND WELFARE

Chairman Calvet recognized Pat Gleason to make a presentation to the Board regarding Government in the Sunshine.

Ms. Gleason gave the Board a brief overview of the State of Florida's Sunshine Law and how it affects each member's service on the Board of Directors of Florida Housing Finance Corporation.

MINUTES

Chairman Calvet recommended approval of the Board of Directors' Meeting Minutes for September 12, 2003.

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

FISCAL

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

Ms. Goltz stated that staff was approximately half way through the process of creating the 2004 Operating Budget, and expected to be able to present the budget to the Board for approval at the December 2003 meeting.

Ms. Santini noted that legal fees paid by Florida Housing have steadily decreased over the last several years and that to date in 2003, only \$80,000 had been spent. She commended staff for the work put in to change the application process which resulted in the lower legal fees due to the drop in the number of appeals.

HOMEOWNERSHIP PROGRAMS

Chairman Calvet recognized Esrone McDaniels to brief the Board on Homeownership Programs.

Item A, Tower View Homes. Mr. McDaniels asked the Board to approve the analytical review for Tower View Homes, a 22 home development to be located in Miami-Dade County. He stated that the credit underwriter performed the review and staff recommended that the Board approve the analytical review and authorize staff to issue a firm commitment in the amount of \$8,167,757.

Motion to approve the recommendation was made by Secretary Castille with a second by Ms. Santini. Motion passed unanimously.

HOME RENTAL

Chairman Calvet recognized Kerey Carpenter to brief the Board on HOME Rental matters.

Item A, Whispering Pines Apartments. Ms. Carpenter stated that this item was a request for approval of the credit underwriting report for Whispering Pines Apartments, a 61 unit development, with a loan amount of \$5,996,000 and an interest rate of zero percent due to the non-profit status of the developer, Florida Nonprofit Housing, Inc. She stated that a favorable credit underwriting report had been received and asked the Board to approve staff's recommendation to approve the issuance of a preliminary commitment and the issuance of a firm loan commitment, and direct staff to proceed with loan closing activities.

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

Ms. Santini asked if the Board could be provided with a map of Florida with the counties delineated in each future Board Package for their reference in locating each development. Mr. Cabrera stated that could be done.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Mr. Calvet recognized Kerey Carpenter to brief the Board on SAIL matters.

Item A, Meridian West Apartments. Ms. Carpenter asked the Board to approve staff's recommendation to approve the credit underwriting report for a \$1 million SAIL loan for Meridian West Apartments, a 102 unit development in the Florida Keys which was being developed by The Carlisle Group. She asked that the Board approve the credit underwriting report and authorize staff to issue a firm loan commitment and proceed with loan closing activities.

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

Item B, St. Croix Apartments. Ms. Carpenter asked the Board to approve staff's recommendation to approve the credit underwriting report for a \$2 million SAIL loan for St. Croix Apartments, a 246 unit development serving large families in Broward County, which was being developed by The Cornerstone Group. In addition, she asked the Board to approve the credit underwriting report and authorize staff to issue a loan commitment and proceed with loan closing activities.

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

Item C, Sunrise Villas Apartments. Ms. Carpenter asked the Board to approve staff's recommendation to approve changes to the credit underwriting report for Sunrise Villas Apartments, a 160 unit developing serving farmworkers in Indian River County. She stated that the Board previously approved the credit underwriting report, but the applicant subsequently requested modifications to the report. She stated that the credit underwriter reviewed the changes and recommended approving them. She asked the Board to approve staff's recommendation to approve the changes to the credit underwriting report.

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

Item D, Tradewind Hammocks II Apartments. Ms. Carpenter stated that the next item was a request for a loan closing extension for Tradewind Hammocks II Apartments, a proposed 52 unit family development in the Florida Keys which was being developed by The Heritage Group. She stated that the Board previously authorized staff to issue a preliminary loan commitment for a \$1 million SAIL loan for the development. She indicated that staff issued the commitment and received a favorable credit underwriting report which was approved by the Board at approximately the same time as the Heritage workout agreement was approved. She stated that staff subsequently issued a firm loan commitment and proceeded with loan closing activities. She stated that under the SAIL Rule developers are required to close their loans within 60 days of the date of the issuance of the firm loan commitment, and Heritage was unable to meet the 60 day deadline on this development, and requested an extension of time to close the loan. She pointed out that the request for an extension was outside of the parameters of the workout agreement entered into by Heritage and previously approved by the Board. She closed by saying that staff recommended that the Board invite the developer to address the Board regarding the issue.

Ms. Santini asked if the developer had followed the workout agreement in all other aspects since it was approved. Ms. Carpenter stated that in three instances Heritage made interest payments on SAIL loans late, which was in violation of the workout agreement.

Motion to deny the developer's request for an extension to close the loan was made by Ms. Ruiz with a second by Ms. Santini.

Secretary Castille pointed out that at the last meeting it was stressed to the developer that it should adopt sound business practices and stated that she intended to vote in favor of the motion to deny the request for an extension.

Mr. Maxwell asked what the fee was that the developer would lose and what the developer's exposure was. Ms. Carpenter stated that if the extension was granted, the developer would be required to pay a fee, but if the extension was not granted, there would be no fee required.

Mr. Meffert noted that of the three items that were stated to be past due, one of the amounts was not actually due, and only two amounts were definitely paid late.

Chairman Calvet recognized Jon Moyle to speak on behalf of the developer.

Mr. Moyle stated that he was speaking on behalf of Heritage. He stated that it was his impression that all of the past due matters had been resolved. He asked the Board to reconsider its position on the loan closing extension due to the fact that the proposed development was to be located in the Keys, where affordable housing was desperately needed. He stated that the delay was in part related to the inability of the developer to obtain permits from DEP and/or the Water Management District.

Mr. Maxwell discussed his awareness of the great need for affordable housing in the Keys. Ms. Santini agreed that there was a great need for affordable housing in the Keys, but also pointed out the need for a developer that will go into the Keys and get the job done and provide the affordable housing without delays and extensions and workout agreements. She asked if another developer could go in and take over the project if the request for an extension was denied. Ms. Carpenter stated that there was a co-partner on the development with Heritage that could take over if the

Board approved a rule waiver to allow for a change in the developer. She added that staff had no verification that the need for the extension was related to permits.

Secretary Castille briefed the Board on a visit she made to Monroe County during which she visited the Tradewinds development. She stated that the developer was advertising incentives, such as first month's rent waivers, in order to get tenants for the Tradewinds I development, and that indicated to her that the need to provide more affordable housing in that particular area was not so urgent, since the developer had to offer incentives to fill the existing units.

Mr. Taylor remarked that the developer recently agreed to certain stipulations as set forth in a workout agreement, and had not operated accordingly. He stated that any developer in the State of Florida knows that water management districts do not issue permits in 45 days, so Heritage knew on August 1 when the workout agreement was signed that they would not be able to close within the required time limits, and therefore, he agreed with the motion to deny the request for an extension. Chairman Calvet echoed Mr. Taylor's sentiments.

Chairman Calvet restated the motion to deny the developer's request for an extension.
Motion passed unanimously.

Item E, Horizon House Sunset Apartments. Ms. Carpenter asked the Board to approve staff's recommendation to approve a 30 day loan closing extension for Horizon House Sunset Apartments, an 80 unit development in Alachua County which was being developed by Community Housing Partners, a non-profit developer.

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

Item F, Willow Creek Apartments. Ms. Carpenter stated that the developer of Willow Creek Apartments was asking for approval of a land transfer from Willow Creek Apartments Phase I to Willow Creek Apartments Phase II. She stated that when the Phase II development was approved by the Board, Phase II was leasing a portion of land owned by Phase I, and the developer was requesting approval to purchase the land. She asked the Board to approve staff's recommendation to approve the purchase subject to the developer using \$125,000 of the proceeds to prepay a portion of the first mortgage, which would assist in the security position of the SAIL loan which was behind the first mortgage.

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

Item G, Marina Del Ray Apartments. Ms. Carpenter stated that Item G was a request for approval of a credit underwriting report for Marina Del Ray Apartments. She added that the developer was asking that the item be tabled until the December meeting to allow time to resolve outstanding issues on another property. She asked the Board to approve staff's recommendation to table the issue until the December meeting.

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

LEGAL

Chairman Calvet recognized Wellington Meffert to brief the Board on Legal matters.

Mr. Meffert advised the Board that informal hearings were held in regard to the scoring round of the 2003 Universal Cycle and Recommended Orders were issued. He stated that those orders were before the Board for approval.

Mr. Meffert turned the matter over to Tom Lang, as Mr. Meffert had represented Florida Housing in several of the cases. Mr. Lang reminded the Board that they were sitting as a quasi-judicial body when they heard the results of the appeals on scoring issues. He stated that the Board had before it nine Recommended Orders which were prepared by the Hearing Officers and recommended that Chairman Calvet ask if anyone was present who wished to comment on the Recommended Orders. Chairman Calvet asked if anyone wanted to speak, and no one came forward.

Mr. Lang asked the Board to approve the Recommended order on the Aswan Village Associates, LLC, appeal.

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

Mr. Lang asked the Board to approve the Recommended Order on the Aguaclara Limited appeal.

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

Mr. Lang asked the Board to approve the Recommended Order on the Arbor Crest Limited appeal.

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

Mr. Lang asked the Board to approve the Recommended Order on the Belmont Heights Associates, Phase III, Limited appeal.

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

Mr. Lang asked the Board to approve the Recommended Order on the Charlotte's Crossing Limited appeal.

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

Mr. Lang asked the Board to approve the Recommended Order on the CMP CHP, San Marcos Limited appeal.

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

Mr. Lang asked the Board to approve the Recommended Order on the Madison Green Apartments Limited appeal.

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

Mr. Lang asked the Board to approve the Recommended Order on the RTD, Phase I, Limited appeal.

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

Mr. Lang asked the Board to approve the Recommended Order on the Village Centre Apartments Limited appeal.

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

Mr. Lang stated for the record that the Board approved all nine Recommended Orders on the appeals and made them Final Orders.

PROFESSIONAL SERVICES SELECTION

Chairman Calvet recognized Junious Brown to brief the Board on the first Professional Services Selection item.

Item A, Feasibility Study Services. Mr. Brown explained that Statutes and Rules governing the Guarantee Program require Florida Housing to retain a third party to perform a feasibility study to determine if the applicable fees and premiums for the risk assumed on guarantees issued by the program are appropriate. He stated that the scope of services would also include recommendations regarding a methodology for determining the appropriate contribution to the loan loss reserve account going forward. He asked the Board to authorize staff to begin the request for proposals process and establish a review committee to select an entity to provide feasibility study services for the Guarantee Program.

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

Chairman Calvet recognized Nancy Muller to brief the Board on the second Professional Services Selection item.

Item B, Invitation to Negotiate for Consulting Services. Ms. Muller reminded the Board that at the May 2, 2003, meeting, it authorized staff to issue an invitation to negotiate to select entities with which to negotiate to procure consulting services to help the corporation prepare for the possible conversion of the Federal Section 8 Voucher Program to a block grant to the states. She stated that responses were received from Abt Associates, Inc., MD Strum Housing Services, Inc., and National Facility Consultants, Inc., and were reviewed and scored by a review committee. She stated that the scores of the two top scorers were relatively close together and the committee decided to do personal interviews with each of them. She stated that subsequent to the decision to hold interviews, Wellington Meffert informed the committee that if it wanted to hold interviews, they would have had to take place before the scoring process, and therefore, the committee

reconvened to finalize its recommendation to the Board. She asked the Board to authorize staff to enter into negotiations with the top-ranked offeror, Abt Associates, Inc., and to negotiate with the second-ranked offeror, National Facility Consultants, Inc., if staff, at its sole discretion, determines that it is unable to contract with the top-ranked offeror for the entire scope of work or any portion thereof.

Motion to approve the recommendation was made by Mr. Taylor with a second by Secretary Castille.

Ms. Santini asked if Florida Housing would have to incur any costs in this regard if the conversion did not take place. Ms. Muller stated that the services being negotiated for were in anticipation of Congress making the decision and that Florida Housing would be spending the money for consulting services whether or not the conversion occurred.. Mr. Cabrera add that it was staff's hope to be prepared when the decision was made, because the Section 8 Program Voucher Program was very complex and if the decision was made to block grant the program, it would happen very quickly without much time to prepare. He stated that there was still a possibility that the block grant would not happen, but that it was the strong feeling of all involved that it would, and staff felt it was worth taking the risk in order to be prepared. Ms. Santini asked if all states were in the same predicament. Mr. Cabrera indicated that many states were. Mr. Taylor suggested that no decision be made until the matter was brought before the Board again. Mr. Cabrera stated that no contracts would be finalized before the Board approved the terms. Ms. Santini suggested tapping the resources of other states that are already dealing with the issue to see how it had been handled. Mr. Cabrera stated that other states had been consulted and the information received was quite diverse.

Mr. Calvet reiterated the motion made by Mr. Taylor and seconded by Secretary Castille that the Board authorize staff to enter into negotiations with Abt Associates, Inc., and National Facility Consultants, Inc., subject to the results of the negotiations being brought back before the Board at the December 12, 2003, meeting. Motion passed unanimously

Chairman Calvet recognized Barb Goltz to brief the Board on the third Professional Services Selection Item

Item C, Request for Proposals for Securitization. Ms. Goltz reminded the Board that at the May 2 Board Meeting it authorized the Request for Proposals (RFP) process for Securitization. She stated that the RFP was issued and proposals were received from Bear Stearns and Morgan Keegan & Company, with Morgan Keegan receiving the highest score. She asked the Board to authorize staff to enter into negotiations with Morgan Keegan, and if those negotiations could not be successfully completed, to authorize staff to enter into negotiations with Bear Stearns.

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

2003 UNIVERSAL CYCLE

Chairman Calvet recognized Kerey Carpenter to brief the Board on 2003 Universal Cycle matters.

Ms. Carpenter directed the Board's attention to the packet of materials provided to each of them. She stated that the packet contained a copy of her PowerPoint presentation and spreadsheets that contained all of the ranking information that she would explain during her presentation.

Ms. Carpenter pointed out that on all documents used by staff during ranking, the name of the developer was left off and applications were only identified by Application Number to prevent prejudicial decisions based on who the developer was.

Ms. Carpenter stated that the Universal Application was first used in the 2002 Cycle and was developed to create an application that was less complicated to complete, eliminated penalties for non-material typographical errors, and was better suited for use year after year, even when policy changed. She stated that it was designed to focus on scoring substance over form and to be submitted online. She added that it was also designed to enable Florida Housing to target resources to fund housing needs in certain demographic groups and geographic locations, and to rely less on the use of lottery numbers. She stated that leverage was again used as a factor, but with any eye toward balancing the need to maximize resources while still allowing applicants to be competitive and economically viable. She stated that these goals were all accomplished during the 2002 Cycle, and therefore, no major revisions were required for the 2003 Application.

Ms. Carpenter stated that the way the Universal Application was designed, most applicants can and do achieve perfect scores on their applications, and that was where tie-breakers came into play, during ranking. She stated that ranking was done in a certain order and all funding recommendations were subject to several things – the availability of funds, whether the application passed threshold, the application of SAUL, Groups 1, 2 and 3, total score classifications, tie-breakers and the overall and specific program provisions.

Ms. Carpenter explained that the three initial breakdown groups in ranking were Groups 1, 2 and 3. She stated that Group 1 was the top 75th percentile of all eligible applications with a perfect score of 66; Group 2 was all eligible applications with a score of 60 or higher that were not in Group 1; Group 3 contained all eligible applications not in Group 1 or Group 2. She stated that the Rule stated that Group 1 would be considered first for funding, and if any funds were left, Group 2 applications would be considered. She stated that no application from Group 3 would be considered for funding unless it was necessary to meet a stated competitive housing goal.

Ms. Carpenter stated that the first tie-breaker after the applications were divided into Groups 1, 2 and 3 was Group A/Group B leveraging, with the top 80th percentile in Group A, and the bottom 20th percentile in Group B. She stated that Group A contained applications which requested less funding from Florida Housing per set-aside unit relative to other applications, and a Group A application would prevail in a tie with an application from Group B. She stated that if there was still a tie because both applications were from Group A, the next tie breaker applied only to Miami-Dade applicants, wherein applicants located in North Miami Dade County won over applicants located in South Miami Dade County.

Ms. Carpenter stated that proximity tie breaker points were awarded to applicants for being close in proximity to a grocery store, a public school, a medical facility, a pharmacy, a public bus stop or a metrorail stop. She pointed out that proximity points were also awarded if a proposed

development was located further away from another affordable housing development as set forth on the Development Proximity List which included developments funded within the last three years either by Florida Housing or local governments.

Ms. Carpenter stated that if there was still a tie at that point, which there often was, SAIL leveraging as a percentage of development cost was used. She stated that in a tie, the applicant that requested the least amount of SAIL as a percentage of total development cost won over the other applicant. She stated that if there was still a tie at that point, the applicant with the least amount of SAIL request won. Ms. Carpenter stated that the final tie breaker was the lottery numbers.

Ms. Carpenter stated that the SAUL (Set-aside Unit Limitation) was also a factor applied during the ranking process. The SAUL sets a limit on how many set-aside units can be developed within a county during each SAUL cycle. She stated that during a SAUL cycle, no proposed development located in a county that had met its SAUL would be selected for funding until all counties with eligible applications within that set-aside had met their SAUL or had been selected for tentative funding. She stated that the number of times a county had met its SAUL was not carried forward from the special set-asides to the geographic set-asides, nor was the number of units credited to a county carried forward from the special set-asides to the geographic set-asides. She stated that the special set-asides were defined in the Rule as the competitive housing credit Florida Keys area special set-aside; the SAIL homeless special set-aside; the SAIL farmworker/commercial fishing worker special set-aside; the SAIL elderly development special set-aside; the competitive housing credit Front Porch Community special set-aside; the competitive Rural Development special set-aside; and the bond HOPE VI special set-aside, and after the special set-asides were funded, the geographic set-asides were funded. She stated that they included large county, which received 59 percent of the funding; medium counties, which received 31 percent; and small counties, which received 10 percent.

Ms. Carpenter stated that the first applications considered for funding were those competing for the competitive housing credit Florida Keys area special set-aside, then the SAIL special set-asides, including homeless, farmworker and elderly, then Front Porch Florida and RD special set-asides, and then the bond special set-aside.

Ms. Carpenter stated that once the geographic set-asides were reached, housing credit goals were considered. She stated that Florida Housing had a goal of funding one farmworker development with housing credits, two urban in-fill, three elderly and 12 percent of the allocation authority to non-profit applicants. She stated that if the goals were met in the special set-asides, the geographic set-asides were not necessary; however, if not, the highest scoring application for each one of the goals was funded. She stated that the remainder of the funds were used for large, medium and small counties in the geographic set-asides.

Ms. Carpenter stated that the ranking began with the Florida Keys special set-aside. She stated that applicants automatically received their SAIL if their SAIL request was 10 percent or more of their total development cost. She stated that once the SAUL was met in the Florida Keys area special set-aside, any remaining eligible housing credit applications that were not selected for funding in the special set-aside were allowed to compete in the small county geographic set-aside, but only if the application did not also request SAIL, so if it was a housing credit only application, it could compete in the geographic. She stated that applicants funded with SAIL during the last cycle in the set-aside were allowed to request additional SAIL funds in the current cycle. She stated that staff identified Applicant 2003-025CS as being qualified and the top ranked

applicant in the special set-aside and that applicant received \$2 million in SAIL and \$1.3 million in housing credits for an additional 130 units in the Florida Keys.

Ms. Carpenter stated the next special set-aside in the funding order was the SAIL homeless set-aside, which was allotted 8 percent or \$4,620,000 of the total SAIL funding. She stated that there were two eligible homeless applications that would be awarded both SAIL and housing credits.

Ms. Carpenter stated that the next special set-aside in the funding order was the SAIL farmworker/commercial fishing worker set-aside, which was allotted 10 percent or \$5,775,000 of the total SAIL funding. She stated that there were no eligible farmworker/commercial fishing worker applications, which left 50 percent of the housing credits for the geographic pool.

Ms. Carpenter stated that the next special set-aside in the funding order was the competitive housing credit Front Porch Florida Community special set-aside, which was allotted \$3 million in housing credits. She stated that two developments were funded in the Front Porch category.

Ms. Carpenter stated that the next special set-aside in the funding order was the competitive housing credit RD special set-aside, which was allotted \$300,000 in housing credits. She stated that the one application submitted was funded in the RD special set-aside category.

Ms. Carpenter stated that the next special set-aside in the funding order was the bond HOPE VI special set-aside. She stated there were no applicants in this category.

Ms. Carpenter stated that the ranking then moved to the geographic set-aside, and the first level of ranking was designed to meet housing credit goals. She stated that the first goal was to fund at least two urban in-fill developments, and that the two applications that met the criteria were already funded during the housing credit Front Porch Florida special set-aside and counted toward meeting the housing credit urban in-fill goal, so no additional applications were funded.

Ms. Carpenter stated that the next goal was to award at least 12 percent of the total housing credits to non-profit applicants. She stated that the first application in line that met this goal was 2003-016CS, which was one of the homeless applicants already funded during the homeless set-aside. She stated that the next four qualifying applications that met this goal were also funded.

Ms. Carpenter stated that the next step was the geographic set-asides. She stated that geographic set-aside funds were awarded to small counties first, then medium counties, then large counties. She stated that a flaw was discovered in Florida Housing's QAP in regard to how the amount of funds in each category were calculated. She stated that the QAP (Qualified Allocation Plan) was a document approved by the Governor and adopted by the Board and incorporated into the Rule governing the Universal Application process, which states that the geographic distribution was based on the most recent statewide market study. She stated that according to the QAP, the large county allocation would be 59 percent, the medium county allocation would be 31 percent, and the small county allocation would be 10 percent, as it relates to housing credits. She stated that the QAP further stated that the 2003 housing credit allocation would be awarded in accordance with the Universal Application package, and that was where the flaw occurred.

Ms. Carpenter stated that one item in the QAP states that Florida Housing will endeavor to allocate credits to not less than 180 set-aside units, and if more than one Florida Keys area applicant was chosen for tentative funding, not more than 270 set-aside units to those applicants; and applicants that chose to compete as a Florida Keys area development would also be able to compete within the small county geographic set-aside. She stated that the QAP further stated that

specific criteria for the geographic set-aside category of the Florida Keys were addressed in the Universal Application package which was incorporated in the Florida Housing rules. She noted that this paragraph again states that there was a difference between the geographic set-aside category and the Florida Keys area, as it lists them separately. She stated that the QAP further stated that developments located in the Florida Keys area would be targeted with an asterisk item that states: "This criterion is addressed in the Universal Application package which is incorporated in the Florida Housing Finance Corporation rules by reference and in Sections 1, 2 3 and 7 above."

Ms. Carpenter stated that the QAP further set out the order of funding that Florida Housing was required to follow, which was Florida Keys area developments, developments for SAIL funding within the SAIL special set-asides, which were homeless, elderly and Front Porch. She stated that the QAP went on to state that the goal of allocating housing credits to farmworker/commercial fishing worker developments, two urban in-fill developments, three elderly developments and 12 percent of the allocation authority non-profit applicants can be met or partially met when allocating credits to applicants within the SAIL, homeless special set-aside, the housing credit Florida Keys are special set-aside, the SAIL elderly special set-aside or the housing credit Front Porch Community special set-aside.

Ms. Carpenter pointed out that Paragraph 74, Page 7A of the Universal Application Instructions identifies the special set-asides, and one of the special set-asides was the competitive housing credit Florida Keys area special set-aside. She added that Page 79 of the Universal Application Instructions stated the application funding order as competitive housing credit Florida Keys area special set-aside, which was consistent with the QAP, the SAIL special set-asides, the competitive housing credit special set-asides, the bond HOPE VI special set-aside, the competitive housing credit goals and the small, medium and large geographic set-asides.

Ms. Carpenter stated that Paragraph 5 of the QAP stated that any returned housing credits plus the housing credit allocation authority received based on the per capita calculation, plus any housing credits received from the national pool, less any amount obligated to be allocated pursuant to persistent binding commitments, less the amount of housing credits tentatively allocated to those applicants in the RD development special set-aside, less the amount of housing tentatively allocated to those applicants in the Front Port Florida Community Development special set-aside, and less the housing credits tentatively allocated to those in the SAIL homeless special set-aside in the SAIL elderly special set-aside, will be allocated pursuant to the set-asides described in Section 4, which was the large/medium/small break out of 59 percent, 31 percent and 10 percent.

Ms. Carpenter stated that by using the formula required by Paragraph 5 of the QAP, \$1.3 million of housing credits that were previously allocated during the special set-asides would need to be included in the geographic calculation when doing the county splits. She stated that the phantom \$1.3 million in housing credits would then be divided 59 percent to large counties, 31 percent to medium counties and 10 percent to small counties. She stated, however, that the credits did not actually exist, and the question was how that should be handled.

Ms. Carpenter stated that one applicant suggested that the \$1.3 million in phantom credits be deducted from the small county category because the Florida Keys area was a small county; however, that would result in an unintended deficit available in housing credits for small counties and an unintended windfall of housing credits in large and medium counties. She stated that staff recommended deducting the phantom housing credits from each county category in the same pro rata share as they were divided in the first place. She asked the Board to approve staff's interpretation and application of the rule.

Ms. Carpenter directed the Board's attention to the handout titled "Ranked Order" and pointed out that that document sets forth the recommendations of the staff for allocations in the small county geographic set-aside category, the medium county geographic set-aside category and the large county geographic set-aside, as well as the recommendation of staff to partially fund one application from Group 2 with the leftover SAIL funds.

Ms. Santini asked about the total amount of allocations and number of units. Ms. Carpenter stated that the total SAIL allocation was \$57,750,000, the total bond availability was \$365,295,602, and the total housing credit availability was \$30,759,717; however, they did not have a unit count available.

Secretary Castille asked why there was a discrepancy between the housing credits listed of \$30 million and the funding totals sheet that listed \$20 million. Ms. Carpenter stated that the total available was \$30 million, but binding commitments were subtracted.

Mr. Taylor asked about a farmworker project listed on the funding totals list that did not show up on the final ranking list. Ms. Carpenter explained that it was a housing credit only application.

Ms. Stultz asked if the developer of the partially funded development could decline the partial award. Ms. Carpenter explained that the developer would have the choice of accepting or declining the award.

Chairman Calvet recognized Gary Cohen of Pinnacle Housing Group to address the Board.

Mr. Cohen stated that he wished to discuss the phantom housing credit issue. He stated that his company's application would not get funded if the staff's recommendation on the phantom credit issue was approved and expressed his belief that if the recommendation was approved, it would constitute an amendment to the QAP, and that would require a public notice and public hearing. Ms. Carpenter stated that since the credits did not actually exist, they could not be awarded and that staff's interpretation of the QAP and application instruction was the most reasonable solution.

Secretary Castille added that the QAP and the application instructions were meant to be considered together and one cannot be looked at separately from the other when determining funding.

Ms. Carpenter asked the Board to approve the final scores and rankings for the 2003 Universal Cycle and the methodology by which it was reached.

Motion to approve the recommendation was made by Secretary Castille with a second by Ms. Santini. Motion passed unanimously.

CONSENT AGENDA

Chairman Calvet asked the Board to approve staff recommendation on the Consent Agenda.

Motion to approve staff recommendations on the items on the Consent Agenda was made by Ms. Santini with a second by Mr. Taylor. Motion passed unanimously.

Hearing no further business, Chairman Calvet adjourned the September 12, 2003 Board of Directors' Meeting at 10:48 a.m.