I. HOMEOWNERSHIP LOAN PROGRAM

A. Authorize Staff to De-obligate HOME Funds for Duval County Scattered Infill II Development/HH03-016

<table>
<thead>
<tr>
<th>Applicant Name (“Applicant”):</th>
<th>Habitat Resources of Duval County, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Name (“Development”):</td>
<td>Duval County Scattered Infill II</td>
</tr>
<tr>
<td>Developer/Principal (“Developer”):</td>
<td>Habitat Resources of Duval County, Inc. / Ms. Toni Randall</td>
</tr>
<tr>
<td>Number of Units:</td>
<td>50</td>
</tr>
<tr>
<td>Location:</td>
<td>Jacksonville, Duval County</td>
</tr>
<tr>
<td>Type:</td>
<td>HOME Purchase Assistance Loan</td>
</tr>
<tr>
<td>Allocated Amount:</td>
<td>$857,500</td>
</tr>
</tbody>
</table>

1. Background
   a) The Applicant submitted an application during Round Two of the 2003 Homeownership Loan Program Application Cycle.
   b) The Application scored within the funding range and was invited into credit underwriting on February 2, 2004.
   c) The credit underwriting process was completed and the final report, dated March 18, 2004, was approved at the April 2, 2004 Board meeting.

2. Present Situation

On May 20, 2004, the Developer advised they have decided to withdraw this proposed Development. They intend to concentrate on meeting the commitments and remaining in compliance for three other HLP-funded Developments (Brentwood Estates / HH03-007, 29th Street & Chase Avenue Scattered Infill / HAP03-314, and Duval Scattered Infill / HAP03-319). The letter is attached as Exhibit A.

3. Recommendation

Staff recommends that $857,500 in HOME funds for the Duval County Scattered Infill II Development be de-obligated and made available for future use with homeownership activities.
B. Authorize Staff to De-obligate HOME Funds for the Scattered Sites Within Florida City, FL Development/HH03-021

<table>
<thead>
<tr>
<th>Applicant Name (“Applicant“):</th>
<th>The Florida City Foundation, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Name (“Development“):</td>
<td>Scattered Sites With Florida City, FL</td>
</tr>
<tr>
<td>Developer/Principal (“Developer“):</td>
<td>The City of Florida City Foundation, Inc.</td>
</tr>
<tr>
<td>Number of Units:</td>
<td>60</td>
</tr>
<tr>
<td>Location:</td>
<td>Florida City, Miami-Dade County</td>
</tr>
<tr>
<td>Type:</td>
<td>HOME Purchase Assistance Loan</td>
</tr>
<tr>
<td>Allocated Amount:</td>
<td>$1,977,229</td>
</tr>
</tbody>
</table>

1. **Background**
   
a) The Applicant submitted an application during Round Two of the 2003 Homeownership Loan Program Application Cycle.

b) The Application scored within the funding range and was invited into credit underwriting on February 2, 2004.

2. **Present Situation**

   On May 27, 2004, the Developer advised they were unable to secure site control and have decided to withdraw this proposed Development so that the funds could be re-allocated. The letter is attached as Exhibit B.

3. **Recommendation**

   Staff recommends that $1,977,229 in HOME funds for the Scattered Sites Within Florida City, FL Development be de-obligated and made available for future use with homeownership activities.
II. LEGAL

A. In Re: Liberty Center, Ltd.

<table>
<thead>
<tr>
<th>Development Name: (“Development”):</th>
<th>Liberty Center I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Principal: (“Developer”):</td>
<td>Harris Group, Inc./Robert Harris</td>
</tr>
<tr>
<td>Number of Units:</td>
<td>109</td>
</tr>
<tr>
<td>Location:</td>
<td>Duval County</td>
</tr>
<tr>
<td>Type: SRO/Transitional Housing</td>
<td>Set Aside: 100% @ 60% AMI</td>
</tr>
<tr>
<td>Demographics: Homeless</td>
<td>Allocated Amount: $719,899</td>
</tr>
<tr>
<td></td>
<td>Housing Credits: $232,959</td>
</tr>
</tbody>
</table>

1. Background

a) During the 1988-1989 SAIL Cycle I, Florida Housing awarded a $719,899 construction/permanent loan to Liberty Center, Ltd., for the Development described above. The SAIL loan closed on March 23, 1989 and matured April 1, 2004. This Development also received a 10 year SRO HUD grant which has expired and is now allocated on a yearly basis. This Developer is also the general partner for three other SRO/Homeless developments located in Jacksonville/Duval County:

   (1) Liberty Center II (134 units - $1,429,329 SAIL loan / $269,428 in tax credits);
   
   (2) Liberty Center III (100 units - $1,800,000 SAIL loan); and
   
   (3) Liberty Center IV (100 units - $2,000,000 SAIL loan / $410,534 in tax credits).

b) In its original application for the Development, Liberty Center, Ltd. committed to extend the low income set-aside to 50 years. Pursuant to the Rule in existence at the time (9I-28.006(7), F.A.C. (1988)), $486,286.84 of the total deferred interest of $866,525.01 is eligible for forgiveness.

c) On March 29, 2004 Florida Housing contacted the Developer to discuss their plans for repayment of the SAIL loan. On March 16, 2004, Developer submitted a workout proposal requesting that Florida Housing forgive all deferred interest on the maturing loan and to renew the loan at 1% interest for 15 years, with monthly amortization of principal and interest beginning on November 1, 2004. Developer has made timely payments to Florida Housing and expects to pay off their first mortgage with the Duval County Housing Finance Agency on or about October 1, 2004. Developer currently has no outstanding material compliance issues.

d) At the May 21, 2004 meeting of the Board, staff presented this workout proposal with a recommendation that the Board accept it subject to review and approval of a petition for a rule waiver of/variance from Rule 9I-28.006(7), F.A.C. (1988) and a favorable credit underwriting report. Developer had been instructed to submit such a petition prior to the May 21, 2004 meeting of the Board, and did so, but the legal notice procedures for rule waiver and variance prevented the Petition from being heard at the May meeting of the Board. The Board agreed with the staff recommendation, subject to review and approval of a petition for a
LEGAL

Action


e) On May 18, 2004, Florida Housing received a Petition for Waiver/Variance (“Petition”), from Liberty Center, Ltd. (“Petitioner”). (Liberty Center, Ltd. was the Applicant for the SAIL loan, the Developer is its General Partner). A copy of the Petition is attached as Exhibit A. Subsequently, Petitioner informed Florida Housing of errors in this Petition and on May 27, 2004, filed an Amended Petition to correct these errors. A copy of the Amended Petition is attached as Exhibit B. None of the changes made in the Amended Petition affect or alter the staff recommendation below in any way.


(7) If, in their application, the Applicant agrees to a very low income set-aside for a term longer than that required by law, the deferred SAIL interest due pursuant to 9I-28.006(5)(g), shall be forgiven in an amount equal to the amount of interest due pursuant to 9I-28.006(5)(g) multiplied by .05 multiplied by the number of years, not to exceed 15, that the very low income set-aside was extended beyond that required by law.

g) Petitioner requests a variance from this Rule to implement the workout proposal already approved by this Board: that Florida Housing forgive all deferred interest on the maturing loan and to renew the loan at 1% interest for 15 years, with monthly amortization of principal and interest beginning on November 1, 2004.

h) On May 28, 2004, the Notice of Petition was published in the Florida Administrative Weekly.

2. Present Situation

Section 120.542(2), Florida Statutes provides in pertinent part:

Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.

3. Recommendation

Staff recommends the Board grant the Petitioner’s request for a variance from Rule 9I-28.006(7), F.A.C, with such variance being expressly subject to and conditioned upon a favorable credit underwriting report and subject to payment of the annual interest payment due, if any, based upon the analysis of the 2003 annual cash flows for the original SAIL loan.

June 18, 2004

Florida Housing Finance Corporation
MINUTES

Action

III. MINUTES

A. Consider Approval of the May 21, 2004, Board of Directors’ Meeting Minutes.
PROFESSIONAL SERVICES SELECTION (PSS)

Action

IV. PROFESSIONAL SERVICES SELECTION (PSS)

A. Invitation to Negotiate (ITN) for Consulting Services

1. **Background**

   At its February 27, 2004 meeting Florida Housing’s Board of Directors authorized staff to begin the ITN process, and establish a review committee, to select a Consultant that will purchase and install the Great Plains Financial Software.

2. **Present Situation**

   a) An RFP process was initiated and ITN 2004-01 was issued on May 21, 2004. Responses to the RFP are due on or before 2:00 p.m., Wednesday, June 9, 2004.

   b) The Review Committee members, designated by the Executive Director, are Veronica Scott, Chief Technology Officer; Angie Sellers, Comptroller; Kirstin Helms, Assistant Comptroller; Todd Fowler, Bond Fund Administrator; Mike Mullins, Database Services Administrator; and Denise Monzingo, Accounting Manager.

   c) Each member of the Review Committee will individually review the responses to the ITN prior to convening for the Review Committee meeting. The Review Committee is scheduled to be held on Tuesday, June 15, 2004, at 10:00 a.m. Results of the Review Committee’s evaluation of the scored items will be provided as a supplemental item in the Board Package.

3. **Recommendation**

   The Review Committee’s recommendation will be provided as a supplemental item in the Board Package.
I. PROFESSIONAL SERVICES SELECTION (PSS)

A. Request for Qualifications (RFQ) for Media Services

1. Background

   a) Fla. Admin. Code, R. 67-49.002(b) provides that when the purchase price of commodities or contractual services exceeds or is estimated to exceed $25,000 in any twelve (12) month period, purchases of these commodities or contractual services, except as otherwise provided in subsection 67-49.002(4),(5) and (6), must be made pursuant to an Invitation to Bid, Invitation to Negotiate, Request for Proposals, or Request for Qualifications.

   b) Florida Housing staff has determined that the costs for these services in the aggregate are expected to exceed $25,000 in a fiscal year.

2. Present Situation

   Although Fla. Admin. Code R. 67-49 could be read to apply the $25,000 single-source cap to an individual vendor; Florida Housing staff feels that a conservative approach (applying the limit to each specific service) is the better course of action.

3. Recommendation

   Authorize staff to begin the RFQ process, and establish a review committee, to select a pool of media service providers from which Florida Housing staff may choose from to provide these services.
B. Invitation to Negotiate (ITN) for Consulting Services

1. Background

   a) At its February 27, 2004 meeting Florida Housing’s Board of Directors authorized staff to begin the ITN process, and establish a review committee, to select a Consultant that will purchase and install the Great Plains Financial Software.

   b) An RFP process was initiated and ITN 2004-01 was issued on May 21, 2004. Responses to the RFP were due on or before 2:00 p.m., Wednesday, June 9, 2004.

   c) Four responses were received. They are as follows:

      (1) Dynlink LLC
      (2) ePartners, Inc.
      (3) EYT
      (4) Stanley Stuart Yoffee & Hendrix, Inc.

   d) The Review Committee members, designated by the Executive Director, were Veronica Scott, Chief Technology Officer; Angie Sellers, Comptroller; Kirstin Helms, Assistant Comptroller; Todd Fowler, Bond Fund Administrator; Mike Mullins, Database Services Administrator; and Denise Monzingo, Accounting Manager.

2. Present Situation

   Each member of the Review Committee individually reviewed the responses to the ITN prior to convening for the Review Committee meeting. The Review Committee was held on Tuesday, June 15, 2004, at 10:00 a.m. Results of the Review Committee’s evaluation of the scored items are provided in Exhibit A.

3. Recommendation

   The Review Committee selected ePartners, Inc. as the successful offeror and recommends that the Board authorize staff to enter into contract negotiations with ePartners, Inc. contingent upon receiving satisfactory evidence that ePartners, Inc. holds a certification of a Microsoft Gold Certified Business Solutions Partner.
I. STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

A. Request Approval of Subordinate Financing for Calusa Cove Apartments, Cycle IV, (2002-017S)

<table>
<thead>
<tr>
<th>Development Name: Calusa Cove Apartments (“Development”)</th>
<th>Location: Miami-Dade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Principal: Greater Miami Neighborhoods, Inc. (“Developer”)</td>
<td>Set Aside: 15% @ 30% AMI and 85% @ 60% AMI</td>
</tr>
<tr>
<td>Number of Units: 144</td>
<td>Allocated Amount: $1,449,387</td>
</tr>
<tr>
<td>Type: 2 Six Story Residential Buildings</td>
<td>Total Housing Credit Equity: $6,888,960</td>
</tr>
<tr>
<td>Demographics: Large Family</td>
<td>MMRB: N/A</td>
</tr>
</tbody>
</table>

1. Background/Present Situation

   a) A SAIL second mortgage loan in the amount of $1,449,387 for the construction of this 144-unit family Development in Miami-Dade County closed on October 6, 2003.

   b) The Developer has been awarded an additional Surtax Loan from Miami-Dade County in the amount of $1,500,000 with a 1% interest rate and a 30-year term. The Developer is requesting approval for this additional subordinate financing in a letter to staff dated April 15, 2004 (Exhibit A).

   c) The credit underwriter has determined that the additional debt will not affect the repayment of the SAIL loan in an update letter dated June 9, 2004 (Exhibit B). The credit underwriter recommends approval of the additional financing subject to the review and approval of the final loan documents by our legal counsel and consent of the housing credit equity provider.

2. Recommendation

   Approve the Developer’s request for additional subordinate financing to the SAIL loan subject to the conditions recommended by the credit underwriter.
SINGLE FAMILY BONDS

Action

V. SINGLE FAMILY BONDS

A. 2004 Single Family Mortgage Revenue Bond Program Purchase Price Limits

1. Background

a) Florida Housing’s Board of Directors sets limits on the maximum purchase price of homes that may be financed through the Single Family Mortgage Revenue Bond program.

b) As stated in Section 143 of the Internal Revenue Code (IRC), the acquisition cost of each residence must not exceed 90 percent of the average area purchase price applicable to such residence. These average purchase prices are determined by utilizing the US Treasury Safe Harbor Limits or most recent statistical information.

c) In October 2001 the Board approved Staff’s recommendation to further limit the purchase prices to no greater than $150,000 for New Construction and $125,000 for Existing houses. Subsequently, in October 2002, the Board authorized Staff to set the purchase price limits at the greater of 90% of the purchase price limits established by the US Treasury Safe Harbor Limits in place at that time, which had not been updated since 1994, or 90% of the 2002 Homeownership Purchase Price Market Study that provided recent statistical information. These amounts were capped at $200,000 for New Construction and Existing houses.

d) Upon learning of a new methodology for determining purchase price limits from Florida Housing’s bond counsel, in June 2003 the Board authorized Staff to set the purchase price limits at the greater of 90% of the purchase price limits established by the US Treasury Safe Harbor Limits, 90% of the 2002 Homeownership Purchase Price Market Study or limits established by the Federal Housing Finance Board; but such amounts may not exceed $200,000 for New Construction and Existing houses.

e) There have been concerns that in many high cost areas of the state, the $200,000 cap is too low to permit meaningful home ownership opportunities for low to moderate income Floridians. This concern seems especially prevalent in South Florida. Lender participation and loan originations in our Single Family Bond program for these counties have been consistently low.

2. Present Situation

a) Currently Staff utilizes 90% of the US Treasury Safe Harbor Limits that were released in 2004 and imposes the $200,000 cap for those counties that are considered high cost areas.

b) Over the past several years, home sales prices and the costs associated with construction have increased dramatically. According to the US Housing Market Conditions Report, sales prices rose 7% from 2002 to 2003, which is 4% above the normal rate. For some counties, these increases have lowered the availability of decent, safe affordable housing stock that is available at prices lower than the $200,000 cap imposed by Florida Housing.
I. SINGLE FAMILY BONDS

A. Request to Refund Bonds issued under the Single Family Mortgage Revenue Trust Indenture

1. Background

a) Florida Housing currently has five outstanding bond issues under the Single Family Mortgage Revenue Bond Trust Indenture (1986 A, 1993 A, 1993 B&C, 1994 A&B and 1995 A). The balance of bonds outstanding as of July 1, 2004 for all five issues will be approximately $67,000,000. The outstanding bonds all bear fixed rates with coupons that range from 5.70% to 8.60%; while the mortgage rates vary between 4.375% and 10.95%.

b) The Single Family Mortgage Revenue Bonds are currently (or will soon be) subject to optional redemption upon payment of a premium between 0% and 2%. See attached Exhibit A.

c) Florida Housing recommends refunding the Single Family Mortgage Revenue Bonds into its existing Homeowner Mortgage Revenue Bond Resolution (1995 Master Indenture). By issuing under the 1995 Master Indenture, this indenture would strengthen through increased parity and by having more Mortgage Backed Securities as collateral.

2. Present Situation

a) Florida Housing believes that with current market conditions, Florida Housing should select a refunding/restructuring strategy that will achieve the greatest benefits for its single family program.

b) The Financial Advisor has recommended that Florida Housing sell any refunding bonds through a negotiated sale. See Exhibit B Method of Sale Letter.

c) Because of limitations under federal tax law, it will be necessary for Florida Housing to finance costs of issuance from sources other than bond proceeds. It is anticipated that the Corporation will use unencumbered assets to fund such costs.

d) The senior manager and co-senior managers for this transaction will be selected from the current team of bankers.

e) To authorize the issuance of refunding bonds, the Florida Housing Board must approve the issuance of the refunding bonds, and authorize the execution of various bond documents, including a Trust Indenture and a Bond Purchase Agreement. See Exhibit C Authorizing Resolution.

f) In order to work within the confines of the meeting schedules of the Board and the State Board of Administration (SBA) and get to the market at the most opportune time, it is necessary to obtain Board approval of the proposed bond sale at this meeting.
SINGLE FAMILY BONDS

Action Supplement

g) The details of the proposed 2004 issue are as follows:

(1) Refunding Issue Size: No greater than $75,000,000

(2) Weighted Average Interest Rate: Not to exceed 5.25% (tax exempt) or 6.25% taxable

(3) Maximum Maturity: January 1, 2037

(4) Cost of Issuance: Not to exceed 1.5% of bond transaction amount

(5) Savings amount: Savings will exceed the cost of refunding

h) The proposed 2004 refunding issue would not change existing borrower’s mortgage loan rates or generate any new lendable proceeds.

3. Recommendation

a) Approve the attached Resolution (1) authorizing the refunding of some or all of the outstanding 1986 A, 1993 A, 1993 B&C, 1994 A&B and 1995 A Single Family Mortgage Revenue Bonds, and the preparation of related documents (2) offering of bonds through a negotiated sale (3) authorizing a contribution from unencumbered assets of the Corporation not to exceed $3,200,000.

b) Authorize staff to deliver the fiscal sufficiency presentation to the State Board of Administration on July 23, 2004.
SINGLE FAMILY BONDS

Action

c) According to Section 143 of the IRC, the Single Family Mortgage Revenue Bond Program was designed to cater to households up to 115% AMI (or 140% in federally targeted areas).

d) Removing the $200,000 cap will allow Florida Housing to: 1) follow the market by accommodating the increasing cost of construction and home purchase prices, especially in high cost areas; 2) serve a broader range of people with various income levels up to the maximums allowed under Section 143 of the IRC; 3) leverage its resources with local government to create additional homeownership opportunities; and 4) encourage mixed income communities, not forcing concentration of a certain income level into one area.

3. Recommendation

Authorize Staff to remove the $200,000 cap and use 90% of the US Treasury Safe Harbor Limits. See Exhibit A for proposed purchase price limits.
VI. SPECIAL ASSETS

A. Request Approval of Workout Proposal for Liberty Center I (89S-046)

<table>
<thead>
<tr>
<th>Development Name: Liberty Center I (“Development”)</th>
<th>Location: Duval County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developer/Principal: Harris Group, Inc./Robert Harris (“Developer”)</td>
<td>Set-Aside: 100% @ 60% AMI</td>
</tr>
<tr>
<td>Borrower: Liberty Center, Ltd.</td>
<td>Allocated Amount: $719,899</td>
</tr>
<tr>
<td>Number of Units: 109</td>
<td>Housing Credits: $232,959</td>
</tr>
<tr>
<td>Type: SRO/Transitional Housing</td>
<td>Demographics: Homeless</td>
</tr>
</tbody>
</table>

1. Background

   a) During the 1988-89 SAIL Cycle I, Florida Housing awarded a $719,899 construction/permanent loan to Liberty Center, Ltd. (“Borrower”), for the development of a 109-unit Single Room Occupancy (“SRO”) Development for the homeless in Jacksonville, Duval County. The SAIL loan closed on March 23, 1989 and matured on April 1, 2004. The Development also received a 1988 allocation of low-income housing tax credits. The Development had a 10 year SRO HUD Grant which expired and is now allocated on a yearly basis. This Developer is also the general partner for a $1,429,329 SAIL loan and an allocation of $269,428 in Housing Credits for Liberty Center II, a 134-unit SRO development for the Homeless; $1,800,000 SAIL loan for Liberty Center III, a 100-unit SRO development for Homeless; and an award of $2,000,000 in SAIL funds and a Housing Credit allocation of $401,534.00 for Liberty Center IV, a 100-unit SRO development for the Homeless also in Jacksonville.

   b) In its original application, the Borrower committed to extend the low income set-aside for the Development to 50 years. Pursuant to Fla. Admin. Code R. 9I-28.006(7) (1988), $486,286.84 of the total deferred interest of $866,525.01, is eligible for forgiveness. During the life of the loan, the Borrower paid $106,048.67 in SAIL interest, an effective rate of 0.98%.

2. Present Situation

   a) On March 10, 2004, Florida Housing contacted the Borrower to discuss their plans for repayment of the loan. On March 16, 2004, the Borrower submitted a workout proposal requesting Florida Housing forgive all deferred interest on the maturing loan and renew the loan at 1% interest for fifteen years.

   b) On March 29, 2004, the Borrower submitted their revised workout proposal requesting Florida Housing forgive all deferred interest on the maturing loan and renew the principal at 1% interest for fifteen years, with monthly amortization of principal and interest beginning on November 1, 2004.

   c) The Borrower expects to pay off their first mortgage with Duval County Housing Finance Agency on October 1, 2004 and has made timely payments to Florida Housing as scheduled. In addition, the Borrower has no outstanding compliance issues.
SPECIAL ASSETS

Action

3.
SPECIAL ASSETS

Action

Recommendation

Subject to review and approval of the petition for rule waiver to forgive all deferred SAIL interest on the maturing loan, staff recommends and requests the Board approve the revised workout proposal to renew the principal at 1% interest for fifteen years, with monthly amortization of principal and interest beginning on November 1, 2004 subject to a positive credit underwriting report and payment of the annual interest payment due, if any, based upon an analysis of the 2003 annual cash flows.
VII. UNIVERSAL CYCLE

A. 2005 Universal Cycle

1. Background/Present Situation

   a) A public meeting will be held following the July 30, 2004, Board meeting to solicit comments concerning Rule Chapters 67-21 and 67-48, F.A.C., and the 2004 Universal cycle.

   b) Staff would like to begin the rule development process by scheduling a rule development workshop following the September 10, 2004, Board meeting.

2. Recommendation

   Staff would like to begin the rule development process by scheduling a rule development workshop following the September 10, 2004, Board meeting.