

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
October 26, 2007**

TIME: 9:00 a.m.

LOCATION: Hyatt Regency Jacksonville Riverfront
225 East Coastline Drive
Jacksonville, Florida

BOARD MEMBERS PRESENT:

Lynn Stultz, Chairman
David Oellerich, Vice Chairman
Ken Fairman
Zully Ruiz
Stuart Scharaga

CORPORATION STAFF PRESENT:

Stephen P. Auger, Executive Director
Debbie Blinderman
Wayne Conner
Laura Cox
Rebecca DeLaRosa
Sheila Freaney
Barbara Goltz
Cecka Green
Wellington Meffert
Nancy Muller
Angie Sellers
David Westcott

ADVISORS AND OTHERS PRESENT:

Junious Brown, Nabors, Giblin & Nickerson
Jan Carpenter, Shuffield Loman
Bill Johnston, WLJ Capital/TIBOR Partners
Michael Drapkin, AmeriNational
Doug McCree, First Housing
Ben Johnson, Seltzer Management

Chairman Stultz called the Board of Directors' meeting to order at 9:01 a.m., and confirmed that a quorum was present.

Chairman Stultz announced that at their joint conference the Florida Supportive Housing Coalition and the Coalition for the Homeless awarded Steve Auger a leadership award for his support in their mission to provide housing to those with extremely low incomes and the homeless. Mr. Auger stated that the entire affordable housing community has contributed to the progress in those areas and thanked the Coalitions for the recognition.

FISCAL

Chairman Stultz recognized Barb Goltz to address the Board regarding the fiscal matters.

Item A, Operating Results Through September 30, 2007. Ms. Goltz stated that although staff anticipated being in a deficit position of about \$600,000 at this point in 2007, the corporation is actually in a positive position of about \$3 million. She stated that swing was due in part to a higher investment income than expected, as well as an overall conservative fiscal position. She added that there were also several key positions that remained vacant for a good portion of the year.

Item B, Documentary Stamp Tax Allocation Split. Ms. Goltz reminded the Board that staff goes to the legislature each year with a budget request, and the legislature determines how much Florida Housing will get. She stated that the Board then determines, based on staff recommendations, how to allocate each year's appropriation. She stated that staff recommends approximately \$8 million for homeownership assistance, which is primarily used for downpayment assistance; \$6.4 million for the Guarantee Fund debt service; \$175,000 for the Affordable Housing Study Commission; \$672,800 for the Catalyst Program; \$165,000 for the Housing Data Clearinghouse. She asked the Board to approve staff's recommendation for the allocation of the \$15,500,000 2007-2008 legislative appropriation.

Motion to approve staff's recommendation was made by Mr. Scharaga with a second by Mr. Oellerich.

Ms. Ruiz asked if the \$6.4 million recommended for the Guarantee Fund debt service could be paid from another source to free up resources for single family programs. Ms. Goltz explained that as the greatest financial risk for Florida Housing it is very important to assure its financial viability. She stated that using documentary stamps to make the principal payments on the capitalizing bonds results in the fund being stronger. She stated that the law may not require that documentary stamps be used to make the debt service payments. Ms. Goltz agreed to examine the law to confirm the sources that could be used to pay Guarantee Fund debt service. Mr. Auger mentioned that the next item for action provides for additional funds for the single family program.

Motion passed unanimously.

Item C, Reallocation of Prior Documentary Stamp Tax Allocation. Ms. Goltz stated that based on an analysis of the program needs and the resources available to fund them, the staff recommended that \$41,352,200 of prior year documentary stamp tax revenue be reallocated to HAP at \$28,252,200 and \$13,000,000 for the Special Needs Extremely Low Income loan cycle.

Motion to approve staff's recommendation was made by Mr. Oellerich with a second by Mr. Scharaga.

Ms. Ruiz asked if money from the CWHIP program could be set aside for downpayment assistance. Mr. Auger explained that statutorily, Florida Housing does not have the authority to reallocate the money allocated to the CWHIP program. He stated that he understood Ms. Ruiz's desire to promote homeownership and thanked her for her tireless efforts to get more money allocated for that purpose. He also thanked her for her efforts in getting the Florida Housing legislative staff an audience with the speaker's chief of staff to discuss the CWHIP program and the need for additional funds for the downpayment assistance program. He stated that staff would address the issue during the 2008 legislative session, but unless the 2008 legislature decides to allow Florida Housing to use more money for downpayment assistance program, or allows money from another program to be redirected for that use, there was no way it could be done. Mr. Meffert echoed Mr. Auger's statements.

Mr. Scharaga mentioned that there was discussion in Tampa regarding the adjustment of the AMI to help the working poor. Mr. Auger stated that staff would examine policies for CWHIP and SHIP to bring to the board on how Florida Housing can best serve that population through different programs.

Mr. Scharaga stated that he is also interested in getting more downpayment assistance help for workforce housing. Mr. Auger stated that staff is ways to advocate with the legislature on such matters, and how Florida Housing can best serve that population through different programs. He stated that the Sadowski Act was written with enough flexibility to allow for changes to programs by rule, in order to address current market conditions.

Mr. Oellerich asked if the Board Members could be provided with a breakdown of AMI by county. Mr. Auger agreed to provide that.

Motion passed unanimously.

Item D, Draft 2008 Operating Budget. Ms. Goltz presented the proposed 2008 Budget to the Board for review. She requested that the Board Members review the proposed Budget and contact her with any questions. She stated that the final 2008 Budget would be presented to the Board at the December meeting for approval.

COMMUNITY WORKFORCE HOUSING INNOVATION PILOT (CWHIP) PROGRAM

Chairman Stultz recognized David Westcott to brief the Board on CWHIP matters.

Item A, Approval of Rule Chapter 67-58, Florida Administrative Code, for the CWHIP Program. Mr. Westcott reminded the Board that the legislature reauthorized CWHIP Program as a pilot program. He stated that staff has held rule-development workshops around the state since the Board authorized them to begin the rule-development process in June. He asked the Board to authorize staff to file the rule as amended through the Notice of Change for adoption if a second

Notice of Change is not required, but if a second Notice of Change is required, to authorize the Chairman to determine whether the second Notice of Change makes material and substantive changes to the rule, and if it does not, authorize the Chairman to approve that second non-material Notice of Change without the requirement of another Board Meeting. He stated that approval will allow the rule to be filed for adoption on December 3, with an effective date of December 23, and the application cycle to open on December 29 and close on January 30, 2008.

Motion to approve staff's recommendation was made by Ms. Ruiz with a second by Mr. Fairman. Motion passed unanimously.

PREDEVELOPMENT LOAN PROGRAM (PLP)

Chairman Stultz recognized Nancy Muller to brief the Board on Predevelopment Loan matters.

Item A, Approval of Revisions to Rule Chapter 67-38, Florida Administrative Code. Ms. Muller reminded the Board that at the March 16, 2007, Board Meeting, it authorized staff to begin rule development for the PLP rule. She stated that changes were made to address both legislative changes that occurred in the 2007 regular and recommendations from staff and stakeholders. She asked the Board to approve the final Rule Chapter 67-38, Florida Administrative Code, as revised.

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

Item B, Reduction in Number of Units and Loan Amount for Universal Homes. Ms. Muller reminded the Board that on April 26, 2002, it approved a PLP loan to Universal Truth CDC in the amount of \$209,174. She asked the Board to approve staff's recommendation to approve the developer's request for a reduction in the number of units from eleven to three due to delays in the County's financing, which prevented the building of five units, and the cancellation of the three remaining units due to cancellation by property owners, approve a corresponding reduction in the loan amount from \$209,174 to \$42,973.73, and authorize staff to proceed with loan amendment activities.

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

Item C, Approval of Loan Extension for Pine Forest. Ms. Muller stated that on November 19, 2004, the developer closed on a PLP loan in the amount of \$155,811, and to date, the developer has drawn \$43,310.63 for eligible expenses. She stated that the loan was set to mature on November 19, 2007, and that the developer has requested an extension of the term for one year due to a slowing in the Jacksonville market. She stated that staff, the technical assistance provider, the City of Jacksonville and real estate professionals agree that the developer has worked to refocus marketing efforts and adjust the timeline for construction and sales. She stated that the developer has agreed to repay the loan on a prorated basis on the sale of the first eight of the 22 homes, rather than the original plan to pay prorated over the sale of all 22 homes. She asked the Board to approve staff's recommendation to approve the developer's request to extend the loan maturity date for one year to November 19, 2008.

Motion to approve staff's recommendation was made by Ms. Ruiz with a second by Mr. Scharaga. Motion passed unanimously.

Item D, Reduction in Number of Units and Loan Amount for Broadway Place. Ms. Muller reminded the Board that on October 14, 2005, it approved a PLP loan to Renaissance Manor for Broadway Place in the amount of \$461,300, for the acquisition of land and development of 20 units that would have provided approximately 40 bedrooms for homeless individuals. She stated that the developer requested a reduction in the number of rental units from 20 to 14, and to take land acquisition out of the loan. She noted that the reduction in the number of units will provide more bedrooms, as they are changing the units from two bedroom to three bedroom, so as to served 42 people instead of 40. She asked the Board to approve staff's recommendation to approve the developer's request to reduce the number of units for Broadway Place from 20 to 14 and reduce the loan amount from \$461,300 to \$233,395, and authorize staff to proceed with amending the closing documents as necessary.

Motion to approve staff's recommendation was made by Ms. Ruiz with a second by Mr. Scharaga. Motion passed unanimously.

PROFESSIONAL SERVICES SELECTION (PSS)

Chairman Stultz recognized Cecka Green to address the Board regarding PSS Item A.

Item A, Media Buying Services Request for Qualifications. Ms. Green asked the Board to authorize staff to enter into negotiations with Kidd Group to provide Media Buying Services and authorize staff to reopen the Request for Qualifications to solicit more responses to expand the pool of servicers.

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

Chairman Stultz recognized Nancy Muller to address the Board on PSS Item B.

Item B, Technical Assistance Provider Services for PLP and Demonstration Programs. Ms. Muller stated that Florida Housing uses technical assistance providers for both the Predevelopment Loan Program and the Demonstration Loan Program as necessary based on the experience of the applicant. She reminded the Board that it previously authorized staff to begin the solicitation process to select a technical assistance provider, an RFP was issued and one response was received. She stated that the Review Committee individually reviewed the response prior to meeting as a committee and recommends that the Board select Florida Housing Coalition, Inc., to provide technical assistance and provider services and authorize staff to enter into contract negotiations.

Motion to approve staff's recommendation was made by Mr. Oellerich with a second by Mr. Scharaga.

Chairman Stultz reiterated her request to have information regarding professional services selection ahead of time so the Board Members are able to review and understand items prior to the Board Meeting. Mr. Auger stated that staff will provide all information to Board Members in a timely fashion to allow them ample time to review before Board Meetings.

Motion passed unanimously.

UNIVERSAL CYCLE

Chairman Stultz asked Steve Auger to brief the Board on Universal Cycle matters.

Item A, 2007 Universal Cycle. Mr. Auger introduced Debbie Blinderman, the new Deputy Development Officer in the Multifamily Program area, who started at Florida Housing Monday, October 22. He then reminded the Board that the 2007 Universal Cycle was the first cycle that included supplemental loans to serve extremely low income people through special appropriations from the Legislature. He stated that in addition to the based SAIL loans, developers who commit to set aside a certain percentage of units for people with extremely low incomes, supplemental SAIL loans are available with zero percent interest, forgivable after 20 years. He stated, however, that no provision was made in the 2007 Universal Application or Rule to address what happens if those monies are returned to Florida Housing. He asked the Board to approve staff's recommendation to offer returned supplemental SAIL loan funds to the next development that didn't receive their full supplemental loan amount, then once that is fulfilled to offer to the next application on the list, and so on.

Motion to approve staff's recommendation was made by Ms. Ruiz with a second by Mr. Oellerich. Motion passed unanimously.

CONSENT AGENDA

Mr. Auger stated that Rental Recovery Loan Program Consent Item B needed to be pulled for discussion. He stated that the item pertained to Oak Meadows and asked Michael Drapkin, from AmeriNational, the credit underwriter for the development to address the Board. Mr. Drapkin stated that AmeriNational had previously submitted a credit underwriting report for a \$10,000,000 RRLP loan, and in that report, it was indicated that the bond amount was lower than the bonds available during the construction phase. He stated that the developer was increasing the amount of bonds issued by the Brevard County HFA which enhances the transaction. Mr. Auger asked the Board to approve the amended credit underwriting report and direct staff to proceed with issuance of a firm loan commitment and begin loan closing activities.

Motion to approve staff's recommendation was made by Mr. Scharaga with a second by Ms. Ruiz. Motion passed unanimously.

Mr. Auger stated that PLP Consent Item C needed to be pulled for discussion. Chairman Stultz asked Nancy Muller to brief the Board on the matter. Ms. Muller stated that there was a mistake in the loan amount in the original write up. She stated that the original write up indicated the loan was in the amount of \$180,000, when it should have been in the amount of \$399,000. She asked the Board to approve the nonacquisition portion of the loan for PLP eligible expenses in the amount of \$399,000.

Motion to approve staff's recommendation was made by Ms. Ruiz with a second by Mr. Oellerich. Motion passed unanimously.

Chairman Stultz stated that Mr. Scharaga asked to pull Home Rental Consent Item A for discussion. He asked if Florida Housing would be in second position with a mortgage in the amount of \$7.5 million behind a first mortgage in the amount of \$363,200. Mr. Auger asked the credit underwriter to address the Board. Doug McCree, with First Housing, stated that under the Home Rental Program, there can be a maximum debt service coverage of 1.6 on all debt, including the home, and traditionally, they work to size the first mortgage in between the two requirements, and that is how they worked this transaction. He stated that the very small first

mortgage vs. the larger second mortgage is done to leverage the public funds with private funds, and in this case, the leverage is a very small number. He stated that if a problem arose with the first mortgage, Florida Housing would likely move in and cover that amount in order to protect the \$7.5 million of the second mortgage. Mr. Scharaga asked that the credit underwriting report be amended to place the Florida Housing mortgage in first position. Mr. McCree stated that the first mortgage lender would not be willing to do that, but there is enough developer fee that Florida Housing could require the developer to defer more of that to cover the gap. Ed Busansky, also with First Housing, stated that during construction the original first mortgage would have to remain in first position because there are some costs not covered by the home loan that need to be covered by that loan.

Mr. Auger asked the Board to approve staff recommendation to approve the credit underwriting report with the amendment reflecting that in the permanent phase Florida Housing's HOME loan will be in first position and to approve amendments to the sinking fund to address the debt service coverage ratio that is required by rule and statute, and direct staff to proceed with issuance of a firm loan commitment on those amended terms and loan closing activities.

Motion passed unanimously.

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

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

Chairman Stultz left the meeting.

CREDIT UNDERWRITING PRESENTATION

Chairman Stultz asked Mr. Auger to introduce the credit underwriters to brief the Board on the credit underwriting process. Mr. Auger introduced Doug McCree and Ed Busansky of First Housing, Michael Drapkin of AmeriNational, and Ben Johnson of Seltzer Management, Florida Housing's credit underwriters, who walked the Board through the credit underwriting process and answered questions from the Board Members.

Hearing no further business, the October 26, 2007, Board of Directors' Meeting was adjourned at 11:16 a.m.