

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
August 9, 2013**

TIME: 8:30 a.m.

LOCATION: Grand Hyatt Tampa Bay
2900 Bayport Drive
Tampa FL 33607

BOARD MEMBERS PRESENT:

Len Tylka, Chairman
Mary Demetree
Ray Dubuque
John Hawthorne
Brian Katz
Bill Killingsworth
Barney Smith

CORPORATION STAFF PRESENT:

Stephen P. Auger
Wayne Conner
Laura Cox
Sheila Freaney
Barbara Goltz
Wellington Meffert
Nancy Muller
Kevin Tatreau
David Westcott

ADVISORS AND OTHERS PRESENT:

Junious Brown, Nabors, Giblin & Nickerson
Jan Carpenter, Shuffield Lowman

Chairman Tylka called the meeting to order at 8:36 a.m.

Chairman Tylka introduced newly appointed Board Member Ray Dubuque and welcomed him to Florida Housing.

MINUTES

Item A, Approval of Minutes of June 21, 2013, Board Meeting. Chairman Tylka asked for a motion to approve the Minutes of the June 21, 2013, Board Meeting.

Motion to approve the Minutes was made by Mr. Hawthorne with a second by Mr. Smith. Motion passed unanimously.

Item B, Approval of Minutes of July 24, 2013, Telephonic Board Meeting. Chairman Tylka asked for a motion to approve the Minutes of the July 24, 2013, Telephonic Board Meeting.

Motion to approve the Minutes was made by Mr. Smith with a second by Ms. Demetree. Motion passed unanimously.

RATIFICATION OF BOARD ACTION

Item A, Ratification of Action Taken at the July 24, 2013, Telephonic Board Meeting. Chairman Tylka asked for a motion to ratify the action taken at the July 24, 2013, Telephonic Board Meeting.

Motion to ratify action taken at the July 24, 2013, Telephonic Board Meeting was made by Mr. Smith with a second by Ms. Demetree. Motion passed unanimously.

MULTIFAMILY ENERGY RETROFIT PROGRAM (MERP)

Item A, Request Approval of Program Parameters and Terms for the Multifamily Energy Retrofit Program. Ms. Muller reminded the Board that in late February, the State Energy Office offered to provide Florida Housing with funding to be used for energy retrofits in multifamily housing, and at the March Board Meeting, the Board authorized staff to develop a program to seed a revolving loan fund to disburse the funds. She stated that the funds would come from funds the Energy Office has received due to deobligation of other projects, and the amount is currently up to \$6.2 million and is expected to rise before an agreement is signed.

Ms. Muller stated that the program will provide energy retrofit loans to aging (15 years or older) rental properties in Florida Housing's portfolio. She stated that the funds would be used to upgrade old inefficient building components, potentially lowering operating costs, with the resulting savings being used to repay the loans. She stated that the proposed program would operate via a request for proposals process, and properties awarded tentative funding would obtain an energy audit from an auditor qualified by Florida Housing. She stated that the results of the audit would be reviewed by staff and credit underwriters and a scope of work would be agreed on with the final loan presented to the Board for approval. She stated that once the retrofit work was done, the property would report on energy performance through utility bills for the term of the loan, which would be up to ten years.

She stated that if the Board approved the program parameters, the agreement with the State Energy Office would be signed and staff would begin to implement the program by issuing a request for qualifications for energy auditors, developing and issuing a request for proposals for qualified properties in Florida Housing's portfolio, and developing an approach to collect and report on the utility data to evaluate savings. She stated that staff believes the funding can be used to seed the program as an ongoing preservation strategy to update aging properties.

Ms. Muller asked the Board to authorize the Executive Director to sign an agreement with the Florida Department of Agriculture and Consumer Services/State Energy Office to receive approximately \$6.2 million to fund the creation of the Multifamily Energy Retrofit Program, and approve the terms and parameters of the new program as described. Additionally, she asked the Board to authorize staff to begin the solicitation process for energy auditors to perform energy audits for the program and authorize the Executive Director to establish a review committee to review the responses and make a recommendation to the Board. She also asked the Board to authorize staff to begin the solicitation process for applicants interested in reducing energy use and cost in multifamily buildings in Florida Housing's portfolio by updating and replacing old, inefficient building components with energy efficient components.

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

Barney Smith asked if the \$5,000 per unit maximum was set in stone. Ms. Muller stated that it was currently the maximum amount, but parameters could certainly change if staff determines \$5,000 per unit is too low. She stated that staff would come back to the Board with a recommendation if that were the case.

Mr. Smith asked what other states were doing regarding windows. Ms. Muller stated that she did not know, but research indicated that the cost of replacing windows would be greater than the savings, so staff decided not to include windows in the pilot program. She added that windows could be added in the future if the savings benefit was determined to be worth it.

John Hawthorne asked if solar retrofits were considered. Ms. Muller stated that was not currently part of the program.

Bill Killingsworth asked if staff had talked to the weatherization group at the Department of Economic Opportunity, as they run a similar program through the Department of Energy. Ms. Muller indicated that there had been discussions with that group, and more would take place going forward.

Brian Katz asked when the results of the pilot program would be presented to the Board. Ms. Muller stated that staff expected to go out with the request for proposals in late 2013 or early 2014, so the first retrofits would probably not be complete until summer 2014. Mr. Katz asked what the expectations were for further funding from the State Energy Office. Laura Cox indicated that they would like to fund it in the future, but the funding is through the American Recovery and Reinvestment Act, which is a federal program, so it depends on what the federal legislators do. Ms. Muller added that it would probably take two to three years to truly see what

the long term cost savings will be once the retrofits are completed, but if it looks promising at that point, the legislature would probably be more interested in future funding.

Brian Katz pointed out that as the program ramps up, staff needs to be mindful of the credit risk associated with being in the subordinate lien position.

Motion passed unanimously.

MULTIFAMILY PROGRAMS

Item A, 2014 Qualified Allocation Plan. Steve Auger stated that historically, Florida Housing has done just one annual application cycle to award all low income housing tax credits, mortgage revenue bond allocation, State Apartment Incentive Loan (SAIL) Program funds, when available, and HOME funds, when available. He stated that in the last year, based on the legal dynamics of that system, as well as the findings in the OPPAGA and auditor general audits, that has shifted from the one-size-fits-all universal cycle process to a request for proposals system that can be tailored to each program. He stated that required a move away from the two rules governing the Universal Application Cycle, 67.48 and 67.21, to three new rules – 67.60, which governs how the request for applications process will work; 67.48, which includes the traditional verbiage regarding underwriting and the process for the tax credit, SAIL and HOME programs; and 67.21, which now governs low income housing tax credits and bonds, Florida Housing’s noncompetitive resources. He stated that all the changes required a revamp of the Qualified Allocation Plan (QAP) which the IRS tax code requires and which must be approved and signed by the Governor.

Mr. Auger stated that the first thing staff looks at is the need of cost burdened rental households that earn 60 percent of the area median income and below, which are the people served by the tax credit program. He stated that the SAIL statute requires a statewide needs study to be done every three years and the Shimberg Center for Housing Studies at the University of Florida conducts that study for Florida Housing. He stated that the study is broken down by counties, and the counties are then grouped into small, medium and large county groups based on population. He stated that the large counties have 59% of the current need, the medium counties have 36.7% and the small counties have 4.3%.

Mr. Auger stated that after the \$4.7 million for the two transactions that were awarded as a result of the post-ranking lawsuits comes off the top of the \$44.3 million estimated allocation for 2014, that leaves \$39.6 million left for allocation. He stated that House Bill 437 gave Florida Housing the authority to hold up to five percent for high priority projects and there are two pots of \$2.2 million set aside for persons with developmental disabilities and homeless persons, which brings the total pot down to \$35.2 million for the general allocation award.

Mr. Auger stated that based on the needs assessment, the first priority for large counties was to ensure there was enough in that pot to do at least one new construction deal in each large county, with a second one in Miami-Dade and Broward Counties. He stated that the new construction/preservation funding split would allow Florida Housing to do about nine large-county new construction deals, nine medium-county deals and one or two small county deals. He stated that staff hoped to be able to do at least five preservation deals depending on where they are spread.

Mr. Auger stated that the overall number of cost burdened rental households in the State of Florida in 2013 is 737,435, which is a 20% increase from 2010 when Shimberg did the last rental market study.

Mr. Auger stated that House Bill 437 requires a preference for affordable housing projects in the Keys areas of critical state concern. He stated that another goal was at least two transit-oriented deals located on the SunRail, one each in large and medium counties. He stated that one preservation family development and one elderly RD preservation development were also goals. He also stated that one homeless deal was a goal.

Mr. Auger added that the federal tax credit rules require that at least 10% of the allocation goes to non-profit developers, so in order to make sure that need is met, Florida Housing shoots for 15% to allow for fallout.

Mr. Auger asked the Board to approve the QAP as presented and authorize staff to move forward with the process for getting it finalized with the Governor's signature and incorporating it into Florida Housing's rules.

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

Mr. Hawthorne asked what sector was affected the most by the 20% increase in need. Mr. Auger stated that beginning in 2004, the slow shift began from large counties to medium and smaller counties.

Mr. Smith asked for clarification of the 5% high priority allocation. Mr. Auger stated that House Bill 437 said take half of the 5% and use it for persons with a disabling condition, but if you don't get applications for the full 5%, that can roll into whatever the Board deems a high priority.

Mr. Smith asked for clarification of the definition of "within" a SunRail TOD area. Ms. Muller stated that local governments designate areas within their jurisdiction as TOD areas, but to meet the TOD goal in the QAP, you need to be within a quarter mile of the station.

John Hawthorne stated that he wants Florida Housing to make sure technical assistance is available in small and medium counties to build capacity and resources. Mr. Auger stated that educational efforts are being made to accomplish that with a number of the 2013 funding resources.

Motion passed unanimously.

Item B, Request for Applications (RFA) to Finance Permanent Supportive Housing for Homeless Persons. Kevin Tatreau stated that the \$10 million appropriated by the 2013 legislature to provide housing for homeless persons must be used to purchase and renovate existing houses or construct or purchase and renovate small specialty housing of 15 units or less. He stated that the first public workshop was held on August 8 and was well attended. He asked the Board to authorize staff to proceed with the request for applications competitive process that will offer \$10 million in grant funding to serve homeless individuals and families and authorize the Executive Director to establish a review committee to make recommendations to the Board.

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

John Hawthorne asked if there was a specific target for homeless veterans. Ms. Muller stated that there was not, but added that the RFA required applicants to choose their own targeted homeless population and describe how they would target that population specifically. She added that while there is no specific veteran target in the RFA, she has seen a lot of interest in that area.

Motion passed unanimously.

Item C, Request for Applications (RFA) to Finance Permanent Supportive Housing for Persons with Development Disabilities. Kevin Tatreau asked the Board to approve staff's recommendation to proceed with the request for applications competitive process that will offer \$10 million in grant funding to serve persons with developmental disabilities through two RFAs and a portion of Florida Housing's 2014 housing credit allocation for this purpose, and authorize the Executive Director to establish a review committee for each RFA to make recommendations to the Board.

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

Item D, Multifamily Funding Strategy. Steve Auger gave the Board an overview of the current multifamily funding strategy that included a recap of funding resources and the planned allocation of the resources.

PROFESSIONAL SERVICES SELECTION

Item A, Request Approval of Responses to Request for Proposals for 2013-10 for Hearing Officer Services. Wellington Meffert stated that one response was received to the Request for Proposals for Hearing Officer Services and asked the Board to approve the Review Committee's recommendation to enter into contract negotiations with the law firm of Hayward and Grant for hearing officer services to be provided only by Mr. Barkley. He also asked the Board to authorize staff to proceed to try to build the pool of hearing officers one way or another, including, if necessary, hiring a DOAH administrative law judge to sit as an informal hearing officer.

Motion to approve the review committee's recommendations was made by Ms. Demetree with a second by Mr. Smith. Motion passed unanimously.

Item B, Request Approval of Responses to Request for Proposals for 2013-09 for Compliance Administration for the Single Family Homebuyer Program. David Westcott stated that one response was received to the Request for Proposals for Compliance Administration for the Single Family Homebuyer Program and asked the Board to approve the Review Committee's recommendation to enter into contract negotiations with Housing and Development Services, Inc. (HDS), the firm currently providing the services under a subcontract with US Bank, subject to good faith negotiations on the proposed schedule of fees and other items.

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

Item C, Request Approval of Responses to Request for Qualifications 2013-13 for Structuring Agent Services. Wayne Conner stated that due to the contention by Stern Brothers that there was a notice issue with the original Request for Qualifications for Structuring Agent Services, a second RFQ was issued and one response was received from Stern Brothers. Mr. Conner asked the Board to approve the Review Committee's recommendation to enter into contract negotiations with Stern Brothers for Structuring Agent Services.

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

Item D, Request Approval to Begin Request for Proposals Process for Cash Flow Verification Agent Services. Wayne Conner asked the Board to authorize staff to begin the request for proposal process for cash flow verification agent services and authorize the Executive Director to establish a review committee to make a recommendation to the Board.

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

Item E, Request Approval of Responses to Request for Qualifications for Housing Counseling Agencies to Provide Services for the Foreclosure Counseling Program. Nancy Muller reminded the Board that at the April meeting, it approved 49 agencies to provide housing counseling services for the Foreclosure Counseling Program, and at the June meeting, it approved two more agencies under the open rolling request for qualifications. She asked the Board to approve three additional agencies - Miami Beach Community Development Corporation, Community Legal Services of Mid Florida and Debt Management Credit Counseling Corporation – as recommended by the review committee, pending submission of all required documentation.

Motion to approve staff's recommendations was made by Ms. Demetree with a second by Mr. Hawthorne. Motion passed unanimously.

CONSENT AGENDA

Steve Auger indicated that PSS Item A was being pulled from the Consent Agenda, amended and presented as an Action item.

PSS Consent Item A, Single Family Mortgage Revenue Bond Servicing. Steve Auger stated that in 2010 Florida Housing entered into a contract with US Bank for single family mortgage revenue bond servicing and compliance administration. He stated that the contract had an initial two year term with up to two renewals which could be up to three years in duration each. He stated the first two year term expired on October 1, 2012, and the first renewal will expire on September 30, 2013.

Mr. Auger stated that US Bank notified Florida Housing that it was no longer willing to carry out the compliance administration function, so staff went out with an RFP for those services. Mr. Auger asked the Board to approve the final renewal of the US Bank contract for single family mortgage revenue bond servicing for a period of three years to expire on September 30, 2016.

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

Steve Auger stated that Special Assets Consent Item F was being pulled from the Consent Agenda and would be brought back to the Board at a later date.

Motion to approve staff's recommendations on the remaining Consent Agenda items was made by Mr. Smith with a second by Mr. Dubuque. Motion passed unanimously.

In regard to Multifamily Bonds Consent Item A, Barney Smith asked if Florida Housing's guarantee will terminate at the closing of the referenced refinance. Laura Cox stated that it would. He asked for that information to always be included in write ups. Mr. Auger assured him it would be included in the future.

Chairman Tylka informed the Board that at the November Board Meeting he would re-form the Board Committees and elections for Chairman and Vice Chairman would be held.

PUBLIC COMMENT

No public comment was offered.

Chairman Tylka thanked Debra Koehler for conducting the Board and staff tour of Aqua, a Sage Partners property.

Steve Auger also thanked the Tampa Housing Authority for the tour of its property, Ella at Encore.

Hearing no further business, Chairman Tylka asked for a motion to adjourn the August 9, 2013, Board of Directors' Meeting.

Motion to adjourn was made by Mr. Dubuque with a second by Mr. Killingsworth. Motion passed unanimously.

Chairman Tylka adjourned the meeting at 9:51 a.m.