

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
May 2, 2008**

TIME: 9:00 a.m.

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

BOARD MEMBERS PRESENT:

Lynn Stultz, Chairman
David Oellerich, Vice Chairman
Ken Fairman
Stuart Scharaga
Sandra Terry

CORPORATION STAFF PRESENT:

Stephen P. Auger, Executive Director
Debbie Blinderman
Hugh Brown
Wayne Conner
Laura Cox
Sheila Freaney
Barbara Goltz
Nancy Muller
Stephanie Sgouros
David Westcott

ADVISORS AND OTHERS PRESENT:

Mark Mustian, Nabors, Giblin & Nickerson
Jan Carpenter, Shuffield Lowman
Bill Johnston, WLJ Capital/TIBOR Partners
Lloyd Boggio, Coalition of Affordable Housing Providers
Terry Chelikowsky, Florida Alliance of Community Development Corporations

Chairman Stultz called the Board of Directors' meeting to order at 9:00 a.m., and confirmed that a quorum was present.

Chairman Stultz reminded everyone about the June 12, 2008, Board Retreat being held in Fort Lauderdale in conjunction with the June Board Meeting, and encouraged stakeholders to submit their comments via the Florida Housing website.

Chairman Stultz asked Nancy Muller to explain the affordability index to the Board.

Ms. Muller reminded the Board that David Oellerich had, some time ago, asked her to provide some perspective on the capacity of various occupations in the state to rent an affordable apartment or purchase a home. She explained that staff compiled information from various sources, including the Florida Housing Data Clearinghouse and the Florida Association of Realtors, to develop a rental index and a homeownership index. She explained that the index shows how affordable an apartment or home is based on the income level for each occupation in key areas of the state.

MINUTES

Chairman Stultz asked for a motion to approve the Minutes of the March 14, 2008, Board Meeting.

Motion to approve the Minutes was made by Mr. Oellerich with a second by Mr. Scharaga. Motion passed unanimously.

COMMUNITY WORKFORCE HOUSING INNOVATION PILOT PROGRAM (CWHIP)

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

Item A, The Preserve, Osceola County. Mr. Westcott stated that The Preserve in Osceola County, a 2006 CWHIP deal, requested to change the site for the proposed development. He explained that in 2006 CWHIP deals were funded through a request for proposals process, and in order to encourage innovation, the projects that applied for funding were not required to have all zoning and land use approvals in place at the time of application, and this application was submitted without all zoning approvals, but with broad community support. He stated that the local City Commission did not subsequently approve the anticipated zoning on the property, so the developer has found another site within Osceola County for the development. He stated that there was only one application on the 2006 CWHIP waiting list, and it has already been moved up and funded, so he asked the Board to approve staff's recommendation to allow The Preserve to move its development site from the location given in its response to RFP 2006-05 to a specific address, 2100 Irlo Bronson Highway in Kissimmee.

Motion to approve staff recommendation was made by Mr. Scharaga with a second by Mr. Fairman.

Mr. Auger added that this situation differed from one that was awarded funding through the Universal Application Cycle in that having site control is a threshold item in the Universal Application, so if it is not in place, the application immediately fails. He stated that the CWHIP RFP process does not have that threshold requirement, and since there was no one on the waiting list, in the interest of getting the money out the door, staff was recommending that the Board allow the site change.

Mr. Oellerich expressed his support to allow the change, but cautioned that this was a special circumstance and if it is allowed, that it would not open the doors for other requests based on the granting of this one request. He asked if the money could be rolled over into the next CWHIP cycle. Mr. Auger stated that the 2006 law that created the CWHIP program did not address how unused funds were to be used. He added that in 2007 the legislature changed the process from and RFP to an application, which gave more flexibility.

Motion passed unanimously.

Item B, Approve Final Ranking for the 2007 Community Workforce Housing Innovation Pilot Program (CWHIP). Mr. Westcott presented a synopsis of the process and methodology used to arrive at the final rankings that were being presented to the Board for its approval. He then asked the Board to approve the staff's recommendation to approve the final scores and ranking and direct staff to proceed with issuance of final ranking scores and notice of rights to applicants.

Motion to approve staff recommendation was made by Ms. Terry with a second by Mr. Fairman.

Mr. Auger reiterated the fact that the legislature changed the CWHIP law in 2007 to allow for a cure period which was not allowed in 2006 with the RFP process.

Mr. Oellerich asked if the Board could receive ranking information prior to the Board Meeting at which it is presented for approval in the future to give the Board Members more time to review the results.

Motion passed unanimously.

ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Chairman Stultz recognized Debbie Blinderman to brief the Board on EHCL matters.

Item A, Request Approval of the 2008 Elderly Housing Community Loan (EHCL) Program Review Committee's Recommendation of Final Rankings. Ms. Blinderman explained that the EHCL program provides loans of up to \$750,000 to developers to make substantial improvements to elderly housing for life, safety, building preservation, health, sanitation or security-related issues. She stated that four applications were received. She asked the Board to approve staff's recommendation to approve the final ranking and direct staff to issue preliminary commitment letters to the applicants that fall within funding range and proceed with all necessary credit underwriting activities.

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

HOMEOWNERSHIP PROGRAMS

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

Item A, Request Approval of Changes to Rule 67-57 for the Homeownership Pool (HOP) Program. Mr. Westcott stated that staff has held public meetings and rule development workshops throughout the state in regard to Rule 67-57, which governs the HOP Program, and based on the input received from stakeholders and other interested parties, has made changes to the HOP rule. He stated that staff received a letter from the Joint Administrative Procedures Committee (JAPC) and the only changes requested in the letter were to small items in documents incorporated in the rule by reference, so a notice of change is not required based on any of JAPC's comments. He added that an additional rule hearing would be held on May 7, and if any changes are required as a result of the hearing, he asked the Board to allow staff to make those changes without the need for another Board Meeting. He asked the Board to approve the changes to the HOP rule and approve the proposed underlying strike-through rule and authorize staff to file the rule for adoption if a notice of change is not required. However, if a notice of change is required, he asked the Board to authorize the Chair to determine whether the notice of change makes material, substantive change to the rule, and if she determines it does not, that the Board approve such notice of change without the requirement of another Board Meeting. If the Chair determines that any notice of change does make material, substantive changes to the rule, he asked the Board to approve staff's recommendation that a telephonic Board Meeting be held to obtain approval for the required changes.

Motion to approve staff recommendation was made by Mr. Fairman with a second by Mr. Scharaga.

Mr. Oellerich asked if there were any substantive changes to the rule as it was presented. Mr. Westcott stated the main changes were made to make it easier for not-for-profits to participate in the program. Mr. Auger added that changes were made to incorporate more universal design features.

Motion passed unanimously.

LEGISLATIVE UPDATE

Chairman Stultz asked Steve Auger to give the Board a legislative update.

Mr. Auger provided an update on legislative bills and funding being worked on during the legislative session, and the Board discussed the ramifications of pending legislation.

MISCELLANEOUS

Item A, Request Approval to Submit a Proposal to the MacArthur Foundation for Funding to Develop a Comprehensive Preservation Strategy. Ms. Muller stated that in 2003 the John D. and Catherine T. MacArthur Foundation launched a national initiative to encourage and promote a variety of stakeholders across the nation to pay more attention to the preservation of affordable rental housing, both as a result of expiring affordability periods and the deterioration of older units. She stated that the Foundation is providing \$35 million in new funding for up to ten states and localities to get into the design and implementation of preservation initiatives, and that out of 80 letters of interest submitted, Florida was one of 21 entities chosen as a semifinalist for the

funding. She asked the Board to approve staff's request to proceed with a proposal to the MacArthur Foundation for up to \$5 million in grant and project-related investment funding for preservation-related activities in partnership with the Florida Housing Coalition and the Shimberg Center and approve the match of up to \$11 million in state funds for this purpose.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Chairman Stultz recognized Nancy Muller to address the Board regarding PSS Item A.

Item A, Affordable Housing Locator Subscription Services Request for Proposals (RFP).

Ms. Muller reminded the Board that Florida Housing implemented a web-based rental housing locator which has been up and running for about a year and a half. She stated that it is a free service for consumers and landlords to use. She stated that Florida Housing contracted with Socialserve.com to manage the site, and is currently in year two of a three-year contract. She stated the website is more successful than staff imagined, with more than 15,000 hits per month, so rather than wait for the full three years of the contract to be completed, she asked the Board to authorize staff to begin the solicitation process to select an entity to provide expanded affordable housing locator services, authorize the executive director to establish a review committee, and authorize staff, if necessary, to renew the contract with Socialserve.com until execution of a new affordable housing locator contract or until March 20, 2010, whichever is earlier.

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

Chairman Stultz recognized Barb Goltz to brief the Board on PSS Item B.

Item B, Request for Qualifications (RFQ) for Trustee, Registrar, Paying Agent and Dissemination Bond Agent Services. Ms. Goltz asked the Board to authorize Florida Housing staff to begin the solicitation process to select a pool of entities to provide trustee services and authorize the executive director to establish a review committee.

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

Chairman Stultz recognized Wayne Conner to brief the Board on PSS Items C and D.

Item C, Request for Qualifications (RFQ) for Structuring Agent Services. Mr. Conner asked the Board to authorize staff to begin the solicitation process to select a pool of entities to provide structuring agent services and authorize the executive director to establish a review committee.

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

Item D, Request for Proposals (RFP) 2008-01 for Printing Services. Mr. Conner stated that RFP 2008-01 for printing services was issued, and two responses were received and reviewed by the review committee. He asked the Board to authorize staff to enter into contract negotiations with Image Master, Inc., and if negotiations fail with Image Master, Inc., authorize staff to go forward with a new RFP.

Motion to approve staff recommendation was made by Mr. Scharaga with a second by Mr. Fairman.

Mr. Oellerich asked how much business it amounts to over a year. Mr. Conner stated that it depends on the number of bond issues. He stated that printing costs for each of the issues are in the \$3000 to \$5000 range.

Motion passed unanimously.

Chairman Stultz asked David Westcott to brief the Board on PSS Item E.

Item E, Request for Proposals (RFP) 2008-03 for Foreclosure Prevention Counseling Training and/or Technical Assistance Services. Mr. Westcott stated that last year staff went out with an RFP for foreclosure prevention counseling and training, including technical assistance, contract administration and marketing components. He stated that the Board then authorized staff to enter into contract negotiations with the successful applicant, NeighborWorks, but subsequently, the applicant was named in a federal consolidated appropriations act to administer a national foreclosure mitigation counseling grant program and Florida Housing applied for and received a grant through the program. He stated that consequently, Florida Housing staff took over the contract administration and marketing components of the original RFP, leaving training and technical assistance to be handled by a contractor. He stated that based on conversations with the legal staff, instead of proceeding under the old RFP and going into negotiations for training and technical assistance with the folks who submitted responses, a new RFP should be issued for just the training and technical assistance. He asked the Board to ratify staff's decision to issue a revised RFP.

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

Chairman Stultz asked Steve Auger to brief the Board on Rule Development matters.

Item A, Multifamily and Homeownership Program Rules Governing Returned Awards of Funding. Mr. Auger stated that the rule development item in the Board Package pertains to the return of awards of funding in both the Multifamily and Homeownership programs. He stated that there have not been many rules governing the return of awarded funds, so the funds have either gone to an application on the waitlist or into the pot for the next year's funding. However, due to the turn in the market over the past several years, Florida Housing has seen a marked increase in the return of funds, and staff believes the rule should be amended to address this. He stated that in addition to legitimate reasons for the return of funds, such as market fluctuations or hurricanes, some applications are not actually ready to move forward when they are awarded funds. He explained that many states have penalties for returned funds, such as a deduction in points from the next application submitted, and staff believes this may prevent applications that are thrown together at the last minute, with the intention of fixing things during the cure period, from being submitted. He reminded the Board how oversubscribed the application process is

each year. He asked the Board to authorize staff to proceed with the rule development process to address this issue.

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

CONSENT AGENDA

Mr. Auger stated that Legal Item C was being pulled for discussion and asked Hugh Brown to brief the Board on the item.

Mr. Brown stated that the developer was requesting a rule waiver from a 1992-1993 SAIL rule, and requesting forgiveness of the SAIL interest. He stated that in 1992-1993, the rule did not recognize a homeless set-aside as the current rule does, granting zero percent interest if the set-aside is met. He stated that the developer is offering a 100 percent homeless set-aside if the request is granted. He recommended that the Board approve staff's recommendation to grant the rule waiver and allow the forgiveness of the SAIL interest.

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

Laura Cox then pulled Special Assets Consent Item A for discussion. She stated that Liberty Center operates four homeless complexes, and the complex in question is Liberty Center II. She stated that the SAIL loan matured and asked the Board to renew and extend the loan with a 30 year amortization at zero percent interest with a graduated payment plan, modify the LURA for an additional 15 years and direct staff to proceed with loan closing activities subject to the conditions outlined in the credit underwriting report.

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

Motion to approve the items on the Consent Agenda with the exception of Legal Item C and Special Assets Item A was made by Mr. Fairman with a second by Ms. Terry. Motion passed unanimously.

Chairman Stultz recognized Lloyd Boggio to address the Board. Mr. Boggio offered his support of the rule change to prevent infeasible place-holder applications.

Chairman Stultz recognized Terry Chelikowsky, Executive Director of Florida Alliance of Community Development Corporations, to address the Board. Ms. Chelikowsky thanked the Florida Housing homeownership staff for listening to her organization's members and making some changes to the HOP Program that will help her members use the program to its fullest capacity.

Hearing no further business, the May 2, 2008, Board of Directors' Meeting was adjourned at 11:15 a.m.