

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
June 13, 2014**

TIME: 8:30 a.m.

LOCATION: Tallahassee City Hall
300 South Adams Street
Tallahassee FL 32301

BOARD MEMBERS PRESENT:

Barney Smith, Chairman
Ray Dubuque
John Hawthorne
Brian Katz
Bill Killingsworth
Len Tylka
Howard Wheeler

CORPORATION STAFF PRESENTING:

Stephen P. Auger
Sheila Freaney
Barbara Goltz
Wellington Meffert
Nancy Muller
Ken Reecy

OTHERS PRESENTING:

Michael Donaldson
Michael Glazer
Susan Golden, Immokalee Housing and Family Services
Steve Menton
Frank Nappo, Immokalee Housing and Family Services
Larry Sellers
Karen Servant

Chairman Smith called the meeting to order at 8:30 a.m.

MINUTES

Item A, Approval of Minutes of the April 25, 2014, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the March 25, 2014, Board Meeting.

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

AUDIT COMMITTEE

Committee Chair Brian Katz reported that the Committee met on Thursday, June 12, 2014, to discuss the 2013 audit results and financial statements.

AUDITED FINANCIAL STATEMENTS

Item A, Presentation of 2013 Audited Financial Statements. Barb Goltz introduced Mike Patillo, of Ernst and Young, who presented the Board with the results of its audit of Florida Housing Finance Corporation's financial statements for the year 2013.

Item B, Acceptance of the 2013 Audited Financial Statements. Barb Goltz asked the Board to accept the audit as presented by Ernst & Young.

Motion to accept the audited financial statements presented by Ernst & Young was made by Mr. Tylka with a second by Mr. Katz. Motion passed unanimously.

LEGAL

Item A, In Re: Karen Servant – FHFC Case No. 2014-066VW. Wellington Meffert stated that Karen Servant requested a rule waiver of the maximum income limits for the Hardest-Hit Fund. He stated that according to her W-2 form, Ms. Servant's income is \$97,000 per year, which is well in excess of the 140 percent AMI limit for eligibility. He stated staff's recommendation is to deny the request for waiver.

Karen Servant stated that she believes the income limit eligibility requirement for the Hardest-Hit Fund Principal Reduction plan should be waived to allow anybody that meets the other eligibility requirements to receive funds.

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

Ms. Servant asked if she had any recourse since her request was denied. Mr. Meffert stated that an order would be filed and it would include information regarding her right to appeal the decision.

Item B, RFA 2013-003 Dade Consolidated Bid Protest Cases - Pinnacle Rio, LLC et al, v. Florida Housing Finance Corporation, DOAH Case No. 14-1398BID; FHFC Case No. 2014-051BF (Intervenor Allapattah Trace Apartments, Ltd.); Pinnacle Rio, LLC, et al, v. Florida Housing Finance Corporation, DOAH Case No. 14-1399BID; FHFC Case No. 2014-BP (Intervenors Allapattah Trace Apartments, Ltd. and Town Center Phase One, LLC); Town Center Phase One, LLC, v. Florida Housing Finance Corporation, DOAH Case No. 14-1400 BID; FHFC Case No. 2014-053BP (Intervenor Allapattah Trace Apartments, Ltd.); and APC Forty-Four, Ltd., v. Florida Housing Finance Corporation, DOAH Case No. 14-1428BID; FHFC Case No. 2014—057BP (Intervenor Allapattah Trace Apartments, Ltd.). Wellington Meffert stated that the Dade consolidated cases involve protests to the funding awarded in Miami-Dade County for RFA 2013-003. He stated that the RFA funded three developments in the three large southeast counties of Florida – Miami-Dade, Palm Beach and Broward. He stated that the issue in the consolidated cases is whether Florida Housing’s decisions regarding funding are contrary to the agency’s governing statutes, rules or policies, or the solicitation specifications. He stated that Petitioners charge that Florida Housing erred in not deeming Wagner Creek ineligible for failing to disclose principals; that Allapattah Trace should have been ineligible for an invalid application certification because they couldn’t show sewer infrastructure availability; that Town Center Phase One should have been deemed ineligible for failing to demonstrate site control in that the contract for sale and purchase was incorrectly signed; that Pinnacle Rio should have been deemed ineligible for a financial shortfall resulting from a missing page in the equity commitment letter; and APC Forty-Four should have been deemed ineligible because Florida Housing found that the development team lacked the requisite experience.

Mr. Meffert stated that the administrative law judge (ALJ) found that Florida Housing correctly scored Wagner Creek and that they provided all the information required; that Florida Housing correctly scored Allapattah Trace in that they were not required to submit a sewer availability form or letter until credit underwriting, and therefore, the evaluation of that part was not part of the scoring process; that Florida Housing correctly scored Town Center Phase One in that it was a typographical error or minor irregularity in the signature page of the contract; that Florida Housing correctly scored Pinnacle Rio in that the missing page of the equity commitment letter was properly waived as a minor irregularity because all the information required by the RFA was present on the remaining pages, and nothing on the missing page would have changed the outcome; and that Florida Housing correctly scored APC Forty-Four in that the person involved did have developer experience.

Mr. Meffert stated that exceptions to the findings had been filed by Town Center, Allapattah Trace and Florida Housing, and their representatives would speak on their behalf.

Mr. Meffert asked the Board to adopt the Recommended Order, after which discussion regarding the exceptions can commence.

Motion to approve staff’s recommendation was made by Mr. Killingsworth with a second by Mr. Dubuque.

Mr. Meffert stated that Town Center Phase Two’s exception takes issue with the ALJ’s determination that Allapattah Trace should not have been declared ineligible for failing to have the documentation for sewer availability. He stated that the ALJ found so because that is required 21 days after they’re in credit underwriting.

Michael Donaldson, attorney for Town Center, Phase Two, spoke in support of Allapattah Trace being deemed ineligible for failing to have documentation of sewer availability in the application.

Mr. Meffert stated that Allapattah Trace filed a response to the exceptions that Town Center filed and has filed its own exceptions.

Michael Glazer, attorney for Allapattah Trace, spoke in support of the finding by the ALJ.

Mr. Meffert stated that Florida Housing also filed an exception identical to Allapattah Trace's exception.

Mr. Meffert asked the Board to approved staff's recommendation to deny the exceptions filed by Town Center, and to adopt the exceptions filed by Allapattah Trace and Florida Housing.

Hugh Brown, attorney for Florida Housing, spoke in support of Florida Housing's exception regarding the bifurcation of the credit underwriting process from the application process.

Mr. Meffert stated that staff's recommendation is to deny Town Center's exceptions.

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

Mr. Meffert asked the Board to approve staff's recommendation to adopt Allapattah's exception.

Motion to approved staff's recommendation was made by Mr. Tylka with a second by Mr. Killingsworth.

Brian Katz asked about the advisability of changing recommended orders after the fact. Mr. Meffert stated that recommended orders are just that: recommended orders from the administrative law judge, and it is within the Board's jurisdiction to accept, reject or change conclusions of law contained therein.

Motion passed unanimously.

Mr. Meffert asked the Board to adopt Mr. Glazer's second exception and Florida Housing's exception.

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

Item C, City Vista v. Florida Housing Finance Corporation, FHFC Case No. 2014-038BP (Intervenors Wisdom Village Crossing, LP, and HTG Broward 3, LLC). Hugh Brown stated that this is the single case regarding RFA 2013-003 in Broward County. He stated that the issue in the case is whether the Board's preliminary decision to award or deny funding under RFA 2013-003 was contrary to the agency's governing statutes, rules or policies, or the solicitation specifications. He stated that City Vista was rejected for not providing a valid assignment which got the site control contract in the hands of the applicant, which is required by the RFA. He

stated that after the hearing the parties submitted proposed recommended orders which the Judge reviewed and then ruled in favor of Florida Housing. He asked the Board to adopt the findings of fact and conclusions of law of the recommended order as the final order.

Motion to approved staff's recommendation was made by Mr. Tylka with a second by Mr. Killingsworth. Motion passed unanimously.

Item D, RFA 2013-001 Consolidated Bid Protest Cases - Rosedale Holdings, LLC, et al, v. Florida Housing Finance Corporation, FHFC Case No. 2014-038BP (Intervenors Paradise Point Senior Housing, LLC, Arbours at Tumblin Creek, LLC, and Arbours at Central Parkway, LLC); ODC Palm Village LP, et al, v. Florida Housing Finance Corporation, FHFC Case No.2014-042BP (Intervenor Katie Manor, Ltd.); Frenchtown Square, LLC, v. Florida Housing Finance Corporation, FHFC Case No.2014-043BP; JPM Westbrook I Limited Partnership v. Florida Housing Finance Corporation, FHFC Case No. 2014-044BP (Intervenor Katie Manor); and; Summerset Apartments Limited Partnership v. Florida Housing Finance Corporation, FHFC Case No. 2014-047BP. Hugh Brown stated that the issues raised at hearing in this multiparty consolidated case were that the acceptance of the equity commitment letters for Arbours at Tumblin Creek and Arbours at Central Parkway and Paradise Central Housing were erroneous; that acceptance of the documents establishing site control for Arbours at Tumblin Creek and Summerset Apartments was in error; that Florida Housing's acceptance of the verification of local contribution for Katie Manor was in error; that it was erroneous to reject the ODC Palm Village application for a capital contribution not paid in prior to construction; and Florida Housing's decision to include Pinnacle Hammock Crossings in its award even though the applicant sent a letter requesting withdrawal of their application. He stated that several exceptions were filed by Rosedale, JHM Westbrook and Summerset. He asked the Board for a motion to take up the recommended order.

Motion to take up the recommended order was made by Mr. Dubuque with a second by Mr. Killingsworth.

Mr. Brown stated that Rosedale filed an exception to conclusion of law 13 regarding the deference that was given to Florida Housing's rule interpretation, as well as findings of fact 54 and 55 and conclusions of law 18 and 19. He stated that they do not agree that the equity proposal did not meet Florida Housing's requirements. He stated that they filed an exception to conclusions of law 20 through 23 regarding Florida Housing's acceptance of an equity proposal. He stated that they filed exceptions to findings of fact 40 and conclusions of law 28 and 32 regarding the Summerset challenge of Florida Housing's acceptance of their site control documentation. He stated they also filed exceptions to conclusions of law 45 through 49 regarding Hammock Crossing regarding Florida Housing's decision to not accept the Hammock Crossing withdrawal in December 2013, but instead to consider it submitted after the Board's action. He stated that Summerset also filed exceptions regarding the same issue. Mr. Brown asked the Board to deny all the exceptions filed by the Petitioners for the reasons stated in Florida Housing's response and to adopt the recommended order without changes.

Larry Sellers, representing Rosedale, spoke in support of the exceptions.

Michael Donaldson, representing JPM Westbrook, also spoke in support of the exceptions.

Steve Menton, representing Summerset, also spoke in support of the exceptions.

Wellington Meffert, representing Florida Housing, spoke in support of Florida Housing's rejection of the exceptions.

Hugh Brown asked the Board to approve staff's recommendation to reject the exceptions.

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

Hugh Brown asked the Board to approve staff's recommendation to deny the exception filed by Summerset.

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

Hugh Brown asked the Board to approve staff's recommendation to approve the findings of fact and conclusions of law of the recommended order and to adopt them as the findings of fact and conclusions of law and the recommendation of the Board.

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

Due to the withdrawal of one of the funded applications Hugh Brown asked the Board to approve staff's recommendation to approve Summerset for funding.

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

Item E, RFA 2013-001 Consolidated Bid Protest Cases - Heritage at Pompano Housing Partners, Ltd., v. Florida Housing Finance Corporation, DOAH Case No. 14-1361BID; FHFC Case No. 2014-050BP (Intervenors Wisdom Village Crossing, LP, and Oakland Preserve, LLC); and HTG Broward 3, LLC, et al, v. Florida Housing Finance Corporation, DOAH Case No. 14-1362BID; FHFC Case No.2014-055BP (Intervenors Wisdom Village Crossing, LP, and Oakland Preserve, LLC). Hugh Brown stated that the issue in this consolidated case was whether or not Florida Housing scored these applications contrary to the agency's governing statutes, rules or policies, or the solicitation specifications. He stated that The Heritage at Pompano challenged Florida Housing's acceptance of a medical facility provided by Oakland for proximity point purposes and the validity of a public school entrance provided by Wisdom Village. He stated that HTG challenged Florida Housing's decision to accept a site control document, evidence of financing terms, and surveyor's certification form Wisdom Village. He stated that HTG challenged Florida Housing's decision to accept Heritage's RFA certification which was signed as manager of this limited partnership, which they allege is improper. He stated that they also challenged the debt financing proposal provided by Heritage and the validity of a public bus transfer stop. Mr. Brown stated that Florida Housing's position was that the medical facility did meet the definition of medical facility. He stated that with regard to Wisdom Village's proximity coordinates, that they were not on the main entrance of the school, but yielded that the point was the same proximity score, so it made no difference. He stated that in the site control documents all of the

seller's interests were being conveyed in that the term "acknowledged" was equivalent to accepting the financing commitment and that a handwritten double digit format on the surveyor certification form was acceptable, or at least, only a minor irregularity. He stated that the development location point described on the development site for Heritage was actually on site. He stated that signing as management of the limited partnership was a minor irregularity where that signature appeared on a certification. He stated that the reference to Heritage at "Pompani" was a waivable typographical error where the actual name of the entity was Heritage at Pompano. He stated that the actual location of Heritage's public bus transfer stop made no difference in proximity scoring.

Mr. Brown stated that it was taken to a formal hearing that lasted two days in early May before an administrative law judge at the Division of Administrative Hearings, and the administrative law judge affirmed Florida Housing's score in every instance. He stated that all parties have agreed not to file exceptions, and asked the Board to approve staff's recommendation to adopt the recommended order as its final order and accept the findings of fact and conclusions of law and incorporate them into the final order.

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

LEGISLATIVE UPDATE

Jacqui Sosa updated the Board on the results of the recently concluded 2014 legislative session and how Florida Housing will be impacted and thanked everyone for their participation and support during session.

MULTIFAMILY PROGRAMS

Item A, Request for Applications (RFA) 2014-106 for PHA Revitalization Of Affordable Housing Developments. Ken Reecy stated that Florida Housing is authorized by Statute to use up to 10 percent of its annual allocation of low income housing tax credits to allocate by competitive solicitation for high priority affordable housing developments, and in April 2013 issued a request for proposals for the development of affordable multifamily housing, including public housing authority revitalization consisting of rehabilitation or reconstruction in medium and small counties. He stated that Florida Housing awarded preliminary financing to two PHA revitalization developments for a total allocation of \$1,685,000. He added that through this request for applications, \$1,750,000 was made available for the same purpose. He stated that four applications were received in response to the RFA and the review committee individually scored each application and then met to compile their scores. He stated that the RFA sorting order chart (Exhibit A) lists the eligible and ineligible applications and Exhibit B lists the applications recommended for funding and invitation into credit underwriting. He asked the Board to approve the review committee's recommendation to adopt the scoring results of the four applications listed in Exhibit A and authorize the tentative selection of the two applications set out in Exhibit B for funding and invitation to credit underwriting. He stated that if no notice of protest or formal written protest is filed in accordance with Florida Statutes, at the completion of all litigation, staff will present all recommended orders to the Board for approval prior to issuing the invitations to enter credit underwriting to those applicants in the funding range.

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

Item B, Request for Applications (RFA) 2014-107 for the Financing of Permanent Supportive Housing with a Priority to Assist Veterans with a Disabling Condition that Lack Permanent and Stable Housing. Ken Reecy stated that Request for Applications 2014-107 was for the financing of permanent supportive housing with the priority to assist veterans with a disabling condition that lack permanent and stable housing. He stated that an RFA was issued offering an estimated \$2.2 million in housing credits as well as gap loan funding to qualified nonprofit applicants who commit to provide permanent supportive housing for veterans with a disabling condition who are chronically homeless or in institutions. He stated that one application was received by the May 6, 2014. He stated that the RFA review committee recommendations chart (Exhibit C) reflects the eligibility of the one application received as well as the committee's recommendation for funding. He asked the Board to approve the review committee's recommendation to adopt the scoring results of the application and authorize the tentative selection of the application to enter credit underwriting. He stated that an unallocated balance of \$890,000 will remain after the allocation, and as provided in the RFA, will be distributed as approved by the Board. He stated that if no notice of protest or formal written protest is filed in accordance with Florida Statutes, at the completion of all litigation, staff will present all recommended orders to the Board for approval prior to issuing the invitations to enter credit underwriting to those applicants in the funding range.

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

Item C, Proposed State Apartment Incentive Loan Program (SAIL) Allocation for 2014-2016. Nancy Muller stated that when the legislature doesn't specify how SAIL funding is to be allocated in proviso or through other means, Section 420.5087, Florida Statutes, specifies how SAIL will be allocated both geographically and demographically. She stated that the requested allocations would be for a three-year period from 2014 through 2016 and determined using the most recent statewide low income rental housing market study. She stated that for the geographic allocation, the statute requires an allocation of at least 10 percent of the funds to each of the large counties, medium counties and small counties based on population. She stated that Exhibit A is a list of counties in each demographic group, and Exhibit B goes into detail about how the percentages and allocation amounts were derived. She stated that for the demographic allocation, Section 420.5087 calls for SAIL funds to be reserved for certain populations – commercial fishing workers and farm workers, homeless persons, persons with special needs, elders and families, using the most recent statewide low income housing rental market study. She stated that Exhibit B describes how the demographic allocation percentages were derived. She asked the Board to approve the staff's recommendation to approve the percentages for geographic and demographic allocation of the SAIL funds for 2014 through 2016 as follows: In the geographic allocation, large counties, 53 percent; medium counties, 37 percent; small counties, 10 percent. And in the demographic allocation as follows: Commercial fishing workers and farm workers, 10 percent; homeless persons, 10 percent; elderly persons, 20 percent; and families 50 percent.

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

Item D, Request for Applications to Finance Affordable Multifamily Housing Properties with SAIL to be used in Conjunction with Tax-Exempt Bond Financing. Steve Auger asked the Board to authorize staff to proceed with the RFA competitive process to allocate the estimated \$39,208,800 in appropriated SAIL funds plus the applicable approximately \$25.2 million in SAIL program funding in conjunction with tax exempt bonds to finance affordable multifamily housing properties for both the family and elder demographic set-asides. He also asked the Board to 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. Tylka with a second by Mr. Killingsworth. Motion passed unanimously.

Item E, Request to Use State Apartment Incentive Loan Program Extremely Low Income Funding. Steve Auger asked the Board to authorize staff to proceed with the RFA competitive process to allocate approximately \$8.7 million in SAIL ELI funding to existing Florida Housing Guarantee Program developments with closing on the SAIL ELI funding to occur simultaneously with the refinancing out of the Guarantee Program portfolio, effectively terminating the mortgage guarantee issued by the Guarantee Program and its associated financial risk to Florida Housing.

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

Item F, Request Approval of Farmworker Demographic Waiver Extension and Credit Underwriting Update Letter for Sanders Pines (1989-038S/1999-510C). Ken Reecy stated that the developer of Sanders Pines previously requested and received a temporary waiver of its farmworker set-aside and has requested an additional waiver of the set-aside in order to maintain its current level of occupancy. Mr. Reecy asked the Board to approve staff's recommendation to grant an additional waiver of the farmworker set aside for up to two years, and also require the property to set aside 40 percent of the units for farmworkers and maintain the income set-aside of 80 percent of the units for households within incomes at or below 50 percent of area median income and require the property to maintain a priority on its waiting list for farmworkers during that period, and collect additional tenant data as specified by and for Florida Housing, and direct Florida Housing staff to proceed with loan document modification activities.

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

John Hawthorne asked where undocumented workers were living if they are not applying for housing.

Susan Golden, Executive Director of Immokalee Housing and Family Services, stated the undocumented workers in the Immokalee area are living in labor camps or substandard trailers. She added that they are hesitant to apply for standard housing, as they are concerned about their status.

Frank Nappo, Chairman of Immokalee Housing and Family Services, added that in Immokalee, a portion of the former farmworker population has successfully migrated to other employment and choose not to work in the fields.

Motion passed unanimously.

Item G, Request Approval of Farmworker Demographic Waiver Extension and Credit Underwriting Update Letter for Timber Ridge (1994-003S/1994L-038). Ken Reecy stated that the developer of Timber Ridge also requested a temporary waiver of its farmworker set-aside in order to maintain its current level of occupancy. Mr. Reecy asked the Board to approve staff's recommendation to grant a waiver of the farmworker set-aside for up to two years, and also require the property to set aside 40 percent of the units for farmworkers and maintain the income set-aside of 80 percent of the units for households within incomes at or below 50 percent of area median income and require the property to maintain a priority on its waiting list during that period for farmworkers, and collect additional tenant data as specified by and for Florida Housing, and direct Florida Housing staff to proceed with loan document modification activities.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Independent Municipal Advisor Services. Barb Goltz stated that under Dodd-Frank, independent municipal advisors providing services for tax exempt bond issuances will now have to take a test and be registered with the SEC. She stated that Florida Housing currently has a contract with Tibor Partners to provide independent municipal advisor services, but Tibor has chosen not be tested and registered. She asked the Board to authorize staff to begin the solicitation process in order to select a qualified offeror as an independent registered municipal advisor and authorize the executive director to establish a review committee to make a recommendation to the Board.

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

CONSENT AGENDA

Chairman Smith stated that Special Assets Consent Item F, Citrus Glen Apartments, was being pulled from consideration.

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

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

STRATEGIC PLAN

Mr. Auger stated that a draft strategic plan would be brought to the Board in August and a final version in September for approval and adoption by the Board.

PUBLIC COMMENT

No public comments were offered.

Chairman Smith adjourned the meeting at 10:30 a.m.