

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
July 28, 2017**

TIME: 8:30 a.m.

LOCATION: Hyatt Regency Coral Gables
50 Alhambra Plaza
Coral Gables, Florida

BOARD MEMBERS PRESENT:

Barney Smith, Chair
Ray Dubuque, Vice Chair
Renier Diaz de la Portilla
Natacha Munilla Bastian
Julie Dennis
John Hawthorne
Creston Leifried

CORPORATION STAFF PRESENTING:

Trey Price
Ken Reecy
Hugh Brown
Chris McGuire
Ken Reecy
David Westcott

OTHERS PRESENTING:

Shannon Nazworth, Ability Housing
Michael Donaldson, Carlton Fields
Brian Smith, GHD Construction
Ben Johnson, Seltzer Management
John DuPont, JPM Outlook
Albert Milo, RUDG
Mitch Rosenstein, Green Mills Group

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

MINUTES

Item A, Approval of Minutes of the June 16, 2017, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the June 16, 2017, Board Meeting.

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

Chairman Smith introduced and welcomed new Board Member Creston Leifried.

PUBLIC COMMENT

Shannon Nazworth, from Ability Housing, and also representing the Florida Supportive Housing Coalition, described initial results from the state pilot initiated by Florida Housing to assess the benefits of providing permanent supportive housing to high utilizers of public crisis systems, and thanked Florida Housing and the Board of Directors for their leadership and support in the effort to assist the homeless population in the state.

AUDIT COMMITTEE UPDATE

Natacha Bastian stated that the Audit Committee met on July 27, 2017, and received an update from the Inspector General's office on its current projects and investigations.

HOME RENTAL

Item A, Request Approval to Deobligate \$4,531,000 in HOME Funds for Willie Downs Villas, RFA 2016-101/2016-321H. David Westcott asked the Board to deobligate \$4,531,000 in HOME funds from the Willie Downs Villas due to lack of engagement with the credit underwriter for the nine months between invitation into credit underwriting and May 2017. He stated that he spoke with the developer on July 17, and since then the developer worked diligently with the credit underwriters, but there was still no final report. He stated that the developer has \$30 million in total commitments of corporation resources currently outstanding, and there is some concern that he is a bit overextended.

Motion to approve the recommendation was made by Mr. Dubuque with a second by Mr. Hawthorne.

Brian Smith, from GHD Construction Services, asked the Board to grant a short extension to allow the developer to finalize everything before the September Board Meeting.

Ben Johnson, from Seltzer Management, the credit underwriter on the project, stated that he did not believe the deal would be ready to be presented at the September Board Meeting.

Mr. Smith stated that they would have everything complete prior to the October Board Meeting.

Mr. Johnson stated that he believed the deal was a viable one, he was merely concerned about the timing of the extension.

Motion to grant an extension was made by Mr. Diaz de la Portilla with a second by Mr. Hawthorne.

David Westcott clarified the motion by asking the Board to extend the credit underwriting deadline until the October Board Meeting and extend the loan closing deadline to August 2018 to be in line with the other extensions that are in the Board Package for the other deals under RFA 2016-101, with a status update of all developments held by GHD to be presented at the September Board Meeting.

Motion to approve the recommendation was made by Mr. Diaz de la Portilla with a second by Mr. Hawthorne. Motion passed unanimously.

LEGAL

Hugh Brown gave the Board Members a brief overview of the litigation process as it relates to challenges to the scoring and ranking of applications submitted to Florida Housing via the Request for Application process.

Renier Diaz de la Portilla disclosed for the record that his brother, Miguel Diaz de la Portilla, serves as an attorney for Pinnacle, a party to Legal Item A on the agenda. Hugh Brown confirmed that he was required to disclose such information, but that did not preclude him from voting.

Item C, Outlook One LP and Grande Park LP v. Florida Housing Finance Corporation. Hugh Brown stated that JPM Outlook and Grande Park both submitted responses to RFA 2016-110 for tax credits for medium and small counties, but they were deemed ineligible for funding because they submitted the wrong applicant certification form in their responses. He stated that JPM Outlook and Grande Park filed a petition challenging that scoring decision and the case was referred to the Division of Administrative Hearings (DOAH) for resolution. He stated that the administrative law judge at DOAH found that Florida Housing had properly scored the two applications and recommended that the Board continue to regard them as ineligible for funding. Mr. Brown asked the Board to approve staff's recommendation to reject the exceptions filed by both petitioners and adopt the findings of fact, conclusions of law and recommendations of the recommended order without changes and to issue a final order dismissing the petition.

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

Michael Donaldson, of the Carlton Fields law firm, representing the petitioners, argued that submitting the wrong form qualified as a minor irregularity and should be overlooked.

John DuPont, of JPM Outlook, echoed Mr. Donaldson's argument.

Chris McGuire, representing Florida Housing, argued that the hearing officer was correct and the submission of the incorrect form was not a minor irregularity.

Motion passed by a vote of six to one, with Mr. Hawthorne casting the dissenting vote.

Item B, GM Silver Creek, LTD., vs. Florida Housing Finance Corporation and Ambar Key, LTD. Hugh Brown stated that Ambar Key was selected for funding in RFA 2016-114 for tax credits in Miami-Dade County, while Silver Creek, though eligible, fell below the funding range in the selection and ranking process and filed a petition challenging the eligibility of Ambar Key, and the case was referred to DOAH for resolution, where it was consolidated with the Joe Moretti case. He stated that the parties subsequently agreed to sever the cases and resolve the GM Silver Creek matter with a consent agreement stating that Ambar Key's application did not meet the requirements of the RFA, making it ineligible for funding, with the result that GM Silver Creek, as the next deal in line, would receive funding. He asked the Board to approve staff's recommendation to issue a final order adopting the consent agreement.

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

Item A, Joe Moretti Phase III, LLC & Stirrup Plaza Phase III, LLC vs. Florida Housing Finance Corporation, GM Silver Creek, LTD, and Verbena, LLC. Hugh Brown stated that the applications for Joe Moretti Phase III, LLC, and Stirrup Plaza Phase III, were deemed ineligible for funding from RFA 2016-114 for tax credits in Miami-Dade County due to existing extended use agreements on the development sites, and subsequently, the developers filed formal written protests challenging the ineligibility finding. He stated that the case went to a formal hearing at DOAH, with Verbena, LLC, intervening, as that application would fall out of funding range if Moretti and Stirrup prevailed and were deemed eligible. Mr. Brown asked the Board to approve staff's recommendation to grant Silver Creek and Florida Housing's joint exception to the recommendation and issue a final order that dismisses the formal written protests filed by Joe Moretti Phase III and Stirrup Plaza Phase III and distribute funding under the RFA through the ranking and selection process conducted pursuant to the RFA and the outcome of the pending litigation under the same RFA. He also asked the Board to reject Moretti and Stirrup's exceptions to the findings of fact set forth in the recommended order and accept the findings of fact in the Administrative Law Judge's recommended order, and reject Moretti and Stirrup's exceptions to the conclusions of law, and subject to the modifications, to remove Ambar, but otherwise to adopt the conclusions of law set forth in the recommended order and adopt them into the final order. He also asked that the Board reject intervenor Verbena's exception to Footnote 8 to Paragraph 121 regarding its counterattack on Moretti regarding the sufficiency of its sewer letter, as Florida Housing has found it to be moot. He asked that the Board enter a final order consistent with all the rulings made on the exceptions.

Board Member Renier Diaz de la Portilla left the meeting prior to this vote and did not return.

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

Michael Donaldson, of the Carlton Fields law firm, representing the petitioners, asked the Board to overturn the conclusions of law and recommended order and find that the Moretti and Stirrup applications were eligible.

Albert Milo, principal of RUDG, the developer of Joe Moretti and Stirrup Phase III, echoed Mr. Donaldson's argument.

Mitch Rosenstein, principal of Green Mills Group, spoke on behalf of Silver Creek in support of Florida Housing's position on the matter.

Motion passed unanimously.

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Rule Development for Chapter 67-49, F.A.C. Hugh Brown asked the Board to authorize staff to open up and consider edits to Rule Chapter 67-49, F.A.C., which is the procurement rule under which Florida Housing buys and retains commodities and services.

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

Item B, Competitive Solicitation for Comprehensive Multifamily Line of Business Software. Barb Goltz asked the Board to authorize staff to begin the competitive solicitation process for a vendor to negotiate and contract with for the purchase and customization of software and consulting related to implementation of multifamily line of business software.

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

MULTIFAMILY PROGRAMS

Item A, 2017-2018 Tentative Funding Amounts and Timelines for Request for Applications (RFAs) for Multifamily Developments. Ken Reecy asked the Board to approve the staff's recommendation to approve the proposed timeline and tentative funding amounts for the Request for Applications for multifamily developments during 2017/2018.

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

Mr. Hawthorne expressed his desire for a larger designation of tax credits for small counties. Ken Reecy stated that would require an amendment to the Qualified Allocation Plan for tax credits, which itself requires the Rule to be opened, and that would prevent the resources from being allocated prior to the next legislative session. Mr. Reecy suggested it could possibly be done prior to next year's designation.

Mr. Dubuque expressed his appreciation for the shortened intervals between RFA due dates and Board Meeting dates, which will facilitate getting the funds out in a more timely manner. He also asked for a monthly update on where things stand in relation to the proposed timeline. Mr. Reecy agreed to provide that to the Board Members.

Motion passed by a vote of five to one with Mr. Hawthorne casting the dissenting vote.

CONSENT AGENDA

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

Motion to approve the items on the Consent Agenda was made by Mr. Dubuque with a second by Ms. Bastian Motion passed unanimously.

BOARD PACKAGE DISCUSSION

The Board had a discussion regarding the possibility of transitioning to a fully electronic version of the Board Package rather than the hard copy currently provided to Board Members. No decision was made, as some members preferred receiving the hard copy and some would be amenable to switching to electronic.

Trey Price also brought up the possibility of televising or livestreaming the board meetings to allow more people to participate in the process without the necessity of traveling around the state to attend in person.

PUBLIC COMMENT

No public comment was offered.

John Hawthorne announced that after this meeting, he would no longer be serving as a Florida Housing Board Member. He thanked the Board and staff for their support and cooperation during his tenure on the Board.

Barney Smith and Trey Price thanked Mr. Hawthorne for his service.

Chairman Smith adjourned the meeting at 10:50 a.m.