

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
September 12, 2003**

TIME: 9:00 a.m.

LOCATION: Clarion Suites Resort and Convention Center
20 Via DeLuna
Pensacola, FL 32561

BOARD MEMBERS PRESENT:

Cesar Calvet, Chair
Terry Santini, Vice Chair
Jack Maxwell
Zully Ruiz
Lynn Stultz
Colleen Castille

CORPORATION STAFF PRESENT:

Orlando Cabrera, Executive Director
Esrone McDaniels
Kerey Carpenter
Junious Brown
Barbara Goltz
Wayne Conner
Stephanie Sgouros
Nancy Muller
Steve Auger
Wellington Meffert
Sheila Freaney

ADVISORS PRESENT:

Bill Johnston, WLJ Capital/TIBOR Partners
Tom Lang, Allen, Lang, Carpenter & Peed, P.A.
Mark Mustian, Nabors, Giblin & Nickerson
Ben Johnson, Seltzer Management
Doug McCree, First Housing
Nancy Griffin, AmeriNational
Karen Ledet, Florida Community Partners

Chairman Calvet called the Board of Directors' meeting to order at 9:10 a.m.

Chairman Calvet introduced District Three Representative Holly Benson.

MINUTES

Chairman Calvet recommended approval of the Board of Directors' Meeting Minutes for August 1, 2003.

Motion to approve the recommendation was made by Mr. Taylor with a second by Ms. Ruiz. Motion passed unanimously.

DEMONSTRATION

Chairman Calvet recognized Kerey Carpenter to brief the Board on Demonstration Project matters.

Ms. Carpenter asked the Board to approve staff's recommendation to approve the credit underwriting report for Casa Cesar Chavez, a 28-unit farmworker development in Miami-Dade County which is being developed by The Everglades Community Association.

Motion to approve the recommendation was made by Secretary Castille with a second by Mr. Taylor. Motion passed unanimously.

Ms. Carpenter asked the Board to approve staff's recommendation to approve the credit underwriting report for City View Apartments, a 66-unit homeless development in Miami-Dade County which is being developed by The Carrfour Corporation.

Motion to approve the recommendation was made by Ms. Santini with a second by Secretary Castille. Motion passed unanimously.

FISCAL

Chairman Calvet recognized Barb Goltz to brief the Board on Fiscal matters.

Ms. Goltz asked to the Board to approve staff's recommendation to split the Documentary Stamp appropriation for fiscal year 2003-2004 as set forth on Exhibit A of the Board Package.

Motion to approve the recommendation was made by Mr. Maxwell with a second by Ms. Stultz.

Ms. Santini asked why the appropriation amount had dropped so significantly when there were so many mortgage refinances that would generate documentary stamp tax revenue. Ms. Goltz explained that in fiscal year 2002-2003, the appropriation was elevated due to the realization that funds from previous years had been collected but not allocated. She added that a comparison with fiscal year 2001-2002 might be a more appropriate comparison, since it showed just a single year's collection. She added that during the 2003 regular session, the legislature appropriated funds from the State Housing Trust Fund to other general revenue programs.

Motion to approve the recommendation was made by Mr. Maxwell with a second by Ms. Stultz. Motion passed unanimously.

HOMEOWNERSHIP PROGRAMS

Chairman Calvet recognized Esrone McDaniels to brief the Board on Homeownership Programs.

Item A, 2003 Homeownership Loan Program. Mr. McDaniels asked the Board to approve the scores and rankings for the 2003 Homeownership Loan Program and authorize staff to issue firm commitments.

Motion to approve the recommendation was made by Mr. Taylor with a second by Secretary Castille. Motion passed unanimously.

Item B, 2004 Homeownership Loan Program. Mr. McDaniels asked the Board to authorize staff to proceed with the rule development process for the 2004 Homeownership Loan Program.

Motion to approve the recommendation was made by Ms. Stultz with a second by Ms. Santini. Motion passed unanimously.

Item C, Jubilee Villas. Mr. McDaniels advised the Board that Item C was a supplemental item to the agenda regarding Jubilee Villas, a 30-unit midrise development in Miami-Dade County. He stated that at final inspection of the development, the servicer noted that the developer had not installed the programmable thermostats that were committed to in the application, and had instead installed regular, non-programmable thermostats. Mr. McDaniels stated that a cost analysis was performed by the credit underwriter and since the developer installed a washer and dryer, a balcony and accordion shutters on each unit instead of the programmable thermostats, the cost actually exceeded what was initially committed to in the application. He asked the Board to approve staff's recommendation to approve the change in amenities and allow the developers to receive the final draw of their Home funding.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Ms. Santini. Motion passed unanimously.

Item D, Tallahassee Homebuyer Showcase. Mr. McDaniels advised the Board that on September 6, 2003, Florida Housing conducted a homebuyer showcase in partnership with the Tallahassee Lenders Consortium. He stated that there were over 40 vendors present, including lenders, builders and housing advocates, as well as more than 500 potential homebuyers, who had access to the many different sources of information regarding homeownership and an opportunity to review their credit reports. He added that staff was in the process of planning future homebuyer showcases throughout the state, including one tentatively scheduled for Miami in November. He then presented video footage of the Tallahassee Homebuyer Showcase.

LEGAL

Chairman Calvet recognized Wellington Meffert to brief the Board on Legal matters.

Item A, Fifth Avenue Estates. Mr. Meffert reminded the Board that for the purposes of Item A, it was sitting as a quasi-judicial body, and as such, was the judge and jury on the matter. He asked the Board to rule on the Recommended Order provided by the Hearing Officer on the Fifth Avenue Estates matter.

Motion to adopt the Recommended Order was made by Mr. Taylor with a second by Ms. Santini. Motion passed unanimously.

PREDEVELOPMENT LOAN PROGRAM

Chairman Calvet recognized Kerey Carpenter to brief the Board on Predevelopment Loan Program matters.

Item A, Request for Forgiveness of Outstanding 1998 PLP Funds. Ms. Carpenter explained that during the 1998 Application Cycle, two developers were issued Invitations to Participate and drew funds from the PLP Program, one in the amount of \$4,500, and one in the amount of \$5,000, for market studies. She stated that neither of the developments moved forward after the market studies and consequently, the remaining amounts of the commitments are just being held and not used. She asked the Board to approve staff's recommendation to forgive the amounts drawn so the remaining amounts can be returned to the Program and used in the new cycle under the current 2000 PLP program.

Motion to approve the recommendation was made by Ms. Santini with a second by Secretary Castille.

Ms. Santini asked what Florida Housing's policy was in regard to a developer asking for forgiveness because they decide not to go ahead with a project, even though the market study showed it was viable. Ms. Carpenter explained that the old rule allowed forgiveness in that case, but the new rule did not. She stated that the two cases in question were funded under the old rule.

Motion passed unanimously.

HOME RENTAL

Chairman Calvet asked Kerey Carpenter to brief the Board on Home Rental Matters.

Ms. Carpenter stated that the Heritage Companies asked for an amendment to the LURA for the Tradewinds property in the Florida Keys which was one of the issues in the workout agreement approved at the last board meeting. She asked the Board to approve staff's recommendation to approve the amendment to the LURA.

Motion to approve the recommendation was made by Mr. Taylor with a second by Mr. Maxwell. Motion passed unanimously.

PROFESSIONAL SERVICES SELECTION

Chairman Calvet recognized Orlando Cabrera to brief the Board on Professional Services Selection matters.

Item A, Financial Advisor Services. Mr. Cabrera stated that in 1997, Florida Housing contracted with WLJ Capital for advisory services in regard to all of the corporation's programs with the exception of the Guarantee Fund. He stated that the contract had been renewed several times and was set to expire again, and no more renewals were available, so Florida Housing needed to initiate a new RFP process with respect to a financial advisor. He asked the Board to authorize to begin the RFP process in order to select a financial advisor with respect to all programs except the Guarantee Fund.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Ms. Santini. Motion passed unanimously.

Item B, Predevelopment Loan Program (PLP) Technical Assistance Providers. Mr. Cabrera asked the Board to approve staff's recommendation to approve an extension to the contract for PLP technical assistance providers.

Motion to approve the recommendation was made by Ms. Stultz with a second by Mr. Taylor. Motion passed unanimously.

STATE APARTMENT INCENTIVE LOAN (SAIL) PROGRAM

Mr. Calvet recognized Kerey Carpenter to brief the Board on SAIL matters.

Item B, Regency Gardens Apartments. Ms. Carpenter asked the Board to approve staff's recommendation to approve the updated credit underwriting report for Regency Gardens Apartments, as well as a request to extend the closing deadline and extend the term of the SAIL loan. She stated that at the June Meeting the Board approved the credit underwriting report, but that subsequently, Florida Housing received a request from the developer to extend the closing deadline and extend the term of the SAIL loan. She stated that the credit underwriter reviewed the requests and recommended that they be approved, and she asked the Board to approve staff's recommendation to approve the extension of the closing deadline and the extension of the term of the SAIL loan subject to the developer paying the extension fee.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Secretary Castille. Motion passed unanimously.

Item C, Sunrise Villas Apartments. Ms. Carpenter asked the Board to approve staff's recommendation to approve the credit underwriting report for Sunrise Villas Apartments, a farmworker development in Indian River County.

Motion to approve the recommendation was made by Mr. Taylor with a second by Ms. Santini. Motion passed unanimously.

Item D, Island Place Apartments. Ms. Carpenter asked the Board to approve staff's recommendation to approve an amendment to the credit underwriting report for Island Place Apartments, a farmworker development in Miami-Dade County, based on the positive recommendation from the credit underwriter.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Mr. Taylor. Motion passed unanimously.

Item F, Little Haiti Gateway Apartments. Ms. Carpenter asked the Board to approve staff's recommendation to approve the developer's request for an amendment to the Land Use Restriction Agreement for Little Haiti Gateway Apartments in Miami-Dade County to allow the developer to substitute new refrigerators for pantries in each of the units.

Motion to approve the recommendation was made by Secretary Castille with a second by Mr. Taylor. Motion passed unanimously.

Item G, Mariner's Cove Apartments. Ms. Carpenter stated that this item, which was pulled from the Consent Agenda, was a recommendation by staff to approve the credit underwriting report for Mariner's Cove Apartments, a 208-unit large family development in Hillsborough County. She stated that it was pulled from the Consent Agenda because the developer had two items showing on the past due report. She stated that the developer has disputed the two items and they were currently being researched. She asked the Board to approve staff's recommendation to approve the credit underwriting report, but direct staff not to issue the commitment letter until the past due items were resolved.

Motion to approve the recommendation was made by Ms. Santini with a second by Secretary Castille. Motion passed unanimously.

Item A, Cycle XV SAIL Funds. Ms. Goltz asked the Board to approve the methodology used to arrive at a number for SAIL Cycle XV. She stated that the methodology was the same as that used for SAIL Cycle XIV and involved using 12 months worth of collections from October 1, 2002 through September 30, 2003, as well as SAIL fund income from previous cycles, to fund SAIL Cycle XV. Ms. Goltz noted that using this methodology allows Florida Housing to use more timely the appropriation that is part of the 2003-04 fiscal year.

Motion to approve the recommendation was made by Mr. Maxwell with a second by Mr. Taylor. Motion passed unanimously.

SINGLE FAMILY BONDS

Item A, Single Family Homeowner Program. Ms. Goltz asked the Board to approve staff's recommendation to approve a resolution to sell \$75 million in bonds for the Homeowner Program which will take place sometime in November. She stated that the spot pool was currently down to \$17 million, and the builder pool was down to \$5 million, and that these pools were expected to be depleted sometime in November. She asked the Board to approve the necessary funding, staff actions and resolution to permit the issuance of the proposed 2003 Series Five Single Family Homeowner Mortgage Revenue Bond Program.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Mr. Taylor. Motion passed unanimously.

UNIVERSAL CYCLE

Chairman Calvet asked Ms. Carpenter to brief the Board on Universal Cycle matters.

Item A, 2003 Universal Cycle Review Committee. Ms. Carpenter stated that at a prior meeting the Board approved a Review Committee, but it was subsequently determined that the members serving as a DCA representative would be unable to serve, and she asked the Board to approve the appointment of Jack Gaskins to the committee.

Motion to approve the recommendation was made by Mr. Taylor with a second by Ms. Santini. Motion passed unanimously.

Ms. Carpenter stated that all informal hearings for the 2003 Universal Cycle had concluded. She stated that in 2002, there were 43 petitions for hearings filed, and in 2003, only 18 were filed. She stated that recommended orders and the proposed final ranking would be presented to the Board at the October meeting.

Item B, 2004 Universal Cycle Update. Ms. Carpenter stated that following the Board Meeting a workshop would be held to take comments on proposed changes to the application and Rule for the 2004 Universal Cycle. She added that another workshop was planned for after the October Board Meeting in Tallahassee.

RATIFICATION OF COMMITTEE ACTIONS

Chairman Calvet asked the Board to ratify all Committee actions.

Motion to ratify all Committee actions was made by Mr. Taylor, with a second by Ms. Stultz. Motion passed unanimously.

Mr. Cabrera asked Wayne Conner about two items on the Consent Agenda related to two Cornerstone bond developments. He asked if Mr. Conner wanted the same condition in Mariner's Cove for the two developments. Mr. Conner stated that was correct, and said that the same conditions would be in place before the LURA amendments would be made and signed. Mr. Cabrera asked to identify the two deals. Mr. Conner indicated that the two deals were Item C, Hunter's Run, and Item D, Mallards Landing. Mr. Taylor suggested voting on the items separately. Mr. Conner asked the Board to approve staff's recommendation to approve the amendment to the LURA subject to final resolution of the interest outstanding on the two SAIL loans for both Hunters Run and Mallards Landing.

Motion to approve the recommendation was made by Mr. Taylor with a second by Mr. Maxwell. Motion passed unanimously.

CONSENT AGENDA

Chairman Calvet asked the Board to approve staff recommendation on the Consent Agenda with the exception of the items pulled to the Action Agenda.

Motion to approve staff recommendations on the items on the Consent Agenda was made by Ms. Ruiz, with a second by Ms. Stultz. Motion passed unanimously.

GOOD AND WELFARE

Chairman Calvet recognized Orlando Cabrera to speak. Mr. Cabrera noted that the Board would hear a presentation on credit underwriting and turned the meeting over to Doug McCree. Mr. McCree introduced Ben Johnson, Nancy Griffin and Karen Ledet, who participated in the presentation. After the presentation, Chairman Calvet thanked the presenters and asked for questions or comments from the Board.

Ms. Santini thanked the presenters and suggested that there was a need to follow up more to ascertain that there are reserves available to cover expenses. She also stated that the Board depended on the credit underwriters to evaluate if a property was being run properly. She suggested that the credit underwriters' responsibilities should be enhanced to require them to come back and report to the Board when there are problems or to fix the problem and report what happened to the Board. She suggested that changes should be made to the credit underwriting reports. She stated that Florida Housing needed to be run more like a bank, with summaries being presented to the Board Members setting forth the positives and negatives of each deal. She stated that the deals should not just look good on paper, but also in a follow up, and that it was too time consuming to read 20 page credit underwriting reports to figure out which deals are good and which are bad. She suggested checking the references on the developers to see if deals they have done in the past were good or bad and what their past history was. Chairman Calvet said that the Board would like to hear more about the outside sources that go into credit underwriting.

Ms. Ruiz recommended that the Board understand other aspects of the credit underwriting process, such as the market study and the appraisal. She asked for more good and welfare presentations on such components as market studies and property appraisals. She asked if the credit underwriters evaluate whether the developer would have money for repairs in the future. Mr. Johnson stated all replacement reserves must be approved by the loan servicer as part of loan servicing. He stated that the current requirement was to perform a new physical needs assessment every five to seven years. Ms. Santini asked if there was a standard reserve for each unit. Mr. Johnson stated that the minimum reserve is \$200 per unit for a new property. Ms. Ruiz asked for a clearer breakdown of that aspect of credit underwriting. Mr. Cabrera stated that a breakdown of reserves and how they are monitored could be provided.

Ms. Stultz suggested that the concern of the Board was where the breakdown occurred in situations such as the one at the September Board Meeting. She asked if the breakdown occurred in credit underwriting, in monitoring or in non-compliance. Mr. Johnson stated that there was no analytical measure of non-compliance or a pass/fail on a management company. He stated that the difficult part was quantifying and setting a measure, and that those procedures and policies must be formulated to have an objective measure.

Mr. Cabrera stated that he made notes of all of the Board Members' concerns and comments.

Hearing no further business, Chairman Calvet asked for a motion to adjourn.

Motion to adjourn was made by Mr. Taylor with a second by Ms. Stultz. Motion passed unanimously.

The Board of Directors' meeting of September 12, 2003, was adjourned at 10:48 a.m.