

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
March 4, 2005**

TIME: 9:00 a.m.

LOCATION: Wyndham Hotel
1870 Griffin Road
Fort Lauderdale, Florida

BOARD MEMBERS PRESENT:

Terry Santini, Chairman
Lynn Stultz, Vice Chairman
David Oellerich
Zully Ruiz
Jay Taylor

CORPORATION STAFF PRESENT:

Orlando Cabrera, Executive Director
Steve Auger
Wayne Conner
Laura Cox
Barbara Goltz
Esrone McDaniels
Wellington Meffert
Nancy Muller
Stephanie Sgouros
Ian Smith

ADVISORS AND OTHERS PRESENT:

Mayor Kristin Jacobs, Broward County
Bill Johnston, WLJ Capital/TIBOR Partners
Tom Lang, Shuffield, Lowman & Wilson, P.A.
Mark Mustian, Nabors, Giblin & Nickerson

Chairman Santini called the Board of Directors' meeting to order at 9:25 a.m.

WELCOME TO BROWARD COUNTY

Chairman Santini introduced Kristin Jacobs, Mayor of Broward County. Mayor Jacobs welcomed everyone to Broward County and remarked on the continued rapid increase in the population of the County and the corresponding need for affordable housing. She stated that the Broward County Commission identified affordable housing as one of its top five goals in relation to the growth of the County and pledged the Commission's continued involvement in the quest to provide affordable housing.

MINUTES

Chairman Santini asked for a motion to approve the Minutes of the December 3, 2004, and the January 14, 2005, Board Meetings.

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

HURRICANE HOUSING WORK GROUP

Chairman Santini recognized Orlando Cabrera to brief the Board on the Hurricane Housing Work Group.

Mr. Cabrera reminded the Board that on November 10, 2004, Governor Bush formed the Hurricane Housing Work Group with a mission to determine how best to use State funds to assist those areas that were most impacted by the four hurricanes that hit the State between August and October 2004. He stated that Lieutenant Governor Toni Jennings was named Chair and many stakeholders in the affordable housing community were named to serve as part of the Work Group. He briefed the Board on the findings of the group and the recommendations that were made regarding the distribution of hurricane recovery funds across the state.

MILITARY HOUSING NEEDS ASSESSMENT

Chairman Santini recognized Nancy Muller to brief the Board on the Military Housing Needs Assessment.

Ms. Muller reminded the Board that in response to the U.S. Department of Defense's plan to proceed with another round of base realignments and closures, the Florida Legislature passed Senate Bill 1604, which, among other things, required Florida Housing to perform an affordable housing needs assessment for active duty military personnel living off base. She briefed the Board on the findings of the consultant engaged to perform the assessment and indicated that the consultant concluded that there are extremely limited homeownership needs in Key West and approximately 100 low-income families that may have problems finding affordable rental housing.

ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Chairman Santini recognized Nancy Muller to brief the Board on EHCL matters.

Item A, Approval of 2005 EHCL Application Cycle Review Committee. Ms. Muller explained that the EHCL Program provides loans of up to \$200,000 to developers for improvements to existing elder housing. She stated that Chapter 420 requires a review committee to review all applications, and asked the Board to approve Derek Helms, Vicki Robinson and Rob Dearduff from Florida Housing, Tracy Suber from the Department of Community Affairs, and George Tokesky from the Department of Elder Affairs to serve as the review committee for the 2005 EHCL Application Cycle.

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

Item B, EHCL Lottery Seed Number. Ms. Muller asked the Board to approve the staff's recommendation to use the seed number selected for the 2005 Universal Application Cycle as the seed number for the 2005 EHCL Application Cycle.

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

HOMEOWNERSHIP PROGRAMS

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

Item A, Sable Chase. Mr. McDaniels stated that the developer of Sable Chase, a 50 unit homeownership deal in Broward County with an approximate \$1.3 million funding commitment, asked for a 90-day loan closing extension in order to update information for the first mortgage lender and Florida Housing's credit underwriter. He asked the Board to approve staff's recommendation to approve the loan closing extension through April 1, 2005.

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

Item B, Glen Eagle Park. Mr. McDaniels stated that the developer of Glen Eagle Park asked for a reduction in the number of units from 45 to 43 due to the increase in land and construction costs. He asked the Board to approve staff's recommendation to approve the reduction of units from 45 to 43, while keeping the funding amount at the same level.

Motion to approve the recommendation was made by Mr. Oellerich with a second by Mr. Taylor.

Mr. Taylor noted that reducing the number of units would make the land cost per unit higher, not lower. Mr. McDaniels explained that reducing the number of units allows more subsidy to go directly to the homeowner to bridge the gap between income and the increased purchase price.

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

Item C, Countywide Housing Assistance Program, Phase I. Mr. McDaniels asked the Board to approve staff's recommendation to approve the credit underwriting report for Countrywide Housing Assistance, a proposed 35-unit Homeownership deal in St. John's County.

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

SPECIAL PROGRAMS

Chairman Santini recognized Barb Goltz to brief the Board on Special Program matters.

Item A, Soldiers to Scholars. Ms. Goltz stated that in 1995 the Legislature appropriated funding for a pilot program known as Soldiers to Scholars which provides rent subsidies to ex-soldiers who are entering school to become teachers. She stated that Phase II of the program expires July 1, 2005, and Phase three expires June 15, 2005. She asked the Board to approve staff's recommendation to extend the current Soldiers to Scholars Phase II and III contracts for two years to June 30, 2007.

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

LEGAL

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

Item A, Florida Coalition for the Homeless v. Florida Housing. Mr. Meffert stated that the Florida Homeless Coalition and others filed a petition with the Division of Administrative Hearings (DOAH) challenging the 2005 Universal Cycle Rules. He stated that the petition was filed on January 19, 2005, and although the filing deadline was January 18, 2005, the DOAH judge refused to dismiss the case. Mr. Meffert stated that an appeal was filed with the District Court of Appeals seeking to overturn the DOAH judge's ruling and dismiss the case. He stated that if he heard from his staff regarding the appeal prior to the end of the Board Meeting, he would report any information received.

Item B, Rebuild Northwest Florida, Inc. Mr. Meffert asked Orlando Cabrera to brief the Board on Item B. Mr. Cabrera stated that Florida Housing received a request from Rebuild Northwest Florida, an organization dedicated to rebuilding areas in the Panhandle that were damaged by Hurricane Ivan, to provide funding for building materials. He asked the Board to approve staff's recommendation to lend Rebuild Northwest Florida money on a short-term basis that would be secured by their allocation of community development block grant funds and/or their appropriation from the legislature for hurricane recovery. He also asked the Board approve the creation of a line of credit that Rebuild Northwest Florida could access if other programs could not be used to meet their needs.

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

Item C, Wickham Club Apartments. Mr. Meffert stated that this item was pulled from the Consent Agenda to amend the recommendation. He stated that the developer sought to waive the debt service coverage requirement and increase SAIL funding from \$1.5 million to \$3 million, and that the original recommendation was to completely waive the debt service coverage requirement and defer the developer fee to cap at 20 percent. He stated that the revised recommendation was to lower the debt service coverage ratio from 1.10 to 1.0, and to cap the development fee in the first six months at 35 percent of the fee and increase the loan amount. Mr. Auger clarified that recommendation was that at least 35 percent of the developer fee be deferred six months following completion of construction, which is consistent with the 2005 SAIL Rule.

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

In response to a clarifying question from Ms. Stultz, Mr. Auger explained that in 2004, there were five developments that were awarded SAIL that were in counties that were prioritized as hurricane-affected counties for the 2005 Rule that was in development. He went on to say that at the December 2004 Board Meeting, two developers filed petitions for rule waivers claiming that with the posthurricane markets and construction costs, the 2004 SAIL award was not workable, so they asked for relief from the debt service coverage completely in the waivers. He further explained that because they asked for full relief of the debt service coverage, Florida Housing capped the developer fee and said they couldn't get any more than 20 percent stabilization or conversion because if Florida Housing gave in on the debt service coverage, some assurances were required to make sure there wasn't a lot of cash being pulled out up front.

PROFESSIONAL SERVICES SELECTION (PSS)

Chairman Santini recognized Steve Auger to brief the Board on PSS Item B.

Item B, Farmworker Housing. Mr. Auger stated that in an effort to better disburse the SAIL farmworker funds, in September 2004 the Board approved a proposal to pull the SAIL farmworker set-aside from the Universal Cycle and issue it as a request for proposals (RFP) in order to align the allocation with the U.S. Department of Agriculture schedule for rural development loans. He stated that by doing so, those applying for rural development loans could have their farmworker commitment in place and make their applications more competitive. He stated that an RFP was issued in October 2004 and proposals were due in January 2005. He stated that proposals were received for developments in DeSoto County, Hendry County and Collier County. He asked the Board to approve staff's recommendation to approve \$2 million in funding for Polliwog Creek in Hendry County, \$1.5 million in funding for Eden Gardens, and \$2 million in funding for San Juan Basco in DeSoto County, subject to positive credit underwriting.

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

Chairman Santini recognized Barb Goltz to brief the Board on PSS Item A.

Item A, Credit Underwriting, Loan Servicing and Compliance Monitoring Services. Ms. Goltz stated that in July 2004 the Board authorized the issuance of a request for proposals (RFP) for credit underwriting, loan servicing and compliance monitoring services. She stated that the RFP was issued in November 2004 and in January 2005, responses were received from AmeriNational Community Services, Inc., First Housing Development Corporation Florida and

Seltzer Management Group. She asked the Board to approve the recommendation of the review committee to enter into contracts with all three entities.

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

Ms. Goltz also asked the Board to ratify the renewal of the previous contracts with the same servicers to allow for continued service until the new contracts are executed.

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

SINGLE FAMILY BONDS

Chairman Santini recognized Barb Goltz to brief the Board on Single Family Bond matters.

Item A, Single Family Homeowner Program. Ms. Goltz asked the Board to authorize the use of UBS Financial Services, Bryant, Miller & Olive, Steve Bullock, Adorno & Yoss and Nabors, Giblin & Nickerson to work on the issuance of the proposed 2005 Series 1 and 2 Single Family Homeowner Mortgage Revenue Bonds and the proposed 2005 Series 3 short-term bonds. She also asked the Board to authorize staff to move forward with the bond issue in order to meet deadlines with the State Board of Administration.

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

UNIVERSAL CYCLE

Chairman Santini recognized Steve Auger to brief the Board on Universal Cycle matters.

Item A, 2005 Universal Cycle Review Committee. Mr. Auger asked the Board to approve staff's recommendation to approve the review committee for the 2005 Universal Application Cycle which consists of Wayne Conner, Barb Goltz, Laura Cox and Steve Auger from Florida Housing, and Jack Gaskins from the Department of Community Affairs.

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

Ms. Stultz inquired about the results of the deeper targeting efforts during the 2005 Cycle. Mr. Auger stated that of the 125 total applications received, 68 were for housing credits, and of those, 19 requested deeper targeting incentive credits.

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

RATIFICATION OF COMMITTEE ACTIONS

Chairman Santini asked for a motion to approve all committee actions taken.

Motion to approve all committee actions was made by Mr. Taylor with a second by Ms. Stultz. Motion passed unanimously.

CONSENT AGENDA

Chairman Santini asked the Board to approve staff recommendations on the Consent Agenda with the exception of Legal Item B, Wickham Club Partners, which was pulled to the Action Agenda.

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

Hearing no further business, Chairman Santini adjourned the March 4, 2005 Board of Directors' Meeting at 10:45 a.m.