

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
September 21, 2007**

TIME: 9:00 a.m.

LOCATION: Doubletree Hotel
Adams Street
Tallahassee, Florida

BOARD MEMBERS PRESENT:

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

CORPORATION STAFF PRESENT:

Stephen P. Auger, Executive Director
Wayne Conner
Laura Cox
Rob Dearduff
Rebecca DeLaRosa
Sheila Freaney
Barbara Goltz
Wellington Meffert
Nancy Muller
Vicki Robinson
Stephanie Sgouros
David Westcott

ADVISORS AND OTHERS PRESENT:

Mark Mustian, Nabors, Giblin & Nickerson
Jan Carpenter, Shuffield Loman
Bill Johnston, WLJ Capital/TIBOR Partners
Jamie Ross, 1000 Friends of Florida
Stan Fitterman, Florida Housing Coalition
Helen Feinberg, RBC Capital Market Housing Group/Affordable Housing Study Commission
Angelina Rodriguez, Spinal Cord Living Assistance Development (SCLAD)

Chairman Stultz called the Board of Directors' meeting to order at 9:10 a.m., and confirmed that a quorum was present.

Chairman Stultz welcomed new Board Member Ken Fairman to his first Board Meeting.

Chairman Stultz recognized Steve Auger to address the Board. Mr. Auger presented outgoing staff members Ian Smith, Communications Director, and Vicki Robinson, Deputy Development Officer of Multifamily Programs, with plaques and thanked them for their dedicated service to Florida Housing and the citizens of the State of Florida.

MINUTES

Chairman Stultz asked for a motion to approve the Minutes of the July 27, 2007, Board Meeting.

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

STATE HOUSING INITIATIVES PROGRAM (SHIP)

Chairman Stultz recognized Nancy Muller to address the Board regarding the SHIP Program.

Ms. Muller introduced Jamie Ross, of 1000 Friends of Florida, Rob Dearduff, Florida Housing's SHIP Administrator, Stephanie Sgouros, Florida Housing's Inspector General, Stan Fitterman, Florida Housing Coalition's Senior Technical Advisor, and Helen Feinberg, Managing Director of RBC Capital Market Housing Group, and Chairman of the Affordable Housing Study Commission, who presented an overview of the SHIP program and answered questions from the Board Members on the current state of the program and its future direction.

ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Chairman Stultz recognized Vicki Robinson to address the Board on EHCL matters.

Item A, Request for Authority to Begin Rulemaking. Ms. Robinson asked the Board to authorize staff to begin the rulemaking process for Rule Chapter 67-32, Florida Administrative Code, which governs the EHCL Program. She stated that staff plans to hold a public meeting in October.

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

LEGAL

Chairman Stultz recognized Wellington Meffert to address the Board regarding Legal matters.

Item A, In Re: Subsidiary Entity. Mr. Meffert stated that several years ago the Legislature amended the powers of the corporation to allow it to form subsidiary entities which are in the same nature of the corporation as a quasi-governmental entity, and would have sovereign immunity. He stated that due to market conditions, it was likely that Florida Housing would have to take over projects in the near future, and therefore, asked the Board to authorize staff to form a subsidiary corporation, and in the event that subsidiary corporation needed to act before the next scheduled Board Meeting, authorize the Chair to approve the articles of incorporation. He stated

that the subsidiary corporation would act as a holding company for any projects that Florida Housing has to take over.

Motion to approve staff's recommendation was made by Ms. Ruiz with a second by Ms. Terry.

Mr. Scharaga asked where the money to run the corporation would come from. Mr. Meffert stated it would come out of Florida Housing's operating budget, but added that he did not believe much funding would be necessary, as it would just be a short-term proposition to market the properties, not a long term management situation.

Ms. Ruiz asked if Sadowski funds could be used for foreclosure intervention. Ms. Muller stated that SHIP funds could be used for that purpose.

Mr. Oellerich asked if actions of the subsidiary would still have to be approved by the Board. Mr. Meffert stated that the subsidiary would have its own board and would act with some autonomy, but overall, the Florida Housing Board would direct the subsidiary in its actions.

Mr. Fairman asked what the alternative to forming a subsidiary corporation was. Mr. Meffert stated the alternative was for Florida Housing to take title directly, which is not preferable due to liability issues.

Mr. Auger stated that Florida Housing has been lucky due to the structure of the application process, the credit underwriting process, etc., that it has not often been in a position to take over properties, but staff wants to be ready when and if that does occur. Ms. Cox stated that Florida Housing has a pool of potential purchasers and a real estate broker under contract. Chairman Stultz state that she believed that any change in ownership would have to come before the Florida Housing Board, and Mr. Meffert concurred. Mr. Meffert stated that the subsidiary would act in the interim to prevent deterioration of the property

Motion passed unanimously.

Item B, In Re: 2007 Universal Cycle Appeals. Mr. Meffert stated that this item pertained to the 2007 Universal Cycle application scoring appeals, which is the first round where applicant may protest or challenge the scoring of their own applications. He stated the first is CEC Timber Trace LLC vs. Florida Housing. He asked the Board to adopt the recommendation of the hearing officer and find that Petitioner's application met the threshold requirement regarding the five unit per building rule.

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

Mr. Meffert stated that the next case was Spinal Cord Living Assistance Development, Inc. (SCLAD) vs. Florida Housing. He asked the Board to adopt the recommendation of the hearing officer and affirm the scoring, which rejected the application for violation of the referenced rule involving a failure to document a financial commitment and denying other relief as requested in the petition.

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

Mr. Meffert stated that the next case was Shepherd's Court LLC vs. Florida Housing. He asked the Board to adopt the hearing officer's findings of fact as the Board's findings of fact and adopt the hearing officer's conclusions of law as the Board's conclusions of law and adopt the recommendations of the hearing officer which find that the Petitioner's application failed to meet the threshold requirement regarding site control.

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

Mr. Meffert stated that the next case was We Help Community Development Corporation vs. Florida Housing. He stated that the Petitioner filed a voluntary dismissal with the hearing officer and asked the Board to adopt the hearing officer's order of dismissal.

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

Mr. Meffert stated that the next case was Owens Pointe II, LLLP vs. Florida Housing. He stated that the Petitioner filed a voluntary dismissal with the Florida Housing clerk before the hearing, so he was requesting authorization to close the file.

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

Mr. Meffert stated that the last case was a petition for rule waiver by the Spinal Cord Living Assistance Development, Inc., which is different than the last four items, in that the petitioner is authorized to come directly to the Board and request a rule waiver. He stated that the legislature instituted this process to grant relief where the rule created an impressive situation. He stated that the Board just adopted the hearing officer's recommendation that said the corporation correctly determined that the financial commitment letter was not sufficiently permitted to meet the threshold requirement, and the Petitioner is asking for a waiver from the Board for relief to allow them to move forward with their project. He asked the Board to deny the waiver request.

Motion to approve staff's recommendation was made by Mr. Fairman with a second by Mr. Oellerich.

Mr. Meffert recognized a representative from SCLAD to address the Board.

Angelina Rodriguez, president of SCLAD, explained to the Board how important funding from Florida Housing is to their project and the funding they will lose from other sources if they do not get funding from Florida Housing. She explained the delay in getting the Bank of America commitment letter. She read a letter to Florida Housing from the City of Hialeah in support of the project.

Mr. Auger reminded the Board that the Universal Application process has been refined over the years so as not to penalize applicants for minor, fixable, clerical mistakes. He added that the number of items that are non-curable has been reduced to 14 or 15 items, but those items must be correct at the time of application. He stated that the application in question failed on one of the non-curable items, and any application that fails on one of these items is immediately rejected and out of contention for funding. He stated that due to the number of applications submitted, there are some that were completed perfectly that still will not get funded.

Mr. Scharaga asked about SCLAD's track record. Ms. Rodriguez stated that the project in question would be their third project and the first two are very successful. Mr. Scharaga asked if they were eligible for SHIP funds. Ms. Rodriguez stated that if the project in question does not get funded, they are not eligible for funding in the 2007 Miami-Dade County Universal Application, which includes SHIP. Mr. Scharaga asked if they tried to get any other local funds. Ms. Rodriguez stated that all local funding is contingent on the funding from Florida Housing.

Mr. Fairman asked if the non-curable issue was the commitment letter or the increase in funding. Mr. Auger said it was the increase in funding. Mr. Fairman asked if they had dropped the \$200,00 developer fee and got a commitment letter for \$300,000 from the bank, could they have used that as a cure. Mr. Auger said yes. Mr. Fairman asked if they attempted to do that. Mr. Auger stated that it was, but it fell short.

Motion to approve staff's recommendation to deny the waiver request passed unanimously.

Mr. Scharaga asked what happened to SHIP funds that go unused. Mr. Auger stated there were time limits on getting funds expended, but there are instances where it can be carried over. He added that if the funds do not get expended and are not carried over, the funds go back into a general pot.

HOMEOWNERSHIP POOL PROGRAM

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

Item A, Approval of Amendments to Rule Chapter 67-57, Florida Administrative Code. Mr. Westcott stated that Rule Chapter 67-57, Florida Administrative Code, governs the Homeownership Pool Program, Florida Housing's developer-based homeownership program which provides down payment assistance to eligible homebuyers. He stated the program was started in August 2006 and has done very well, and based on the first four months of reservations, staff expected the funds to last through November 2007, but were fully reserved by July 2007. He asked the Board to approve the amendment to the Homeownership Pool Program Rule, which includes the addition of Green Building and Universal Design features. He stated that staff plans to have the additional funds released in mid-October pending approval of the amended rule.

Mr. Scharaga asked for an explanation of the Homeownership Pool Program. Mr. Westcott explained that the program is Florida Housing's down payment assistance program that is developer based. He stated that if a developer is approved as a HOP pool member, they are able to reserve funds on a first come/first served basis in the name of an eligible homebuyer on units they have already begun construction on. He added that the money goes directly to the homebuyer in the form of a soft second mortgage at zero percent interest which is due only upon sale or non-owner occupancy, at which time the money comes back into the program and is recycled for use by other homebuyers. Mr. Scharaga asked how the homeowners are processed through the system. Mr. Westcott stated that is done by Florida Housing's servicers, both Seltzer Management and Amerinational. He added that Florida Housing staff is also being trained in the process.

Motion to approve staff's recommendation to approve the amendment to Rule Chapter 67-57, F.A.C., was made by Ms. Ruiz with a second by Mr. Scharaga.

Ms. Ruiz noted that on Page 5, Paragraph F, there was no definition of the term “turn-key.” Mr. Westcott stated that staff would incorporate that into the next application cycle.

Motion to approve staff’s recommendation passed unanimously.

Chairman Stultz recognized Orlando Cabrera, Assistant Secretary of HUD, and former Florida Housing Executive Director, to address the Board.

Secretary Cabrera spoke about the need for communication between the public housing community and the HFA community in the funding process, specifically regarding proximity points. He stated that in large urban areas, land is a scarce resource and when there is land available to be developed or an existing development available to be rehabbed, the proximity points issue sometimes hurts those deals. Mr. Auger echoed Mr. Cabrera’s thoughts and thanked Secretary Cabrera for coming to Tallahassee and addressing the Board.

PREDEVELOPMENT LOAN PROGRAM (PLP)

Chairman Stultz recognized Nancy Muller to brief the board on PLP matters.

Item A, Loan Extension for UDC-AHRP Miami-Dade. Ms. Muller stated that on September 6, 2004, the developer closed on a PLP loan in the amount of \$500,000, and to date has repaid \$311,790 from the proceeds of the sale of five of the seven homes. She stated that the developer is requesting a one year extension on the loan and the technical assistance provider and the staff recommend approval of the extension for six months to March 16, 2008.

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

Mr. Scharaga asked about Florida Housing’s second position behind \$100,420 in first mortgages. Mr. Auger stated that PLP loans are repaid when permanent financing is obtained.

PROFESSIONAL SERVICES SELECTION (PSS)

Chairman Stultz asked Mr. Westcott to present the first Professional Services Selection item.

Item A, RFP for Foreclosure Prevention Services. Mr. Westcott asked the Board to authorize staff to go out with a Request for Proposals for foreclosure prevention services and establish a review committee.

Motion to approve staff’s recommendation was made by Ms. Ruiz with a second by Mr. Oellerich.

Mr. Oellerich asked how the services would be paid for. Ms. Goltz stated that there are two accounts associated with the Single Family Program that could be used, and it would come back to the Board for approval of the method of payment.

Mr. Scharaga asked if the foreclosure prevention services would just protect Florida Housing's interests, or anybody who holds a mortgage on a particular property. Mr. Westcott stated that it would, in general, protect everyone involved in the property by providing adequate foreclosure counseling.

Motion to approve staff's recommendation passed unanimously.

UNIVERSAL CYCLE

Chairman Stultz recognized Vicki Robinson to brief the Board on Universal Cycle matters.

Item A, 2007 Universal Cycle Ranking. Ms. Robinson 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. She then asked the Board to approve the staff's recommendation to approve the final scores and ranking and direct staff to proceed with issuing invitations to credit underwriting and preliminary commitment letters to those applicants that are in the funding range.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Chairman Stultz asked Laura Cox to present the next Professional Services Selection item.

Item B, SHIP and HHRP Compliance Monitoring Services Request for Proposals. Ms. Cox reminded the Board that at the June 2007 it authorized staff to issue an RFP for compliance monitoring services for SHIP and the Hurricane Housing Recovery Program. She stated that six proposals were received and the review committee met on September 10 and 11, 2007. She asked the Board to approve the review committees recommendation to authorize staff to enter into contract negotiations with the top three ranked offerors, Seltzer Management Group, Inc., First Housing Development Corporation of Florida, and Florida Planning Group, Inc., and further if contract negotiations fail with any of the top three, authorize staff to enter in negotiations with the fourth ranked offeror, Amerinational. She also asked the Board to approve the review committee's recommendation to require all four offerors, prior to beginning contract negotiations, to provide a list of any and all work the offeror has conducted in the local government with the State of Florida, not including any work that may have been declined by Florida Housing during the past four fiscal years.

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

Chairman Stultz asked Barb Goltz to present the next Professional Services Selection item.

Item C, RFP and Contract Renewal for Auditing Services. Ms. Goltz stated that pursuant to Chapter 420 of the Florida Statutes, Florida Housing is required to submit with its annual report an annual financial audit of its accounts and records performed in accordance with generally accepted auditing and governmental auditing standards by an independent CPA firm. She reminded the Board that the contract with Deloitte and Touche to provide these services for the years 2005 and 2006 expired with the last report to Florida Housing for the period ending December 31, 2006, which the Board accepted during the telephonic meeting held on June 22, 2007. She asked the Board to approve staff's recommendation to renew its contract with Deloitte

and Touche to provide auditing services for the period ending December 31, 2007, pursuant to the existing contract, and authorize staff to proceed to negotiate terms of the final one-year renewal of the contract. She also asked the Board to authorize staff to issue an RFP for auditing services going forward, to authorize the executive director to establish a review committee to make a recommendation for an independent certified accounting firm to the Board.

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

SPECIAL ASSETS

Chairman Stultz recognized Laura Cox to brief the Board on Special Assets matters.

Item A, Workout Terms for SAIL Loan for St. John Apartments. Ms. Cox asked the Board to approve a work-out situation with St. John Apartments, a 35-unit development in Miami-Dade County, for a 1992 SAIL loan which matured in 2000 and on which foreclosure proceedings were commenced in 2005. She stated that the developer owes Florida Housing a little over \$750,000 in principal. She stated that the work out would involve Miami-Dade County giving the developer new funding to refinance St. John, which will pay off the SAIL loan, and the new proceeds of the loan will be under control of Florida Housing's servicer, who will review all disbursements for rehabilitation of the units. She stated that they developer is asking for forgiveness of the SAIL interest, and consequently, staff recommends a two-year timeout, so they and any joint ventures they may enter into will not be able to come back to Florida Housing for two years to participate in any funding programs. She asked the Board to approve staff's recommendation to accept payment of the full principal balance and forgive the accrued interest with the following conditions: That all of the apartment units be rehabbed and available for rental; the terms of the SAIL LURA will remain the same; county funds will be placed into an account with Florida Housing's servicer, and the servicer will distribute those funds to pay the SAIL principal and expenses associated with rehab. Also she asked the Board to approve staff's recommendation that St. John's CDC, the non-profit, or any of its affiliates, will be precluded from receiving funds administered by Florida Housing for a period of two years from the time the principal is paid, including any joint ventures, and the loan servicing and compliance fees accrued and owing at the time of the principal payment will be paid in full.

Motion to approve staff's recommendation was made by Mr. Scharaga with a second by Mr. Oellerich.

Chairman Stultz asked if it was \$1.2 million in interest being forgiven. Ms. Cox stated that if the 18 percent default rate was figured in, it was.

Motion to approve staff's recommendation passed unanimously.

CONSENT AGENDA

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

Motion to approve the items on the Consent Agenda was made by Mr. Oellerich with a second by Mr. Fairman. Motion passed unanimously.

LEGISLATIVE UPDATE

Chairman Stultz recognized Wellington Meffert to brief the Board on Legislative matters.

Mr. Meffert asked the Board to adopt Resolution No. 2007-043, recognizing Representative Mike Davis for his contributions to the affordable housing community. He read the resolution into the record.

Motion to adopt Resolution No. 2007-043 was made by Mr. Scharaga with a second by Mr. Fairman. Motion passed unanimously.

Mr. Auger mentioned that the Governor's Appointments Office is working on getting the two vacant seats on the Board filled. He added that since there are so many new Board Members, Florida Housing staff and advisers will be presenting educational refreshers during each Board Meeting to bring everyone up to speed on Florida Housing's programs and policies. He asked the Board Members to get with him if they had any suggestions for future subjects. He also mentioned that in conjunction with the June 2008 meeting, a strategic planning retreat has been scheduled.

Hearing no further business, Chairman Stultz adjourned the September 21, 2007, Board of Directors' Meeting at 12:35 p.m.