

**FLORIDA HOUSING FINANCE CORPORATION**  
**Board Meeting**  
September 26, 2008  
Information Items



**FISCAL**  
***Information***

**I. FISCAL**

**A. Operating Budget Analysis for July 2008**

- a) The Financial Analysis for July 31, 2008, is attached as [Exhibit A](#).
- b) The Operating Budget for the period ending July 31, 2008, is attached as [Exhibit B](#).

## GUARANTEE

### *Information*

## II. GUARANTEE

### A. Assignment and Assumption of Remarketing Agreements

<b>Florida Housing Finance Agency Affordable Housing Guarantee Revenue Bonds (Taxable), 1993 Series A, \$75,000,000 (original par) Remarketer: UBS Insured by: MBIA</b>
<b>Florida Housing Finance Corporation Affordable Housing Guarantee Revenue Bonds (Taxable), 1999 Series A, \$50,000,000 (original par) Remarketer: UBS Insured by: MBIA</b>
<b>Florida Housing Finance Corporation Affordable Housing Guarantee Revenue Bonds (Taxable), 2000 Series A, \$75,000,000 (original par) Remarketer: UBS Insured by: Ambac</b>

#### 1. Background

- a) Proceeds from the issuance of the 1993, 1999 and 2000 series bonds (the “Bonds”) were used, in combination with a fourth series (2002 Series A) to fund the Guarantee Program’s corpus.
- b) Interest on the bonds is determined weekly through a quasi auction process conducted by remarketing agents, typically large institutional investment banks, such as Citigroup, UBS, Morgan Stanley, Merrill Lynch, etc. Historically, UBS has served as the remarketing agent on the 1993, 1999 and 2000 series, while Citigroup serves in such capacity on the 2002 series, each governed by terms and provisions in respective Remarketing Agreements.
- c) On June 5, 2008, UBS announced its intent to close its institutional municipal securities business, initiating an orderly exit from the market. With specific regard to the Bonds, their intent was to voluntarily terminate remarketing responsibilities “*on or about September 30, 2008*”.
- d) Staff conducted an informal search for potential replacement agents, but due to adverse market conditions stemming from the ongoing credit crisis, other firms showed little or no interest in assuming remarketing responsibilities for the Bonds, that is without restructuring them to, in theory, offset current investor perceptions hindering marketability.
- e) On August 18, 2008, we received notice from UBS that they were resigning as remarketing agent, effective August 28, 2008, and that they had reached an agreement with Depfa First Albany Securities LLC (a subsidiary of Depfa Bank) for the assumption of the majority of UBS’ client relationships, including the Bonds.

## **GUARANTEE**

### ***Information***

#### **2. Present Situation**

With regard to the Bonds, Depfa has agreed to take assignment of the existing Remarketing Agreements with UBS, and the Guarantee Program has consented to the assignment, as evidenced by separate Assignment and Assumption of Remarketing Agreements effective September 8, 2008.

#### **B. Guarantee Program Capacity ([Exhibit A](#))**

**SINGLE FAMILY BONDS – FINANCE**

*Information*

**III. SINGLE FAMILY BONDS – FINANCE**

**A. Single Family Bonds - Finance Information ([Exhibit A](#))**

## **SINGLE FAMILY BONDS**

### *Information*

#### **IV. SINGLE FAMILY BONDS**

##### **A. Single Family Bonds Information ([Exhibit A](#))**

## UNIVERSAL CYCLE

### *Information*

#### V. UNIVERSAL CYCLE

##### A. 2009 Universal Cycle

###### 1. Background/Present Situation

- a) To solicit comments concerning Rule Chapters 67-21 and 67-48, F.A.C., and the 2009 Universal funding cycle, a public meeting was held following the August 8, 2008 Board meeting and a rule development workshop was held on September 25, 2008.
- b) Staff will continue the rulemaking process by soliciting additional public comments at a second rule development workshop scheduled for October 30, 2008 in Orlando. A third rule development workshop is scheduled for December 11, 2008 in Bonita Springs.