

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
July 22, 2011**

TIME: 8:30 a.m.

LOCATION: Tallahassee City Hall Commission Chambers
300 South Adams Street
Tallahassee, Florida

BOARD MEMBERS PRESENT:

Len Tylka, Chairman
Cliff Hardy, Vice Chairman
Natacha Munilla
Joe Sanchez
Barney Smith

CORPORATION STAFF PRESENT:

Stephen P. Auger
Wayne Conner
Laura Cox
Sheila Freaney
Barbara Goltz
Wellington Meffert
Nancy Muller
Stephanie Sgouros
Jacqui Sosa
Kevin Tatreau
David Westcott

ADVISORS AND OTHERS PRESENT:

Junious Brown, Nabors, Giblin & Nickerson
Ben Johnson, Seltzer Management
Brian McDonough, Stearns, Weaver and Miller

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

Chairman Tylka introduced and welcomed new Board Member Joe Sanchez to the Florida Housing Board of Directors.

LOW INCOME HOUSING TAX CREDITS

Item A, 2011 Low-Income Housing Tax Credit Allocation Authority Request for Proposals (RFP). Kevin Tatreau asked the Board to authorize staff to begin the RFP process to award the remaining 2011 housing credits and to authorize the executive director to establish a review committee.

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

MULTIFAMILY BONDS

Item A, East Lake Apartments. Wayne Conner asked the Board to approve the recommendation of the final credit underwriting report dated July 7, 2011, for East Lake Apartments subject to further approvals and verification by the credit underwriter, bond counsel, special counsel and Florida Housing staff.

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

MISCELLANEOUS.

Item A, Approval of Applicant Exchanges for Construction Features and Amenities and Resident Programs. Kevin Tatreau asked the Board to authorize Florida Housing staff to approve requests from applicants to exchange previously selected options within the Construction Features and Amenities and Resident Programs section of the Universal Application instructions or any applicable Requests for Proposals related to the multifamily programs, maintaining the current requirement of comparing the points between the items to be removed and the items to be added. Additionally, he asked the Board to authorize the staff to determine the appropriateness, feasibility and acceptability of the newly selected options for routine requests, and determine when it would be appropriate to request review by the credit underwriters.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Approval of Credit Underwriters, Construction and Permanent Loan Servicers and Compliance Monitoring Servicers for Florida Housing's Single Family and Multifamily Programs. Barb Goltz asked the Board to accept the recommendation of the review committee to enter into contract negotiations for credit underwriters, construction and permanent loan servicers and compliance monitoring servicers with the following entities subject to the referenced provisions:

1. Amerinational Community Services
 - a. Provision of a 2011 Certificate of Good Standing from the Florida Department of State.
 - b. Clarification relating to errors and omissions insurance requirements.
 - c. Provision of evidence of the rating on the insurance company from A.M. Best Rating Service that it meets the current Fannie Mae Requirements as outlined in the RFP.

2. First Housing Development Corporation
 - a. Provision of the names of the employees covered by the errors and omissions liability insurance.
 - b. Provision of evidence of the rating on the insurance company from A.M. Best Rating Service that it meets the current Fannie Mae Requirements as outlined in the RFP.

3. Seltzer Management
 - a. Provision of the names of the employees covered by the errors and omissions liability insurance.
 - b. Provision of evidence of the rating on the insurance company from A.M. Best Rating Service that it meets the current Fannie Mae Requirements as outlined in the RFP.

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

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Item A, Request to Use Remaining State Apartment Incentive Loan Program (SAIL)

Funding. Steve Auger requested authorization to utilize the \$28 million of uncommitted SAIL money, doing what was done last year with SAIL funding to shore up some of the Guarantee Fund transactions by reducing debt and having some units set aside to serve folks with extremely low income (ELI). He added that the thinking behind that was many of those transactions had many vacant units at the 60 percent AMI range, so retargeting a portion of units to ELI residents would increase net operating income in the short term. He asked the Chairman to put off any action on the item until the September meeting and use the current time for discussion. He asked Barb Goltz to walk the Board through what the Guarantee Fund is and what Florida Housing's experience with the Guarantee Fund has been over the last couple years. Ms. Goltz provided an overview of these items to the Board.

Chairman Tylka stated that Florida Housing's underlying strategy has been to alleviate as much of the Guarantee Fund debt as possible.

Mr. Auger described the housing market in which Florida Housing's portfolio has been operating since 2008 with the shadow market of single family homes for rent and outlined the strategies Florida Housing is using to address vacancies seen in a number of markets.

Mr. Sanchez asked if there were possibly more Guarantee Fund defaults.

Ms. Goltz said yes. She added that every two weeks a group of internal staff, as well as contracted professionals and bankers such as Citibank, talk about the condition of the Guarantee Fund and project what may possibly happen to or stress the Guarantee Fund's risk to capital ratio over the next couple years. She added that staff has built in three additional claims, and the 5:1 risk to capital ratio is still not breached.

Mr. Smith asked if the recovery rate on the eight deals that have been losses were all risk-sharing deals.

Ms. Goltz stated they were, so the Guarantee Fund was only responsible for 50 percent.

Ms. Munilla asked if any of the \$28 million in uncommitted funds was at risk of being swept by the legislature.

Mr. Auger stated there was always that risk, so staff wants to get the money committed as quickly as possible. He added that he would have a proposal for the Board at the September meeting.

HARDEST-HIT FUND

David Westcott provided an update on the Hardest Hit Program and briefed the Board on the data from the program since the April 18, 2011, statewide roll out.

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Kevin Tatreau pulled SAIL Consent Items A and B from the Consent Agenda and presented them individually.

SAIL Consent Item A, Preserve at Oslow. Mr. Tatreau asked the Board to approve the credit underwriting letter for The Preserve at Oslow and direct staff to proceed with the issuance of a firm loan commitment and loan closing activities.

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

SAIL Consent Item B, Vista Palms. Mr. Tatreau asked the Board to approve the credit underwriting letter for Vista Palms and direct staff to proceed with the issuance of a firm loan commitment and loan closing activities.

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

SEPTEMBER BOARD WORKSHOP

Steve Auger reminded the Board that an educational workshop was planned in conjunction with the September 1 Board Meeting in Miami. The Board Members provided suggestions for topics to be covered.

CONSENT AGENDA

Chairman Tylka asked that Multifamily Bonds Consent Item B be pulled for discussion.

Wayne Conner asked the Board to approve the credit underwriting letter for Captiva Cove Apartments. Ben Johnson, of Seltzer Management, the credit underwriter for the development, answered questions from the Board. Brian McDonough, of Stearns, Weaver and Miller, representing the developer, provided further clarification.

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

Chairman Tylka asked the Board to approve the items on the Consent Agenda excluding Multifamily Bonds Item B and SAIL Items A and B.

Motion to approve staff's recommendations for the remaining items on the Consent Agenda was made by Mr. Sanchez with a second by Mr. Smith. Motion passed unanimously.

Hearing no further business, the July 22, 2011, Board of Directors' Meeting was adjourned at 10:26 a.m.