

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
December 13, 2013**

TIME: 8:30 a.m.

LOCATION: Hyatt Regency Orlando Airport
9300 Jeff Fuqua Blvd.
Orlando, FL 32827

BOARD MEMBERS PRESENT:

Barney Smith, Chairman
Natacha Munilla, Vice Chair
Ray Dubuque
John Hawthorne
Brian Katz
Bill Killingsworth
Len Tylka

CORPORATION STAFF PRESENT:

Stephen P. Auger
Laura Cox
Sheila Freaney
Barbara Goltz
Chris Hirst
Wellington Meffert
Nancy Muller
Jacqui Peters
Ken Reecy
David Westcott

ADVISORS AND OTHERS PRESENT:

Junious Brown, Nabors, Giblin & Nickerson
Jan Carpenter, Shuffield Lowman
Bill Johnston, WLJ Partners/Tibor Capital
W.D. Morris, Orange County HFA/ALHFA
Sean Wilson, Blue Sky Communities
Betsy Farmer, Promise in Brevard
Breck Kean, Prestwick Development
Jack Kosik, Noah's Ark of Central Florida
Jim Whittaker, ARC of Jacksonville
Michael Hartman, Brevard County Housing Authority
Kevin Grail, Grails Management Group
Lisa Johnson

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

MINUTES

Item A, Approval of Minutes of November 1, 2013, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the November 1, 2013, Board Meeting.

Motion to approve the Minutes was made by Mr. Killingsworth with a second by Mr. Hawthorne. Motion passed unanimously.

Item B, Approval of Minutes of December 6, 2013, Telephonic Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the December 6, 2013, Telephonic Board Meeting.

Motion to approve the Minutes was made by Mr. Tylka with a second by Mr. Killingsworth. Motion passed unanimously.

RATIFICATION OF BOARD ACTION

Item A, Ratification of Action Taken at December 6, 2013, Telephonic Board Meeting.

Chairman Smith asked for a motion to ratify the action taken during the December 6, 2013, Telephonic Board Meeting.

Motion to ratify Board actions was made by Mr. Tylka with a second by Mr. Hawthorne. Motion passed unanimously.

FINANCE

Item A, Approval of 2014 Operating Budget. Barb Goltz asked the Board to approve the proposed 2014 Operating Budget.

Motion to approve the 2014 Operating Budget was made by Mr. Tylka with a second by Mr. Hawthorne. Motion passed unanimously.

LEGAL

Item A, Request Authorization to Amend Rule Chapter 67-49, Procurement of Commodities or Contractual Services. Wellington Meffert asked the Board to authorize staff to commence rulemaking on Chapter 67-49, which governs the procurement of commodities or contractual services.

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

Item B, In Re: Signature Authority. Wellington Meffert asked the Board to approve staff's recommendation to approve a resolution authorizing new assistant secretaries of the corporation to attest to bond documents.

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

Item C, Duval Park, Ltd. v. Florida Housing Finance Corporation/Osprey Apartments, LLC v Florida Housing Finance Corporation. Wellington Meffert asked the Board to adopt the findings of fact and conclusions of law in the administrative law judge's Recommended Order in the Duval Park, Ltd v. Florida Housing/Osprey Apartments, LLC v Florida Housing combined case as its own and issue a final order accordingly.

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

MULTIFAMILY PROGRAMS

Item A, Request for Applications (RFA) 2013-001 for Affordable Housing Developments Located in Medium and Small Counties. Ken Reecy asked the Board to approve the Request for Applications 2013-001 for Affordable Housing Developments in Medium and Small Counties' review committee's recommendation to adopt the results as set out in Exhibit A and authorize the tentative selection of the 11 applications set out in Exhibit B for funding and invitation to credit underwriting. He stated that after the award of funding, an unallocated balance of \$114,830 for medium counties would remain, and the RFA provides that that any remaining funding would be distributed as approved by the Board. He stated that if no notice of protest or formal written protest is filed in accordance with Section 120, Florida Statutes, staff will proceed to issue an invitation to enter credit underwriting to the 11 applications in Exhibit B; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders to the Board for approval prior to issuing the invitations to enter credit underwriting to those applicants in the funding range.

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

Steve Auger reminded the Board that the RFA had a handful of basic requirements that if met, netted the application the full 27 points available. He stated that there were also tiebreakers, including leveraging, so the applications were split into Groups A and B, with Group A requesting lower amounts with greater leveraging. He stated that there were also statutory requirements to be met, and then it came down to lottery numbers.

Mr. Auger stated that there were two pots of money; one for small counties and one for medium sized counties. He stated that one goal was to fund a deal in the Keys, so that deal was selected first. He stated there was also a goal to fund one small county deal that was not in the Keys, and that ended up being the Flagler County deal.

Mr. Auger stated from the medium county pot, there was a goal to get a transit-oriented development on the SunRail line, and that was the Seminole County deal. He stated that after meeting the goals, it just came down to the highest-ranking of the remaining deals.

Mr. Auger stated that by having the Board approve both the scoring and ranking instead of just the ranking, it allows any returned funds to be awarded without having to come back to the Board for approval.

John Hawthorne asked if there would be an opportunity to redistribute some of the money from medium counties to smaller counties, or is the \$11 million vs. \$1.3 million set in stone.

Mr. Auger stated that at the August meeting, the Board set the amounts based on the need numbers in the 2013 Rental Market Study prepared by the Shimberg Center, and those amounts were put into the Qualified Allocation Plan approved by the Board and signed by the Governor, so they are fixed amounts. He reminded the Board that this was just the first \$15 million pot that had to be committed by summer 2014. The other \$15 million pot has to be committed by summer 2015, and the Board had discussed targeting that pot to the smaller counties.

Motion passed unanimously.

Item B, Request for Applications (RFA) 2013-002 for Affordable Housing Developments Located in Duval, Hillsborough, Orange and Pinellas Counties. Ken Reecy asked the Board to approve the Request for Applications 2013-002 for Affordable Housing Developments located in Duval, Hillsborough, Orange and Pinellas Counties' review committee's recommendation to adopt the scoring results as set out in Exhibit G and authorize the tentative selection of the six applications listed in Exhibit H for funding and invitation into credit underwriting. He stated that after the award of funding, an unallocated balance of \$167,000 would remain, and the RFA provides that that any remaining funding would be distributed as approved by the Board. He stated that if no notice of protest or formal written protest is filed in accordance with Section 120, Florida Statutes, staff will proceed to issue an invitation to enter credit underwriting to the 11 applications in Exhibit H; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders to the Board for approval prior to issuing the invitations to enter credit underwriting to those applicants in the funding range.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Hawthorne.

Steve Auger stated that this RFA also had a handful of basic requirements that if met, netted the application the full 27 points available. He stated that the goal set for this RFA was to do one transit-oriented development on the SunRail, so that was the first application selected for funding, and after that, the goal was to fund at least one development in each of the four counties. He stated that after that, the next developments in the ranking order that could be fully funded were funded and that resulted in one additional development in Orange and Pinellas Counties.

Motion passed unanimously.

Item C, Request for Applications (RFA) 2013-004 for Financing to Build Larger Permanent Supportive Housing Properties for Persons with Developmental Disabilities. Ken Reecy stated that Florida Housing received an appropriation of \$10 million in non-recurring grant funds from the 2013 legislature for housing for persons with developmental disabilities, specifying that the funding must be offered through a competitive grant program to private non-profit organizations whose primary mission includes serving people with developmental disabilities, and that the funding must be used for new construction and renovation of existing housing units, including community residential homes. He added that of the \$10 million, \$6 million was made available through this RFA for larger multifamily properties. He asked the Board to approve the RFA review committee's recommendation to adopt the scoring results set out in Exhibit A and authorize the tentative selection of the three applications set out in Exhibit B for funding and invitation into credit underwriting; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders to the Board for approval prior to issuing the invitations to enter credit underwriting to those applicants in the funding range.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Dubuque.

Steve Auger stated that as part of Florida Housing's 2014 tax credit allocation, 5% of the credits go to fund properties that serve folks with a disabling condition, and that 5% was used in this RFA, but applicants could also just apply for grant funding without tax credits. He stated that the goal was to fund one development without tax credits, and after that, two other developments that did request tax credits were able to be funded.

Motion passed unanimously.

Item D, Request for Applications (RFA) 2013-005 for Financing to Build or Rehabilitate Smaller Permanent Supportive Housing Properties for Persons with Developmental Disabilities. Ken Reecy stated that Florida Housing received an appropriation of \$10 million in non-recurring grant funds from the 2013 legislature for housing for persons with developmental disabilities, specifying that the funding must be offered through a competitive grant program to private non-profit organizations whose primary mission includes serving people with developmental disabilities, and that the funding must be used for new construction and renovation of existing housing units, including community residential homes. He added that of the \$10 million, \$4 million was made available through this RFA for smaller properties.

Mr. Reecy asked the Board to approve the RFA review committee's recommendation to adopt the scoring results set out in Exhibit C and authorize the tentative selection of the 14 applications set out in Exhibit D for funding and invitation into credit underwriting; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders to the Board for approval prior to issuing the invitations to enter credit underwriting to those applicants in the funding range. He stated that after this allocation, an unallocated balance of \$1.9 million would remain, and as provided in the RFA, the remaining funding will be distributed as approved by the Board.

Motion to approve staff's recommendation was made by Mr. Hawthorne with a second by Mr. Tylka.

Mr. Dubuque asked when the remaining \$1.9 million would be allocated. Mr. Auger stated that once staff makes the results of the RFA public on the Florida Housing website, applicants will have 72 hours to file a notice of intent to protest the results, with an additional 10 days to actually file the protest. Mr. Dubuque asked if a protest was filed, would it have to be resolved before the new RFA could be issued. Wellington Meffert stated that was the case.

Len Tylka asked about the indication on Exhibit C that each application was to produce only one unit. Nancy Muller explained that the legislation directed Florida Housing to offer funding to community residential homes for persons with developmental disabilities, which means there are bedrooms within these group homes, not entire apartment units, so the home itself is considered one unit.

Motion passed unanimously.

Item E, Request for Applications (RFA) 2013-006 for Financing to Build Permanent Supportive Housing for Homeless Persons and Families. Ken Reecy stated that Florida Housing received an appropriation of \$10 million in recurring grant funds from the 2013 legislature to provide housing for homeless persons, specifying that the funding must be offered through a competitive grant program to private non-profit organizations whose primary mission includes serving people with developmental disabilities, and that the funding must be used to develop housing for homeless individuals and families with priority given to those households with extremely low incomes. He stated that the funding could be used to purchase and renovate existing houses or to construct or purchase and renovate small specialty housing of 15 units or less.

Mr. Reecy asked the Board to approve the RFA review committee's recommendation to adopt the scoring results set out in Exhibit E and authorize the tentative selection of the six applications set out in Exhibit F for funding and invitation into credit underwriting; however, if a notice of protest or formal written protest is filed, at the completion of all litigation, staff will present all recommended orders to the Board for approval prior to issuing the invitations to enter credit underwriting to those applicants in the funding range. He stated that after this allocation, an unallocated balance of \$1.6 million would remain, and as provided in the RFA, the remaining funding will be distributed as approved by the Board.

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

John Hawthorne pointed out that Application No. 2014-165G for Camp of Veterans Village received no points for ability to proceed and asked why they received no points. Steve Auger explained that ability to proceed means having a zoning and site plan already in place, which puts a project closer to being ready to be built once financing is in place, and is used as a tiebreaker. He stated that the legislation requires a quick timeline to get the funds out, so ability to proceed is important to the process.

Motion passed unanimously.

Item F, Request for Applications (RFA) 2013-010 for the Financing of Affordable Multifamily Housing Developments with HOME Investment Partnership (HOME-rental) Program Funding in Conjunction with Florida Housing Issued Multifamily Mortgage Revenue Bond (MMRB) Program Funding and Non-Competitive Housing Credits.

Mr. Reecy stated that an RFA for Financing of Affordable Multifamily Housing Developments with HOME Investment Partnership Funding in Conjunction with Florida Housing Issued Multifamily Mortgage Revenue Bond Program Funding and Non-Competitive Housing Credits was issued on November 22, 2013, and the rule sets an annual interest rate for HOME loans to for-profit developers at 1.5 percent, and for loans to non-profit and public housing authority applicants at 0 percent. He added that the rule states that the interest rate for HOME loans where the developments are at least partially financed with bonds, as is the case in this RFA, the interest rate shall be determined by the Board of Directors. He asked the Board to approve staff's recommendation to set a 0 percent annual interest rate for all HOME loans issued under this RFA.

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

Item G, Request for Authorization to Utilize Remaining 2013 Low Income Housing Tax Credit Allocation Authority. Steve Auger asked the Board to authorize staff to proceed with issuing a new request for applications to offer housing credits in an amount equal to the remaining 2013 housing credit amount to finance the rehabilitation and revitalization of public housing authority developments with a preference for developments in medium or small counties with strong leveraging positions and ties to initiatives to revitalize their communities, and authorize him to establish a review committee to make recommendations to the Board.

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

OFFICE OF INSPECTOR GENERAL

Item A, Competitive Funding Lottery Seed Number Selection. Chris Hirst explained that in the regular course of Florida Housing business, at times there is a need to select among competing alternatives, such as the competitive funding process that requires that application to be assigned a random lottery number. He stated that the process used to assign the random numbers depends on seed numbers fed into a random number generator, and asked the Chairman to select ten numbers from the pages of numbers provided to be used as the seed numbers.

Chairman Smith chose 90700, 51111, 00770, 00922, 76545, 80600, 99390, 32671, 19165 and 35722.

PROFESSIONAL SERVICES SELECTION

Item A, Request Approval of Response to Request for Qualifications 2013-01 for Housing Counseling Agencies to Provide Services for the Foreclosure Counseling Program. Nancy Muller stated that in February the Board approved the issuance of a Request for Qualifications for housing counseling agencies to participate in the Foreclosure Counseling Program which allowed agencies to respond beyond the original submission date in order to maximize the number of agencies working throughout the state to provide good coverage. She stated that the Broward County Housing Authority d/b/a Building Better Communities submitted their credentials which were reviewed by the review committee. She stated that the review committee recommends approval of the Broward County Housing Authority d/b/a Building Better Communities to participate in the program pending submission of all required documentation and asked the Board to approve the recommendation.

Motion to approve staff's recommendation was made by Mr. Tylka with a second by Mr. Dubuque.

Ray Dubuque asked when the required documents would be received. Ms. Muller stated that once the entity was notified of Board approval, it would probably be a few weeks before it was received, but a contract would not be completed until that documentation was received.

Motion passed unanimously.

Item B, Trustee, Registrar, Paying Agent and Dissemination Bond Agent Services (Multifamily Trustee Services). Barb Goltz asked the Board to authorize staff to enter into negotiations with The Bank of New York Trust Company, Wells Fargo, US Bank, Zions First National Bank and Regions Financial Corporation, all five of the respondents to the Request for Qualifications for Trustee Services, pending receipt of proof of professional liability insurance from US Bank and the Bank of New York Trust Company and receipt of a certificate issued by the comptroller of currency certifying that US Bank is a national banking association.

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

Item C, Affordable Housing Locator Subscription Services. Nancy Muller stated that in 2006 Florida Housing contracted with Socialserve.com to develop a web-based housing locator which allows the public to conduct searches for available rental housing financed by Florida Housing. She stated that the website was so successful that in 2008, the website was expanded to include properties owned by private landlords that were not part of Florida Housing's portfolio. She stated that the service includes both the web-based housing locator that is available 24/7, and the toll-free call center that is run by Socialserve to assist people that don't have access to the internet, as well as to assist qualified landlords to register and update their rental units.

Ms. Muller stated that the current contract with Socialserve terminates in February 2014, and accordingly, staff carried out research to evaluate the vendors and services available nationally to provide the specific type of housing locator services currently provided, and based on that research, staff believes it is in the best interest of the public to purchase the service from Socialserve.com without going through the competitive solicitation process. She stated that

Florida Housing's procurement rule gives the authority to forego the competitive solicitation process upon a written determination by the executive director that the best interest of the public is served by obtaining such a service from a single vendor. She explained that if the Board authorizes staff to go forward, staff will electronically post a description of the locator services for at least seven business days, including a request that prospective vendors provide information regarding their ability to provide the services required.

Ms. Muller asked the Board to authorize staff to purchase housing location services directly from Socialserve.com without issuing a competitive solicitation and authorize staff to negotiate a contract with Socialserve.com for up to three years with two additional one-year renewals.

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

Mr. Hawthorne asked what the benefit of sponsorship would be. Ms. Muller explained sponsorship options and said that some development companies would value name recognition for supporting an important state function.

Len Tylka suggested allowing ancillary service providers, such as moving companies and disaster relief service providers, to sponsor the website.

Wellington Meffert clarified that the motion and recommendation was to enter into contract negotiations with Socialserve on a single source basis, and not for any internet advertising or sponsorship.

Motion passed unanimously.

SINGLE FAMILY BONDS

Item A, Request Permission to Amend the Existing Memorandum of Understanding (MOU) with Florida's Local Housing Finance Agencies (HFAs) to Allow the Use of up to an Additional \$3 Million of the \$35 Million Florida Housing Received from the Florida Legislature as Part of the Attorney General's Mortgage Settlement Agreement. David Westcott asked the Board to authorize staff to amend the existing Memorandum of Understanding with Florida's local housing finance agencies to allow the use of up to an additional \$3 million out of the \$35 million Florida Housing received from the Florida legislature as part of the Attorney General's National Mortgage Settlement Agreement. He stated that in March 2013 the Board authorized staff to enter into an MOU with the local HFAs allowing them to utilize up to \$5 million of the \$35 million. He added that to date, more than \$4 million of the \$5 million has already been disbursed, and because the programs are doing so well, he asked the Board to authorize staff to amend the MOU with the local housing finance agencies to increase the amount available by \$3 million.

W.D. Morris, Executive Director of the Orange County HFA, and President of the Florida Association of Local Housing Finance Agencies (ALHFA), spoke in support of the increase, and told the Board how beneficial the funds have been to his stakeholders and praised Florida Housing staff for fostering a good working relationship.

Mr. Westcott recommended that the Board approve the request to allow Florida Housing to enter into an amendment to the MOU with the local housing finance agencies allowing them to utilize up to an additional \$3 million out of the \$35 million received by Florida Housing as part of the Attorney General's Mortgage Settlement Agreement for use as down payment assistance in conjunction with their respective first-time homebuyer programs in the same manner that is being used by Florida Housing.

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

Chairman Smith asked how much of the \$35 million would be left after this allocation. Mr. Westcott stated that there would be approximately \$13 million left after the \$3 million was allocated.

Motion passed unanimously.

CONSENT AGENDA

Steve Auger pointed out that while the bound Board package that was distributed contained all Consent Items being considered for approval, the agenda was missing Special Assets Items G, H and I, so an updated agenda was distributed that included those items. He asked the Board to approve all items on the Consent Agenda, including Special Assets Items G, H and I.

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

DISCUSSION OF UPCOMING STRATEGIC PLANNING RETREAT

Chairman Smith stated that in conjunction with the January 31, 2014, Board Meeting, the Board would also hold a Strategic Planning Retreat on Thursday, January 30, 2014, in St. Augustine. He stated that it would also serve as an educational session for the new Board Members.

AUDIT COMMITTEE

Chairman Smith announced that Len Tylka, Natacha Munilla and Bill Killingsworth volunteered to serve on the Audit Committee with Chairman Brian Katz. He also pointed out that the Audit Committee meetings were open and anyone who wished to attend was welcome.

PUBLIC COMMENT

Sean Wilson, of Blue Sky Communities, asked the Board to consider imposing limitations on the number of applications each developer is permitted to submit in the RFAs for federal tax credits.

Betsy Farmer, of Promise in Brevard, thanked the Board for approving Promise in Brevard's funding request and praised Florida Housing staff for their efforts to understand the population that would be served, which was reflected in the RFA.

Breck Kean, of Prestwick Development, stated that he felt Florida Housing's methodology in determining there was a financing shortfall on RFA 2013-001 Application No. 2014-011C for Palm Village Apartments, which caused the application to be deemed ineligible, was incorrect.

Jack Kosik, of Noah's Ark of Central Florida, thanked the Board and staff for their work on the RFA for persons with developmental disabilities.

Jim Whittaker, of ARC of Jacksonville, echoed Betsy Farmer and Jack Kosik's comments.

Michael Hartman, of the Brevard County Housing Authority, expressed Brevard County's long-standing and continued support of Promise in Brevard.

Kevin Grail, of Grail Management Group, asked if materials would be available to the public in connection with the upcoming Board Retreat in January. Steve Auger stated that a dedicated section of the Florida Housing website would be set up specifically for the Strategic Planning Meeting and all meeting materials would be available there.

Lisa Johnson expressed her concerns about the equitable scoring of applications in the RFA process.

Steve Auger stated that results from five RFA results were brought the Board for approval at this meeting and results from several others would be presented at the January meeting, as well as the March and/or April meetings. He stated that \$220 million in tax credits and \$60.5 million in grant funding was awarded today.

Chairman Smith adjourned the meeting at 10:18 a.m.