

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
March 24, 2017**

TIME: 8:30 a.m.

LOCATION: Tallahassee City Hall Commission Chambers
300 South Adams Street
Tallahassee FL

BOARD MEMBERS PRESENT:

Barney Smith, Chairman
Natacha Munilla Bastian
Julie Dennis
John Hawthorne
Brian Katz
Ron Lieberman

CORPORATION STAFF PRESENTING:

Ken Reecy
Hugh Brown
Brantley Henderson
Jacqui Peters
David Westcott
Betty Zachem

OTHERS PRESENTING:

Michael Donaldson
Chris Bryant
David Deutch
Shawn Wilson
Paula Rhodes
Nick Inamdar

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

Chairman Smith noted the passing of Bill Johnston, who served as financial advisor to Florida Housing since 1992.

Chairman Smith welcomed Julie Dennis, the new Department of Economic Opportunity designee, and Ron Lieberman, the newly appointed residential building industry representative, to the Board.

MINUTES

Item A, Approval of Minutes of the February 3, 2017, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the February 3, 2017, Board Meeting.

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

LEGAL

Item A, SP Trail, LLC, and Southport Development, Inc. d/b/a Southport Development Services, Inc., v Florida Housing Finance Corporation. Hugh Brown asked the Board to adopt the consent agreement in the SP Trail, LLC, and Southport Development, Inc. matter and issue a final order in accord with the consent agreement.

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

Item C, HTG Casaluna, LLC, vs. Florida Housing Finance Corporation. Hugh Brown asked the Board to adopt the stipulation for dismissal and issue a final order in the HTG Casaluna, LLC, vs. Florida Housing matter.

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

Item D, Oasis at Renaissance Preserve I, LP, v. Florida Housing Finance Corporation and Osceola Palos Verdes, LTD. Hugh Brown asked the Board to reject Oasis' exceptions and adopt the recommended order as its final order without changes to the findings of fact or conclusions of law and to adopt the recommendation of the recommended order and issue a final order in the Oasis at Renaissance Preserve I, LP, v Florida Housing matter.

Motion to approve the recommendation was made by Mr. Hawthorne with a second by Ms. Bastian.

Michael Donaldson, representing the Petitioner, Oasis, spoke against the recommended order and asked the Board to rule that the submission of the incorrect document in the application was a minor irregularity, and accordingly, should be waived.

Betty Zachem, representing Florida Housing, spoke in support of adopting the recommended order as is.

Chris Bryant, representing intervenor Osceola Palos Verdes, also spoke in support of adopting the recommended order as is.

Motion passed by a vote of 4 to 1 with Mr. Hawthorne casting the dissenting vote and Mr. Katz abstaining.

LEGISLATIVE

Jacqui Peters updated the Board on the ongoing legislative session and how it might impact Florida Housing.

MULTIFAMILY PROGRAMS

Item A, Request for Applications (RFA) RFA 2016-110, Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties. Brantley Henderson asked the Board to approve the recommendation of the review committee for RFA 2016-110, Housing Credit Financing for Affordable Housing Developments Located in Medium and Small Counties, and adopt the scoring results and authorize the tentative selection of the ten applications set forth in Exhibit B for funding. He stated that if no notice of protest or formal written protest is filed in accordance with Florida Statutes, staff will issue a letter of preliminary award to the applications set forth in Exhibit B. He stated that if a notice of protest or formal written protest is filed in accordance with Florida Statutes, then at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing letters of preliminary award to those applications in the funding range.

Motion to approve staff's recommendation was made by Ms. Bastian with a second by Mr. Katz. Motion passed unanimously with Mr. Hawthorne abstaining from the vote due to a potential conflict of interest.

Item B, Request for Applications (RFA) 2016-115 SAIL Financing for Smaller Permanent Supportive Housing Developments for Persons with Special Needs. Brantley Henderson asked the Board to approve the recommendation of the review committee for RFA 2016-115, SAIL Financing for Smaller Permanent Supportive Housing Developments for Persons with Special Needs, and adopt the scoring results and authorize the tentative selection of the two applications set forth in Exhibit D for funding. He also asked the Board to approve a future issuance of another RFA for smaller permanent supportive housing developments with persons with special needs to utilize the remaining unallocated balance of approximately \$7 million. He stated that if no notice of protest or formal written protest is filed in accordance with Florida Statutes, staff will issue a letter of preliminary award to the applications set forth in Exhibit D. He stated that if a notice of protest or formal written protest is filed in accordance with Florida Statutes, then at the completion of all litigation, staff will present all recommended orders for Board approval prior to issuing letters of preliminary award to those applications in the funding range.

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

Item C, Rule Development. Ken Reecy asked the Board to approve the proposed Rules 67-21 and 67-48 and authorize staff to file the rules for adoption if a notice of change is not required; however if a notice of change is required, to authorize the Chairman to determine whether the notice of change makes material substantive changes to the rule chapter, and if he determines that it does not, staff recommends that the Board approves such notice of change without requirement of another Board Meeting. If the Chairman determines that the notice of change does make material substantive changes to the rule chapter, staff recommends that a telephonic meeting be called to obtain Board approval for any required changes to be ratified at the next regularly scheduled Board Meeting.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Request for Qualifications (RFQ) 2017-03, Advisor Agencies for the Hardest-Hit Fund (HHF Program). David Westcott asked the Board to approve the review committee's recommendation to enter into contract negotiations with each of the seven responsive agencies to RFQ 2017-03 for Advisor Agencies for the Hardest-Hit Fund Program.

Motion to approve staff's recommendation was made by Ms. Bastian with a second by Mr. Hawthorne. Motion passed unanimously with Mr. Lieberman abstaining due to a possible conflict of interest.

John Hawthorne commended Florida Housing staff on following through on goals set in the corporation's strategic plan. Ken Reecy thanked Mr. Hawthorne and spoke about the positive track the corporation has been on and continues to be on going forward.

AUDIT COMMITTEE UPDATE

Brian Katz asked the Board to ratify all items discussed at the February 20, 2017, telephonic Audit Committee meeting, including approval of the Audit Committee Charter and the OIG Charter, and the Audit Plan and Risk Assessment for 2017.

Motion to approve the actions taken by the Audit Committee was made by Ms. Bastian with a second by Mr. Hawthorne. Motion passed unanimously.

APPOINTMENT OF EXECUTIVE DIRECTOR

Hugh Brown asked the Board to consider and consent to the appointment of Harold "Trey" Price to the position of Executive Director of Florida Housing Finance Corporation and adopt Resolutions 2017-05 and 2017-06 regarding the signature authority of the newly appointed Executive Director.

Motion to approve staff recommendation was made by Brian Katz with a second by Ron Lieberman.

Chairman Smith introduced Mr. Price to the Board and Mr. Price thanked the Board for the opportunity and expressed his enthusiasm about leading Florida Housing.

Motion passed unanimously.

CONSENT AGENDA

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

Motion to approve the items on the Consent Agenda was made by Mr. Hawthorne with a second by Ms. Bastian. Motion passed unanimously with Mr. Lieberman abstaining, as he had not had an opportunity to review all the items due to his last minute appointment to the Board.

LEGAL

Item B, Administrative Complaints and Orders of Ineligibility. Hugh Brown presented the Board with a request to serve administrative complaints and orders of suspension on Pinnacle Housing Group subsequent to the principals of Pinnacle entering into a deferred prosecution agreement with the federal government wherein they admitted to artificially inflating costs on four projects in order to receive superfluous tax credits solely for personal gain. He stated that Florida Housing's rules authorize the Board to determine that an applicant or any principal, financial beneficiary or affiliate of an applicant, as defined by the rules, will be ineligible for funding or allocation in any Corporation program if the Board determines that such person or entity has made material misrepresentation or engaged in fraudulent actions in connection with any application for a Corporation program.

Mr. Brown stated that upon the service of an administrative complaint, all pending transactions involving the Respondents named in the complaint are suspended until the Board issues a final order, and the duration of the ineligibility may be determined by the Board in consideration of the facts and circumstances, compliance history, type of misrepresentation or fraud committed, and the degree of harm to the Corporation's programs. He stated that in the deferred prosecution agreement, the entities admitted to material misrepresentation and fraudulent actions regarding the applications.

Mr. Brown asked the Board to authorize staff to issue administrative complaints and orders of suspension against Louis Wolfson, III, Michael D. Wohl, David O. Deutch, Mitchell M. Friedman and Felix Braverman, Pinnacle Housing Group, Pinnacle Housing Group Builders, and any affiliates as necessary and appropriate to begin the proceeding to impose a five-year period of ineligibility, and to suspend all pending transactions of Pinnacle Housing Group and its affiliates, and to declare Pinnacle Housing Group and the five individual principals ineligible to receive any Corporation funding or allocation preliminarily committed to the five developments that have not yet started construction – Caribbean Village, Woodland Park Phase One, Pineta Village, Suncrest Court and Verbena. He asked that the suspension be for five years or until good standing with other states is provided, whichever comes later.

Motion to discuss the issue was made by Mr. Lieberman with a second by Mr. Hawthorne.

David Deutch, of Pinnacle Housing Group, asked the Board not to impose any penalties on him, his partners or his businesses.

Hugh Brown reminded the Board that they were not conducting a hearing on the matter to hear the merits of the case, but were being asked to authorize the issuance of the administrative complaint to bring the case to a hearing.

Mr. Hawthorne expressed his concerns about the enforcement of Florida Housing's rules as they relate to the case. He then read an affidavit signed by former executive director Steve Auger in which he states that at the time of the admitted fraudulent activity, there were no specific rules in place that prohibited such activity.

Hugh Brown stated that the applicability of that affidavit can be determined in a fair hearing if Pinnacle chooses to litigate the matter, and the only thing the Board was being asked to do is authorize staff to start the case asking for discipline. He stated that if there were not enough votes to authorize staff to proceed with an administrative complaint, the matter would be effectively over and there would be no penalty to Pinnacle, but if there were enough votes, it would become a legal case. He stated that the rule requires that defendants be given the opportunity to defend themselves in court, and also requires that a proposed term of ineligibility be contained in the administrative complaint. He stated that staff was asking for a five-year ban or until they are in good standing with other states, whichever comes later, and to deobligate the five deals mentioned. The defendants would then have a chance to argue their case in court.

Mr. Katz asked what happens directly after an administrative complaint is filed. Mr. Brown stated that all pending transactions involving Pinnacle and its affiliates would be suspended pending the outcome of the hearing.

Mr. Hawthorne asked if a specific penalty was required in order to start the proceedings. Mr. Brown stated that it was required, but the court may recommend something different or the Board may change the penalty once the hearing was completed. He stated that the question being asked is if there is enough evidence to warrant a hearing, and if so, certain steps must be followed to begin that process.

Motion to recommend a one-year ban not affecting the pipeline was made by Ms. Bastian with a second by Mr. Hawthorne.

Ms. Bastian amended her motion to a one-year ban, leaving the five deals under construction, and rescinding the five not yet under construction. Mr. Hawthorne agreed to the amendment.

Ms. Dennis asked if the administrative law judge could change the penalty during the hearing. Mr. Brown stated that the administrative law judge can make recommendations about the penalty, but it would ultimately be up to the Board.

Chairman Smith called for a 15 minute break.

The meeting reconvened at 11:22 a.m.

Motion failed by a vote of three to two with Mr. Katz, Mr. Smith and Ms. Dennis casting the dissenting votes and Mr. Lieberman abstaining.

Chairman Smith made a motion to approve staff's recommendation with a second by Ms. Dennis. Motion failed by a vote of four to two with Mr. Lieberman, Ms. Bastian, Mr. Hawthorne and Mr. Katz casting the dissenting votes.

Mr. Katz made a motion to impose a five-year ban with a second by Chairman Smith. Motion failed by a vote of three to three with Ms. Bastian, Mr. Hawthorne and Mr. Lieberman casting the dissenting votes.

Mr. Lieberman made a motion to impose a one-year ban and a one-year delay of the five projects in the pipeline with a second by Mr. Hawthorne. Motion was not voted on.

Ms. Bastian made a motion to impose a two-year ban with a second by Mr. Hawthorne. Motion passed by a vote of four to two with Mr. Lieberman and Mr. Hawthorne casting the dissenting votes.

PUBLIC COMMENT

Shawn Wilson, of Blue Sky Communities, welcomed the two new Board Members. He also acknowledged Nick Inamdar, the outgoing president of the Coalition of Affordable Housing Providers, and Paula Rhodes, the incoming Chair.

Paula Rhodes expressed her disappointment with the Pinnacle discussion and stated that not all developers operate as Pinnacle did.

Nick Inamdar echoed Ms. Rhodes comments and thanked Ken Reecy and Brantley Henderson for their leadership during the past few months.

Chairman Smith echoed Mr. Inamdar's comments and thanked Ken for his role in the transition.

Chairman Smith adjourned the meeting at 11:38 a.m.

FHFC III

Chairman Smith then called the meeting of FHFC III to order.

Item A, Request Approval of Sale of Nassau County Property (PLP 05-063). Laura Cox asked the Board to approve the potential sale of Whispering Woods Senior Housing to Ability Housing, and to direct staff to proceed with negotiations to finalize the sale.

Motion to ratify the sale was made by Ms. Bastian with a second by Mr. Hawthorne. Motion passed unanimously.

Chairman Smith adjourned the meeting at 11:40 a.m.

FORM 8A MEMORANDUM OF VOTING CONFLICT FOR STATE OFFICERS

LAST NAME—FIRST NAME—MIDDLE NAME Hawthorne, John David	NAME OF BOARD, COUNCIL, COMMISSION, AUTHORITY, OR COMMITTEE Florida Housing Finance Corporation
MAILING ADDRESS 227 N. Bronough Street, Suite 5000	NAME OF STATE AGENCY Florida Housing Finance Corporation
CITY COUNTY Tallahassee Leon	MY POSITION IS: <input type="checkbox"/> ELECTIVE <input checked="" type="checkbox"/> APPOINTIVE
DATE ON WHICH VOTE OCCURRED March 24, 2017	

WHO MUST FILE FORM 8A

This form is for use by any person serving at the State level of government on an appointed or elected board, council, commission, authority, committee, or as a member of the Legislature. It applies to members of advisory and non-advisory bodies who are presented with a voting conflict of interest under Section 112.3143, Florida Statutes.

Your responsibilities under the law when faced with voting on a measure in which you have a conflict of interest will vary greatly depending on whether you hold an elective or appointive position. For this reason, please pay close attention to the instructions on this form before completing and filing the form.

INSTRUCTIONS FOR COMPLIANCE WITH SECTION 112.3143, FLORIDA STATUTES

ELECTED OFFICERS:

As a person holding elective state office, you may not vote on a matter that you know would inure to your special private gain or loss. However, you may vote on other matters, including measures that would inure to the special private gain or loss of a principal by whom you are retained (including the parent or subsidiary or sibling organization of a principal by which you are retained); to the special private gain or loss of a relative; or to the special private gain or loss of a business associate. If you vote on such a measure or if you abstain from voting on a measure that would affect you, you must make every reasonable effort to disclose the nature of your interest as a public record in a memorandum filed with the person responsible for recording the minutes of the meeting, who shall incorporate the memorandum in the minutes. If it is not possible for you to file a memorandum before the vote, the memorandum must be filed with the person responsible for recording the minutes of the meeting no later than 15 days after the vote.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

A member of the Legislature may satisfy the disclosure requirements of this section by filing a disclosure form created pursuant to the rules of the member's respective house if the member discloses the information required by this subsection, or by use of Form 8A.

* * * * *

APPOINTED OFFICERS:

As a person holding appointive state office, you are subject to the abstention and disclosure requirements stated above for Elected Officers. You also must disclose the nature of the conflict before voting or before making any attempt to influence the decision by oral or written communication, whether made by you or at your direction.

For purposes of this law, a "relative" includes only your father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, and daughter-in-law. A "business associate" means any person or entity engaged in or carrying on a business enterprise with you as a partner, joint venturer, coowner of property, or corporate shareholder (where the shares of the corporation are not listed on any national or regional stock exchange).

IF YOU INTEND TO MAKE ANY ATTEMPT TO INFLUENCE THE DECISION PRIOR TO THE MEETING AT WHICH THE VOTE WILL BE TAKEN:

- You must complete and file this form (before making any attempt to influence the decision) with the person responsible for recording the minutes of the meeting, who will incorporate the form in the minutes.
- A copy of the form must be provided immediately to the other members of the agency.
- The form must be read publicly at the next meeting after the form is filed.

IF YOU MAKE NO ATTEMPT TO INFLUENCE THE DECISION EXCEPT BY DISCUSSION OR VOTE AT THE MEETING:

- You must disclose orally the nature of your conflict in the measure before participating.
- You must complete the form and file it within 15 days after the vote occurs with the person responsible for recording the minutes of the meeting, who must incorporate the form in the minutes. A copy of the form must be provided immediately to the other members of the agency, and the form must be read publicly at the next meeting after the form is filed.

DISCLOSURE OF STATE OFFICER'S INTEREST

I, John David Hawthorne, hereby disclose that on March 24, 20 17 :

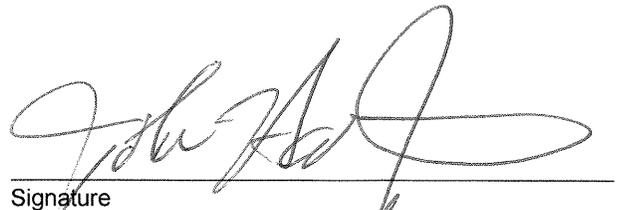
(a) A measure came or will come before my agency which (check one or more)

- inured to my special private gain or loss;
- inured to the special gain or loss of my business associate, _____ ;
- inured to the special gain or loss of my relative, _____ ;
- inured to the special gain or loss of SARASOTA HOUSING AUTHORITY, by whom I am retained; or
- inured to the special gain or loss of _____, which is the parent, subsidiary, or sibling organization of a principal which has retained me.

(b) The measure before my agency and the nature of my conflicting interest in the measure is as follows:

If disclosure of specific information would violate confidentiality or privilege pursuant to law or rules governing attorneys, a public officer, who is also an attorney, may comply with the disclosure requirements of this section by disclosing the nature of the interest in such a way as to provide the public with notice of the conflict.

March 24, 2017
Date Filed


Signature

NOTICE: UNDER PROVISIONS OF FLORIDA STATUTES §112.317, A FAILURE TO MAKE ANY REQUIRED DISCLOSURE CONSTITUTES GROUNDS FOR AND MAY BE PUNISHED BY ONE OR MORE OF THE FOLLOWING: IMPEACHMENT, REMOVAL OR SUSPENSION FROM OFFICE OR EMPLOYMENT, DEMOTION, REDUCTION IN SALARY, REPRIMAND, OR A CIVIL PENALTY NOT TO EXCEED \$10,000.