

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
December 9, 2005**

TIME: 9:00 a.m.

LOCATION: Hyatt Regency
211 North Tampa Street
Tampa, Florida 33602

BOARD MEMBERS PRESENT:

Terry Santini, Chairman
Lynn Stultz, Vice Chairman
James F. Banks, Jr.
Thaddeus Cohen
David Oellerich
Zully Ruiz
Jay Taylor
Sandra Terry

CORPORATION STAFF PRESENT:

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

ADVISORS AND OTHERS PRESENT:

Tom Lang, Shuffield, Lowman
Mark Mustian, Nabors, Giblin & Nickerson
Bill Johnston, WLJ Capital/TIBOR Partners
Scott Pavlak, Bear Stearns Asset Management
Heather Conger, Broad and Cassell

Chairman Santini called the Board of Directors' meeting to order at 9:00 a.m., and confirmed that a quorum was present.

Chairman Santini thanked everyone who participated in the Retreat on December 8. Steve Auger echoed Ms. Santini's thanks. Mr. Auger presented outgoing Board Member Jay Taylor with a plaque and thanked him for his many years of dedicated service to Florida Housing Finance Corporation and the citizens of the State of Florida. Mr. Taylor thanked the Board and staff for their good wishes. Mr. Auger introduced David Westcott, the new Deputy Development Officer for Single Family Loan Programs, and Vicki Robinson, the new Deputy Development Officer for Multifamily Loan Programs. Mr. Auger also introduced James F. Banks, Jr., the new Board Member filling the construction and labor industry seat on the Board.

MINUTES

Chairman Santini asked for a motion to approve the Minutes of the October 14, 2005, Board Meeting.

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

ELDERLY HOUSING COMMUNITY LOAN (EHCL) PROGRAM

Chairman Santini recognized Vicki Robinson to brief the Board on EHCL matters.

Item A, Request Approval of Amendments to Rule Chapter 37-32, F.A.C. Ms. Robinson reminded the Board that on August 25, 2005, it authorized staff to proceed with the rule amendment process for Rule 37-32, which governs the Elderly Housing Community Loan Program. She stated that a rule development workshop was held on September 30, 2005, a Notice of Proposed Rule Amendment was filed with the Florida Administrative Weekly on October 21, 2005, and a strike-through version of the proposed new rule was provided to the Joint Administrative Procedures Committee, who had no suggested changes. She asked the Board to approve the final Rule Chapter 67-32 and direct staff to continue with the rule amendment process.

Motion to approve the recommendation was made by Ms. Stultz with a second by Ms. Ruiz. Motion passed unanimously.

FISCAL

Chairman Santini recognized Barb Goltz to brief the Board on Fiscal matters.

Item A, 2006 Operating Budget. Ms. Goltz stated that each year Angie Sellers, the ~~Controller~~ Comptroller for the corporation, and her staff work with corporation staff to develop the budget ~~figures~~ for the following year, and to make sure ~~the budget ose figures~~ accurately reflects the needs of each department. She outlined the different variables that can affect budgetary decisions, including fluctuating interest rates, investment strategies, employee benefits and pay increase policies. Ms. Stultz asked how some of the goals set at the Retreat, including a higher level of public education and a possible new position to implement such a program, would impact the budget. Ms. Goltz stated that the budget could be amended with the Board's approval if such programs/policies were implemented and required additional funding that could not be ~~covered~~ pulled from ~~by~~ the existing budget.

Ms. Santini asked Scott Pavlak, of Bear, Stearns & Company, Inc., Asset Management, to brief the Board on the state of Florida Housing's portfolio.

Mr. Pavlak stated that the portfolio has an AA2 to AA+ rating and is well diversified, with a current yield of 4.76 percent. He stated that they expected the portfolio to remain strong throughout 2006.

Motion to approve the 2006 Operating Budget as recommended by staff was made by Ms. Ruiz with a second by Mr. Oellerich. Motion passed unanimously.

LEGAL

Chairman Santini recognized Wellington Meffert to brief the Board on legal matters.

Item A, Oaks at Stone Fountain Limited Partnership and Dixie Court Associates. Mr. Meffert stated that Items A and B were the last of the 2005 Universal Cycle appeals. He asked the to Board approve the Settlement Stipulation in the Oaks and Stone Fountain and Dixie Court Associates matter, and enter the Final Order on the Stipulation.

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

Item B, GHG Flagler Crossing Limited Partnership. Mr. Meffert asked the to Board approve the Settlement Stipulation in the GHG Flagler Crossing Limited Partnership matter and enter the Final Order on the Stipulation.

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

Item C, Dixie County SHIP Program. Mr. Meffert reminded the Board that earlier in 2005 it suspended payment of SHIP funds to Dixie County based on a pattern of violations of the criteria in Part 7 of Chapter 420 of the SHIP statute. He stated that the Dixie County SHIP Program has subsequently corrected the violations and he asked the Board to issue an order to rescind the suspension and resume funding to Dixie County.

Motion to approve the recommendation was made by Mr. Oellerich with a second by Ms. Stultz.

Secretary Cohen asked if there would be ongoing monitoring of the Dixie County SHIP Program to assure violations did not occur again. Stephanie Sgouros stated that there would be extra monitoring of the program due to its past deficiencies.

Motion to approve the recommendation was made by Mr. Oellerich with a second by Ms. Stultz. (Should the preceding sentence be eliminated since it is duplicated from above?)
Motion passed unanimously.

Item D, Carrfour Supporting Housing, Inc. Mr. Meffert stated that this Petition for Rule Waiver was pulled from the Consent Agenda, as procedurally, it needed to be addressed before an item being presented later in the agenda. He noted that the developer was proposing to take over

this development, but needed the loan interest forgiven; otherwise, one phase of the development would lose its affordability in the next year.

Motion to approve the recommendation was made by Mr. Taylor with a second by Ms. Stultz.

Mr. Auger suggested that this would be a good time to discuss affordable housing preservation issues more broadly, because these agenda items were just the tip of the iceberg with preservation. He asked Ms. Muller to provide an overview. She walked the Board through four tables summarizing data on the age of all affordable, subsidized, rental housing in the State and additional information showing when affordability periods were projected to end. She noted that while the majority of the affordability periods are not set to expire until many years in the future, the estimate was that if nothing was done, with the units coming up for expiration, affordability periods on over 15,000 units would potentially expire at the end of 2005. Mr. Auger added that the early tax credit units had affordability periods of 15 years, compared to today's commitments of 50 years. Ms. Muller stated that Florida Housing's portfolio, as a proportion of all affordable units in the State, is huge. Ms. Santini asked if we were saving the 15,000 units that are expected to expire this year. Ms. Muller stated that we were saving some units, but some were being lost. She said that USDA Rural Development and HUD are already using substantial portions of their new money to just keep stock available. Ms. Ruiz asked if there was a breakdown by county of the units being lost. Ms. Muller stated that there is a preliminary breakdown on the Florida Housing Data Clearinghouse website.

Mr. Muller indicated that some of the key units of concern are the older HUD units and Rural Development units, because those units are doing the best job of serving extremely low-income Floridians, and that saving those units was probably more cost effective than building new ones to serve the same population. Ms. Stultz asked if Florida Housing was actively working on its portfolio. Mr. Conner said yes, and briefly described the RFP currently issued to refinance older Section 202 elder developments with bonds and HOME. He said that typically these developments are relatively small, with 50-100 units each, but when Florida Housing does a bond deal, we want to put six or seven of these deals together to make the cost of the bond issue much more efficient. Ms. Santini said what we did today is just touch on what the issue is so the Board could understand a little bit more why these items are on the agenda, as we could not wait until we set policy on preservation. Mr. Taylor said that he knew of one development in which the owner has a portion of his affordability expiring, and he's trying to take a part of the development condo, and he asked if Florida Housing is looking at that option. Mr. Auger stated that a couple of developers with expiring rental developments have come to Florida Housing wanting to take a couple of expiring developments to condominiums, and we've asked how that can be done in a way that keeps it affordable so that it's not just affordable for the first homebuyer that buys it. He stated that the other issue is the rental need, and in some markets, that is far more of an issue than others. Secretary Cohen said that the conversations with developer should occur here so the Board can see the dynamism of the issue. Mr. Auger agreed.

Ms. Muller finished her presentation by talking about the overall age of Florida's affordable housing stock. She noted that there are 40,000 over 30 years old and another 43,000 units over 20 years old, which means that, over time, just like we do individually, we're going to have to think about more and more of our funding, and we'll have to strike a balance between new construction and making sure that we're keeping the State's portfolio refreshed as well.

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

LEGISLATIVE

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

Item A, Legislative Update. Mr. Meffert advised the Board that he was in the process of interviewing candidates for the Legislative Director position and hoped to have a new director in place by the first of the year. He updated the Board on current bills that were of interest to Florida Housing and stated that he expected housing to be a big issue during the upcoming session.

Ms. Stultz asked how the Board Members could help spread the affordable housing message. Mr. Auger stated that it was imperative that each Board Member had a good sense of the issues so that if moved to, personally, lobby the issues with local legislators, as the governor's appointee, you are armed with the facts about the situation. Ms. Ruiz asked for a list and summary of bills. Mr. Meffert agreed to provide that.

MULTIFAMILY BONDS

Chairman Santini recognized Wayne Conner to brief the Board on Multifamily Bond matters.

Item A, Cutler Vista. Mr. Conner asked the Board to approve the final credit underwriting report recommending that \$7.7 million in bonds and a \$2.5 million SAIL loan extension be granted for the purpose of acquiring and rehabilitating Cutler Vista, a 216-unit development in Miami-Dade County.

Motion to approve the recommendation was made by Ms. Ruiz with a second by Ms. Stultz. Motion passed unanimously.

Item B, College Park. Mr. Conner stated that this supplemental item was a request to approve the credit underwriting report with the refunding of the bonds for College Park subject to further approvals and verifications by the credit underwriter, bond counsel, special counsel and Florida Housing staff.

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

PREDEVELOPMENT LOAN PROGRAM (PLP)

Chairman Santini recognized Nancy Muller to brief the Board on PLP matters.

Item A, Winter Haven Housing Authority/Orrin Circle and Venice Housing Authority/Grove Terrace. Ms. Muller informed the Board that PLP Items F and G from the Consent Agenda were being presented as Action items, as procedurally, they needed to be addressed prior to the next item on the Action Agenda. She asked the Board to approve Items F and G from the Consent Agenda.

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

Item B, Picerne Development Corporation. Ms. Muller reminded the Board that the PLP rule limits the number of outstanding PLP loans that an applicant, affiliate or other may have out at any one time, but that the Board has the authority to approve individual co-developers having more loans. She asked the Board to approve Picerne Development's request to be an affiliate of three outstanding PLP loans, as staff believes Picerne, as an experienced developer in Florida Housing's Universal Application process, will assist the applicant to build capacity for the development of affordable housing.

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

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Chairman Santini recognized Vicki Robinson to brief the Board on SAIL matters.

Item A, Request for Proposals (RFP) for the Development and Rehabilitation of Farmworker Housing. Ms. Robinson stated that Florida Statutes require that 10 percent of the SAIL appropriation be used to fund housing for farmworkers and commercial fishing workers, and that staff has determined that the most effective way to meet that set-aside requirement is to pair the SAIL funds with the USDA's Rural Development Program for farmworker housing. She stated that this process was used last year and proved successful. She asked the Board to direct staff to draft and issue a request for proposals for the development and rehabilitation of farmworker housing.

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

SINGLE FAMILY BONDS

Chairman Santini recognized Barb Goltz to brief the Board on Single Family Bond matters.

Item A. Single Family Homeowner Program. Ms. Goltz asked the Board to approve the sale of bonds, which will probably occur in late January or early February, to continue the Single Family Bond program. She asked the Board to give the staff authority to determine the actual size and structure of the bond issue near the time of the sale, as in the past, because staff doesn't know what ~~the~~ market conditions will be ~~like~~ when the bonds are sold, ~~they actually go to sell the new bonds~~. She asked the Board to approve the necessary funding, staff actions and the resolution to permit the issuance of the proposed 2006 Phase I homeowner mortgage revenue bonds, including long and short term bonds. She also asked the Board to give staff the authority to make sure there is enough funding should the proceeds of 2005-2-3 run out prior to selling and pricing of the next bond issue, in order to continue the program during that period of time. She stated that this type of gap financing allows Florida Housing to make sure that lenders know they always have money available for reservations.

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

Item B, Pricing Report from 2005 Series 2 and 3 Bond Sale. Ms. Goltz pointed out to the Board that they were provided with ~~the the~~ pricing book ~~from the 2005 Series 2 and 3 sale, which describing the 2005 series 2 and 3 bond sale of ended up being~~ a little over \$67 million.

SPECIAL ASSETS

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

Items A and B, Riverwalk I and Riverwalk II Apartments. Ms. Cox indicated that these items are part of the earlier presentation discussion. She stated that Carrfour Supportive Housing is trying to acquire and rehab Riverwalk I and Riverwalk II, a total of 235 affordable units located in Homestead in Miami-Dade County. She asked the Board to approve the staff's recommendation to approve the transfer of ownership, the superior lien of the new first mortgagee and the assumption of the extension of the SAIL loan contingent upon completion of all credit underwriting conditions.

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

SPECIAL ASSETS

Chairman Santini recognized Nancy Muller to brief the Board on Special Programs matters.

Item A, Request for Proposals for the Development of Transitional Housing for Youths Aging Out of Foster Care. Ms. Muller stated that Florida Housing staff had been working with the Office on Homelessness and other agencies as part of the Safe Housing Team to discuss options for populations at risk of becoming homeless. She stated that the Safe Housing Team determined that there was a need for transitional housing for youth aging out of the foster care system when they turn 18, where they could live and receive support services and guidance to ultimately move into permanent housing. She stated that it was expected there would be approximately \$2.5 million available as loans to one or more applicants to develop and/or rehabilitate housing for these youths. She stated that Florida Housing would pair technical assistance because we have found that is the key to making these developments successful on the development side. She stated that the Office on Homelessness was currently working with the Department of Children and Families to consider what other funding could be provided to assist on the services side. She asked the Board to direct staff to issue a request for proposals to solicit proposals for the development and/or rehabilitation of housing for youth aging out of the foster care system.

Motion to approve the recommendation was made by Ms. Stultz with a second by Ms. Terry.

Secretary Cohen asked if Florida Housing had ever done such domestic violence projects in the past. Ms. Muller stated that two to three years prior, a request for proposals was issued for transitional housing for victims of domestic abuse and three developments were funded and are currently in various stages of completion. Secretary Cohen asked if this type of project could be done on a recurring basis. Mr. Auger explained that projects such as this were difficult to work out because while Florida Housing can provide the funding for the housing needs, the ongoing operating expenses of such organizations are generally provided by continued fund-raising efforts and that makes it difficult to do the credit underwriting. Ms. Muller stated that the purpose of demonstration projects was to learn what it takes to put such deals together, especially in the credit underwriting process. She said one of the main things learned is that a lot of these kinds of deals cannot be successful in the regular funding cycles for rental housing, and that it is time to create a separate funding cycle for what might be called special needs housing, the kind of housing that is much harder to do and needs more technical assistance. Mr. Auger stated d that

there was a supportive housing push nationwide, and this is part of a larger discussion that can be brought back before the Board at a later date, but as the federal government does less serving some of these populations that it has historically served, states across the country are having the need placed on them. He stated that it was another example of how Florida Housing needs to be thinking about issues that Florida has not had to think about yet because of market forces, need forces and other programs that are going away. Ms. Santini stated that she thought it was time to talk about what Florida Housing's role is in partnering with small non-profits to try to do this type of housing. Mr. Taylor suggested that we could work with DCF, DCA or Elder Affairs to get these needs met.

Motion to approve the recommendation was made by Ms. Stultz with a second by Ms. Terry. Motion passed unanimously.

UNIVERSAL CYCLE

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

Item A, 2006 Universal Cycle. Ms. Robinson advised the Board that rule hearings for Rule Chapters 67-21 and 67-48 were held on November 14, 2005, and that in response to the destruction caused by Hurricane Wilma, staff determined that a notice of change is required to modify the proposed rules that were presented to and approved by the Board at the last Board Meeting. She added that provided (should this word be providing? If so, then it makes sense) a second notice of change is not necessary (the preceding phrase doesn't appear to make sense but I don't know what it is supposed to be saying), staff anticipates the rules will be filed for adoption on January 9, 2006, with an effective date of January 29, 2006. She stated that the cycle would then open on January 3 and close on February 1, 2006. She asked the Board to approve the notices of change, and authorize staff to file the rules for adoption if a second notice of change is not required; however, if a second notice of change is required, she asked the Board to authorize the Chair to determine whether the second notice of change makes material, substantive changes to the rule chapter, and if the Chair determines it does not, that the Board approve such notice of change without the requirement of another board meeting. If the Chair determines that a second notice of change does make material, substantive changes to the rules chapters, she asked the Board to approve staff's recommendation that a telephonic board meeting be called to obtain Board approval for any required change.

Secretary Cohen asked is this was moving toward being a standard and asked if it would make sense to recommend that this be part of an executive order that when the Governor declares a disaster, there's a series of waivers that automatically you can do as an agency. Mr. Meffert stated that he was developing a standard setwork(set?) of supplemental orders and a set of protocols to follow in that situation.

Motion to approve the recommendation was made by Ms. Stultz with a second by Secretary Cohen. Motion passed unanimously.

HOME RENTAL

Ms. Ruiz asked to pull Home Rental Item B from the Consent Agenda for discussion. She asked if the developer was present. Heather Conger, of Broad and Cassell, stated that she would speak for the developer. Ms. Ruiz asked for a status report on the development. Ms. Conger stated that the developer was working on getting permits in place, and they were very close, but since the deadline for closing the loan was December 13, they wanted to get the extension in place in case

they couldn't meet the deadline. Ms. Ruiz asked if the developer was planning to come back to the Board again to ask for more funding. Vicki Robinson stated that she had not heard that the developer was having any financial impact from the delays. Ms. Ruiz asked what the developer was missing. Ms. Conger stated it was just the community building permit. Ms. Robinson corrected the extension date as printed in the Board Package to February 11, 2006, not February 11, 2005.

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

CONSENT AGENDA

Chairman Santini asked the Board to approve staff recommendations on the Consent Agenda, with the exception of Legal Item B, PLP Items F and G, and Home Rental Item B, which were pulled for discussion.

Motion to approve the items on the Consent Agenda with the exception of the items that were pulled for discussion was made by Ms. Terry with a second by Mr. Oellerich. Motion passed unanimously.

Hearing no further business, Chairman Santini adjourned the December 9, 2005, Board of Directors' Meeting at 11:00 a.m.