

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
December 7, 2007**

TIME: 9:00 a.m.

LOCATION: Hyatt Regency Orlando Airport
9300 Airport Blvd.
Orlando, Florida

BOARD MEMBERS PRESENT:

Lynn Stultz, Chairman
David Oellerich, Vice Chairman
Ken Fairman
Tom Pelham
Zully Ruiz
Stuart Scharaga
Sandra Terry – Via Telephone

CORPORATION STAFF PRESENT:

Stephen P. Auger, Executive Director
Debbie Blinderman
Wayne Conner
Laura Cox
Rebecca DeLaRosa
Sheila Freaney
Barbara Goltz
Wellington Meffert
Nancy Muller
Angie Sellers
Stephanie Sgouros
David Westcott

ADVISORS AND OTHERS PRESENT:

Junious Brown, Nabors, Giblin & Nickerson
Jan Carpenter, Shuffield Loman
Bill Johnston, WLJ Capital/TIBOR Partners
Scott Pavlak, Bear Stearns
Margot Cook, Bear Stearns
Bill O'Dell, Shimberg Center for Affordable Housing
Bart Lloyd, Preservation of Affordable Housing
Elena Dominguez, Greater Miami Neighborhoods
David Schafer, WNC & Associates, Inc.

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

MINUTES

Chairman Stultz asked for a motion to approve the Minutes of the September 21, 2007, Board Meeting.

Motion to approve the Minutes was made by Mr. Scharaga with a second by Mr. Oellerich. Motion passed unanimously.

Chairman Stultz asked for a motion to approve the Minutes of the October 26, 2007, Board Meeting.

Motion to approve the Minutes was made by Mr. Fairman with a second by Secretary Pelham. Motion passed unanimously.

PRESENTATIONS

Chairman Stultz recognized Barb Goltz to address the Board. Ms. Goltz introduced Scott Pavlak and Margot Cook, of Bear Stearns, to address the Board.

Ms. Cook and Mr. Pavlak provided to the Board an assessment of the current economy and how they anticipate it will affect Florida Housing's portfolio.

Chairman Stultz recognized Nancy Muller to address the Board. Ms. Muller reminded the Board that every three years the SAIL Statute requires Florida Housing to conduct a rental market study to assist in allocating resources and determining policy. She introduced Bill O'Dell, of the Shimberg Center, to address the Board.

Mr. O'Dell presented the findings of the 2007 Rental Market Study and answered questions from the Board Members.

SPECIAL ASSETS

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

Item A, Transfer of General Partnership Interests from Greater Miami Neighborhoods to Enterprise Community Partners, Inc. Ms. Cox stated that Greater Miami Neighborhoods (GMN) received funding from Florida Housing on 27 developments from 1990 to 2006 through HOME, Housing Credits, EHCL, Community Loan Bonds and SAIL. She stated that 13 of the developments have Enterprise Community Development as a limited partner. She asked the Board to permit the limited partner to insert an affiliate as a general partner based on GMN's current financial status contingent on the new general partner providing necessary information to the servicer to allow for a positive recommendation, which will then come back to the Board for approval.

Motion to approve staff recommendation was made by Ms. Ruiz with a second by Secretary Pelham.

Mr. Oellerich asked why the Board was being asked for a conditional approval now. Ms. Cox stated that because of the financial status of GMN, putting a general partner with a better balance sheet in the deal helps the viability of the development. Mr. Auger stated that this is expediting the transfer to tax credit syndicators who have a significant interest in ensuring that operating deficits are funded and loans remain current. He added that the limited partner faces substantial financial exposure from a foreclosure resulting from the general partners' failure to keep the mortgage loan current and to maintain the physical condition of the property.

Motion passed unanimously.

Item B, Approval of POAH's Conceptual Plan, Delegation of Authority to the Chair and Authorization to Negotiate the Terms of the Plan. Ms. Cox asked the Board to provide conditional approval to a conceptual plan outlined in a request from the Preservation of Affordable Housing, Inc. (POAH) for the acquisition of six GMN developments. She stated that due to the current financial status of GMN, staff supports the conceptual plan contingent on POAH providing more details to the plan and further negotiations with staff. She asked the Board to permit staff to negotiate with POAH to acquire and refinance the properties and delegate authority to the Board Chair to approve the final plan of acquisition.

Mr. Scharaga asked why they were being allowed to cherry pick the properties. Ms. Cox stated that POAH's plan is to take all six as a pool and not strictly on an economic basis. Mr. Oellerich asked whether approval for the final acquisition would come back to the board. Ms. Stultz stated that it may not.

Motion passed unanimously.

ELDERLY HOUSING COMMUNITY LOAN PROGRAM (EHCL)

Chairman Stultz recognized Debbie Blinderman to brief the Board on EHCL matters.

Item A, Request Approval of Amendments to Rule Chapter 67-32, F.A.C. Ms. Blinderman and Mr. Auger summarized key rule changes for the Board and asked the Board to approve the final Rule Chapter 67-32, and should it be necessary, approve a notice of change. She also asked the Board to authorize staff to continue with the rule amendment process.

Motion to approve staff recommendation was made by Mr. Scharaga with a second by Mr. Oellerich. Motion passed unanimously.

FISCAL

Chairman Stultz recognized Barb Goltz to address the Board regarding the fiscal matters.

Item A, 2008 Operating Budget. Ms. Goltz asked the Board to approve staff's recommendation to approve the 2008 Operating Budget as presented.

Motion to approve staff recommendation was made by Mr. Oellerich with a second by Secretary Pelham.

Mr. Scharaga asked for clarification on the contribution for the HOME program. Ms. Goltz stated that Florida Housing gets about \$22 million and 10 percent of that is allowed for administrative purposes. Mr. Scharaga asked if when monies are disbursed in the SHIP program, does part of the money have to be disbursed to the HOME loan program. Ms. Goltz stated that there are a number of ways to reach the HOME match. Ms. Muller stated that local governments may use SHIP funds as their match, but Florida Housing does not use SHIP for match. Mr. Auger stated that Florida Housing uses state dollars that come to Florida Housing for the SAIL program and can use a portion of the bond allocation to help meet the match requirements. Ms. Goltz stated that if Florida Housing used SHIP funds, then the locals could not use it and vice versa.

Motion passed unanimously

Chairman Stultz called a five minute recess and then reconvened the meeting.

HOMEOWNERSHIP POOL (HOP) PROGRAM

Chairman Stultz recognized David Westcott to brief the Board on Homeownership matters.

Item A, Authorization to Commence Rule Amendment Process. Mr. Westcott reminded the Board that the Homeownership Pool (HOP) Program is Florida Housing's developer-based purchase assistance program that was begun last year and he added that the program has been very popular and well used since its inception. He asked the Board to authorize staff to begin the rule amendment process for the HOP Program which will allow staff to tweak the program and incorporate additional aspects, such as Green Building and Universal Design.

Motion to approve staff recommendation was made by Ms. Ruiz with a second by Mr. Oellerich.

Mr. Oellerich asked if they would be fixing problems in the program. Mr. Westcott stated that the rule amendment would just fine tune the program, as it has been working very well. Mr. Auger assured the Board that the rule would come back for approval before anything is final.

Motion passed unanimously.

LEGAL

Chairman Stultz recognized Wellington Meffert to brief the Board on Legal matters.

Item A, LaEstancia Apartments. Mr. Meffert stated that LaEstancia Apartments was a take-over property from Heritage Company with set asides of 80 percent for farmworkers and 100 percent of the units set aside at 40 percent area median income or below. He stated that the developer came to the Board in 2002 to change the set asides, and a consequently a LURA amendment was filed, but the EUA itself was never amended, so he asked the Board to approve staff's recommendation to amend both the LURA and the EUA to codify the board set asides of the old agreement which states that 80 percent of the project be set aside for farmworkers, nine units for incomes at 35 percent AMI or below, 35 units for 40 percent AMI and below, and the remaining 40 units for 50 percent AMI and below.

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

Mr. Oellerich asked if the developer was seeking relief due to a sizable past due water bill. Mr. Meffert introduced David Schafer from WNC & Associates to address the Board. Mr. Schafer stated when Hillsborough County hooked the property to the public water system, the billing for this negatively impacted the operating expenses of the property. Mr. Schafer then asked for the agenda item to be withdrawn to work through the budget further with staff. Mr. Meffert agreed and Mr. Scharaga withdrew his motion.

PROFESSIONAL SERVICES SELECTION (PSS)

Chairman Stultz recognized David Westcott to address the Board regarding PSS Item A.

Item A, Foreclosure Prevention Strategy Services Request for Proposals. Mr. Westcott stated that four responses were received to the RFP for Foreclosure Prevention Services and were reviewed and scored by the review committee. He asked the Board to approve the review committee's recommendation to authorize staff to begin contract negotiations with Neighborworks America to provide the services, including training, technical assistance, marketing and contract management, and if negotiations with Neighborworks should fail as to any one or more of these services, to authorize staff to enter into negotiations with the Florida Housing Coalition on all remaining services, and if negotiations with Florida Housing Coalition fail, to enter into negotiations with Harsany and Associates.

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

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Chairman Stultz asked Debbie Blinderman to brief the Board on SAIL matters.

Item A, Request for Proposals for New Construction/Substantial Rehabilitation of Commercial Fishing Worker/Farmworker Housing. Ms. Blinderman stated that pursuant to Florida Statute, a minimum of 10 percent of the annual SAIL appropriation must be used to fund housing for farmworkers and commercial fishing workers. She added that through discussions with stakeholders, staff discovered that due to the timing of the Universal Cycle, the money is not being awarded at a time when it can be paired with USDA dollars, and used to its best advantage. She asked the Board to authorize staff to begin the RFP process to allow for the allocation of the farmworker SAIL funds at a time when they can be paired with the USDA funds.

Motion to approve staff's recommendation was made by Mr. Scharaga with a second by Mr. Oellerich.

Mr. Oellerich asked if the Board could get the RFP results rather than just the supplemental Board item. Mr. Auger stated that this could be done. Chairman Stultz indicated that she has asked to be more involved in the RFP development and review before it is published. Other Board Members agreed.

Motion passed unanimously.

SINGLE FAMILY BONDS

Chairman Stultz 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 necessary funding, including reimbursable amounts, to provide program funding between bond issues, authorize staff actions, and authorize the resolution to permit the issuance of a proposed 2008 Phase I Homeowner Mortgage Revenue Bonds.

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

STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM

Chairman Stultz recognized Nancy Muller to brief the Board on SHIP matters.

Item A, Discussion on Rule Changes and Preliminary Legislative Proposal. Ms. Muller stated that she wanted to provide the Board an opportunity to discuss proposed rule changes to the SHIP program as well as initial ideas on the legislative changes to the SHIP statute. She summarized the proposed rule changes and, after hearing no questions proceeded to outline proposed statutory changes.

Mr. Scharaga stated that he wants to be an advocate of the working poor in the state and suggested using 30 percent of SHIP for moderate income people in every county to help keep business and people in the state. Mr. Auger stated that most local jurisdictions do most of their SHIP dollar targeting at the very low and low income, but in a few very high cost counties they are doing more in the moderate category of up to 120 percent. Mr. Fairman asked if they have the option to go up to 120 percent. Mr. Auger stated that they do.

Mr. Scharaga asked when there is a first mortgage of \$55,000 from the bank, and yet the borrower wants \$125,000 in subsidy money, what is the state's position on that. Ms. Muller stated that it was very rarely done that way. Mr. Auger said that when it is done, the loan which is normally in second position is the same as the amount of the first mortgage and it is co-equal, but if it becomes more than the first mortgage, it takes first position so it is in a better risk position. Ms. Muller asked Mr. Scharaga if he thought the practice of allowing a larger amount of SHIP compared to the first mortgage in a homeownership transaction should be banned. Mr. Scharaga said yes. Ms. Muller stated there might be some specialized situation in which a local government might find it worthy of taking the risk of having a larger amount of SHIP in the transaction, but if you go in bare without having a first mortgage, when there is a foreclosure, they are going to take their money and run. Mr. Auger stated that staff will put some data together regarding the matter and come back to the Board with it to make sure SHIP is protected in that regard.

Mr. Scharaga asked about giving people who participate in the SHIP program a direct line to Florida Housing for comments and doing some surveys to find out the reaction of people that are partners in the SHIP program. Ms. Muller stated that Florida Housing is going to carry that out, but it is not part of this presentation because it is not a rule or statute change. Ms. Muller continued her summary of proposed legislative changes. She finished by saying that when the rule comes to the Board in January, it should be final, and no more changes will be made at that time, as that would restart the clock.

Mr. Scharaga stated that he thought that in regard to assisting mobile home replacements, it was decided that the best thing was to use the local zoning, not the HUD zoning and asked if HUD has a wind debris code. Ms. Muller stated that mobile homes have to be built to withstand the class of wind in a certain area, so they actually have to be stronger the closer they are to the coast. Mr. Scharaga stated that he thinks the difference between HUD and the local code should be investigated because Florida has been broken into debris areas. Mr. Auger stated that staff would look into that.

UNIVERSAL CYCLE

Chairman Stultz recognized Stephanie Sgouros to take the Board through seed number selection for various Florida Housing programs for lottery numbers.

Item A, 2008 Program Funding Application/Proposal Lottery Seed Number Selection. Ms. Sgouros stated that various Florida Housing programs provide that applications or proposals for funding receive random lottery numbers at or prior to the issuance of final scores, and that in years past, different seed numbers were selected for each program. She stated that for all 2008 programs, including the 2008 Universal Cycle Application, the Elderly Housing Community Loan Application, the Extremely Low Income/Special Needs RFP, and the Development and Rehab of Farmworker and Commercial Fishing Worker RFP, one seed number would be selected. She asked Chairman Stultz to pick a seed number from Statement 4914, Interstate Commerce Commission, Appendix 81, Pages 1441 through 1446, Lines 1 through 300, Columns 1 through 14. Chairman Stultz selected Page 1443, Column 7, Line Number 135, Number 22273.

CONSENT AGENDA

Mr. Auger stated that Stuart Scharaga asked to recuse himself from the vote on Homeownership Consent Item H, so that item was voted on separately.

Motion to approve staff's recommendation on Homeownership Consent Item H was made by Ms. Ruiz with a second by Mr. Fairman. Motion passed unanimously with Mr. Scharaga not voting.

Mr. Auger stated that SAIL Consent Item C was removed from consideration.

Chairman Stultz asked for motion to approve the remaining items on the Consent Agenda.

Motion to approve the remaining items on the Consent Agenda was made by Ms. Ruiz with a second by Mr. Oellerich. Motion passed unanimously.

Mr. Auger stated that he was working with the Governor's Appointments Office and hoped to have the two vacant seats on the Board filled soon.

Mr. Auger also informed everyone that the Board would hold a one day retreat/strategic planning session in conjunction with the regular June 2008 Board Meeting in Fort Lauderdale, and a brief telephonic on January 11, 2008.

Hearing no further business, the December 7, 2007, Board of Directors' Meeting was adjourned at 12:20 p.m.