

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
March 14, 2014**

TIME: 8:30 a.m.

LOCATION: Tallahassee City Hall
300 South Adams Street
Tallahassee FL 32301

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
Wellington Meffert
Nancy Muller
Ken Reecy

OTHERS PRESENT:

Noel Munson, Florida Department of Economic Opportunity
John Wagner, Kutak Rock

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

MINUTES

Item A, Approval of Minutes of the January 31, 2014, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the January 31, 2014, Board Meeting.

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

PRESENTATION ON THE ROLE OF THE BOARD

John Wagner, of Kutak Rock, spoke to the Board regarding its role and responsibilities in the governance of Florida Housing.

AUDIT COMMITTEE

Brian Katz, Chairman of the Audit Committee, reported that the newly re-formed committee has met twice since the first of the year and approved the Office of Inspector General Charter, the Audit Committee Charter, the Audit Plan and Risk Assessment and the Annual Audit Report. He asked the Board to ratify the actions of the Audit Committee.

Motion to approve the Audit Committee's actions was made by Mr. Hawthorne with a second by Ms. Munilla. Motion passed unanimously.

LEGAL

Item B, Southport Development Inc., v. Florida Housing; Peyton Ridge Community, Ltd. v. Florida Housing; HTG Hillsborough 1, LLC v. Florida Housing; HTG Pinellas 2, LLC v. Florida Housing. Wellington Meffert stated that the Southport Development, Inc., Peyton Ridge Community, Ltd., HTG Hillsborough 1, LLC, and HTG Pinellas 2, LLC, cases were consolidated into one case at the Division of Administrative Hearings (DOAH). He stated that all parties to the matter decided to settle before going to hearing and asked the Board to accept the Consent Agreement and issue an order accordingly.

Steve Auger reminded the Board that the case pertained to Florida Housing's large four county tax credit request for application, and was the first one referred to DOAH based on factual disputes. He stated that several other challenges to applications resulted in the withdrawal of those applications, and that funding was returned to be awarded to the next applications on the ranking list per the requirements of the RFA.

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

Item A, ARC of Martin County v. Florida Housing Finance Corporation. Wellington Meffert stated that ARC of Martin County v. Florida Housing was a challenge to the award for RFA 2013-005 to build or rehab small permanent supportive housing developments for persons with developmental disabilities. He stated that the issue in the case was that ARC of Martin County had not established site control, and at the hearing, the applicant tried to submit a document that established site control, but the statute governing bid protests does not allow amendment to the application or supplemental documentation to the application during litigation. He stated that the hearing officer ruled that the document was inadmissible and recommended dismissal of the petition. He asked the Board to adopt the findings of fact and conclusions of law in the recommended order 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.

Item C, Arbours at Ambassador Place, LLC v Florida Housing Finance Corporation and Peyton Ridge Community, Ltd., Lingo Cover Partners, Ltd., and Urban Edge Partners II, Ltd. Wellington Meffert stated that Arbours at Ambassador Place v. Florida Housing, et al., was the one case that was not consolidated into the agreement that was approved earlier in the meeting. He stated that at the DOAH hearing, the administrative law judge ruled that an extra document was not admissible as evidence into the hearing and without that document, there was no reason to go forward. He asked the Board to adopt the DOAH judge's order as its own and issue a final order of dismissal accordingly.

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

MULTIFAMILY BONDS

Item A, Request Approval of the Final Credit Underwriting Report and Approval of the Assignment, Assumption and Subordination of the SAIL LURA and EUA for Castle Woods Apartments. Ken Reecy asked the Board to approve the final credit underwriting report for Castle Woods Apartments and allocate \$14 million in tax-exempt multifamily mortgage revenue bonds for the acquisition and rehabilitation of the development, and the transfer of the development, the assignment, assumption and subordination of the SAIL LURA, and the existing EUA subject to further approvals and verification by the credit underwriter, bond counsel, special counsel and appropriate Florida Housing staff.

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

Item B, Request Approval of the Final Credit Underwriting Report for Caravel Arms Apartments. Ken Reecy asked the Board to approve the final credit underwriting report for Caravel Arms Apartments and allocate \$6.3 million in tax-exempt multifamily mortgage revenue bonds for the acquisition and rehabilitation of the development, subject to further approvals and verifications by the credit underwriter, bond counsel, special counsel and appropriate Florida Housing staff.

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

John Hawthorne asked if there was a way to get more units with the same amount of funding by scaling back on amenities in the units.

Steve Auger stated that leveraging and development cost caps were worked into the latest RFAs to address that issue.

Motion passed unanimously.

Item C, Assignment of Bond Underwriters and Structuring Agents. Ken Reecy asked the Board to approve staff's recommendation to assign RBC Capital Markets as bond underwriter and structuring agent for both Castle Woods and Caravel Arms Apartments.

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

Item D, Request Approval of the Method of Bond Sale Recommendation from Florida Housing's Senior Financial Advisor. Ken Reecy asked the Board to approve staff's recommendation of the negotiated method of bond sale for Castle Woods and the negotiated private placement method of bond sale for Caravel Arms.

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

MULTIFAMILY PROGRAMS

Item A, 2014 Rule Development. Ken Reecy asked the Board to authorize staff to begin the rule development process for Rules 67-21, 67-32, 67-48 and 67-60, Florida Administrative Code.

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

Item B, Request for Applications (RFA) 2014-013 for Financing of Affordable Multifamily Housing Developments with SAIL Funding to be used in Conjunction with Tax-Exempt Bond Financing and 2014 Rule Development. Ken Reecy stated that RFA 2013-013 was for the financing of affordable multifamily housing developments with SAIL funding used in conjunction with tax-exempt bond financing and non-competitive housing credits. He stated that the RFA was issued on January 10, 2014, to award \$32.5 million of SAIL funding broken down into pots of \$22.5 million for elderly demographic developments and \$10 million for family demographic developments with 10 percent of the total units in the family developments set aside for persons with developmental disabilities. He stated that 31 applications were received and scored by the review committee, and on March 13, 2014, the committee members met, presented their scores and carried out the funding selection process in accordance with the RFA. He asked the Board to approve the committee's recommendation to adopt the scoring results as set out in Exhibit E and authorize the tentative selection of the 13 applications set out in Exhibit F for funding and invitation into credit underwriting, after which an unallocated SAIL balance of \$454,236.50 will

remain. He stated that that RFA dictates that any remaining funds will 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 13 applications in Exhibit F; 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 Ms. Munilla with a second by Mr. Hawthorne.

Steve Auger stated that when Florida Housing receives an appropriation of SAIL funding, it gets broken up in to small, medium and large county pots based on the pro rata portion of the three-year need study the SAIL statute requires, the most recent of which is the 2013 study conducted by the Shimberg Center for Housing Studies. He stated that after that breakdown, the funds are then further split between the family and elderly demographics, which is also based on the study. He stated that statute also requires ten percent of any SAIL funding for elders be used for the Elderly Housing Community Loan Program (EHCL), which is a rehab program primarily focusing on old HUD housing.

Mr. Auger stated that the RFA had certain requirements pertaining to the SAIL funds such as choosing either the elder or family demographic and proving site control, and the tax credits required leveraging. He stated that there was a goal to do one new construction deal in the small counties and two new constructions deals in both the medium and large counties. He stated that the scoring began with funding deals in the small counties until there isn't enough funding to fully fund another transaction, and then the remaining funds were reallocated to the medium county pot. He stated that the same was done with the medium county deals and the remaining funds were reallocated to the large county pot.

Mr. Auger asked the Board to authorize the tentative selection of Application 2014-318S to receive the remaining unallocated funding, as well as \$3.32 million in SAIL program income to fund the applications already selected to serve the elderly demographic.

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

Item C, Request for Applications (RFA) 2014-101 for Financing to Build Permanent Supportive Housing for Homeless Persons and Families. Ken Reecy stated that RFA 2013-101 was for financing to build permanent supportive housing for homeless persons and families. He stated that Florida Housing received an appropriation of \$10 million in non-recurring grant funds by the 2013 legislature to finance housing for homeless persons and families, and Florida Housing made an additional \$2 million in additional gap financing available to support the development of units set aside for extremely low income residents. He stated that the RFA was issued on October 13, 2013, and the Board approved six applications accounting for \$8.3 million in grant funding requests and \$460,800 in gap grant financing. He stated that RFA 2014-101 was issued to award the remaining \$1.696 million and \$425,000 in gap grant financing. He stated that 11 applications were received and scored by the review committee, and on March 10, 2014, the committee members met, presented their scores and carried out the funding selection process in

accordance with the RFA. He asked the Board to approve the committee's recommendation to adopt the scoring results as set out in Exhibit A and authorize the tentative selection of the 3 applications set out in Exhibit B for funding and invitation into credit underwriting. 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 3 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 Mr. Hawthorne. Motion passed unanimously.

Item D, Request for Proposals (RFP) 2014-102 for Financing to Develop Permanent Supportive Housing for High Needs/High Cost Individuals Who are Chronically Homeless. Ken Reecy stated that RFA 2014-102 was for financing to develop permanent supportive housing for high needs/high costs individuals who are chronically homeless. He stated that Florida Housing received an appropriation of \$10 million by the 2012 legislature to finance the development of affordable, sustainable and permanent housing for special needs and extremely low income households, specifying that Florida Housing must offer the funding through a competitive RFP to nonprofit housing developers specializing in housing for these individuals. He stated that the RFP required applicants to incorporate a multiyear study evaluating the ability of permanent supportive housing linked with coordinated local and state public/private partnerships to reduce public expenditures and improve personal outcomes for high needs/high costs chronically homeless persons and were expected to find funding to work with partners experienced in developing and implementing research methodologies and carrying out data collection to evaluate resident outcomes and cost savings to the state and local governments. He stated that six applications were received and scored by the review committee, and on March 11, 2014, the committee members met, presented their scores and carried out the funding selection process in accordance with the RFA. He asked the Board to approve the committee's recommendation to adopt the scoring results as set out in Exhibit C and authorize the tentative selection of the applications set out in Exhibit D for funding and invitation into credit underwriting. 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 applications in Exhibit D; 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 Ms. Munilla with a second by Mr. Tylka.

John Hawthorne asked if there was a certain length of time that supportive services were required to be provided. Nancy Muller stated that the applicants provided letters or memorandums of understanding regarding the supportive services, and those invited into credit underwriting would have to provide a services plan.

Motion passed unanimously.

PROFESSIONAL SERVICES SELECTION

Item A, Request Approval of Responses to the Request for Qualifications for Energy Auditors to Provide Services for the Multifamily Energy Retrofit Program (MERP). Laura Cox stated that the Request for Qualifications for Energy Auditors to Provide Services for the MERP was issued in January and four responses were received. She asked the Board to approve the review committee's recommendation to include EMG in the pool to provide the services subject to confirmation that each of the individuals doing the on-site evaluations and preparing the energy audits hold the appropriate certifications required by Section 6D at the time of assignment from the credit underwriter and on a per-project basis. She also asked the Board to authorize staff to reissue the RFQ to expand the pool and authorize the executive director to establish a review committee to make a recommendation to the Board.

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

Len Tylka asked staff to provide a recounting of previously-approved providers to the Board for rolling RFPs and RFQs such as this. Mr. Auger stated that staff would provide that information going forward.

Chairman Smith asked why staff was asking to reissue the RFQ. Laura Cox stated that it was in case an agreement was not reached with EMG regarding fees. Ms. Cox then amended the recommendation to authorize staff to reissue the RFQ to expand the pool and authorize the executive director to establish a review committee to make a recommendation to the Board ONLY if agreement is not reached with EMG regarding fees.

Mr. Dubuque and Ms. Munilla accepted the amendment to the recommendation.

Motion passed unanimously.

Item B, Request for Qualifications (RFQ) for Investment Banking Services. Barb Goltz stated that the current contracts for investment banking services expires in August 2014 and asked the Board to authorize staff to begin the solicitation process to select a pool of qualified firms to provide investment banking services for all applicable Florida Housing programs.

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

Item C, Request for Proposals (RFP) for Auditing Services. Barb Goltz stated that the current contract for auditing services expires in June 2014 and asked the Board to authorize staff to begin the solicitation process to select a pool of qualified firms to provide auditing and other related services.

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

SINGLE FAMILY BONDS – FINANCE

Item A, Single Family Bonds – Finance. Barb Goltz stated that the current Board authorization to sell newly originated mortgage-backed securities in the specified pool market expires July 1, 2014, and asked the Board to authorize the necessary staff actions and resolution to permit the sale of newly originated mortgage-backed securities in the specified pool market.

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

CONSENT AGENDA

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

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

PRESENTATION ON THE FLORIDA STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT

Bill Killingsworth introduced Noel Munson, from the Department of Economic Opportunity, who spoke to the Board about the Florida Statewide Strategic Plan for Economic Development.

STRATEGIC PLAN

Steve Auger briefed the Board Members on the Trends and Conditions booklet prepared for them by Florida Housing staff in response to discussions held during the Strategic Planning session on January 30, 2014. Board Members discussed the findings.

PUBLIC COMMENT

No public comments were offered.

Chairman Smith adjourned the meeting at 10:50 a.m.