

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
June 19, 2015**

TIME: 8:30 a.m.

LOCATION: Tallahassee City Hall Commission Chambers
300 S. Adams Street
Tallahassee, Florida

BOARD MEMBERS PRESENT:

Barney Smith, Chairman
Natacha Munilla, Vice Chair
Renier Diaz de la Portilla
Ray Dubuque
John Hawthorne
Brian Katz
Len Tylka
Howard Wheeler

CORPORATION STAFF PRESENTING:

Stephen P. Auger
Hugh Brown
Laura Cox
Barb Goltz
Jacqui Peters
Ken Reecy
Chris McGuire

OTHERS PRESENTING:

Michael Donaldson, Carlton Fields
Mike Patillo, Ernst & Young
John Wharton, Dean, Mead & Dunbar

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

LEGISLATIVE UPDATE

Jacqui Peters and Steve Auger briefed the Board on the nearly concluded special legislative session and Florida Housing's expected appropriations.

MINUTES

Item A, Approval of Minutes of the May 8, 2015, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the May 8, 2015, Board Meeting.

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

AUDIT COMMITTEE UPDATE

Committee Chair Brian Katz reported that the Committee met on Thursday, June 18, 2015, to discuss the 2014 audit results and financial statements.

AUDITED 2014 FINANCIAL STATEMENTS

Item A, Presentation of the Audit Reports by Ernst & Young on the 2014 Financial Statements. Barb Goltz introduced Mike Patillo, of Ernst and Young, who presented the Board with the results of its audit of Florida Housing Finance Corporation's financial statements for the year 2014. Mr. Patillo said that the Audit did not note any material instances of noncompliance, nor were there any significant deficiencies or material weaknesses in Florida Housing's internal controls over financial reporting. He also said that the results of the audit of Florida Housing's federal programs were that an unmodified opinion was issued on Florida Housing's continued compliance.

Item B, Acceptance of 2014 Audited Financial Statements. Barb Goltz asked the Board to accept the audit as presented by Ernst & Young.

Motion to accept the audited financial statements presented by Ernst & Young was made by Mr. Tylka with a second by Mr. Hawthorne. Motion passed unanimously.

LEGAL

Item A, Flagship Manor, LLC v. Florida Housing Finance Corporation. Chris McGuire stated that Flagship Manor applied to Florida Housing for SAIL funding for a multi-unit housing complex for persons with special needs. He stated that Florida Housing reviewed the application and found that the document submitted to demonstrate site control was incomplete in that it was missing an attachment that was referenced in the legal description as Exhibit A. He stated that Rule 67-60.006 states that failure to submit all required information is grounds for finding an application nonresponsive, so Flagship Manor's application was deemed nonresponsive. He stated that Flagship Manor challenged the finding and at the hearing made the argument that the missing Exhibit A was not important, and even if it was, the fact that it was missing should have been waived as a minor irregularity. He stated that Florida Housing argued that allowing Exhibit A to be submitted after the application deadline constituted an amendment

to the application and the rule requires applications to be reviewed as presented and does not allow for amendments. He said that there were no disputed issues of fact in this hearing, just a legal question of whether the failure to attach attachment A should have rendered this application ineligible. He stated that the hearing officer agreed with Florida Housing and submitted a recommended order recommending that Florida Housing issue a final order affirming the scoring decision for Flagship Manor.

Mr. McGuire stated that Flagship Manor filed exceptions to the recommended order that essentially brought the same arguments that were heard in the hearing; however, miscellaneous exception eight corrects a scrivener's error.

Mr. Hawthorne asked what type of precedent would be set if the Board did not accept the recommended order.

Mr. Auger stated that not accepting the recommended order would set a significant precedent and that the scoring decision on the Flagship Manor application was consistent with decisions made in the past. He added that site control has always been a meaningful part of the process to ensure proposed developments are truly ready to proceed, and lack of proof of site control would not be considered a minor irregularity.

Mr. McGuire also asked the Board to approve staff's recommendation that exceptions one through three be rejected, that miscellaneous exceptions one through seven be rejected, and that miscellaneous exception eight, which corrects a scrivener's error, be accepted.

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

Chairman Smith stated that the Board would let the counsel for the Petitioner and Intervenor speak.

John Wharton, of Dean Mead & Dunbar, argued in support of the Petitioner, Flagship Manor's claim that the missing document was a minor irregularity in the application.

Michael Donaldson argued on behalf of the Intervenor, Spinal Cord Living Assistance Development, Inc. (SCLAD), whose application would not be funded if the Board were to reject the recommended order and rules for Flagship Manor, and urged the Board to accept the recommended order and issue a final order accordingly.

Hugh Brown, Florida Housing's General Counsel, urged the Board to accept the recommended order and issue a final order accordingly.

Renier Diaz de la Portilla asked about the cure rule, and Mr. Brown stated that no cures are allowed. Mr. Auger stated that the change to the process to not allow cures occurred in 2013.

Mr. Diaz de la Portilla asked if rejecting the recommended order would require the re-issuance of the RFA. Mr. Brown stated that the result would be that money awarded to SCLAD would instead go to Flagship Manor.

Motion passed unanimously.

Mr. Auger asked the Board to approve staff's recommendation to adopt the findings of fact and conclusions of law of the recommended order and the recommendation of the recommended order and issue a final order in accord with such decisions.

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

MULTIFAMILY PROGRAMS

Item A, Authorization of 2016 Low Income Housing Tax Credit Request for Applications (RFA). Ken Reecy outlined staff work that has occurred in preparation for the 2016 funding process, and stated that staff would bring a complete funding plan to the Board at the August meeting. He asked the Board to authorize staff to proceed with the development of the geographic and preservation RFAs for housing credit funding and to authorize the executive director to establish a review committee for each RFA as each RFA is issued in order to make funding recommendations to the Board.

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

Mr. Diaz de la Portilla asked for an explanation of the distribution determination. Mr. Auger stated that the determination is made based on need, which is outlined in the statutorily required rental market study performed by the Shimberg Center every three years. He said that because of the way HUD is changing the federal difficult to develop area (DDA) designation, which gives a boost to the credits and makes credits more valuable, in 2016, there is a newly proposed way that HUD's going to do that, and if applications are received by the end of this calendar year, the current DDAs can be utilized, which requires the accelerated timeline. He further outlined how funding has been and is likely to be split into various RFAs, which is dependent on State appropriations and how Florida Housing pieces together the various funding sources to best serve those in need.

Mr. Hawthorne asked if HOME funds could only be used for rental properties, or whether homeownership could be funded. Mr. Auger stated that some had been used through the Homeownership Pool program in the past, and it could certainly be used that way again in the future.

Motion passed unanimously.

Item B, Request for Applications (RFA) 2014-103 for Housing Credit Financing to Provide Affordable Multifamily Rental Housing that is Part of Local Revitalization Initiatives. Ken Reecy stated that RFA 2014-103 was issued on March 26, 2015, to solicit applications for approximately \$2.3 million of housing credits and SAIL program income as gap financing for affordable multifamily rental housing that is part of a broader neighborhood or local community revitalization effort. He stated that the housing credits offered represented five percent of the annual allocation of tax credits targeted to finance high priority affordable housing developments. He stated that six applications were received. He asked the Board to approve the review committee's recommendation to adopt the scoring results for the six applications and authorize the tentative selection of the application set out in Exhibit B for funding and invitation into credit underwriting. He stated that would leave an unallocated balance of \$190,000 of housing credits which may be distributed as approved by the Board. He stated that if there is no notice of protest or formal written protest, staff would proceed to issue an invitation to enter credit underwriting to the application set out in Exhibit B; however, if there is a notice of protest filed, then, at the

completion of all litigation, staff would present all recommended orders to the Board for approval prior to issuing invitations into credit underwriting.

Mr. Auger additionally asked the Board to authorize the tentative selection of the next highest ranked, eligible, unfunded score group one application for funding and invitation into credit underwriting, and authorize the award of SAIL funding and the remaining \$190,000 of low income housing tax credits with binding commitment of future low income housing tax credits to fully fund the request amount of that application.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Management Company Services Request for Qualifications. Laura Cox asked the Board to authorize staff to begin the RFQ process for management company services and to authorize the executive director to establish a review committee to make recommendations to the Board on the pool of companies from which Florida Housing staff may choose to provide management company services.

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

STATE APARTMENT INCENTIVE LOAN PROGRAM (SAIL)

Item A, Request Approval of Farmworker Demographic Waiver for New Hope Villas of Seville. Ken Reecy stated that on June 29, 2000, a SAIL loan in the amount of approximately \$2.9 million closed for a 61 unit farmworker development in Volusia County. He stated that on May 21, 2015, staff received a request from the developer for relief from the 83 percent farmworker demographic set-aside requirement due to the diminished demand for farmworker housing in Seville and the surrounding area. He asked the Board to approve staff's recommendation to grant the waiver for a period of up to two years from the 83 percent farmworker demographic set-aside and require the property to maintain a set-aside of 50 percent of the units for farmworker households, maintain an income set-aside of 83 percent of the units for households with incomes at or below 50 percent of the area median income, maintain a priority on the property's waiting list for farmworkers during the entire period, and to collect additional tenant data as specified by Florida Housing.

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

Mr. Hawthorne asked if there was any updated information to give some idea of what the forecast is for the need for farmworker housing.

Mr. Auger stated that at the end of 2014 staff presented the Shimberg findings to the Board, and he summarized the findings, pointing to a downward trend in the number of farmworkers requiring housing.

Mr. Dubuque asked whether the new proposed set-aside would be workable. Ken Reecy said the proper owner believes it will work.

Motion passed unanimously.

CONSENT AGENDA

Chairman Smith then 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. Tylka with a second by Ms. Munilla. Motion passed unanimously.

PUBLIC COMMENT

No public comment was offered.

Chairman Smith adjourned the meeting at 9:47 a.m.