

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
September 18, 2015**

TIME: 8:30 a.m.

LOCATION: Hyatt Regency Coral Gables
50 Alhambra Plaza
Coral Gables, FL

BOARD MEMBERS PRESENT:

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

CORPORATION STAFF PRESENTING:

Stephen P. Auger
Laura Cox
Hugh Brown
Cecka Green
David Westcott

OTHERS PRESENTING:

Michael Donaldson, Carlton Fields
Doug Mayer, Stone Soup Development

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

MINUTES

Item A, Approval of Minutes of the August 7, 2015, Board Meeting. Chairman Smith asked for a motion to approve the Minutes of the August 7, 2015, Board Meeting.

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

HARDEST-HIT FUND

Item A, Request Approval to Modify the Principal Reduction (PR) Program. David Westcott asked the Board to authorize staff to amend the Principal Reduction term sheet to allow for an eligible hardship of 115 percent loan to value, as opposed to the current 125 percent, subject to further approvals and conditions from counsel, United States Treasury and appropriate Florida Housing staff.

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

LEGAL

Item A, Houston Street Manor L.P. v. Florida Housing Finance Corporation. Hugh Brown stated that both Houston Street Manor and Pine Grove (the Intervenor) submitted applications for RFA 2014-115 for large counties, and both were deemed eligible with perfect scores; however, Pine Grove was recommended for funding and Houston Street Manor was not, due to Pine Grove's higher lottery number. He stated that Houston Street Manor subsequently filed a bid protest contesting Pine Grove's score, at which time Pine Grove intervened in the case and it was referred to the Division of Administrative Hearings. He stated that Houston Street Manor primarily contested transit points awarded to Pine Grove for a certain public bus transfer stop. He stated that a hearing was held on July 8, 2015, during which it became apparent that Pine Grove's submitted bus stop was ineligible, and based on this further information, required a scoring change. He stated that the administrative law judge determined that the loss of the transit points rendered Pine Grove ineligible for funding, which resulted in Houston Street being eligible. He asked the Board to adopt the findings of fact and conclusions of law of the recommended order, adopt the recommendation of the recommended order and issue a final order accordingly.

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

Item B, Pinnacle Heights, LLC, v. Florida Housing Finance Corporation. Hugh Brown stated that Pinnacle Heights v. Florida Housing involves a protest of the results of RFA 2014-116 for funding of developments in Miami-Dade County. He stated that Pinnacle Housing challenged the scoring of the application submitted by Rio at Flagler, as both applications were scored and found eligible, but only Rio at Flagler was selected for funding due to a higher lottery number than Pinnacle Heights. He stated the case was referred to the Division of Administrative Hearings to determine the validity of the public bus transfer stop submitted by Rio at Flagler. He stated that based on information revealed during the proceedings, Florida Housing changed its position and determined that Rio at Flagler's bus stop was not eligible for

points, the loss of which would render that application ineligible for funding, resulting in Pinnacle Heights being funded. He stated the recommended order found that Rio at Flagler's application was ineligible and recommended that Pinnacle Heights be funded. He stated that Rio at Flagler filed exceptions to the recommended order and Florida Housing responded. He asked the Board to reject exceptions two, three and four, and to accept exception one to correct an error in the recommended order. He also asked the Board to adopt the findings of fact, conclusions of law and the recommendation in the recommended order and issue a final order in accordance with those decisions.

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

Michael Donaldson, representing Intervenor Rio at Flagler, spoke in support of the bus stop submitted in Rio at Flagler's application meeting the requirement of three routes, as Route 11 should be considered two separate routes. He stated that there are two separate buses with separate stops and destinations that are both called Route 11; and therefore, Route 11 should be considered as two routes, which meets the requirement in the RFA.

Mr. Hawthorne stated that Florida Housing has to take the determinations of local government authorities at their face value and not reinterpret them. He stated that if the Miami-Dade Transit Authority considers Route 11 one route, Florida Housing must do so as well. Mr. Tylka agreed with Mr. Hawthorne.

Mr. Diaz de la Portilla asked about the reasoning of the transit authority in determining that Route 11 is one route or two routes. Mr. Auger stated that he did not want to speculate on the transit authority's reasoning, but stated that Florida Housing's process defines a bus route however the local government defines a bus route and in deposition, the Miami-Dade Transit Authority stated that Route 11 was one route. He stated that he was interested in maintaining the integrity of Florida Housing's process. He stated that a hearing was held on the matter and the judge agreed that these are the current rules and the policy as it currently stands governs the matter. He added that if the Board decides to change the rule moving forward, that can be addressed.

Motion passed by a vote of eight to one, with Mr. Diaz de la Portilla casting the dissenting vote.

MULTIFAMILY PROGRAMS

Item A, Request for Qualifications (RFQ) 2015-201 – Multifamily Energy Retrofit Program (MERP).

Steve Auger reminded the Board that in October 2014 a request for applications was issued for Multifamily Energy Retrofit Program funding and no responses were received, so staff retooled the program to make it more attractive and less cumbersome to potential applicants. He stated that a new RFQ was issued on a first come, first served basis, and 33 responses were received requesting approximately \$58 million in funding from a pot of approximately \$7.5 million. He stated there were some technical issues in the electronic submission process over hundredths of a second differences between the internal clocks of applicants' and Florida Housing's server clocks, creating problems with the first come, first served order of submission. He stated that while Florida Housing's information

technology department can fix the clock issues, Florida Housing is not Ticketmaster with experience on these time issues, so it makes sense to go back to a more traditional request for applications. He asked the Board to reject all responses to RFQ 2015-201 and authorize staff to amend and reissue a solicitation to award the Multifamily Energy Retrofit Program funding, and to authorize him to establish a review committee to review responses and make recommendations to the Board.

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

PROFESSIONAL SERVICES SELECTION (PSS)

Item A, Request for Qualifications (RFQ) for Public Relations, Media Buying and Planning Services.

Cecka Green asked the Board to authorize staff to issue an RFQ to select one or more qualified firms to provide public relations, media buying and planning services, and authorize the executive director to establish a review committee to review the proposals and make a recommendation of qualified firms to the Board.

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

Item B, Request for Qualifications (RFQ) 2015-03, Management Company Services. Laura Cox reminded the Board that in June it authorized staff to issue a solicitation to procure one or more management companies to handle the daily operations of a property after Florida Housing takes title to any multi-family development due to foreclosure. She stated that responses were received from Flynn Management, Royal American Management and WRH Realty Services. She asked the Board to approve the review committee's recommendation to authorize Florida Housing to enter into contract negotiations with Royal American Management and WRH Realty Services for management company services, but if negotiations should fail with either firm, authorize staff to enter into negotiations with the third-highest ranked offeror, Flynn Management.

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

PUBLIC COMMENT

Doug Mayer, of Stone Soup Development, asked the Board revisit the policy of allowing donated land to be considered and encouraged as a local contribution for non-profit developers. He also spoke in support of moving away from the lottery system for geographic nine percent tax credits.

John Hawthorne asked for input from developers on the Texas Supreme Court's recent ruling. Mr. Auger stated that now that the focus has moved away from RFAs, rule development will be more in the forefront, and targeting and DDAs will be a major part of that discussion. He stated he also expects further discussion on the lottery system and finding ways to avoid using it to award funding. Board Members Tylka, Hawthorne and Smith agreed that those discussions need to take place.

Chairman Smith adjourned the meeting at 9:31 a.m.