

**Florida Housing Finance Corporation
Board of Directors' Meeting Minutes
January 14, 2005**

TIME: 9:00 a.m.

LOCATION: Hyatt Regency
211 North Tampa Street
Tampa, Florida

BOARD MEMBERS PRESENT:

Cesar Calvet, Chairman
Terry Santini, Vice Chair
Thaddeus Cohen
Jack Maxwell
David Oellerich
Zully Ruiz
Lynn Stultz

CORPORATION STAFF PRESENT:

Orlando Cabrera, Executive Director
Steve Auger
Junious Brown
Wayne Conner
Barbara Goltz
Esrone McDaniels
Wellington Meffert
Nancy Muller
Mike Mullins
Sunny Phillips
Stephanie Sgouros
Ian Smith

ADVISORS AND OTHERS PRESENT:

Bill Johnston, WLJ Capital/TIBOR Partners
Tom Lang, Shuffield, Lowman & Wilson, P.A.
Mark Mustian, Nabors, Giblin & Nickerson
Earl Pfeiffer, Homes for Hillsborough

Chairman Calvet called the Board of Directors' meeting to order at 9:25 a.m.

EXECUTIVE DIRECTOR ANNUAL PERFORMANCE REVIEW

Chairman Calvet stated that because Mr. Cabrera was not given a performance review after his first year of service, the current review would encompass a two-year period. He praised Mr. Cabrera's accomplishments, including the streamlining of the corporation, development and implementation of a new data software system, installation of a new in-house accounting software system and the development of a plan to digitize all corporate records. He commended Mr. Cabrera for his continued efforts to educate stakeholders about the corporation, and for his continued oversight and guidance of the superior financial condition of the corporation. He proposed a 5 percent salary increase for Mr. Cabrera retroactive to February 24, 2004, and an additional 5 percent salary increase to become effective on February 24, 2005.

Motion to approve the proposed salary increases for Mr. Cabrera was made by Chairman Calvet with a second by Vice Chair Santini. Motion passed unanimously.

Mr. Cabrera thanked the Board for its continued support and thanked the staff for making his job a lot easier. He stated that he was dedicated to the continued enhancement of the technology used to run the corporation, as well as the improvement of the products and services offered by Florida Housing, by increasing public awareness of what is available.

DEMONSTRATION LOANS

Chairman Calvet recognized Nancy Muller to brief the Board on Demonstration Loan matters.

Item A, Betty Griffin Housing. Ms. Muller stated that in 2004 the Board approved funding in the amount of \$207,539 for the Betty Griffin House, a facility to provide housing for victims of domestic violence. She stated that subsequent to the Board's approval of the credit underwriting report, the credit underwriter determined that the repayment terms needed to be modified, as there would not be sufficient cash flow to support repayment on an annual basis. She asked the Board to approve the recommendation of the staff and the credit underwriter to modify the repayment terms of the Betty Griffin House's demonstration loan from annual payments based on available cash flow to deferred payment of the principal until the loan matures at the end of the 20-year term.

Motion to approve the recommendation was made by Vice Chair Santini with a second by Mr. Maxwell.

Ms. Stultz asked where the Betty Griffin house funding came from. Ms. Muller stated that they received funding from local sources and fundraising, as well as some additional homeless housing assistance. Vice Chair Santini asked where the money would come from at the end of the term of the loan. Ms. Muller stated that while there was some risk associated with deferring the repayment until the end of the term, that needed to be balanced with the policy issues of going out and testing where it makes sense for Florida Housing to get involved in different kinds of housing.

Motion to approve the recommendation was made by Vice Chair Santini with a second by Mr. Maxwell. Motion passed unanimously.

HOMEOWNERSHIP PROGRAMS

Chairman Calvet recognized Esrone McDaniels to brief the Board on Homeownership Programs.

Item A, Abidjian Estates and We Help Scattered Sites. Mr. McDaniels stated that the developer of Abidjian Estates and We Help Scattered Sites requested that Florida Housing share a second lien position with Palm Beach County, which has offered subsidies of approximately \$25,000 per home to assist in bridging the gap between the purchase price and the incomes of the borrowers. He stated that this would require Florida Housing to enter into an intercreditor agreement on a per-loan basis which would outline Florida Housing's security position, mortgage lien priority, repayment schedules, recourse provisions and other legalities. He added that although Florida Housing does not normally share lien positions, due to the increase in prices and the income gaps, staff recommended that the Board approve the request to share a second lien position with Palm Beach County on each individual loan and authorize staff to negotiate terms of the intercreditor agreement and any other documents necessary to make the transaction feasible.

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

Item B, Homes for Hillsborough/Bayou Pass. Mr. McDaniels stated that Homes for Hillsborough submitted an application in the 2003-2004 supplemental cycle for approximately \$1.7 million to construct 77 homes in Hillsborough County. He stated that the credit underwriting report for the deal differs from the usual credit underwriting report, in that it contemplates providing individual construction loans to homebuyers, not the developer, with the developer serving as a construction manager to manage the qualifying process and construction of the units. He added that USDA would provide the first mortgages on the loans under the Section 502 Self-Help Model Program, with each homebuyer functioning as their own general contractor. He stated that the developer has a long history with the USDA Section 502 Self-Help Model Program, and has been very successful with the program. He asked the Board to approve staff's recommendation to approve the credit underwriting report and authorize staff to negotiate terms of an agreement with Hillsborough County and the developer subject to further analysis by the credit underwriter and staff.

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

Ms. Stultz expressed her concerns about homeowners acting as their own general contractors. Vice Chair Santini echoed those concerns and asked if the homeowners were given any education on the process. Mr. McDaniels stated that classes were provided to the homebuyers. Secretary Cohen asked the developer to address the Board.

Earl Pfeiffer, Executive Director of Homes for Hillsborough, assured the Board that homeowners were not sent out on their own to act as general contractors with no guidance. He explained that while the homeowners are considered the general contractors, with permits and checking accounts in their names, the day-to-day operations are overseen by the developer with qualified contractors and sub-contractors. He stated that each homebuyer is required to put in 600 hours of sweat equity during the construction of their home. Secretary Cohen asked who was responsible for securing releases of liens. Mr. Pfeiffer indicated that the developer assigns a bookkeeper to each family who handles the releases of liens. Secretary Cohen asked who was responsible for warranty work. Mr. Pfeiffer stated that at move-in, homeowners were given a list of vendors and

suppliers to contact for warranty issues, and that all vendors and suppliers were required to provide a one-year warranty on all their work.

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

Chairman Calvet recognized Barb Goltz to brief the Board on the Single Family Bond Sale.

Item C, Single Family Bond Sale. Ms. Goltz reported that a \$51 million bond sale occurred and thanked the bankers, bond counsel, disclosure counsel, financial advisors and Florida Housing staff who worked on the closing. She said that almost \$12 million had already been reserved out of the bond issue and staff would come back to the Board in March for authorization to do another bond issue. She explained that this program was slightly different, as Florida Housing incorporated some additional funds from HOME into one aspect of the program. Florida Housing has three different pools: a 4.99, which is the low interest subsidized rate; the general spot pool at 5.55 interest rate; and something brand new this time, a no-points rate at 6.25, which is equivalent to the 5.55 rate when one considers that 5.55 has three points and 6.25 has no points. The 6.25 interest rate will be offered to a higher income level, those above 80 percent AMI.

LEGAL

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

Item A, Authority to Negotiate to Buy/Lease Property. Mr. Meffert asked the Board to authorize the Executive Director to negotiate and execute documents in connection with the transfer, lease and/or sublease of property from the State of Florida and/or any of its agencies, and to authorize the Executive Director to undertake all acts and execute all documents in connection with the foregoing in an effort to secure an office building to house the corporation.

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

PREDEVELOPMENT LOAN PROGRAM (PLP)

Chairman Calvet recognized Nancy Muller to brief the Board on Predevelopment Loan Program (PLP) matters.

Item A, Rule Chapter 67-38. Ms. Muller reminded the Board that at the September 10, 2004, Board Meeting, it approved staff's request to proceed with the rule amendment process for Rule 67-38, Florida Administrative Code, which governs the Predevelopment Loan Program. She stated that a Rule Development workshop was held on October 11. She stated that the strike-through version of the new rule was submitted to the Joint Administrative Procedures Committee. She asked the Board to approve the final Rule Chapter 67-38, Florida Administrative Code, and direct staff to continue with the rule amendment process in accordance with the rule timeline.

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

PROFESSIONAL SERVICE SELECTION (PSS)

Chairman Calvet recognized Barb Goltz to brief the Board on Professional Services Selection Item A.

Item A, Auditing Services. Ms. Goltz stated that Florida Statutes require Florida Housing to have its financial statements audited by a certified public accountant and file, by June 1 each year, a financial audit that identifies whether or not the Guarantee Fund debt service is covered. She asked the Board to authorize staff to issue a Request for Proposals for auditing services, and to authorize the Executive Director to establish a review committee to make a recommendation for an independent certified public accounting firm to the Board.

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

Chairman Calvet recognized Wellington Meffert to brief the Board on Professional Services Selection Item B.

Item B, Special Counsel Services. Mr. Meffert asked the Board to authorize staff to issue a Request for Qualifications to select more than one qualified attorney for special counsel services, and one qualified attorney to act as special counsel to the Guarantee Fund, and further, to authorize the Executive Director to establish a review committee to make recommendation to the Board.

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

UNIVERSAL CYCLE

Chairman Calvet recognized Stephanie Sgouros to brief the Board on Universal Cycle matters.

Item A, 2005 Universal Cycle Application Lottery Seed Number Selection. Ms. Sgouros asked Chairman Calvet to pick a seed number from Statement 4915, Interstate Commerce Commission, dated May 1949, Appendix A1, Pages 1441 through 1445, Lines 1 through 300, Columns 1 through 14. Chairman Calvet selected Page 1443, Appendix 83, Column 9, Line Number 131, Number 73323. This number will be used in a random number generator program to pick the numbers for a tie-breaker.

MATCHING FUNDS

Chairman Calvet recognized Orlando Cabrera. (Mr. Maxwell left the meeting room). Mr. Cabrera asked the Board to authorize Florida Housing to match the funds staff raised in their fundraisers for victims of the 2004 hurricanes and tsunami disasters.

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

RATIFICATION OF COMMITTEE ACTIONS

Chairman Calvet asked for a motion to approve all committee actions taken.

Motion to approve all committee actions was made by Secretary Cohen with a second by Ms. Terry. Motion passed unanimously.

(Mr. Maxwell returned to the meeting room).

CONSENT AGENDA

Vice Chair Santini asked the Board to approve staff recommendations on the Consent Agenda.

Motion to approve staff recommendations on the items on the Consent Agenda was made by Secretary Cohen with a second by Ms. Stultz. Motion passed unanimously.

ELECTION OF CHAIR AND VICE CHAIR FOR 2005

Chairman Calvet thanked everyone for their support during his two years as Chairman. Mr. Cabrera thanked Mr. Calvet for his dedicated service. Chairman Calvet then opened the floor for nominations for Chair for 2005. Ms. Stultz made a motion to nominate current Vice Chair Terry Santini as the new Chairman of the Board of Directors, with a second by Secretary Cohen. Chairman Calvet asked for other nominations, and hearing none, asked for a vote on Terry Santini as Chairman for 2005. Ms. Santini was elected unanimously.

Chairman Santini then asked for nominations for a new Vice Chair for 2005. Mr. Calvet nominated Lynn Stultz as the new Vice Chair of the Board of Directors. Chairman Santini asked for other nominations, and hearing none, asked for a vote on Lynn Stultz as Vice Chair for 2005. Ms. Stultz was elected unanimously.

Mr. Cabrera gave the Board a brief update on the status of hurricane recovery efforts.

Hearing no further business, Chairman Santini adjourned the January 14, 2005 Board of Directors' Meeting at 10:45 a.m.