

Full Board Meeting Minutes

August 22, 2007

Page 1 of 13

**Louisiana Housing Finance Agency
Full Board Meeting Minutes
Wednesday, August 22, 2007
2415 Quail Drive
V. Jean Butler Board Room
Baton Rouge, LA 70808
11:00 A.M.**

Commissioners Present

Wayne E. Woods

Allison A. Jones

John Kennedy (and Alice Washington)

Bob Austin

Mark Madderra

Dr. Adell Brown, Jr.

Greg Gachassin

Merriell F. Lawson

Lisa Woodruff-White

Guy Williams

Commissioners Absent

Danette O'Neal

Kevin J. Brown

Carolyn B. Burris

Larry J. Broussard

Legal Counsel Present

Wayne Neveu, Foley & Judell

Staff Present

Barry Brooks

Christine Bratkowski

Tina Powell

Louis Russell

Angela King

Diana Thibodeaux

Rene Landry

Annie Robinson

Tim Shackelford

Keith Cunningham

J C Caesar

Dana Pitts

Full Board Meeting Minutes

August 22, 2007

Page 2 of 13

Brenda Evans
Christine Bratkowski
Leslie Strahan

Others Present

See Sign-In Sheet Attachment

Chairman Woods called the meeting to order at 12:05PM. He then asked that the roll be called. Barry Brooks did the roll call and thereafter a quorum was reached. Next there was an introduction of guests in the audience - see attached Sign-In Sheet. Chairman Woods then requested the minutes of the July 11, 2007 Full Board Meeting be approved by his fellow Commissioners.

On a motion by Commissioner Williams and seconded by Commissioner Gachassin the minutes of the July 11, 2007 Full Board meeting were approved. There being no further discussions or oppositions, the matter was unanimously passed.

CHAIRMAN'S REPORT

Chairman Woods presented a plaque to outgoing LHFA Vice President James Gilmore – thanking him for his past year's service to the Agency. Thereafter, Mr. Gilmore likewise expressed his thanks to the Board of Commissioners and the entire LHFA Staff for his plaque and the recognition thereof.

PRESIDENT'S REPORT

This item was waived by President Milton Bailey.

HUMAN RESOURCES

Commissioner Dr. Brown moved to suspend the rules in order to add to the Agenda the Contract Extension for the LHFA President.

On a motion by Commissioner Dr. Brown and seconded by Commissioner Gachassin, the Agenda was amended to add a discussion regarding the Contract Extension for the LHFA President. There being no further discussions or oppositions, the matter was unanimously passed.

Commissioner Dr. Brown thereafter, recommended to extend the LHFA President's Contract for an additional three (3) years and to prescribe performance reviews every April annually.

On a motion by Commissioner Dr. Brown and seconded by Commissioner Jones, the LHFA President's Contact was renewed for an additional three (3) years with performance reviews to be processed every April annually. There being no further discussions or oppositions, the matter was unanimously passed.

Also, Commissioner Dr. Brown requested that the Board move expeditiously in its search and replacement for outgoing LHFA Vice President James Gilmore.

On a motion by Commissioner Dr. Brown and seconded by Commissioner Gachassin, the Board agreed to move expeditiously in its search and replacement of the LHFA Vice President position, recently vacated by James Gilmore. There being no further discussions or oppositions, the matter was unanimously passed.

Commissioner Madderra thereafter went over job search advertising specifics for the VP position.

MULTIFAMILY COMMITTEE REPORT

Chairman Woods forwarded the floor to Commissioner Madderra.

First item discussed by Loretta Wallace was the Ambassador Pointe Apartments Project which has subsequently been review by the Multifamily Committee who supported its adoption thereof.

On a motion by Commissioner Madderra and seconded by Commissioner Gachassin, the resolution of intent to issue not exceeding \$28,500,000 Multifamily Housing Revenue Bonds to finance the acquisition, rehabilitation and equipping of a multifamily housing project; authorizing such bonds to be issued as Qualified Gulf Opportunity Zone Bonds (Ambassador Pointe Apartments Project) in one or more series and providing for other matters in connection therewith, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Second item discussed was the CHS New Orleans I Project.

On a motion by Commissioner Madderra and seconded by Commissioner Lawson, the resolution of intention to issue Multifamily Housing Revenue Bonds to finance the acquisition, construction and equipping of a multifamily housing project; authorizing not exceeding \$13,000,000 Multifamily Housing Revenue Bonds (CHS New Orleans I Project); and providing for other matters in connection therewith, was adopted. *Exception: By request of Commissioner Madderra, this resolution must include site specificity as an addendum. There being no further discussions or oppositions, the matter was unanimously passed.

Third item discussed was the New Savoy Place Phase I Project. Commissioner Madderra gave the specifics of the matter and recommended the Board adopt the resolution accordingly.

On a motion by Commissioner Madderra and seconded by Commissioner Jones, the resolution of intention to issue Multifamily Housing Revenue bonds to finance the acquisition, rehabilitation and equipping of a multifamily housing projects; authorizing not exceeding \$15,708,000 Multifamily Housing Revenue Bonds (New Savoy Place Phase I Project) in one or more series; and providing for other matters in connection therewith, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Next time discussed was the New Savoy 4% tax credit resolution.

On a motion by Commissioner Gachassin and seconded by Commissioner Jones, the resolution establishing the maximum qualified basis and low-income housing credits to New Savoy Apartments; authorizing the Agency staff and counsel to prepare the forms of such documents and agreements as may be necessary to allocate 4% Low Income Housing Tax Credits to such facilities; and providing for other matters in connection therewith, pending favorable F &V, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

There was some brief discussion between Commissioner Kennedy, Commissioner Madderra, and Wayne Neveu as to pricing and interest rate calculations for the low income tax credit matters. Additionally, Commissioner Kennedy requested a further review be done on competitive bids be placed on the Multifamily Committee Agenda for the September Board Meeting.

Thereafter, Commissioner Madderra requested the Agency provide him with a list of the underwriters that are currently being utilized.

The Lapalco Court Apartments Project was next on the Agenda.

On a motion by Commissioner Madderra and seconded by Commissioner Lawson, the resolution accepting the proposal of Merchant Capital, L.L.C. for the purchase of not exceeding \$6,400,000 of LHFA Multifamily Housing Bonds (Lapalco Court Apartments Project) in one or more series; fixing the parameter terms of said bonds and otherwise providing with respect to said bonds; and providing for other matters in connection with the foregoing, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Loretta Evans and Louis Russell gave an updated on the 2007/2008 Per Capita Applications (PCA), noting that the open funding round of applications had concluded on July 13, 2007, and that 89 applications had been received totaling \$54,200,000 inclusive of 330 units. Said applications are currently being reviewed and scored. Commissioner Madderra thanked the staff for their diligence in the receiving and processing of the PCAs.

Next item discussed was the Forest Towers/The Terrace 9% Low Income Housing Tax Credits matter. Commissioner Gachassin inquired as to whether this project involved a site change. Wayne Neveu replied and also provided zoning info on the matter.

On a motion by Commissioner Madderra and seconded by Commissioner Jones, the resolution establishing the maximum qualified basis and low-income housing credits to Forest Towers/The Terrace; and authorizing the Agency staff and counsel to prepared the forms of such documents and agreements as may be necessary to allocate 9% Low Income Housing Tax Credits to such facilities; and providing for other matters in connection therewith, was adopted, pending favorable F and V.

There was a brief discussion by Janet Howard, President of Bureau of Governmental Research. She addressed the Board and spoke about subsidized and regional housing and distributed a document entitled "BRG analyzes regional distribution of post-Katrina subsidized rental housing". Chairman Woods thanked her for the info and noted he and the Board would read the document and provide feedback thereafter if deemed necessary.

Final resolution to be discussed dealt with Opportunity Homes. Louis Russell noted there was a \$40,000 shortfall of funds in the matter.

On a motion by Commissioner Madderra and seconded by Commissioner Gachassin, the resolution ratifying decisions made by the "Czars" as designated the Board of Commissioners on Opportunity Homes; and providing for other matters in connection therewith, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Next discussion item concerned a request from Oak Villa Apartments for a site change. Commissioner Madderra and Louis Russell gave a brief and current history of the matter, noting that the site change was five (5) miles from the original site and was due to zoning aspects from Jefferson to Orleans Parish and also entailed an October 30th carryover extension feature.

On a motion by Commissioner Madderra and seconded by Commissioner Jones, the site change request from Oak Villa Apartments was approved. There being no further discussions or oppositions, the matter was unanimously passed.

Thereafter, Commissioner Jones directed the LHFA staff to meet with the various entities that may be involved in any unfair housing matters in Jefferson Parish so as to discuss possible future litigation aspects and resource allocations parameters.

Next item was the Discussion and Resolution for reallocation of returned credits. Commissioner Jones inquired as to if this matter needed Board approval. Commissioner Gachassin thereafter noted that he did not feel enough info had been provided wherein the Board could make any decisions. Commissioner concurred requesting the item be deferred until the September 12th Board Meeting. There was distribution of a LHFA memorandum from the Tax

Full Board Meeting Minutes

August 22, 2007

Page 6 of 13

Credit Staff on “Reallocation of Returned/Recaptured GO Zone Credits.” Commissioner Madderra requested time to review the info that was disseminated. Thereafter, Brenda Evans went briefly over the specifics of the document.

Commissioner Madderra stressed the need for the Board to act quickly on the pending projects that were discussed by Brenda Evans, with a goal of trying to work in undeveloped areas and to address the topic of credit forfeited by developers. Commissioner Gachassin countered noting his concerns about the policy being perhaps to lenient.

Brenda Evans noted that the resolution may have to be amended with specifics dealing with credit allocations and forfeiture aspects.

Chairman Woods inquired on the credit cap elimination issue. Brenda Evans replied that most developers were at the 1-2 credit cap level.

Commissioner Austin questioned the reestablishing of the CAP and as to whether it might be better to have regional instead of areas designated by Parish. In response, Commissioner Madderra gave a brief history on the CAP process. Commissioner Gachassin furthered by discussion the hierarchy of funding gaps. Brenda Evans noted that the carryover deadline was September 30, 2007.

On a motion of Commissioner Madderra and seconded by Commissioner Jones, the resolution for reallocation of returned tax credits was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Commissioner Madderra requested that the Multifamily Committee hold its next meeting to discuss the excess credits matter the week of Sept 4th -- one week prior to the normally scheduled September 12th Board Meeting. Brenda Evans concurred, advising him that the previously distributed memorandum from the Tax Credit staff would be redrafted and distributed accordingly.

Next item was a presentation by Susan Frank, Byron Turner, Jeff Englund – from Greystone/Fannie Mae – detailing the lender services and products offered by both entities.

Jeff Englund also distributed to the Board entitled “Greystone MAH Express” which detailed rates, terms, amortization specifics, fees, debt-ration parameters, etc.

Chairman Woods and Commissioner Gachassin thanked the presenters. Susan Frank advised the Board they were available for any follow-up questions and would come back at a later date with additional information.

Chairman Woods then noted the need for the Board to go into Executive Session.

On a motion by Commissioner Jones and seconded by Commissioner Austin, and there being no oppositions or discussions, the Board went into Executive Session.

SINGE FAMILY COMMITTEE REPORT

The Board emerged from Executive Session and began the Single Family Committee Report discussion via Commissioner Austin.

On a motion by Commissioner Austin and seconded by Commissioner Jones, the resolution approving and authorizing the issuance of not exceeding One Hundred Fifty Million Dollars (\$150,000,000) of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds as GO Zone bonds (the “GO Zone Bonds”) to finance mortgage loans for home buyers located in the GO Zone; and requesting the State Bond Commission to approve the issuance, sale, and delivery of such GO Zone Bonds; and providing for other matters in connection therewith, was adopted.

Chairman Wood was then informed that the Board no longer had a quorum of members.

Thereafter, the vote was reissued and the resolution was adopted via a motion by Commissioner Austin and a second by Commissioner Gachassin, approving and authorizing the issuance of not exceeding One Hundred Fifty Million Dollars (\$150,000,000) of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds as GO Zone bonds (the “GO Zone Bonds”) to finance mortgage loans for home buyers located in the GO Zone; and requesting the State Bond Commission to approve the issuance, sale, and delivery of such GO Zone Bonds; and providing for other matters in connection therewith. There being no further discussions or oppositions, the matter was unanimously passed.

On a motion by Commissioner Austin and seconded by Commissioner Gachassin, the resolution approving and authorizing the issuance of not exceeding Three Hundred Million Dollars (\$300,000,000) of Single Family Mortgage Revenue Bonds of the Louisiana Housing Finance Agency in one or more series or subseries; approving the forms of the Series Supplemental Trust Indentures in connection with the aforesaid Bonds; approving a Notice of Intention to Sell at Private Negotiated Sale and authorizing the publication thereof; requesting the State Bond Commission to approve the aforesaid documents and approve the issuance, sale and delivery of the Bonds; and providing for other matters in connection therewith, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

SPECIAL PROGRAMS/HOME COMMITTEE REPORT

Loretta Evans noted that the 2008 HOME Investment Partnership Fund Action Plan was being deferred until the September 12, 2007 Board Meeting.

Ms. Evans also noted that there were eleven (11) 202 Properties in default needing their Annual Interest Payment shortfalls to be paid out of the general funds.

On a motion by Commissioner Jones and seconded by Commissioner Lawson, the Board approved that the Annual Interest Payment shortfalls of the current aforementioned eleven (11) 202 Properties that were in default, should be brought current via payments from the general fund, and providing for other matters in connection therewith. There being no further discussions or oppositions, the matter was unanimously passed.

ENERGY COMMITTEE REPORT

Darlene Okammor briefly discussed the 2008 LIHEAP State Plan and requested the Board's approval accordingly. She also noted that the Plan was more detailed this year due to the Memorandum of Understanding between the parties.

On a motion by Commissioner Gachassin and seconded by Commissioner Dr. Brown, the Board approved the LHFA 2008 LIHEAP State Plan, and providing for other matters in connection thereof. There being no further discussions or oppositions, the matter was unanimously passed.

LEGAL COMMITTEE REPORT

Commissioner Jones introduced and Commissioner Gachassin seconded a motion to suspend the discussion of the Jefferson Parish study. Thereafter, there was a lengthy discussion on the matter by the Board.

Commissioner Jones gave a brief synopsis of the matter and requested that the LHFA should explore the option of a possible legal challenge to alleged housing discrimination by Jefferson Parish. **Commissioner Jones then issued a motion which was seconded by Commissioner Lisa Woodruff-White to direct the LHFA staff in coordination with any other interested parties to challenge the Jefferson Parish initiatives.**

Commissioner Williams inquired as to whether the best option might be a challenge via a State legal course of action. Commissioner Jones agreed, also adding that the Attorney General should be added as an interested party along with any other concerned parties. Commissioner Kennedy countered stressing the need for an initial face-to-face meeting with the governing officials of Jefferson Parish. Commissioner Jones replied that developers have been meeting

Full Board Meeting Minutes

August 22, 2007

Page 9 of 13

with Jefferson Parish officials to no avail. Commissioner Kennedy suggested the Board and LHFA President Milton Bailey request a meeting with Jefferson Parish President Broussard and the Parish Council Members prior to the initiation of any litigation. Commissioner Jones countered questioning the benefit of a meeting prior to litigation. She then noted there may be a question as to whether LHFA has any true legal standing in the matter, but that some type of action was warranted.

Commissioner Dr. Brown concurred with Commissioner Kennedy and argued for the need to have a face-to-face discussion before any legal action is taken. This position was likewise taken by Commissioner Gachassin.

There was the acknowledgement of guest Reverend Edwards Taylor – the Executive Director of the NAACP Louisiana State Conference and Gulf Coast Advocacy Center. He noted that the NAACP is very concerned about the alleged discriminatory problems and would like to be included as a third party to any discussion on the matter.

Commissioner Woodruff-White stated she fully supports the LHFA position on the matter. Commissioner Williams noted that he would prefer a meeting with Jefferson Parish officials and then possibly proceed with talks with the Governor's Office and Attorney General's Office.

On a motion by Commissioner Jones and seconded by Commissioner Woodruff-White, the LHFA staff was directed to coordinate a meeting with State Officials to discuss the alleged housing discrimination practices of Jefferson Parish. There being no further discussions or oppositions, the matter was unanimously passed.

Commissioner Jones noted the need for Executive Session to discuss several items prior to the Katrina Cottages presentation.

On a motion by Commissioner Jones and seconded by Commissioner Gachassin, the Board was sequestered into Executive Session. There being no further discussions or oppositions, the matter was unanimously passed.

On a motion by Commissioner Jones and seconded by Commissioner Williams, the Board reconvened from Executive Session at 2:10PM.

Thereafter, **on a motion by Commissioner Jones and seconded by Commissioner Austin, the Board approved measures be taken in the form of a possible technical lawsuit so as to protect the LHFA in regards to any Defaulted 202 Properties matters. There being no further discussions or oppositions, the matter was unanimously passed.**

Next item discussed was the Katrina Cottages Cooperative Endeavor Agreement and FEMA AHPP Agreement.

Full Board Meeting Minutes

August 22, 2007

Page 10 of 13

Chairman Woods began the discussion noting his disdain over a recent negative newspaper article related to the history and development of the Katrina Cottages. He followed by applauding the LHFA staff and all parties involved in their arduous on-going negotiations.

LHFA President Milton Bailey reserved his comments in lieu of a statement by Kimberly Robinson from the Governor's Office.

Ms. Robinson thanked the LHFA staff for all their hard work and endeavored efforts in the matter. Commissioner Kennedy inquired as to whether she was aware of the negative comments as stated in a recent newspaper article. Ms. Robinson replied that had read the Times-Picayune article. Ms. Robinson furthered by giving a brief history of the Katrina Cottages Proposal and thereafter recommended the approval of the budget as presented.

There were some lengthy discussions between the Board Commissioners on the matter. Commissioner Austin inquired as to why the budget referenced in the Times Picayune article differed from those in the budget proposal packet. Commissioner Woodruff-White inquired as to whether the Cottages are permanent housing and therefore in direct conflict with state and federal assistance parameters. Ms. Robinson replied that the final units will be state-owned and should be considered permanent transitional housing. Commissioner Woodruff-White countered her concerns in so far as the FEMA regulations and those of the Stafford Act are concerned.

President Bailey thanked Ms. Robinson and the Governor for their support. He also thanked Chairman Woods and his support in the negotiations and discussions. He gave a brief analysis of the pros and cons of the negotiations and also noted his displeasure of the negative tone of the recent Times Picayune article. He followed by reading from a prepared statement detailing the Background, Current Status, Neighborhood Development and Empowerment Program, Renter's Assistance Program, and the Budget Presentation.

Thereafter there were continued discussions between Commissioner Kennedy, Paul Adams, and Milton Bailey. Commissioner Kennedy reiterated his need for a simple reply as to the overall differences in the original and final budgets. Commissioner Dr. Brown inquired as to what truly constitutes permanency in the matter. LHFA legal counsel Keith Cunningham replied giving a definition of a permanent structure. Commissioner Dr. Brown furthered inquiring as to where the sites would be located. Ms. Robinson replied New Orleans, Abbeville, and Lake Charles are the proposed site locations.

Chairman Woods also inquired as to whether there were any specific major budget differences that the Board needed to be made aware of. Commissioner Kennedy requested more info on the profit versus actual housing costs production aspects. Thereafter, LHFA Program Manager Dana Pitts and Paul Adams provided the Board with a detailed cost-by-cost analysis of the project.

Full Board Meeting Minutes

August 22, 2007

Page 11 of 13

Commissioner Lisa Woodruff-White inquired as to whether all funding avenues for the project from FEMA had been explored. Commissioner Kennedy again reiterated his need for info on the profit versus actual housing production costs analysis be explained.

Thereafter, Commissioner Kennedy requested a comparison between Lowe's building the units and the current proposal's budget be examined. Commissioner Austin replied that he could possibly do the same project via Lowe's for a 1000 square foot unit costing about \$60,000 for construction, acquiring 4.5 acres of land at \$15,000 – the total production delivery costs would be at or around \$110,000 – which would result in a large profit margin. Commissioner Kennedy questioned the basis of the large profit margin. Commissioner Austin answered that industry average is 20-25% for residential construction projects. Commissioner Austin did express some confusion as to the \$1,000,000 budget item for architect fee costs. Thereafter, Milton Bailey requested the scope of work aspects for the architect. Paul Adams noted that specifics there included therein the prepared budget proposal documents.

Commissioner Jones asked why the new units each were assessed a separate cost for an architect. Ms. Robinson informed her that the costs were actually calculated for the life of the entire program.

Commissioner Austin recommended the Board approve the proposed budget as presented.

Commissioner Gachassin inquired as to the next phase of the project. Chairman Woods replied that it matter would then be sent to FEMA with narratives, the funds would be allocated to LHFA, and then the contract would be awarded –he noted that if Cypress declines the current budget proposals that a RFP would be issued thereafter for any other interested parties.

Commissioner Madderra noted that the land acquisition aspect of the proposal was a flexible site award item.

Commissioner Kennedy stressed the possible need to explore moving one of the proposed sites to Central City in New Orleans.

Chairman Woods inquired as to the incentiveness aspects of cost versus how many cottages are to be constructed. He also discussed the 424A form analysis.

Paul Adams noted there was a 7% developer fee included in the cost analysis.

Chairman Woods furthered noting that he found the salary and profit aspects of the proposed budget to be reasonable. He did ask for more discussion on the insurance and liability aspects of the project.

Thereafter, Commissioner Woodruff-White based on the discussions and presentation items, that she now felt more support of the proposed budget and the profit margin aspects; and that she was ready to recommend the Board approved the budget as presented.

On a motion by Commissioner Jones and seconded by Commissioner Dr. Brown, the Board approved the Katrina Cottages Endeavor Agreement and FEMA AHPP Agreements.

Commissioner Gachassin noted that though he supports the resolution, the budget as presented addresses other matters that were not included in the current resolution document. Commissioner Jones concurred with his findings and noted that the resolution needs to be amended to include the future scopes of the matter.

Keith Cunningham informed the Board that all technical aspects of the project are pending final review.

Commissioner Jones reiterated her desire that the resolution include the necessary amendments to address any future actions.

On a motion by Commissioner Jones and seconded by Commissioner Gachassin, the Board adopted the resolution approving the comprehensive budget as presented on August 22, 2007 implementing the Katrina Cottages initiative including the administrative, social services, and residential components thereof; and further specifically approved the development and construction portion of said budget. The Board also authorized and directed the staff and counsel to prepare the form of a Development Services Agreement and to enter into such agreement with Cypress Realty Partners, LLC, or such other developers in accordance with the parameters of the letter to Cypress Realty Partners, LLC, and to select a general contractor in a manner consistent with federal rules and regulations. The resolution was also amended to reflect that after agreements are reviewed and approved by the Board, the staff is to prepare the necessary RFPs as deemed necessary and the execution of said thereof. There being no further discussion or oppositions, the matter was unanimously approved.

OTHER BUSINESS

The next Agenda item was a brief and inspiration presentation by Tom Delahaye who discussed a newspaper article in the August 7, 2007 edition of The Advocate which lauded the new affordable housing apartment complex in Denham Springs named The Crossing. The thanked the LHFA and the Board for all of their past, current, and future support in its mission to provide affordable housing to the citizenry of Louisiana and for letting him be a part of the process thereof.

Last item was a discussion of returned Multifamily tax credits between the Board and Mattie Jones of the Coats Rose Law Firm. Ms. Jones requested that the matter also include 2006 allocations.

ADJOURNMENT

There being no other matters to discuss, Chairman Woods offered a motion for adjournment that was seconded by Commissioner Madderra. There being no further discussions or oppositions, the matter was unanimously passed. **The Full Board meeting adjourned at 3:53 p.m.**

Chairman

Secretary