

**Louisiana Housing Finance Agency
Full Board Special Meeting Minutes
Wednesday, September 26, 2007
2415 Quail Drive
V. Jean Butler Board Room
Baton Rouge, LA 70808
10:00 A.M.**

Commissioners Present

Wayne E. Woods
John Kennedy
Bob Austin
Mark Madderra
Dr. Adell Brown, Jr.
Greg Gachassin
Merriell F. Lawson
Lisa Woodruff-White
Carolyn Burris
Larry J. Broussard

Commissioners Absent

Allison A. Jones
Danette O'Neal
Kevin J. Brown
Guy T. Williams

Legal Counsel Present

Wayne Neveu, Foley & Judell

Staff Present

Milton Bailey
Barry Brooks
Christine Bratkowski
Rene Landry
Annie Robinson
Keith Cunningham
J C Caesar
Dana Pitts
Brenda Evans
Leslie Strahan
Jeff DeGraff
Roger Tijerino
Melanie Brocato

Others Present

See Sign-In Sheet Attachment

Chairman Woods called the Special Meeting to order at 10:27AM. He then asked that the roll be called. Barry Brooks did the roll call and thereafter a quorum was reached. Due to time constraints, Chairman Woods waived the introduction of guests in the audience - see attached Sign-In Sheet.

CHAIRMAN'S REPORT

This item was waived by Chairman Wayne Woods

PRESIDENT'S REPORT

This item was deferred by President Milton Bailey.

MULTIFAMILY RESOURCES

1st item discussed was reconsideration of set-aside of tax credits for 202 Projects. Commissioner Mark Madderra briefly discussed the matter.

Agency Bond Attorney Wayne Neveu furthered discussing Section 318 Transfer authority issues. Chairman Woods and Commissioner Madderra noted that Providence has requested a site move due to viability issues and that HUD has rejected their request. Chairman Woods requested the Board defer Providence's request until a review of the HUD rejection letter has transpired. Anticipation of the review should be completed by the next Board meeting on October 10, 2007. Commissioner Madderra noted that he was okay with an October 30, 2007 carryover date in the matter, with an updated report due to the Board at the October 10th Board Meeting.

Commissioner Kennedy inquired as to the site locations in the matter. Chairman Woods noted the former site was Holy Cross which was in the Upper Ninth Ward. Someone in the audience informed the Board of the new site (inaudible).

Commissioner Greg Gachassin inquired as to whether there would be a need to set aside additional tax credits. Chairman Woods responded affirmatively.

Commissioner Mark Madderra noted that he was not sure how many credits would be needed and that there was no need at the moment to speculate on the matter.

Chairman Wood inquired as to the name of the properties in question. Brenda Evans informed the Board that carry forward requests were received from Enunciation, Nazareth, St. John, and Nativity (audio interference) in the Providence application.-

On a motion by Commissioner Mark Madderra and seconded by Commissioner Larry Broussard, the Board approved the reconsideration of set-aside of tax credits for 202 Projects, until October 30, 2007. There being no further discussions or oppositions, the matter was unanimously passed.

Next item discussed dealt with HANO-HUD Projects.

Chairman Woods gave a brief introduction to the discussion informing the Board of his previous conversations with HUD Secretary Jackson, Senator Mary Landrieu, and other federal officials. He thereafter requested HANO come forth and address the Board, in particular to quash the notion that LHFA did not require HANO approve demolition of any units.

Barry Palmer with Coates Rose Law Firm and Judith Moran with HANO introduced themselves to the Board.

Mr. Palmer began by apologizing to Chairman Woods and the Board for any misunderstandings that had occurred, noting the LHFA did not require demolition of their projects. He continued noting that demolition is not part of the carryover and that they needed disposition approval from LHFA in order to meet carryover. Additionally, he stressed that HANO and HUD had made and issued the demolition request decision. He also informed the Board that at the October 10th Board meeting they would have the previously requested project construction schedule info.

Chairman Woods reiterated the need for better communication and expressed his disdain about the dissemination of unconfirmed and unsubstantiated information. He also expressed concern regarding recent comments made by HUD Secretary Jackson.

Barry Palmer again expressed his deep and sincere apologies for any miscommunications.

Commissioner Kennedy inquired as to the number of housing projects involved in the matter and the criteria used to proceed with the demolition thereof. Judy Moran responded the project entailed four (4) properties and affirmed their demolition also.

Chairman Woods inquired as to whether Senator Landrieu had concurred in the demolition of the properties and if the tenants would have vouchers and/or alternate temporary housing during the demolition process.

Ms. Moran responded that demolition would occur by the end of 2007.

Mr. Palmer also noted that demolition approval from HUD was acquired previously on Friday September 21, 2007.

Commissioner Kennedy countered as to whether there was a need for Congressional approval to demolish the properties.

Barry Palmer replied that a bill had been passed in 2006 that contained the specifics, also noting the bill had not become law yet.

Commissioner Broussard inquired as to what would happen if the bill is not passed. Mr. Palmer responded that they would still proceed with partial demolition of two (2) of the sites.

Thereafter, Commissioner Austin inquired as to whether there would be any effect on tax credits if the demolition was delayed. Mr. Palmer replied not necessarily if the time schedule is unchanged.

Judy Moran informed the Board that some pre-occupied units are being rehabilitated currently and that no one will be displaced during either the rehab or demolition phases. She also noted she was not aware of any demonstrations against LHFA by HANO, in response to Commissioner Broussard's inquiry.

Commissioner Madderra concurred on the miscommunication problems, i.e. that LHFA is the developer of the projects. He stressed the need for future clarifications of information that is given to the media.

Commissioner Kennedy then inquired as to the opinion of Senators Maxine Waters and Mary Landrieu on the projects. Barry Palmer replied that Senator Landrieu stressed the need for one-to-one replacement of Section 8 housing and vouchers. Commissioner Kennedy furthered as to whether the Senator's requirement was for the four (4) projects referenced or for all HANO sites. Judy Moran replied that the Senator's comment encompassed all HANO sites. She also noted that the Senator has requested an independent needs survey which is pending. She also noted that in the previous HANO survey they found a 60% needs result. Also, the independent survey will be performed by the University of Texas, which HANO has selected.

Commissioner Robert Austin expressed concern that HANO-HUD would not be able to economically put back 7,000 units as well as concerns about the logistical density matter some of the developments were in pre-Katrina.

Commissioner Woodruff-White inquired whether there was a waiting list to capture any new HUD eligible recipients and questioned how the actual needs results can be validated if there is no waiting list information. President Milton Bailey concurred with Commissioner Woodruff-White; also noting HANO needs to have tax credit vouchers available for developers. Judy Moran noted HANO is actually working on compiling a waiting list of eligible prospective tenants.

Commissioner Merriell Lawson inquired whether there were any supportive service plans included in the projects. Ms. Moran replied that supportive service plans are included in all of their tax credit projects.

Thereafter, Commissioner Kennedy inquired as to the eligibility requirements to qualify for public housing. Ms. Moran replied it was 80% of the AMI (average median income), individuals must have no previous lease violations, they must be previous recipients of Section 8, and they must have no criminal background. Commissioner Kennedy further inquired if there were any special provisions for job seekers. Ms. Moran noted that the 1st criteria in placement is for the elderly and that currently there are no special job seekers provisions.

Judy Moran concluded noting that she will bring an Admissions Counselor from HANO to the October Board Meeting and she will also have more info on their priority placement. Chairman Woods thanked both guests for addressing the Board.

LEGAL COMMITTEE REPORT

Chairman Woods began by noting that the topic of discussion, Katrina Cottages Cooperative Endeavor Agreement and FEMA AHPP Agreement, were actually not from the Legal Committee but would be a Full Board Agenda item.

LHFA President Milton Bailey began the discussion reading a prepared statement entailing a brief history of the contract negotiations process in the matter. He also discussed the 9/26/07 Staff Technical Amendments documents, noting the LHFA was requesting Board approval of the matter and that he would like to discuss only the main problems needing resolve between all parties since the matter centered around 22 issues.

Commissioner Gachassin requested a **motion be entered with stipulations and possible amendments to any Board approvals in the matter.**

Commissioner Broussard requested that the Board go directly to the approval of the recommendations and the Resolution thereafter.

Commissioner Austin requested an opportunity to address the Board. He began by expressing his agreement with 90% of the staff's recommendations and applauded the staff's endeavors and hard work. Thereafter, he did a price analysis of the project as compared to those in the construction industry. He noted that the normal cost for a 1,200 square foot dwelling is at or around \$85K; land acquisition is at or around \$15K; overhead costs are at or around \$5K; profit margin calculations are at or around \$25K; bringing the total costs to at or around \$130K. He also acknowledged that the density for Cypress in this project would be higher than construction industry norms and that Cypress would also have to deal with more governmental interventions and expectations thereof.

Chairman Woods thanked Commissioner Austin for his comments, and reiterated the need to move the process forward during the Board discussion.

Thereafter, LHFA Staff Attorney Keith Cunningham began a discussion of the proposed Agreement.

Commissioner Kennedy inquired as to the difference in renter's assistance as noted in the document and what the actual rent costs would be. LHFA Staff Member Dana Pitts responded that the rental costs were yet to be determined.

Keith Cunningham also reminded the Board that some of the items in the budget are for contingencies not yet encountered. Thereafter, Commissioner Kennedy expressed his concerns that the project was over budgeted with said future contingency items. President Bailey countered noting that the Social Services items as budgeted if in fact are not utilized that the money appropriated would be put towards the actual building costs. Commissioner Kennedy furthered by questioning the Administrative Fee Breakdown and the necessity of the four positions and related costs thereof. Commissioner Kennedy thereafter expressed his confusion over the amount of administrative overhead and the allocation of monies for social services items, when instead the monies would serve better if they went toward increasing the number of actual buildings.

Commissioner Mark Madderra noted that FEMA is designing the project in such a way that it in fact does incorporate both a housing needs and a social needs program. Chairman Woods concurred noting that the budget has to allow for anticipated future contingencies and that the project was a pilot program that would be setting the precedent for future national disaster housing needs.

Commissioner Kennedy continued requesting that the Administrative Fees and Social Services items be reduced by half and that those monies be placed towards actual construction costs. He also inquired as to whether the employee on the project would be civil servants. President Bailey responded the staff would be LHFA employees who would oversee the projects.

Commissioner Madderra then interjected the need to move forward with the matter but with a less detailed discussion of items that were not in conflict between the parties. Commissioner Kennedy countered stating that 10% of the grant money would be used to create a bureaucracy instead of building more homes; hence the need for some areas to be closer examined and discussed.

Commissioner Dr. Brown inquired whether employees as noted in the Agreement were current LHFA employees or if they would be hired at a later date.

Commissioner Woodruff-White made three points on the matter. First, that post-Katrina/Rita, citizens impacted would be much worse off today, but for the case management type services that were delivered to them. Her second point was that she did not think clarification was needed on the social services specifics because she disagreed with the statistical numbers as presented. Her third point was that the Department of Social Services mission never had been to provide housing or social services work around housing and that housing was not their core mission – the

mission of DSS is to provide social services to people around very specific programs. In essence, she did not desire to increase DSS responsibilities or funding in relations to the project.

Commissioner Austin agreed that the budget may be a bit fat; also noting that the LHFA has been very diligent in handling and allocating the distribution of its funds.

Commissioner Dr. Brown expressed his desire that the Board has total oversight in all aspects of the Agreement; noting that a previous Audit found some programs and project did not have Board oversight and should have.

Chairman Woods advised the Board that the Katrina Cottages Project would be placed under the Special Programs Committee and would provide the Board with updates at each monthly Board meeting.

There was an unannounced inquiry from audience member Joe Sprouser of Trident Housing inquiring as to whether the project was for temporary or permanent housing, and why the project was not subject to public bid regulations allowing for small business owners to participate. Chairman Woods directed the LHFA staff to meet with Mr. Sprouser at a different venue to discuss his concern.

There was then a motion offered by Commissioner Greg Gachassin and seconded by Commissioner Larry Broussard that the Board expedite the review and approval of the Agreement.

There was then an objection raised by an identified female audience member noting that Cypress had only moments earlier received the 9/26/07 Staff Technical Amendments documents.

Commissioner Gachassin inquired as to the total number of sites being selected in the approval process thereof. Keith Cunningham informed him the LHFA has sole site selection authority.

On a motion by Commissioner Greg Gachassin and seconded by Commissioner Larry Broussard, the Board adopted the Staff Recommendations, as referenced as Item #1 in the 9/26/07 Staff Technical Amendments document. There being no further discussions or oppositions, the matter was unanimously passed.

Commissioner Broussard inquired thereafter if any sites had been selected. Bond Counsel Wayne Neveu noted that no sites had been identified but that the Agency would have jurisdiction in the site selection parameters.

Commissioner Greg Gachassin requested a definition of Designated Proceeds as briefly defined in the Development Services Agreement.

Commissioner Austin reiterated his position against including future contingency costs in the budget.

There was then an introduction of Neil Smith, representative for the Cypress Group. He thereafter discussed Item #2 from the 9/26/07 STA documents in so far as it related to insurance aspects.

Commissioner Madderra inquired as to whether the staff disavows the profit margin aspects of the Agreement. Neil Smith noted that Cypress wishes to retain the current profit margin.

Wayne Neveu explained the LHFA basis for its Recommendations as reflected in Item #2 of the 9/26/07 STA.

Commissioner Austin inquired as to how land will be acquired and the site planning aspects. Neil Smith responded that the Cypress Group will manage the site and therefore should be paid as overseer.

Commissioner Burris inquired as to if there were any attempts or discussions to acquire adjudicated properties in an effort to reduce land acquisition costs. Mr. Smith responded that Cypress would try to use lands that are adjudicated properties.

Commissioner Dr. Brown reminded the Board that only the uncontested matters should be discussed due to time constraints and the possibility of losing a quorum of Commissioners.

On a motion by Commissioner Robert Austin and seconded by Commissioner Larry Broussard, the Board adopted the Staff Recommendations, as referenced as Item #2 in the 9/26/07 Staff Technical Amendments document. There being no further discussions or oppositions, the matter was unanimously passed.

Commissioner Austin reiterated the need to keep the discussion flowing swiftly towards approval. Chairman Woods concurred, advising Cypress representative Neil Smith to discuss the primary issues that are in conflict between the parties. Thereafter, Mr. Smith discussed Item #3 in the 9/26/07 STA. Mr. Smith noted that Cypress desires the language to reflect actual construction costs.

On a motion by Commissioner Mark Madderra and seconded by Commissioner John Kennedy, the Board adopted the Staff Recommendations, as referenced as Item #3 in the 9/26/07 Staff Technical Amendments document, with the revision that the language be reflective of actual construction costs. There being no further discussions or oppositions, the matter was unanimously passed.

Mr. Smith then discussed Item #10. Commissioner Austin expressed his confusion as to the difference between DPZ and the other subcontractors entailed.

Wayne Neveu informed the Board that subcontractors are not subject to the Public Bid Law and therefore there would be no competitive bid selection for subcontractors. Commissioner Austin

inquired as to the difference between a subcontractor and a prime contractor. Mr. Neveu explained that though subcontractors are not subject to competitive bid that a prime contractor was.

Commissioner Kennedy expressed his desire that the discussions continue on the fast-track mode and not revert back to the more exhaustive detailed analysis, especially of non-contested items.

On a motion by Commissioner Robert Austin and seconded by Commissioner Larry Broussard, the Board adopted the Staff Recommendations, as referenced as Item #10 in the 9/26/07 Staff Technical Amendments document, adding that all contracts for professional services be reviewed and approved by the Board. **NOTE: this motion was later withdrawn.**

Chairman Woods informed the Board that the structures were coming from Lowe's. After some lengthy discussions, Commissioner Greg Gachassin requested his amendment in so far as Item #10 and professional services were concerned, be withdrawn.

Shaw Group representative Jeff Jenkins discussed Item #18 of the 9/26/07 STA, noting that since the project entailed milestone payments there was no need for any loan commitment attributes. He also noted that 5% of the milestones would be paid to the developer. Keith Cunningham concurred that the agreement was set using industry standards

Thereafter, Neil Smith requested that the Board approved upfront monies in the amount of \$300K. Commissioner Austin countered the discussion by defining pre-award monies versus upfront monies. Mr. Smith replied that the pre-award monies are for actual work done since December 2, 2006 to current. Commissioner Broussard expressed his approval of the request, with the stipulation that any upfront monies be accompanied with an invoice submission and review.

On a motion by Commissioner Robert Austin and seconded by Commissioner Merriell Lawson, the Board adopted the Staff Recommendations, as referenced as Item #18 in the 9/26/07 Staff Technical Amendments document.

Thereafter, Commissioner Burris expressed that she felt the "seed-money" as requested was an unacceptable request.

On a motion by Commissioner Greg Gachassin and seconded by Commissioner Larry Broussard, the Board adopted the Staff Recommendations, as referenced as Item #18 in the 9/26/07 Staff Technical Amendments document, with an amendment reflective of authorizing Cypress the amount of \$50K per month not to exceed six (6) months provided necessary invoice and documentations thereof are provided. . There being no further discussions or oppositions, the matter was unanimously passed.

Keith Cunningham clarified for the Board that the invoices as referenced in the preceding motion must be “cost-certified invoices”. Thereafter, Jeff Jenkins concurred that invoices would be submitted only for work that had been actually performed.

Jeff Jenkins then went on to discuss Item #19 of the 9/26/07 STA. He noted that Cypress would like the section revised reflective of work done plus a portion of the remaining fee if the contract is terminated – in particular, 75% of the fee was requested.

On a motion by Commissioner John Kennedy and seconded by Commissioner Greg Gachassin, the Board adopted the Staff Recommendations, as referenced as Item #19 in the 9/26/07 Staff Technical Amendments document. There being no further discussions or oppositions, the matter was unanimously passed.

Regina Hamilton of Jones Walker addressed the Board inquiring as to the QAP references in the DSA.

On a motion by Commissioner Larry Broussard and seconded by Commissioner Bob Austin, the Board adopted the LHFA Staff’s Recommendations for the Katrina Cottages Developer Services Agreement, as referenced in the 9/26/07 Staff Technical Amendments document, except for those items previously amended and/or revised by the Board in any previous motions. There being no further discussions or oppositions, the matter was unanimously passed.

There were lengthy recurrence discussions regarding the Social Services aspects of the project between the Board.

On a motion by Commissioner John Kennedy and seconded by Commissioner Larry Broussard, the DSA was amended reflective of the Social Services Components of the budget being reduced by 50%, with the monies transferred into reserve to facilitate the costs for additional housing units.

Again, lengthy debate ensued regarding the specific parameters of the Social Services Components. Thereafter, Commissioner Woods reiterated the need for the Board to stay focused and he also reminded everyone that the process was a Pilot Program and there was as strong a need for housing as there was for social programs for those displaced. President Milton Bailey concurred noting that the Social Services Components were not all “social services” but encompassed a diverse program to assist the tenants as they transitioned back to normalcy.

On a motion by Commissioner John Kennedy and seconded by Commissioner Greg Gachassin, it was adopted that the Social Services Components budget items in the Developer Services Agreement be reduced to \$2M and that the LHFA Administrative Fee budget items be reduced to \$750K, with \$2.6M being placed in an administrative reserve

account for future use after review and approval of the Board. There being no further discussions or oppositions, the matter was unanimously passed.

Thereafter, Commissioner Austin inquired as to exactly where the \$2.6M would be put back in the budget. Commissioner Kennedy replied he felt the monies should be placed to facilitate the construction of more houses. Commissioner Austin countered that he would prefer there be a surplus line item area included in the budget.

Commissioner Burriss inquired as to what impact if any the reduction in the LHFA Administrative Fee would have. President Milton Bailey replied that he could not foresee any substantive effect on the Agency.

Chairman Woods requested that the Developer Services Agreement incorporate the substitution of Exhibit C, the previous Board motion, and any previous changes and motions likewise be incorporated thereof.

OTHER BUSINESS

Chairman Woods noted there were no further items to be discussed, nor were there any requests from any of the guests in attendance.

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 1:10PM.**

Chairman

Secretary