

DRAFT

**Full Board Meeting Minutes
Wednesday, September 24, 2008
2415 Quail Drive
V. Jean Butler Board Room
Baton Rouge, LA 70808
11:30 A.M.**

Commissioners Present

Wayne E. Woods
Alice Washington obo John Kennedy
Lisa Woodruff-White
J. Mark Madderra
Maureen Clary
Michael L. Airhart
Mayson H. Foster
Walter O. Guillory
Roy W. Lester
Robert Pernell
Katie Anderson

Commissioners Absent

Allison Jones
Guy T. Williams
Tyrone A. Wilson
Joseph Scontrino, III

Legal Counsel Present

Wayne Neveu, Foley & Judell
Keith Cunningham
Christine Bratkowski
Leslie Strahan

Staff Present

Milton J. Bailey
Barry E. Brooks
Melanie Brocato
Louis Russell
Urshala Hamilton
Robert McNeese
Curtis Ferrara
Tonika Jackson
Darlene Okammor
Alissa Jordan

Brenda Evans
Loretta Wallace
Jeff DeGraff
Eva Martinez
Ricky Patterson
Jatis Harrington
Alvin Johnson, Jr.
Kevin Harvey
Jason St. Romain
Calvin Parker
Sterling Colomb, Jr.
Collette Mathis
Lourie Brown
Demetria Farve
Nicole Carter
Wendy Hall
LaTosha Overton
Rene Landry
Amy York
Mary Antoon
Joe Durnin
Ruth Wesley
Danny Veals

Others Present

See Sign-In Sheet Attachment

Chairman Woods called the meeting to order at 1:20 PM. Barry Brooks did the roll call, and thereafter a quorum was established. Due to time constraints there was no introduction of guests in the audience. See Sign-In Sheet.

On a motion by Commissioner Robert Pernel and seconded by Commissioner Maureen Clary, the minutes of the July 9, 2008, Full Board Meeting was approved. There being no further discussions or oppositions, the matter was unanimously passed.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Mayson Foster, the minutes of the August 13, 2008, Full Board Meeting was approved. There being no further discussions or oppositions, the matter was unanimously passed.

CHAIRMAN'S REPORT

Chairman Wayne Woods began the meeting by swearing in Katie Anderson as the newest member to the LHFA Board of Commissioners.

Chairman Woods then administered the Oath of Office of Ms. Anderson.

Ms. Anderson introduced herself as the Executive Director of the DeRidder Housing Authority. She also noted that she was filling the appointment formerly held by Phil Miller. She noted that her first name was Barbara so as to not cause any future confusion. She has also held the position of Past President of the Louisiana Housing Council and was also with the Regional Director's Board. She ended noting the upcoming November wedding of her daughter Briana.

Chairman Woods advocated that all Board Members be trained on Ethics Regulations so as to fully understand the various aspects thereof. He directed the Legal Staff to coordinated said trainings.

Chairman Woods continued noting that a review of the HDS was done by the IT staff and that he wants the system to be consolidated so that all the Agency internal processes are integrated into one mode; he wants everyone to fully utilize the system to its fullest; wants staff fully trained and all sections in the Agency to utilized the system; he requested IT Director Danny Veals within sixty(60) days to coordinate a implementation phase and there all appropriate staff members are trained on the HDS; and that the next QAP be fully automated.

Commissioner Clary requested the Board be provided with a copy of the current HDS status report. A directive from Chairman Woods to Mr. Veals was issued thereof.

Commissioner Airhart noted that the IT staff had completed the functionality report timely and he applauded their efforts thereof and advocated that he'd like to see the Agency move towards a more progressive direction of more electronic processing of activities and functions.

CFO Rene Landry addressed the Board noting that the HDS software may need further evaluating and a review of other alternate software may be a good idea.

Chairman Woods inquired as to why the Agency was spending \$1M on the HDS if it was not fully meeting the Agency's needs.

Mr. Veals responded that he is awaiting the Agency section heads to advise him of any problems going forward so that the IT group my promptly address them. He also advised the Board that HDS was being utilized by 40 different states currently.

There was further discussion between Mr. Veals, Mr. Landry, Program Administrators Charlette Minor and Brenda Evans, and Chairman Woods on the functionality of HDS. Thereafter, President Milton Bailey directed staff to set up a meeting internally to discuss the matter further.

PRESIDENT'S REPORT

Milton Bailey advised the Board that he was waiving his discussion in lieu of a presentation from HANO on the status of the pending Big 4 Projects.

Chairman Woods requested that said discussion be held in order that the Single Family matters be presented so that the Board could remain in quorum before some Commissioners had to leave for afternoon airline flights.

SINGLE FAMILY

Commissioner Michael Airhart advised the Board that the 2008A issuance was on Monday September 22 at 12PM.

Mr. Buck Landry advised the Board that the current market crisis would prohibit any further SF bond sales until perhaps October.

Brenda Evans advised the Board that the 2008A, 2007C, and 2007B issue updates were in the board binders and she thereafter discussed the various aspects of each giving their current balances and reservations.

Mr. Tim Rittenhouse advised the Board that he felt that small frequent issues was the best way for the Agency to proceed; he noted that the next issue should be a 2008C; and that the Agency should do new issues as often as possible thereafter.

Mr. Buck Landry handed out analysis documents to the Board and discussed weekly floaters, ATM and non-ATM bonds, GIC guaranteed contracts, current associated risks, various default aspects, etc.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Mayson Foster, the Rules were Suspended to Add to the Agenda "Investment Contract Exposure Issues". There being no further discussions or oppositions the matter was unanimously passed.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Mayson Foster, the Board approved the cancellation and calling of bonds as described and set within the recommendations of items 1 and 2 of the Buck Landry memorandum approved by the Agency Finance Team and providing for all matter in connection thereof; was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Mr. Rittenhouse advised the Board that the Agency has seven (7) contracts with AIG and that he was advising that funds be taken back and resold. However, Mr. Buck Landry noted that there would be a penalty in the long-term for selling early should the company be able to survive.

Mr. Rittenhouse noted that there was currently \$4M in GIC and if invested it would result in a #380K reduction in value which is a small penalty in comparison to any further demise or the total collapse of AIG. In essence, the principal would remain intact.

Mr. Buck Landry advised on conservative behavior.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Mark Madderra, the Rules were Suspended to Add to the Agenda “AIG Investment Contracts Discussion and Resolution”. There being no further discussions or oppositions the matter was unanimously passed.

On a motion by Commissioner Mark Madderra and seconded by Commissioner Michael Airhart, the Board approved the recommendation to accept payment of the funds presently held under the AIG Investment Contracts and providing for all matter in connection thereof; was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Next item to be discussed was a request by Commissioner Airhart that notice be sent to the State Bond Commission to waive certain fees currently imposed on the Agency.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Mark Madderra, the Rules were Suspended to Add to the Agenda “Waiver Request of Fees Notice to State Bond Commission Discussion”. There being no further discussions or oppositions the matter was unanimously passed.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Robert Pernell, the Board approved the recommendation that the LHFA staff be directed to send a written notice to the State Bond Commissioner requesting a Waiver of Fees retroactively from the past, present, and future and providing for all matter in connection thereof; was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Commissioner Mayson Foster issued a commendation to the LHFA staff and the Finance Team on their diligence in protecting the Agency interests and the effective overseeing of the Agency's investments. The Board concurred unanimously.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Mark Madderra, the Rules were Suspended to Add to the Agenda “Line of Credit with the Federal Home Loan Bank Discussion”. There being no further discussions or oppositions the matter was unanimously passed.

Thereafter, Chairman Woods advised the Board and audience that is he did not normally condone the introduction of numerous new items to the Agenda, however given the current market conditions it was being done in the best interests of the Agency.

President Bailey began the discussion noting that the request would give the Agency the option to offload bonds to a stable buyer, and suggested \$255M minus the upcoming resolution proposal of \$75M for a total at our around \$180M.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Maureen Clary, the LHFA staff was authorized to explore and secure a line of credit up to \$180M from the Federal Home Loan Bank and providing for all matter in connection thereof; was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Next item was the resolution for \$75M of LHFA SFMRB Series 2008. Ms. Evans advised the board the specifics thereof were in their board binders, and that staff was recommending adoption thereof.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Mayson Foster, the resolution accepting the parameters term proposal for the purchase of not exceeding Seventy-Five Millions Dollars (\$75,000,000) of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds, Series 2008, in one or more sub-series and providing for other matters in connection therewith; was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Thereafter, Commissioner Mark Madderra inquired as to who would be buying the bonds. Bond Counsel Wayne Neveu responded that the matter was not a commitment but rather gives authority to go the market at such time market conditions are conducive thereof. President Bailey concurred in the response thereof.

Commissioner Madderra requested the Agency be cautious in its actions and not rely on past or previous situations as the current market conditions were unprecedented.

Mr. Rittenhouse and Mr. Neveu gave further clarifications to the Board that the resolution was not giving any forthright approvals that would bind the Agency, but rather was giving the Agency the authority to go to the market when conditions dictated such favorably.

On a motion by Commissioner Mike Airhart and seconded by Commissioner Lisa Woodruff-White, the Rules were Suspended to Add to the Agenda "\$45M 2008A Discussion and Resolution". There being no further discussions or oppositions the matter was unanimously passed.

Ms. Evans went over the specifics thereof and advised the Board staff was recommending approval.

On a motion by Commissioner Michael Airhart and seconded by Commissioner Robert Pernell, the resolution accepting the parameter term proposal for the purchase of not exceeding Forty-Five Million Dollars (\$45,000,000) of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds, Series 2008A in one or more sub-series; fixing the parameters terms of said bonds and otherwise providing with respect to said bonds; approving the form and directing the execution of the Bond Purchase Agreement for 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.

MULTIFAMILY RENTAL HOUSING COMMITTEE REPORT

Commissioner Madderra advised the Board that the first item under the Agenda was the discussion of the Big 4 Projects with the HANO representatives.

Jim Kelly, Aron Weisner, and Michelle Whetten addressed the Board.

Mr. Kelly advised the Board that on Providence Homes the contractor was on board and they would be able to meet the 2010 deadline. He also noted that Enterprise was the syndicator.

Mr. Weisner noted that raising equity was difficulty given current market crisis. He discussed Lafitte's 235 units with 55 offsite units would be closing pending October F&V analysis for the 235 unites and in November/December for the 55 units complex.

Jim note that the other 3 projects would be closing in January and/or April 2009.

There was further discussion between the guests and the Board.

Ms. Whetten advised the Board that they were working on getting the PIS deadlines extended in order to reduce investor barriers.

Chairman Woods advised the group that the Agency and Board were willing to continue working with them but he also stressed the need for the housing projects to continue moving forward. He also noted that a team was being formed to go to Washington DC again to lobby for long-term housing efforts.

Commissioner Pernell urged the speakers to do their best in making sure that Louisiana-based workers and contractors are utilized as often as possible. Mr. Kelly concurred noting that he is very committed to the full employment of locals and is fully involved in all dialogue and aspects thereof.

Next to address the Board was Jim Burleigh, President of Mortgage Residential, and Project Manager Monica McKay.

Mr. Burleigh went over the various projects they were currently involved in. He discussed the IDB, demolition, permitting, bid process, construction schedules, development schedules and phases, etc., involved in the projects. He noted they were working with Regions Bank for bridge loan and had additional funding from OCD and HANO with possible plus or minus \$45M gap financing,

Next to address the Board was Yusef Freeman and Ellis Henry from McCormack Salazar Baron representing the developers of the CJ Peete. Mr. Freeman noted that SunAmerica was their underwriter which was a subsidiary of AIG and had been advised of the uncertain future of both and were told to find other investors. He noted that demolition on the project had been completed and that they were utilizing New Orleans area contractors. He also noted that they could meet with PIS in December 2009; possible \$9-11M gap financing; investor will provide bridge loan; and that they had National Flood Insurance with multi-tier coverage.

Mr. Louis Russell advised the Board that the Lightning Round Applications and Timeline parameters were in their board binders.

Next item discussed was a waiver request by HUD 202 developers to allow the requirement to provide washers/dryers in every unit. Mr. Russell advised the Board that staff had reviewed the requests and were recommending approval thereof.

Terri North advised the Board that there had been no negative impact at any other sites after the changes were made thereof.

Commissioner Woodruff-White noted she would concur with staff recommendation but in future requests she wanted the resolution to include my quantitative language.

On a motion by Commissioner Mark Madderra and seconded by Commissioner Mayson Foster, the resolution approving a waiver request made by the developers of five subsidized senior housing developments (i.e. "HUD 202s") – Annunciation Inn, Nazareth Inn I, Nazareth Inn II, Delille Inn, and St. John Berchmans Manor (NO, Louisiana), to allow the projects to waive the requirement to provide washer/dryers in every unit and other matters in connection therewith; was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

Next item was the resolution approving a request for an extension to the PIS for several projects. Commissioner Mark Madderra advised the Board that the matter has been discussed in Committee and they were recommending approval thereof with some changes to be reflective of discussion from the Committee meeting earlier.

On a motion by Commissioner Mark Madderra and seconded by Commissioner Lisa Woodruff-White, the resolution approving a request for an extension to the Place In Service date made by the developers of Superior Homes I & II #06-62, 06-63 (Tolawa Lane, Covington, LA); West Park Apts I, II, & III #06-64, 06-65, 06-66 (4325 Westpark Road, Houma, LA); Orleans Place #07/08(FA)-64 (Maumas Street, NO, LA) and Patterson Homes #06-(R)-326 (Patterson St. Algiers, LA); and providing for other matters in connection therewith; was adopted, subject to changes from the earlier Committee reflective thereof. There being no further discussions or oppositions, the matter was unanimously passed.

Next item discussed was the resolution approving the reservation of additional % credits to the Bacmonila Gardens project. Commissioner Madderra advised the Board that the matter has been discussed in Committee and they were recommending the approval thereof.

On a motion by Commissioner Mark Madderra and seconded by Commissioner Katie Anderson, the resolution approving the reservation of additional 4% credits to the project Bacmonila Gardens #07/08(FA)-08 (1731 Polymnia Street, NO, LA 70113); and providing for other matters in connection therewith; was adopted, subject to changes from the earlier Committee discussions reflective thereof. There being no further discussions or oppositions, the matter was unanimously passed.

Next time discuss was the resolution for modification of language in QAP regarding Operating Reserves. Commissioner Madderra noted that the matter had been discussed in Committee and approval thereof was recommended with modified languages of the word “should” be replaced with “shall” followed by the insertion of “no less than six (6) months of projected operating expenses”; and then in the next sentence “initial operating reserves of up to 2,000 per unit per year” would be eliminated. He noted these changes would not alter the intent of the resolution.

On a motion by Commissioner Mark Madderra and seconded by Commissioner Lisa Woodruff-White, A resolution approving an Amendment to the Qualified Allocation Plans for 2005, 2006, 2007 and 2008 Credits (Per Capita and GO Zone) of the Louisiana Housing Finance Agency; and providing for other matters in connection therewith; was adopted, subject to changes from the earlier Committee discussion reflective thereof. There being no further discussions or oppositions, the matter was unanimously passed.

Next item was the Protocol for Exception Items. There was a general consensus of the Board to approve the matter.

On a motion by Commissioner Mark Madderra and seconded by Commissioner Michael Airhart, the Board approved the Protocol for Exception Items; and providing for other matters in connection therewith; was adopted, subject to changes from the earlier Committee discussion reflective thereof. There being no further discussions or oppositions, the matter was unanimously passed.

Next item was the Policy Update on the use of the fixed 9% credit percentage for New Construction. Brenda Evans discussed the matter with the Board, noting that NCSHA and other HFAs were also reviewing the parameters thereof.

On a motion by Commissioner Mark Madderra and seconded by Commissioner Katie Anderson, the Board adopted the Policy Update on the use of the fixed 9% credit percentage for New Construction as expressed in the HERA2008, and providing for other matters in connection therewith, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

On a motion by Commissioner Mike Airhart and seconded by Commissioner Lisa Woodruff-White, the Rules were Suspended to Add to the Agenda “New Chateau Discussion and Resolution”. There being no further discussions or oppositions the matter was unanimously passed.

Commissioner Mark Madderra advised the Board that the matter was being presented due to the storm delays and that the project had requested an extension for closing of October 15th but wanted to revise it to October 7th.

On a motion by Commissioner Mark Madderra and seconded by Commissioner Mayson Foster, the request for a closing date of October 7, 2008, for the New Chateau Project; and providing for other matters in connection therewith, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

SPECIAL PROGRAMS COMMITTEE

Commissioner Robert Pernell advised the Board that the HOME Reconciliation Update PR-27 was in their board binders for review.

Next item was discussed was the Housing Trust Fund Awards. LHFA Program Administrator Loretta Wallace advised the Board that she needed Board approval to extend the staff's authority to release the awards info prior to the November Board meeting. There were some discussions thereafter of the scoring parameters, all of which was included in detail in the board binders.

On a motion by Commissioner Walter Guillory and seconded by Commissioner Robert Pernell, the Board approved the LHFA staff to issue the Housing Trust Fund Awards pending determination of feasibility and viability analysis and with exceptions as communicated to the applications and they would follow the process of protocol that has already been established with regards to the Awards; and providing for other matters in connection therewith, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

ENERGY ASSISTANCE COMMITTEE

Commissioner Robert Pernell gave an update on the \$10M LIHEAP and WAP additional funds.

On a motion by Commissioner Robert Pernell and seconded by Commissioner Michael Airhart, the Rules were Suspended to Add to the Agenda "LIHEAP and WAP MOU Discussion and Resolution". There being no further discussions or oppositions the matter was unanimously passed.

Commissioner gave a brief history of the two programs. Thereafter, Ms. Minor gave an analysis of the program development and funding mechanisms thereof, noting funds had originated at DNR and subsequently been transferred to the LHFA.

LHFA Public Information Director Jeff DeGraff gave an analysis of how the programs will be marketed and how the information thereof will be disseminated to the public. He noted that the Agency will include specific information on its website and list all agency contacts and affiliates. Additionally, there will be recorded pieces for radio announcements.

Ms. Minor noted that the program will be available in all 64 Louisiana parishes.

Chairman Woods requested the use of the BOC as a marketing tool for radio and TV spots and to ensure that no areas of the state were left out of the program.

President Bailey directed the staff to prepared a summarization document to simplifies the parameters of the program. He also extended the Agency's thanks to DNR, LPSC, and to Governor Jindal in entrusting LHFA with the \$10M program.

Commissioner Pernell expressed his thanks to the staff for their hard work and challenged them to make sure the program is successful so that more funding from the Governor could be solicited in the future.

On a motion by Commissioner Robert Pernell and seconded by Commissioner Lisa Woodruff-White, the Board approved the MOU between LHFA and DNR in facilitating the expenditure of the Petroleum Violation Escrow Fund; and providing for other matters in connection with the foregoing, was adopted. There being no further discussions or oppositions, the matter was unanimously passed.

OTHER BUSINESS

None

ADJOURNMENT

There being no other matters to discuss, Commissioner Michael Airhart offered a motion for adjournment that was seconded by Commissioner Lisa Woodruff-White. There being no further discussions or oppositions, the matter was unanimously passed. **The Full Board meeting adjourned at 3:33 PM.**

Chairman

Secretary