
Louisiana Housing Finance Agency



BUDGET & FINANCE

Rene Landry, CFO

May 12, 2010

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MEMORANDUM

To: Chairman: Mayson Foster
Commissioner Michael Airhart
Commissioner John N. Kennedy
Commissioner Neal Miller
Commissioner Guy T. Williams

From: Rene Landry, CFO

Date: May 5, 2010

There will be a Budget & Finance Committee meeting prior to the Board meeting on Wednesday, May 12, 2010, at 8:30 a.m., Committee Room II. The Committee will discuss the LHFA Operating Budget.

If you have any questions, please feel free to contact me.

RL/lb

May 5, 2010

BUDGET & FINANCE COMMITTEE MEETING

Notice is hereby given of a regular meeting of the Budget & Finance Committee will be held on **Wednesday, May 12, 2010 at 8:30 A.M.**, Louisiana Housing Finance Agency, **Committee Room II**, located at 2415 Quail Drive, Baton Rouge, LA by order of the Chairman.

AGENDA

1. Call to order, roll call, and introduction of guests
2. Approval of the Minutes of the April 14, 2010 Budget & Finance Committee Meeting.
3. Continued Discussion of the LHFA Operating Budget
4. A resolution accepting the proposal of Morgan Keegan & Company, Inc. for the purchase of not exceeding Five Million Three Hundred Thirty Thousand (\$5,330,000) of Louisiana Housing Finance Agency General Revenue Office Building Refunding Bonds.
5. Other Business
6. Adjournment

Milton J. Bailey, LHFA President

If you require special services or accommodations, please contact Barry E. Brooks (225) 763 8773, or via email bbrooks@lhfa.state.la.us

Pursuant to the provisions of LSA-R.S. 42:6.1, upon two-thirds vote of the members present, the Board of Commissioners of the Louisiana Housing Finance Agency may choose to enter executive session, and by this notice, the Agency reserves its right to go into executive session as provided by law.

Budget & Finance Committee Meeting
Wednesday, April 14, 2010
2415 Quail Drive
Committee Room II
Baton Rouge, LA 70808
8:30 A.M.

Commissioners Present

Mayson Foster, Chairman
Michael Airhart
Donald Vallee
Katie Anderson
Guy Williams

Commissioners Absent

John Kennedy
Neal Miller

Legal Counsel Present

Christine Bratkowski
Jessica Guinn
Wayne Neveu, Foley & Judell

Staff Present

Milton Bailey
Alesia Wilkins-Braxton
Rene Landry
Kip Anderson
Nicole Mack
Jatis Harrington
John Ampim
Calvin Humble
Brenda Evans
Collette Mathis
Terry Holden

Loretta Wallace
A'shli Mitchell
Tina Powell
Jeff DeGraff
Roger Tijerino
Charlette Minor
Lourie Brown

Others Present

Carliss Knesel
Jeffrey Tanguis
Buck Landry
Tim Rittenhouse

Hancock Bank
Hancock Bank
Morgan Keegan
CSG Advisors

The regular meeting of the Louisiana Housing Finance Agency Budget & Finance Committee was called to order at approximately 8:40 a.m. on Wednesday, April 14, 2010, by Chairman Mayson Foster.

Following introduction of guests, Chairman Foster called for a motion to approve the March 17, 2010 Budget & Finance Committee meeting minutes.

Upon motion by Commissioner Donald Vallee and seconded by Commissioner Michael Airhart the minutes of the March 17, 2010 Budget & Finance Committee meeting were unanimously approved.

Chairman Foster reminded the Committee that a resolution to adopt the budget is expected for the June meeting, and then opened the floor to discussion of the Expenses & Capital Sections of FYE June 30, 2011 budget.

Rene Landry informed the board of four revenue line items updated from last month's meeting. Approximately one - half million dollars of investment interest was added for warehousing revenues. The HUD Disposition program income was adjusted. The figures went down slightly but are expected to be adjusted slightly upward for program amounts, WAP – ARRA and CDBG Rebuilding were adjusted slightly with corresponding adjustments to expenses.

Commissioner Vallee requested additional information on the following items:

- Departmental Income and Expenditures Schedules (Budget)
- HUD Disposition monthly report – Village De Jardin & Willowbrook (Construction)
- Departmental overview of current salaries, dates of hire, most recent raise and amount (Human Resources)

Chairman Foster and Commissioner Airhart voiced questions regarding any potential sale of Willowbrook and Village De Jardin properties. Commissioner Vallee inquired as to the feasibility of an Asset Management department. President Milton Bailey replied that the “pros and cons” would need to be evaluated and protocol followed.

Vice-President, Alesia Wilkins-Braxton informed the Committee that the results of Contract Administrations bid with HUD are due in January 2011.

Mr. Landry entertained questions from the floor on the Expenses section of the budget. He pointed out an increase of 4.94 percent in Human Resources and that in many cases two-thirds of HFA budgets are allocated for Human Resources. Both Mr. Bailey and Mr. Landry reiterated that the Agency is in compliance of the Governors requirements in that the Agency has imposed hiring restrictions. Chairman Foster stated that he would like to look at any potential of “privatization” on a program by program basis at a later date.

The increase in the travel budget is attributed to field monitoring which is programmatic in nature.

Chairman Foster raised questions regarding the Legal Fees budget. Christine Bratkowski of Legal addressed those concerns by stating that the budget reflects current litigation. It also includes estimates for five programs. She added that an amendment to the budget would be made if additional funds are needed, but historically, this has not been necessary.

Commissioner Vallee requested that Legal provide a list of litigation. A discussion also ensued as to the processes for engaging outside counsel as well as what implications the Rules of Discovery may have on the process.

Jeff DeGraff discussed the expenses associated with Public Information/Advertising. Mr. DeGraff pointed out the expenses associated with each program. He also explained that the Agency’s website comes under IT’s budget.

Chairman Foster and Commissioner Vallee requested the following related to Advertising and Other Professional Services:

- List of payments with indicators for reimbursable/non-reimbursable

The floor entertained lengthy discussion regarding the Agency’s current Emergency Operation Plan. Concerns were voiced as to the capacity of the generator and an alternate location.

Chairman Foster noted two resolutions for consideration. Discussion ensued as to an acceptable threshold percentage for proceeding with a building bond refunding.

Chairman Foster inquired of Tim Rittenhouse of CSG Advisors and Buck Landry of Morgan Keegan to recommend an acceptable threshold benchmark. A three percent threshold was agreed upon and a resolution to proceed to Bond Commission was approved.

Upon motion by Commissioner Donald Vallee and a second by Commissioner Michael Airhart the following resolution was unanimously approved to be forwarded to Full Board for consideration:

A resolution to authorize the refunding of the outstanding principal balance of \$5,225,000.00 of the Louisiana Housing Finance Agency's (the "Agency's") General Revenue Office Building Bonds (the "Building Bonds") Series 2001, and the costs of issuance associated therewith, currently estimated at \$105,000.00 as per the attached schedule, only if and when market interest rates provide the necessary net present value threshold savings percentage of three percent; to authorize application to the Louisiana State Bond Commission for approval of said refunding; and providing for other matters in connection therewith.

President Bailey stated that the corresponding changes to the draft resolution will be made.

Tim Rittenhouse discussed the optional redemption of Single Family Mortgage Revenue Bonds. An analysis was also attached.

Upon motion by Commissioner Donald Vallee and a second by Commissioner Michael Airhart the following resolution was unanimously approved to be forwarded to Full Board for consideration:

A resolution to authorize and direct the use of not to exceed \$5,225,000.00 to redeem by optional redemption high coupon interest rate Single Family Mortgage Revenue Bonds in one or more series; and providing for other matters in connection therewith.

Chairman Foster requested a one hour time slot for the May 12th meeting of the Budget and Finance Committee.

There being no other business to come before the Committee, Chairman Foster called for adjournment.

LOUISIANA HOUSING FINANCE AGENCY

The following resolution was offered by _____ and seconded by _____:

RESOLUTION

A resolution amending the authorizing resolution adopted on April 14, 2010 accepting the proposal of Morgan Keegan & Company, Inc. for the purchase of not exceeding five million three hundred thirty thousand dollars (\$5,330,000) of Louisiana Housing Finance Agency General Revenue Office Building Refunding Bonds, Series 2010; fixing the parameter terms of said Bonds; and providing with respect to said Bonds.

WHEREAS, the Board of Commissioners (the "Board") of the Louisiana Housing Finance Agency (the "Agency") on April 14, 2010, adopted a resolution (the "Authorizing Resolution") authorizing the issuance of not exceeding five million three hundred thirty thousand dollars (\$5,330,000) of Louisiana Housing Finance Agency General Revenue Office Building Refunding Bonds (the "Bonds") to refund the outstanding principal balance of five million two hundred twenty five thousand dollars (\$5,225,000) of the Agency's General Office Building Bonds, Series 2001 (the "Prior Bonds");

WHEREAS, a Notice of Intention to Sell at Private Sale (the "Notice"), was published by the Agency on May 4, 2010 and the sale of the Bonds was set for May 12, 2010; and

WHEREAS, the Notice was published in "The Advocate", a newspaper of general circulation published in the City of Baton Rouge, Louisiana, and in "The Daily Journal of Commerce", in the City of New Orleans, Louisiana, on May 4, 2010, respectively.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Louisiana Housing Finance Agency, acting as the governing authority of said Agency, that:

SECTION 1. The Authorizing Resolution is hereby amended to confirm that the Bonds are (i) issued pursuant to the provisions of Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended (the "Act"), specifically Section 600.11 of the Act and (ii) secured by the general obligations of the Agency, and more specifically all funds of the Agency not otherwise required to be irrevocably dedicated to other purposes.

SECTION 2. The Parameter Terms Sheet submitted this day by the Morgan Keegan & Company, Inc., (the "Purchaser") attached hereto as Exhibit A, for the purchase of bonds designated "Louisiana Housing Finance Agency General Revenue Office Building Refunding Bonds, Series 2010" in

the aggregate principal amount not exceeding five million three hundred thirty thousand dollars (\$5,330,000) are hereby accepted and approved and the Bonds are hereby awarded and sold to the Purchaser. The Chairman, Vice Chairman, President and/or Secretary of this Board are hereby authorized and directed for, on behalf of and in the name of the Agency, to execute, deliver and approve such instruments, documents and certificates as may be required or necessary, convenient or appropriate to the financing described herein, including, but not limited to, the Indenture of Trust for the Bonds on file with the Agency and such other documents as may be necessary and as reviewed and/or prepared by Bond Counsel.

The aforesaid officers are additionally authorized to approve any changes in the aforementioned document provided such changes are in accordance with the Act and with the approval of Counsel to the Agency or Bond Counsel.

SECTION 3. The Bonds will be dated, will be in the denominations and will have all the terms set forth in the Parameter Term Sheet.

SECTION 4. The Bonds shall be subject to redemption in accordance with the Parameter Term Sheet and the Indenture.

SECTION 5. The contents of the Preliminary Official Statement with respect to the Bonds, copies of the form of which have been placed on file with the Agency, are hereby approved substantially in such form subject to such revisions and/or updates required for the Bonds as determined by Bond Counsel and the Purchaser.

SECTION 6. The Chairman, Vice Chairman, President and/or Secretary are hereby approved, authorized and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the Agency and delivered to effect delivery of the Bonds to the Purchaser or deemed by any of them necessary or advisable to implement this resolution, the Indenture, or to facilitate the delivery of the Bonds.

SECTION 7. The Chairman, Vice Chairman, President and/or Secretary of the Agency shall cause to be executed for and on behalf of the Agency, the aforementioned Bonds in accordance with the Indenture, and shall effect the delivery thereof to the Purchaser. The Secretary of the Agency shall receive from the Purchaser for the account of the Agency the purchase price of the Bonds and shall deposit the same with the Trustee under the Indenture, in accordance with the provisions thereof.

SECTION 8. That it is recognized that a real necessity exists for the employment of bond counsel in connection with the issuance of the Bonds and accordingly Foley & Judell, L.L.P., Bond Counsel, New Orleans, Louisiana, be and they are hereby employed as bond counsel to the Agency to do and to perform comprehensive, legal and coordinate professional work with respect thereto. The fee to be paid Bond Counsel shall be an amount based on the Attorney General's then current Bond Counsel Fee Schedule and other guidelines for comprehensive, legal and coordinate professional work in the issuance of revenue bonds applied to the actual aggregate principal amount issued, sold, delivered and paid for at the time the Bonds are delivered, together with reimbursement of out-of-pocket expenses incurred and advanced in connection with the issuance of the Bonds, subject to the Attorney General's written approval of said employment and fee.

SECTION 9. This resolution shall take effect immediately.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the 12th day of May, 2010.

Secretary

Chairman

PARAMETER TERM SHEET

**Louisiana Housing Finance Agency
(Building Refunding Bonds)
Series 2010**

\$5,330,000

BID SHEET

Issuer: Louisiana Housing Finance Agency

Size of Issue: Not to Exceed \$5,330,000

Purpose: To Refund Outstanding Building Bonds, Series 2001

Purchaser: Morgan Keegan & Company, Inc.

Trustee: Regions Hancock Bank

Interest Rate: Not to Exceed Five (5.0%)

Maturity Date: Not to Exceed Seven (7) Years.

Savings: Not to be Less than Three (3) % Net Present Value

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Commissioners of the Louisiana Housing Finance Agency (the "**Agency**"), do hereby certify that the foregoing four (4) pages constitute a true and correct copy of a resolution adopted by said Board of Commissioners on May 12, 2010, entitled: "A resolution amending the authorizing resolution adopted on April 14, 2010; accepting the proposal of Morgan Keegan & Company, Inc. for the purchase of not exceeding five million three hundred thirty thousand dollars (\$5,330,000) of Louisiana Housing Finance Agency General Revenue Office Building Refunding Bonds, Series 2010; fixing the parameter terms of said Bonds; and providing with respect to said bonds."

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Agency on this, the 12th day of May, 2010.

Secretary

(SEAL)