

**Full Board Meeting Minutes
Board of Commissioners
Louisiana Housing Finance Agency**

**Wednesday, September 14, 2011
2415 Quail Drive
V. Jean Butler Board Room
Baton Rouge, LA 70808
12:00 P.M.**

Commissioners Present

Guy T. Williams
Michael L. Airhart
Katie Anderson
Adena R. Boris
Jerome Boykin, Sr.
Mayson H. Foster
Neal P. Miller
Joseph M. Scontrino, III
Frank H. Thaxton, III
Donald B. Vallee
Elsenia Young

Commissioners Absent

Allison A. Jones
John N. Kennedy

Staff Present

Barry E. Brooks
Alesia Wilkins-Braxton
Brenda Evans
Loretta Wallace
Charlette Minor
Rene Landry
Mary Antoon
Marjorianna Willman
Ricky Patterson
Joseph Durnin
Collette Mathis
Jonathan Wesley
Calvin Humble

Jeff DeGraff
Terry Holden
Marjorianna Willman
Edselle Keith Cunningham, Jr.
Christine Bratkowski
Leslie C. Strahan
Jessica Guinn

Others Present
See Sign-In Sheet

CALL TO ORDER

In the absence of Chairperson Allison A. Jones the meeting was called to order at 12:00 P.M. by Vice-Chairman Guy T. Williams. Board Secretary and Coordinator Barry E. Brooks called the roll; there was a quorum. There was thereafter an introduction of guests.

APPROVAL OF MINUTES

On a motion by Commissioner Joseph M. Scontrino, III, seconded by Commissioner Neal P. Miller, the Minutes of the Full Board Meeting held August 10, 2011, were approved unanimously.

CHAIRPERSON'S REPORT

Vice-Chair Williams advised that Chair Jones would not be in attendance as she was in Birmingham due to the recent death of her sister, and expressed his condolences on behalf of the BOC and LHFA.

VC Williams also noted that there was a pending matter from New Orleans Councilmember Stacy Head regarding a complaint about some of the LHFA projects in New Orleans. He noted that he'd have a response and/or resolve regarding the matter by the October BOCM.

ACTING-PRESIDENT'S REPORT

Acting-President Alesia Wilkins-Braxton advised that notice had been received from HUD that they were withdrawing the previous PBCA Section 8 competitive process and will redo the competition through a NOFA at a later date. In the interim, current administrators will be given , a six (6) month extension to the current from October 1, 2011 until March 31, 2012.

Commissioner Vallee inquired as to whether the MOR had been dropped by HUD. Ms. Wilkins-Braxton replied affirmatively, noting that the matter was still being discussed with HUD in hopes they would include the MOR portion in the upcoming proposed NOFA.

Commissioner Vallee noted that three (3) employees currently processing MOR at LHFA would consequently go underutilized and therefore could be reallocated to other positions, in an effort to prevent any layoffs. He also requested that any new staffing plans be approved by the BOC prior to any employees being reallocated or moved to other positions within the Agency.

Ms. Wilkins-Braxton advised that there was still a possibility that HUD would request that the states continue their MOR functions.

Commissioner Vallee thereafter requested information be provided to the BOC regarding the various work schedules and hours of the staff at the Agency.

MULTIFAMILY RENTAL HOUSING COMMITTEE

Acting on behalf of MFC Chair Guy T. Williams, Commissioner Katie Anderson advised that there had been a meeting earlier, and that they had a quorum.

The first item to be discussed was a resolution regarding BW Cooper Ib Project, of which Commissioner Anderson noted that the MFC was recommending approval.

Program Administrator Brenda Evans briefly went over the specifics thereof, and noted that staff was recommending approval likewise.

On a motion by Commissioner Katie Anderson and seconded by Commissioner Mayson H. Foster, the resolution accepting the proposal of such purchaser as may be designated by the Developer for the purchase of not to exceed Twenty Million Dollars (\$20,000,000) Louisiana Housing Finance Agency Multifamily Housing Revenue Bonds (BW Cooper Ib Project, located at 3400 Earhart Blvd., New Orleans, LA, Orleans Parish, Louisiana) 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 moved to debate. There being no further discussion, opposition, or public comments, the matter passed unanimously.

Next item discussed was the resolution regarding Hanover Apartments. Ms. Evans advised that the matter involved authorizing Kathleen A. Dorgan, AIA, and LEED-AP with Judith Kinnard, FAIA, to review and evaluate Superior Design submissions, and that staff was recommending approval thereof. Commissioner Anderson noted that the MFC was recommending approval likewise.

Todd Little, representing LAAHP, noted its objection to the matter based on ownership parameters and scoring of points for Superior Design, in particular "...They're reviewing every other application in the state that's competing against the application that they have an interest in. So we would just like to go on the record to show you that's our objection...We object to it."

On a motion by Commissioner Katie Anderson and seconded by Commissioner Joseph M. Scontrino, III, the resolution authorizing Kathleen A. Dorgan, AIA, LEED-AP with Judith Kinnard, FAIA to review and score the Superior Design submittal for Hanover Apartments, located at the corner of 72nd Avenue and Howell Blvd., Baton Rouge, East Baton Rouge Parish, Louisiana; and providing for other matters in connection with the foregoing, was moved to debate. There being no further discussion, opposition, or public comments, the matter passed. There was one (1) NO Vote from Commissioner Frank H. Thaxton, III.

Next item discussed was the GO Zone Credit Initiative. Ms. Evans advised that applications were still being received, and that there was around \$1.1M available.

Commissioner Vallee thereafter offered a motion to Suspend the Rules to Amend the Agenda to add the HANO - Jackson Landing Project. His motion was seconded by Commissioner Michael L. Airhart.

Vice-Chair Williams advised Commissioner Vallee that in order to Amend the Agenda there would have to be a unanimous vote of the BOC, and that he'd be voting NO on said motion.

Commissioner Vallee acknowledged such, and noted that as he understood from the state statutes that there should be an opportunity for public comment prior to a vote being taken, and as such he'd reserve his comments after public comments had been received.

Mr. David Gilmore, representing HANO, addressed the BOC. He began by noting that HANO had the utmost of respect for LHFA. He advised that HANO previously submitted a request to appear before the BOC in an effort to ask for consideration of continued use of its tax credits for the Jackson Landing Project in Algiers.

Mr. Gilmore also noted that movement of the tax credits outside of Orleans Parish would reduce resources; that the project would ultimately de-densify housing and de-concentrate poverty in the area; that HANO's request was not a precedent and would allow them to keep their promise to use the tax credits allocated for affordable housing developments; that his objective is to lead HANO in a non-political positive position, emphasizing that his request was not politically motivated nor was his appearance; and that his request should be reviewed on the merits of the tax credits staying in Orleans Parish to support affordable housing.

Commissioner Vallee advised the BOC that he had circulated two (2) letters from HANO requesting they be allowed to appear at BOCM, and that the letters had been sent timely to LHFA Acting President Wilkins-Braxton and BOC Chair Jones within the BOC seven (7) day protocol.

Commissioner Frank H. Thaxton, III, inquired of Mr. Gilmore what he meant by his statement regarding a perceived political consideration in relation to HANO's request and appearance.

Mr. Gilmore replied:

"I say that because, and this is speculation on my part. It's not that anybody told me this. But I say that because this project, Jackson Landing, was owned outright by the now outgoing Speaker of the House, Jim Tucker. However, the process – the project is now in a trust. And, Mr. Birdsong here to my left is the trustee. So I'm not dealing with Mr. Tucker on this process. I am dealing with the trust. And I also want to indicate that even while the property was in Mr. Tucker's control, the property applied for and on a competitive basis was granted project-based vouchers, a relationship that clearly would've continued whether the trust continued or it didn't, whether there was a trust arrangement or not. But that's why I said what I said."

David Birdsong, Trustee, addressed the BOC. He noted that "...Mr. Tucker currently owns 60 percent. The trust owns 40 percent."

Commissioner Foster inquired as to when the credits had been allocated. Ms. Evans advised that the credits had been awarded during the 2007-2008 allocation round; however she was not sure as to why they had been returned.

Mr. Birdsong advised that the credits had been returned due to economic conditions concerning the cost of reconstruction at the time, in particular the building materials and cost of insurance.

Commissioner Foster inquired as to whether the project should be reviewed competitively with all other projects that had returned credits at this point to ensure that allocations are fairly distributed.

Mr. Gilmore noted previous PIS discussions with the BOC, non-commitment of Congress to currently extend credits to 2012, and that they had found no other viable projects.

Commissioner Neal P. Miller inquired as to whether Speaker Tucker's 60 percent ownership was still owned by Tucker or had it been relinquished to the trust.

Mr. Birdsong advised that Speaker Tucker's ownership had not yet been transferred to the trust, and that the beneficiaries thereafter would in fact be Speaker Tucker's two (2) daughters. He also advised the BOC that an ethics opinion had been received noting "...that they (daughters) are suitably separate and apart from him (Tucker), and that it is not a conflict of interest for them (daughters) to do business with the state."

Commissioner Thaxton noted that he wanted all information regarding the request to be out in the open and that he felt with Mr. Tucker being House Speaker, the Louisiana Housing Corporation legislation creator, and being a member of the LHC Transition Committee, full disclosure and transparency was tantamount in the public's perspective.

Mr. Gilmore reiterated that his primary interests were that of the City of New Orleans and HANO, and not those of Speaker Tucker.

Ms. Terri North of Providence addressed the BOC, noting that there were excess credits because they had not been able to use them for their scattered sites.

Mr. Gilmore noted that only half of the total allocated credits would be used; the other half would be returned to the Agency by September 30, 2012.

Ms. Michelle Whetten of Enterprise addressed the BOC, advising that the area selected is very poverty stricken, and that Jackson Landing is a viable project that can use the credits.

Mr. Birdsong advised that Jackson Landing South was one of the first apartment complexes opened in Algiers after Hurricane Katrina, and has been heavily utilized since then; that the owners invested a lot of money into the project, but still needs additional work to be completed in order to bring it back up to competitive standards; that the project is located in one of the most densely populated and poverty stricken areas in the City of New Orleans; and that the project is uniquely qualified to be able to use the credits in New Orleans and to meet the required timelines.

Commissioner Thaxton inquired of Ms. Evans as to where Jackson Landing was on the list of properties to be funded. Ms. Evans noted the project was listed as #14.

Commissioner Vallee directly addressed the BOC, noting that when the request was made to the Agency to put the matter on the September agenda per discussions during the August BOCM, it was known then that alternate developers were being sought and that time was critical; that the matter should have accordingly been placed on the September BOCM agenda; and that he felt the matter should have been heard given similar actions approved by the BOC. He also noted that Ms. Wilkins-Braxton had turned over the decision on whether to place the matter on the agenda to the Chair and Vice-Chair; and that he felt a last minute decision by the Board was not appropriate and that there was a need for a special meeting on the matter.

Commissioner Katie Anderson noted that the Board has agreed to HANO's options as presented, but not an option to go and find an alternate developer; that HANO was given an opportunity to utilize the credits; and that HANO did not have the authority to direct where the credits should be used.

Commissioner Miller requested a Call To Question on the matter.

Vice-Chair Williams applauded HANO, Providence, and Enterprise on the good projects they have been involved with. He also noted that the reason the request did not go on the agenda was:

“...because in my opinion, and I was elected to have this opinion and I exercised it, it’s bad public policy. It’s bad public policy in three ways. The first and most significant is you have asked and a lot of Commissioners have talked about, you’ve asked us to let you pick the projects. What you’re asking us to do is move from public ownership, HANO, to private ownership. You’re asking us to move from new construction to reconstruction. You’re asking us to move from building/adding units to shrinking units. All of these things may be good, but if we approve this, we have set a horrible precedent. And we will have a very difficult time ever turning down a material change. And that would’ve been enough. On that public policy reason alone, I would not have let this get on the agenda. Second, you had the same opportunity. You said ‘Oh, we’d be number 14.’ You only are number 14 because you were lethargic and didn’t get your act together and apply when numbers 1 through 13 did. You had the same public notice, the same opportunities, and the same awareness. Thirteen other developers applied. We as a Board approved a process. We have to keep faith with the developers. They have spent money, effort, and a lot of energy to make applications. For us to say to them, ‘Oh, jokes on you. HANO gets to tell us where the money goes. And so therefore, all of your efforts are wasted because we’re going to let this stay in New Orleans.’ That was the second reason. That would’ve been enough. Third, I love Jim Tucker. He’s a great guy. He goes to my church. I’ve supported him when he’s differed from the Governor who appointed me. But he owns Jackson Landing. His management company manages Jackson Landing. His children will be the beneficiaries. And that, to me, doesn’t pass the test of being an arm’s length transaction. I just feel very uncomfortable about that issue alone. Now, I might’ve overlooked that if it was a competitive round. He did get an ethics opinion. But the ethics opinion was a four to two split vote with abstentions. And it revolved around he can compete in a competitive round. This is not a competitive round. This is – we’re picking winners and losers. I don’t know if we get that same opinion and that’s an issue for another day. But that makes me very uncomfortable. But for the first two reasons alone, I did not put it on the agenda. I was elected by my fellow Commissioners to make that judgment, and I made that judgment. So that’s why you weren’t on the agenda. It’s not because we’re mad at HANO. It’s not because I don’t like Jim, because I do. It’s not because I don’t

like Enterprise and Providence, which I do. But it was bad public policy and it's not fair to the other developers who listened to us and did what we suggested when you had that same opportunity. So we've talked about this a lot. It's time to vote, and then we'll move on."

Mr. Gilmore noted the amicable ongoing relationship between LHFA and HANO, and advised "...[W]e intend, regardless of how this issue comes out, to continue to do the kind of work that fosters LHFA's and HANO's mandates to serve the way we do. And, we are grateful for the opportunity."

VC Williams requested Secretary Brooks do a Roll Call Vote on the matter. Staff Attorney Keith Cunningham advised the BOC that the matter before them was a Motion to Amend the Agenda to Add the HANO-Jackson Landing Project.

ROLL CALL VOTES on the matter to Suspend the Rules to Add the HANO – Jackson Landing Project to the Agenda; and providing for other matters in connection therewith:

2 YES – Airhart, Vallee

9 NO – Anderson, Boris, Boykin, Foster, Miller, Scontrino, Thaxton, Young, Williams

2 ABSENT – Jones, Kennedy

The aforementioned matter to Suspend the Rules to Add to the Agenda the HANO – Jackson Landing Project FAILED.

Commissioner Anderson advised that the other items on the agenda were simply updates and required no action be taken by the Board.

ASSET MANAGEMENT COMMITTEE

Asset Management Committee Chair Donald B. Vallee noted that the Committee met on Tuesday, September 13, 2011.

The first item discussed was the resolution regarding a rent reduction at the Willowbrook Apartments for tenants living in one (1) bedroom apartments by one hundred dollars (\$100), which the AMC was recommending approval thereof.

Commissioner Foster offered a friendly amendment to the resolution that would give the AMC the authority to review rates and to make further adjustments as deemed necessary. AMC Chair Vallee accepted the friendly amendment, noting that the future LHC by-laws may have to be changed to expand similar authority to all Agency-owned properties.

On a motion by Commissioner Donald B. Vallee and seconded by Commissioner Joseph M. Scontrino, III, the resolution authorizing the Louisiana Housing Finance Agency through its management company, Willowbrook Management, Inc., to reduce rental rates and provide other incentives for the leasing of apartment units at the Agency-owned property, Willowbrook Apartment Community, and providing for other matters in connection with the foregoing, was moved to debate. There being no further discussion, opposition, or public comments, the matter passed unanimously.

Next item discussed was the Capital City South Apartments. Chair Vallee noted there was a request pending for value engineering needs that had been sent back to staff and the project architects for further review and analysis; that there were no funds available for the proposed community center; that there had been discussion on the possible selection of a vendor for handling the furniture, fixtures, and equipment aspects; and that AP Wilkins-Braxton was supportive of the possible in-house handling of the property management duties via creation of an Agency Asset Management Department.

Next item discussed was the Village de Jardin Apartments. Chair Vallee advised that the time line for completion of construction was November/December 2011; that the project was behind schedule and was being coordinated by State Office of Facility Planning; and that Commissioners Thaxton and Boris saved \$140K on the FFE.

Next item discussed was the Property Manager for Village de Jardin Apartments. Chair Vallee advised that the AMC recommended the approval of the selection of Latter and Blum, pending contract negotiations. He also noted that the RFPs were reviewed by all LHFA interfacing programs and that said staff had done a great job evaluating and scoring the applications submitted by the firms and narrowing down the list to two (2) firms with very close final scorings.

On a motion by Commissioner Donald B. Vallee and seconded by Commissioner Katie Anderson, the resolution authorizing the Louisiana Housing Finance Agency ("Agency") to select Latter & Blum Property Management, Inc. as property managers for the Agency-owned property Village de Jardin; and providing for other matters in connection with the foregoing, was moved to debate. There being no further discussion, opposition, or public comments, the matter passed unanimously.

Next item discussed was the LHFA Main Office Building Assets. Chair Vallee noted that the AMC has approved expenditures for the building's air conditioning system, and had looked at future capital needs, including a reorganization of current office space utilized and future IT software needs.

Last item discussed was Other Real Estate. Chair Vallee advised that the AMC decided to explore doing an MOU or CEA with Louisiana Land Trust to auction off a REO property in New Orleans in order to dispose of it as it was being carried on the books for \$25K and was recently appraised at only \$7.5K.

ENERGY ASSISTANCE COMMITTEE

Energy Assistance Committee (EAC) Chair Katie Anderson noted that the Committee met earlier; the usual Energy activity reports and program summaries were in the binders; and that there were no action items.

Chair Anderson advised that the ARRA WAP program would end on March 31, 2012, was progressing smoothly, and that discussions were being held with the program partners to consider opportunities for a budget revision so that all fundings are fully expended. She also noted that additional contractors had been utilized so as to get the production numbers in sync and current.

SINGLE FAMILY COMMITTEE

Single Family Committee Chair Joseph M. Scontrino, III, noted that the Committee met earlier, and had one (1) action item.

Program Administrator Brenda Evans discussed the 2011A Program Update and Whole Loan Report. She noted that updates were in the Board binders, along with the three (3) monthly delinquency reports.

Commissioner Vallee inquired as to the status of the delinquency loan policy reports. SFC Chair Scontrino advised that there would be a draft of the matter for the October BOCM.

Chair Scontrino also advised that the loan origination rate had dropped and research was being conducted for the reason(s) in the decline thereof.

Chair Scontrino advised that the Morgan Keegan Turnkey Origination Program was in "limbo" and would not be progressing forward for the time being.

Chair Scontrino advised that BOA was moving out of the master servicer business, but would honor their current contract with the Agency. Accordingly, there will be upcoming notice of a Special Meeting to address the matter.

Last item discussed was the resolution regarding \$50M LHFA SFMRB.

Chair Scontrino discussed the specifics of the matter, noting that the SFC was recommending approval thereof.

On a motion by Commissioner Joseph M. Scontrino, III, and seconded by Commissioner Neal P. Miller, the resolution accepting the parameter term proposal for the purchase of not exceeding Fifty Million Dollars (\$50,000,000) of Louisiana Housing Finance Agency Single Family Mortgage Revenue Bonds, in one or more series or sub-series; fixing the parameter 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 moved to debate. There being no further discussion, opposition, or public comments, the matter passed unanimously.

SPECIAL PROGRAMS – HOME COMMITTEE

SPHC Chair Neal P. Miller advised that they met earlier, did not have a quorum until towards the end of their meeting.

Chair Miller advised that the Defaulted 202s updates were in the Board binders.

Next item discussed was the resolution regarding the Housing Trust Fund. Chair Miller noted that the resolution had been amended to grant the developers a six (6) month extension and to give staff the ability to grant an additional six (6) month extension based on progress, and that the SPHC was recommending approval thereof.

On a motion by Commissioner Joseph M. Scontrino and seconded by Commissioner Neal P. Miller, the resolution adopting the recommendation of staff and providing for an extension for certain Housing Trust Fund projects; and providing for other matters in connection with the foregoing, was moved to debate. There being no further discussion, opposition, or public comments, the matter passed unanimously.

OTHER BUSINESS

Commissioner Vallee thanked VC Williams for explaining his reasoning for not putting the HANO matter on the agenda.

ADJOURNMENT

There being no other matters to discuss, Commissioner Joseph M. Scontrino, III, offered a motion for adjournment that was seconded by Commissioner Neal P. Miller. There being no discussion or opposition, the matter was unanimously passed.

The Full Board meeting adjourned at 1:21 PM.

Chairperson

Secretary