

**LOUISIANA
HOUSING
CORPORATION**

BOARD OF DIRECTORS

Agenda Item #3

Board Meeting DRAFT Minutes

April 14, 2012

**Louisiana Housing Corporation
Board of Directors**

Full Board Meeting Minutes

**Wednesday, March 14, 2012
2415 Quail Drive
V. Jean Butler Board Room
Baton Rouge, LA 70808
11:00 A.M.**

Board Members Present

Michael L. Airhart
Dr. Daryl V. Burckel
Mayson H. Foster
Treasurer John N. Kennedy
Ellen M. Lee
Matthew P. Ritchie
Frank H. Thaxton, III
Malcolm Young

Board Members Absent

None

Staff Present

Don J. Hutchinson
Bradley Sweazy
Barry E. Brooks
Brenda Evans
Charlette Minor
Rene Landry
Danny Veals
Jeff DeGraff
Natasha Anderson
Edselle Keith Cunningham, Jr.
Christine Bratkowski
Leslie C. Strahan
Jessica Guinn

Others Present

See Guest Sign-In Sheet

CALL TO ORDER

LHC Board Chairman Michael L. Airhart called the meeting to order at 11:06 A.M. Board Secretary Barry E. Brooks called the roll; there was a quorum.

APPROVAL OF MINUTES

On a motion by Board Member Dr. Daryl Burckel, seconded by Vice-Chairman Mayson H. Foster, the Minutes of the LHC ByLaws Committee Meeting of February 8, 2012, were approved. There was one ABSTAIN vote from Board Member Frank H. Thaxton, III.

Next item discussed was the February 8, 2012 LHC Board Meeting Minutes. Vice-Chairman Foster inquired as to whether the \$30M Guste project matter had been withdrawn. LHFA Program Administrator Brenda Evans replied affirmatively, noting that the matter had been deferred and that the Developer would be present at the April 2012 Board Meeting.

On a motion by Vice-Chairman Mayson H. Foster, seconded by Board Member Frank H. Thaxton, III, the Minutes of the LHC Board Meeting of February 8, 2012, were approved unanimously.

Thereafter, Vice-Chairman Foster inquired as to the status of the RFP for Property Management for the Mid-City Gardens Project.

LHFA Chief Operations Officer Bradley Sweazy replied that the RFP "...is out on the street." He also noted that the deadline for submissions was March 16th and that there would be a recommendation made at the April Board Meeting.

LHC INTERIM EXECUTIVE DIRECTOR'S REPORT

LHC Interim Executive Director Don J. Hutchinson advised the Board that the Agency was in discussions regarding acquiring a Master Servicer for the Single Family Program; that the NCSHA 2012 Legislative Conference in Washington, D.C. is scheduled for April 23-25, 2012; that there had been groundbreaking ceremonies recently for the Hooper Springs Senior Apartments and the Aloysius Apartments; that he and staff were working with the Attorney General on how to best administer the \$22.7M that Louisiana would be getting from the HUD \$25B Mortgage Servicers Agreement; that an LHC transition update would be given to the House Municipal, Parochial, and Cultural Affairs Committee on March 15th; that on March 22, 2012 there would be a meeting of the Select Hurricane Recovery Committee; that he and staff had recently met with Civil Service to get assistance in forming the LHC Organizational and Staffing Plan; that there are process improvements being undertaken at the Agency; and that the LHC logo was moving forward.

Board Member Ellen M. Lee inquired as to who the Master Servicer would be, how such is procured, and whether an RFP would be needed.

Board Chairman Airhart gave a brief historical review of the Master Servicer matter, and LHFA General Counsel Keith Cunningham discussed the RFP process thereof.

Agenda Item #5 and Agenda Item #6 – 1501 Canal Senior Housing

LHFA Program Administrator Brenda Evans went over the specifics of the matter, noting that the LHFA Board has previously approved the matter in February and November of 2011; that this was the final sales resolution representing \$22M; and that staff had reviewed the matter, and was recommending approval thereof.

Board Member John N. Kennedy inquired as to what the cost per unit was on the project. Ms. Evans replied it was \$290K per unit.

Mr. Josh Collins representing HRI Properties addressed the Board, noting the cost was \$290 per square foot for a 900 square foot apartment.

Board Member Kennedy furthered inquired as to who the principals were for 1501 Properties, what was the purchase price from HANO, and when the property was acquired. He also inquired as to why the Developer would pay \$290K per unit and not simply build a house instead for the tenants.

There were further discussions on the matter between Board Member Kennedy and Mr. Collins.

Thereafter, Board Chairman Airhart requested that the matter be deferred until the end of the Board Meeting so as to allow the Developer time to ascertain the answers to Board Member Kennedy's inquiries.

There were further discussion on the matter between Board Members Dr. Daryl Burckel, Ms. Lee, and Mr. Kennedy, Mr. Thaxton, Agency Bond Counsel Wayne Neveu, and Mr. Collins.

Board Member John N. Kennedy moved that the resolution accepting the proposal of JP Morgan Chase, N.A., to purchase not to exceed \$22M of LHFA MHRB and also the resolution approving the issuance of \$1,282,188 in 4% Non Competitive LIHTC to 1501 Canal Senior Housing, and providing for other matters in connection with the foregoing be DEFERRED until the April 2012 LHC Board Meeting. The motion was seconded by Board Member Dr. Daryl Burckel and moved to debate. There being no further discussion, opposition, or public comments, the motion to defer passed. There was one NO vote from Board Member Ellen M. Lee.

Agenda Item #7 – 2101 Louisiana Avenue

It was noted by Board Chairman Airhart that this particular item had been **WITHDRAWN**.

Agenda Item #8 – Summerlin Apartments

Ms. Evans gave an overview regarding the matter, noting that due to a change in the information provided by the Developer regarding the sewer system that a site change was being requested; that the QAP allows a site change via Board Approval; that staff had reviewed the matter and was recommending denial of the site change request.

Board Member Thaxton inquired "...If they hadn't had the points for the abandoned building in the initial application, would they have been ranked in the same slot? Ms. Evans replied "...The short answer to that is no."

Bond Counsel Neveu advised the Board that a new application would actually be needed and not simple a site change request. Additionally, he discussed the IRS Section 42(M) rules.

Thereafter, Vice-Chairman Foster gave a historical scoring review of the project and the abandoned site aspects.

Mr. David Strange representing Bastrop Partners addressed the Board and also distributed a handout regarding the project. Additionally, he discussed the city's sewer system problems, the parameters of the reservation letter received, noted that he had hired an engineering firm and also had met with city officials to resolve the sewer system issue, and had made Agency staff aware of the probable site change request forthcoming. Also, he advised that it was his opinion that the new site would have scored four (4) points less but still would have been funded.

Mr. Strange thereafter advised the Board that they would return the credits and submit a reprocessing application.

There were further discussions on the matter amongst Mr. Strange, Board Chairman Airhart, Mr. Neveu, Vice-Chairman Foster, Board Member Thaxton, and Ms. Evans regarding material change and site change requests, substitute benefits aspects, and the QAP policy waiver parameters.

Board Member Kennedy inquired as to whether there had been any similar situations brought before the Board. Mr. Neveu replied he could recall none outside of those post-Hurricane Katrina. Mr. Kennedy also inquired as to whether there was an alternative such as self-extending the sewer system and/or asking the city for additional help. Mr. Strange replied "...No. We had an estimate of a million two and so without the ability to relocate the site, the deal is dead" and that "...the city doesn't have the budget."

Board Member Kennedy inquired further as to the cost per square foot. Mr. Strange replied it was \$75.00.

Mr. Jim Donahue representing the developer on the project addressed the Board regarding the redevelopment six points aspects on the matter.

Vice-Chairman Mayson H. Foster moved to DENY the appeal regarding a site change request for Summerlin Apartment and providing for other matters in connection with the foregoing. The motion was seconded by Board Member Malcolm Young and moved to debate. There being no further discussion, opposition, or public comments, the motion to DENY the appeal passed unanimously.

Agenda Item #9 – 2013 Funding Round Timeline and Release of the 2013 Draft Qualified Allocation Plan

It was duly noted by Board Chairman Airhart and Vice Chairman Foster that the QAP currently being reviewed by everyone was a DRAFT document.

Board Member Thaxton noted that even though the entire Board had not had any input in the current DRAFT QAP, that it would be the first one for the new LHC and was open for comments and suggestions from the Development Community, and that the goal was to make it "...shorter, simpler, fairer, and we want to take out as many hurdles as we can."

Board Member Kennedy thanked the Agency and Board leaderships for their refreshing approach taken in the 2013 QAP presented.

Thereafter, Board Chairman Airhart requested that copies of the DRAFT QAP be disseminated to those in attendance.

Ms. Evans went over the tentative timeline and also a synopsis of the changes from the previous year's 2012 QAP.

Ms. Kelly Longwell addressed the Board inquiring as to whether the QAP would be a state-wide policy and/or a five (5) year plan.

Board Chairman Airhart advised that the matter would be reviewed with other data and suggestions and that the Board would only be approving a timeline;, accordingly, public comments should still be submitted.

Board Member Thaxton concurred, also advising that the QAP would be a short-term policy, and not the long-term policy of the LHC.

On a motion by Board Member Frank H. Thaxton, III, and seconded by Board Member Matthew P. Ritchie, the resolution providing for preliminary approval of the State's 2013 Draft Qualified Allocation Plan; and providing for other matters in connection with the foregoing, was moved to debate. There being no further discussion, opposition, or public comments, the motion passed unanimously.

Agenda Item #10 – Capital City South Apartments

Agency Architect Dr. Roger Tijerino gave a brief overview of the matter, noting that via community meetings, the residents and leaders had requested that the project's name be changed from Capital City South to Mid-City Gardens.

On a motion by Board Member Dr. Daryl Burckel, and seconded by Board Member Ellen M. Lee, the resolution approving the name change of Capital City South to Mid-City Gardens (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 motion passed unanimously.

Agenda Item #11 – Updates and Reports

LHFA Program Administrator Charlette Minor gave a brief update on the HOME, NSP, and NRPP programs, noting that the awards under the HOME NOFA will be presented at the April Board Meeting, and that NSP and NRPP were both progressing smoothly and on target.

Board Chairman Airhart requested the Furniture, Fixtures and Equipment (FFE) cost projections for Mid-City Gardens (MCG) since NSP funds could not be used for such, and that said information be presented at the April Board Meeting.

LHFA Program Administrator Loretta Wallace gave a brief update on the Energy Assistance Programs LIHEAP and WAP, noting that a WAP extension was being requested from DOE so that the additional funds received by the Agency could be expended; that there were four (4) LACAP sub-grantee agencies that were underperforming and that other agencies may be utilized to assist on those projects overdue; and that she was working with LACAP on developing a probation policy to handle such.

Ms. Wallace next gave a brief update on Willowbrook Apartments in New Orleans, noting they were at an 80% occupancy rate, and that repair work being done on Building W was being rebid. Agency CFO Rene Landry advised the Board that the anticipated yearly cash flow from the property was around \$1.2M.

Dr. Tijerino gave a brief update on Mid-City Gardens Project in Baton Rouge, noting that he anticipated construction completion of 60 units by the end of March 2012; that the activity

center would be completed by the end of April 2012; and that there were currently water penetration problems.

Dwayne Honore, representing the project construction company, advised the Board that he would be able to mediate the water issues. Project Architect Skipper Post concurred that he was working very closely with Mr. Honore in resolving the water penetration issues to make sure that everything is perfectly dry, and that he was encouraging concurrent work on the project accordingly.

Board Member Burckel inquired as to if there were liquidating damages in the project's contract. General Counsel Cunningham replied affirmatively. Board Chair Airhart requested that a brief on the matter be prepared for the Board for the April meeting.

Dr. Tijerino next discussed the Village de Jardin project in New Orleans, noting that he anticipated mid-April 2012 completion of 224 units, and a move-in date of mid-June 2012. Board Chairman Airhart noted that the FFE for the project was reevaluated by LHFA Board Members Adena Boris and Frank Thaxton and they were successful in reducing said costs by \$243K. And he also gave a brief FEMA and Office of Facility Planning historical aspects involvement on the project.

Ms. Evans gave a brief update on the Single Family Department, noting that there were currently no reservations on Single Family programs due to the Agency being without a Master Servicer.

Vice-Chairman Foster inquired as to whether there were any entities interested in becoming the Agency's Master Servicer, and that he was very concerned about the program being stalled accordingly. He also inquired if the Board could authorize the Chairman and Executive Director to enter into a contract with a potential Master Servicer based on the best terms and conditions that could be negotiated thereupon.

General Counsel Cunningham noted that the previous LHFA Board has directed staff to secure a Master Servicer, and that all options related thereof were being explored, including possibly having such done in-house by Agency staff.

There were further discussions on the Master Servicer matter amongst the Board and staff.

Chairman Airhart directed Interim Executive Director Hutchinson to prepare an update on the status Master Servicer search and send to the Board.

Board Member Kennedy offered a motion to authorize Mr. Hutchinson to enter into a contract for a Master Servicer.

Mr. Cunningham advised that such was not needed. Consequently, Mr. Kennedy withdrew his aforementioned motion.

Board Member Ritchie inquired as to whether the Master Servicer Contract would be long-term. Chairman Airhart suggested that it be viewed from the standpoint of a multi-year agreement to ensure a long-term relationship.

Agenda Item #12 – Other Business

Board Member Lee noted her need for a way to relay specific questions regarding a project's cost per unit parameters, and directed staff to do an analysis of the costs per unit for previously approved projects and as well as by parish.

Board Member Kennedy advised that he wanted developers to take away from the Board meeting the ideology that it is no longer feasible to build expensive apartment complexes when a single family house could be built for less than \$290 per square foot per unit; and that he wants to maximize funds to help the most people possible minus the luxury amenities.

Board Member Lee inquired as to what would be the best resolve for the aforementioned given that such practices were advocated by past QAP policies. Board Member Kennedy clarified that what he was proposing was to try to cure "...some of the sins of our past...."

Board Chairman Airhart advised that the matter would be addressed by the 2013 QAP and also in the future LHC State Housing Policy.

Next item brought up for discussion by Board Member Thaxton was regarding the previous month's agenda item dealing with selecting a Technical Grant Writer.

Ms. Wallace advised that only one (1) response had been received; that the HUD NOFA submission deadline was currently 11:59pm on April 10th; that the Agency would have its submission ready before the Good Friday Holiday of Friday, April 6th.

Board Member [?] inquired from Ms. Wallace as to what was needed from the Board in order for the April 10th submission deadline to be met. Ms. Wallace advised that staff was rewriting the previous year's NOFA and needed someone to thereafter review and analyze the document.

Board Chairman Airhart reminded everyone of the significant financial contributions the contract provides to the Agency.

Mr. Sweazy advised the Board the he was looking for someone who can assist the Agency in competing in HUD funding rounds and after some research had found Mr. Rod Solomon of Washington, D.C. who had also been an HUD Multifamily Assistant Secretary with the Clinton Administration and was also counsel to the Louisiana Housing Authority. He noted that Mr. Solomon has requested that staff start the process and that he would in essence clean it up and make it presentable for HUD.

Board Chairman Airhart reiterated the importance of the project and that the Agency needed to bid aggressively thereof.

Mr. Sweazy advised that the proposed contract would be \$45K for two (2) weeks work and that he was hoping to negotiate such with Mr. Solomon.

Board Member Thaxton advised that \$45K was not justifiable, and that the new LHC Board has requested that no new contracts be done or new personnel be hired without prior Board approval.

Board Chairman Airhart thereafter requested that the LHC Staffing Plan be delivered by to the Board at the April meeting.

Board Vice-Chairman Foster advised that given the April 10, 2012th deadline for the Section 8 NOFA, there would not be enough time for the matter to be approved since the next Board meeting was April 14th.

Board Chairman Airhart requested that a Special Board Meeting be scheduled so as to address the Technical Writer Professional Services Contract for the Section 8 NOFA matter.

Board Member Burckel noted that the proposal was for a Technical Grant Writer and not a Reviewer.

Board Chairman Airhart advised that the aforementioned matter would be further discussed at the upcoming Special Board Meeting.

ADJOURNMENT

There being no other matters to discuss, Board Member Frank H. Thaxton, III, offered a motion for adjournment that was seconded by Board Member Dr. Daryl Burckel. There being no discussion or opposition, the matter was unanimously passed.

The Full Board meeting adjourned at 1:31 PM.

Chairman

Secretary