



Board of Directors

Agenda Item

Administrative and Finance Committee

Chairman: Elton Lagasse

April 12, 2017

Table of Contents

Agenda	3
Minutes of the March 15, 2017 Administrative and Finance Committee Meeting	4
Resolution:	
Granting Edselle Keith Cunningham, Jr., the LHC Executive Director, authority to sign the Cooperative Endeavor Agreement (“CEA”) with the state Office of Community Development (“OCD”) and any other documents necessary to administering the Disaster Housing Programs, including but not limited to the Restoration Loan Program and the Restore Louisiana Neighborhood Landlord Rental Program;	7
Discussion:	
HUD Notice of Complaint regarding the LHC’s Administration of the HOME Investment Partnerships (“HOME”) Program.	10
LHC Fiscal Year Operating Budget	13



Louisiana Housing Corporation

April 7, 2017

ADMINISTRATIVE AND FINANCE COMMITTEE MEETING

PRELIMINARY AGENDA

Notice is hereby given of an **Administrative and Finance Committee ("AFC") Meeting** of the Louisiana Housing Corporation ("LHC/Corporation") Board of Directors ("Board"), to be held on **Wednesday, April 12, 2017 at 9:00 A.M.**, at Louisiana Housing Corporation Building, **V. Jean Butler Board Room**, 2415 Quail Drive, Baton Rouge, Louisiana, by order of the Chairman.

1. Call to Order and Roll Call.
2. Approval of the **Minutes of the March 15, 2017 AFC Meeting**.
3. Resolution granting Edselle Keith Cunningham, Jr., the LHC Executive Director, authority to sign the Cooperative Endeavor Agreement ("CEA") with the state Office of Community Development ("OCD") and any other documents necessary to administering the Disaster Housing Programs, including but not limited to the Restoration Loan Program and the Restore Louisiana Neighborhood Landlord Rental Program; and providing for other matters in connection therewith. Staff recommends approval.
4. Discussion regarding status of HUD Notice of Complaint regarding the LHC's Administration of the HOME Investment Partnerships ("HOME") Program.
5. Discussion regarding LHC Fiscal Year Operating Budget update.
6. Other Business.
7. Adjournment.



Edselle Keith Cunningham, Jr.
LHC Executive Director

If you require special services or accommodations, please contact Board Coordinator and Secretary Barry E. Brooks at (225) 763 8773, or via email bbrooks@lhc.la.gov.

****Pursuant to the provisions of LSA-R.S. 42:16, upon two-thirds vote of the members present, the Board of Directors of the Louisiana Housing Corporation may choose to enter Executive Session, and by this notice, the Board reserves its right to go into Executive Session, as provided by law.****



Louisiana Housing Corporation

Administrative and Finance Committee Meeting Minutes
Wednesday, March 15, 2017
2415 Quail Drive
V. Jean Butler Board Room
Baton Rouge, Louisiana 70808
9:00 A.M.

Committee Members Present

Chairman Elton Lagasse
Willie Rack
Gillis R. Windham
Donald B. Vallee

Committee Members Absent

Nancy Montoya
Thomas Enright

Board Members Present

Lloyd S. "Buddy" Spillers
Michael T. Anderson
Larry Ferdinand
Tammy P. Earles

Board Members Absent

Jennifer Vidrine

Staff Present

E. Keith Cunningham, Jr.
Christine Bratkowski
Leslie Strahan
Miriam Bowie
Barry E. Brooks
Loretta Wallace
Collette Mathis

Natasha Joseph-Anderson
Brad Sweazy
Marjorianna Willman
Rene Landry
Kevin Brady
Brenda Evans

Others Present

See sign-in sheet

Minutes

Call to Order and Roll Call

The Administrative and Finance Committee Meeting was called to order by Committee Chairman Elton Lagasse at 9:04 a.m. The roll was called and a quorum was established.

Approval of Minutes

The minutes from the January 11, 2016 committee meeting were approved without correction by all members.

Discussion and Resolution Items:

- *A resolution authorizing to terminate JEFFCAP as a subcontractor for the Weathering Assistance Program (“WAP”) in the Parish of Jefferson; and to provide for other matters in connection therewith. Staff recommends approval.*

Board Member Gillis R. Windham read the following into the Record: “I, Gillis Windham, Chairman of the Board of Quad Area Community Action Area Action Agency, which is a CHDO, may have an interest in the resolution to terminated JEFFCAP as a subcontractor for the Weatherization Assistance Program, current before this Board. Therefore, I hereby RECUSE myself from participation in the actions of the Corporation and the Board, including but not limited to discussion and voting on this matter in accordance with Louisiana Revised Statute 40:600.909(H).

Mr. Lagasse introduced the resolution and an explanation of the resolution was provided by E. Keith Cunningham, Jr., Executive Director. Mr. Cunningham introduced Loretta Wallace and Leslie Strahan, presented a report and discussion followed. Lisa Harrington with JEFFCAP gave her report to the board. A motion was made by Mr. Vallee to allow a 30 day extension and no second was made. A motion was made by Mr. Spillers and seconded by Mr. Rack to favorably recommend the resolution to the Full Board for approval. The motion passed, one opposed.

- *Discussion regarding HUD Notice of Complaint regarding the LHC’s Administration of the HOME Investment Partnerships (“HOME”) Program,*

EXECUTIVE SESSION

Board Chairman Spillers moved that pursuant to La. R.S. 42:16 that the Board enter into Executive Session for the purposes of discussing strategies concerning:

- *Discussion regarding HUD Notice of Complaint regarding the LHC's Administration of the HOME Investment Partnerships ("HOME") Program.*

The motion to enter into Executive Session was seconded by Board Willie Rack.

Via unanimous consent (no objections), the Board entered into Executive Session at 9:41 a.m.

On a motion by Board Chairman Lloyd Spillers and seconded by Board Member Willie Rack, the Board exited Executive Session at 10:35 a.m.

A Roll Call was done to Exit Executive Session. Votes were as follows:

YES (Mr. Spillers, Ms. Earles, Mr. Ferdinand, Mr. Lagasse, Mr. Rack, Mr. Vallee, Mr. Windham).

NO: None.

The motion passed unanimously.

E. Keith Cunningham, Jr., Executive Director introduced Collette Mathis and Christine Bratkowski, who presented a report, answered questions from the Board and additional discussion followed.

Adjournment

There being no other business to discuss, Mr. Lagasse adjourned the meeting at 10:56 a.m.

Committee Secretary

LOUISIANA HOUSING CORPORATION

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

RESOLUTION

A resolution granting Edselle Keith Cunningham, the LHC Executive Director, authority to sign the Cooperative Endeavor Agreement with the state Office of Community Development and any other documents necessary to administering the Disaster Housing Programs, including but not limited to the Restoration Loan Program and the Restore Louisiana Neighborhood Landlord Rental Program; and providing for other matters in connection therewith.

WHEREAS, the Board of Directors of the Corporation (Board) recognized the need for additional disaster housing programs and that the administration of such would be appropriate under the legislative mandate of the Louisiana Housing Corporation (LHC); and

WHEREAS, the LHC and the state Office of Community Development have collaborated on certain current Disaster Housing Programs, including but not limited to the Restoration Loan Program and the Restore Louisiana Neighborhood Landlord Rental Program, and wish to be able to enter a Cooperative Endeavor Agreement other similar document(s) related to the administration of these programs.

NOW THEREFORE BE IT RESOLVED by the Board of Directors of the Louisiana Housing Corporation, acting as governing authority of the Louisiana Housing Corporation, that:

SECTION 1. The Board hereby grants Edselle Keith Cunningham, the LHC Executive Director, authority to sign the Cooperative Endeavor Agreement with the state Office of Community Development and any other documents necessary to administering the Disaster Housing Programs, including but not limited to the Restoration Loan Program and the Restore Louisiana Neighborhood Landlord Rental Program.

SECTION 2. The Executive Director is hereby authorized, empowered, and directed to execute any forms and/or documents, required to be executed on behalf of and in the name of

the Corporation, the terms of which are to be consistent with the provisions of this resolution.

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 April 2017.

Chairman

Secretary

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation, do hereby certify that the foregoing two (2) pages constitute a true and correct copy of a resolution adopted by said Board of Directors on April 12 2017, entitled: “A resolution granting Edselle Keith Cunningham, the LHC Executive Director, authority to sign the Cooperative Endeavor Agreement with the state Office of Community Development and any other documents necessary to administering the Disaster Housing Programs, including but not limited to the Restoration Loan Program and the Restore Louisiana Neighborhood Landlord Rental Program; and providing for other matters in connection therewith.”

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the Corporation on this, the 12th day of April 2017.

Secretary

Louisiana Housing Corporation
Fiscal Year 2017 Operating Budget Analysis
April 6, 2017

At present, the corporation is projecting net operating income of approximately \$1.3 million for the fiscal year ending on June 30, 2017. Operating expenses are projected to come in at approximately \$12.1 million, while operating revenues are projected to come in at approximately \$13.4 million. Both categories are projected to come in under budget. The corporation is not recommending budget amendments, and to date has been successful in minimizing operating expenses for fiscal year 2017. Operating revenues and expenses will continue to be monitored, and communications to the board would continue as any applicable updated projections warrant.

Operating Revenues

- **Compliance Monitoring Fees** – projected to come in above budget
- **Energy Program Administrative Fees** – overall projected to come in slightly over budget, with LIHEAP projected to come in over and WAP under
- **HOME/Natl Hsg Trust Fund Fees** - currently projected to draw down budgeted revenue
- **HUD Disposition Program Income** – currently projected to come in slightly under budget, primarily due to Village de Jardin utilities expenses exceeding projections
- **Investment/Interest Income** – this was not budgeted so as to add to reserves
- **LHA Supportive Housing Pgms** - are projected primarily based upon allowable expenses incurred, which are running under budget
- **Miscellaneous Income** - projected to come in slightly over budget
- **Multi-Family Issuer & MRB Fees** – projected to come in slightly over budget
- **Multi-Family LIHTC & Risk Sharing Fees** – projected to come in under budget; funding round postponement shifts the projection of a large portion of these receipts to next fiscal year
- **Section 8 Contract Administration Fees** - projected to come in as budgeted
- **Single Family Bond Deal Income** - projected to come in as budgeted
- **Single Family Program Fees** - projected to exceed budget due to increased volume
- **Sustainable Housing Fees** – are projected based upon allowable expenses incurred, which are running under budget

Operating Expenses

- **Auditing** – projected to meet budget
- **Building Bond Interest** – projected to meet budget
- **Building Expenses** – currently projected to come in slightly under budget
- **Human Resources** – Full Time Equivalent (FTE) count averaged under the current level of 100 for the majority of this fiscal year; with anticipated increased activity, it is expected that the FTE count will increase, but not above the 110 budgeted FTEs for fiscal year 2017.
- **Legal** – currently projected to come in slightly under budget
- **Operating Services** – currently projected to come in under budget
- **Professional Services** – currently projected to come in under budget; one contributing factor is lower expenses being incurred due to less pass-through services for LIHTC
- **Supplies** – currently projected to come in under budget
- **Travel & Training** – currently projected to come in under budget

Louisiana Housing Corporation
Operating Budget Variance Report - By Budget Line Item
Fiscal 2017 - thru Period 8

Operating Category	Actual	Budget	Projected Actual	Projected Variance
<u>Operating Revenues</u>				
Compliance Monitoring Fees	227,592	213,723	243,151	29,428
Energy Program Administrative Fees	777,713	1,325,383	1,329,090	3,707
HOME/Natl Hsg Trust Fund Fees	250,000	903,821	903,821	0
HUD Disposition Program Income	1,105,785	1,955,116	1,909,292	(45,824)
Investment/Interest Income	182,758	0	252,750	252,750
LHA/Supportive Housing Pgms	996,498	1,837,355	1,811,363	(25,992)
Miscellaneous Income	14,410	6,000	14,445	8,445
Multi-Family Issuer & MRB Fees	222,635	265,070	270,065	4,995
Multi-Family LIHTC & Risk Sharing Fees	413,795	1,235,376	481,864	(753,512)
Section 8 Contract Administration Fees	2,088,769	3,156,300	3,156,300	0
Single Family Bond Deal Income	500,873	846,990	846,990	0
Single Family Programs Fees	603,302	553,904	894,374	340,470
Sustainable Housing	828,732	2,103,978	1,352,587	(751,391)
Total Operating Revenues	8,212,862	14,403,017	13,466,092	(936,925)
<u>Operating Expenses</u>				
Auditing	158,820	222,500	222,500	0
Building Bond Interest	13,569	13,569	13,569	0
Building Expenses	194,907	357,727	292,361	(65,366)
Human Resources	5,778,931	10,391,632	8,870,057	(1,521,574)
Legal	48,315	100,000	72,473	(27,527)
Operating Services	776,490	1,254,026	1,164,734	(89,292)
Professional Services	845,834	1,425,459	1,268,750	(156,709)
Supplies	30,866	100,150	52,913	(47,237)
Travel & Training	102,776	315,245	176,187	(139,057)
Total Operating Expenses	7,950,508	14,180,308	12,133,545	(2,046,763)
Net Operating Income/(Loss)	262,355	222,709	1,332,547	1,109,838

Louisiana Housing Corporation
Fiscal Year 2018 Operating Budget Narrative
April 6, 2017

Fiscal Services continues to work with the corporation's administration and various departments in compiling the LHC Fiscal Year 2018 Operating Budget, which is to be submitted to the board for approval by June 30, 2017. For the May 2017 board meeting date, we anticipate submitting a draft budget document to the board for review, questions, and comments. Staff will then incorporate any necessary edits, and submit the final draft for approval at the June 2017 board meeting.

A few items that are expected to affect the FY18 budget are as follows:

- **Compliance Monitoring Fees** – state legislation may be proposed for increasing these fees
- **Federal Program Administrative Fees** – the adopted federal budget will directly affect these, and so while projections will be based upon current levels, there may be a need to propose amendments if circumstances warrant
- **Section 8 Contract Administration Fees** – will need to determine if projections will be for a full year or one-half year of activity
- **Sustainable Housing Fees** – it is expected that projections will factor in increased activity as a result of administering programs related to the Great Flood of 2016

- **Human Resources Expense** – current projections indicate that the Full Time Equivalent (FTE) count to be included in the budget presented to the board will contain approximately 117 FTEs, which will be an increase of 7 from FY17 due to increased activity in administering new programs. The majority of new-hires are being brought on in a Job Appointment capacity, which provides for temporary tenures if need be. LHC employees have not received salary performance adjustments in three years. In that management and staff has successfully minimized operating expenses for the fiscal year ending June 30, 2017, resulting in a projected net income of approximately \$1.3 million, salaries and benefits will reflect an inclusion of performance adjustments in the amount of approximately \$342 thousand for consideration in the FY18 budget.

- **Indirect Cost Rate** – the billing rates for FY16 and 17 were 143% and 99%, respectively, and the projected rate for FY18 is currently at 95%. Administration continues to be focused on allocating costs directly to programs they are benefiting, while minimizing indirect costs. As part of the budget meetings we are having with department managers, we are going over the allotment of time to programs for staff members to properly indicate the accurate percentage of time for each, which will continue to help lower the indirect cost rate. In addition, heightened attention is being paid to properly coding each expenditure item incurred in the operation of the corporation and its programs.

Place holder for HUD Discussion Materials