



Louisiana Housing Corporation

LHC Board of Directors

Board Meeting Minutes

Wednesday, August 14, 2013

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

Board Members Present

Michael L. Airhart
Dr. Daryl V. Burckel
Larry Ferdinand
Mayson H. Foster
Treasurer John N. Kennedy
Ellen M. Lee
Matthew P. Ritchie
Guy T. Williams, Jr.
Malcolm Young
Willie Spears

Board Members Absent

None

Staff Present

Fred Tombar
Bradley Sweazy
Barry E. Brooks
Brenda Evans
Rene' Landry
Danny Veals
Terry Holden
Todd Folse
Edselle Keith Cunningham, Jr.
Leslie C. Strahan

Victoria Hilton
Collette Mathis
Marjorianna Willman

Others Present

See Guest Sign-In Sheet

CALL TO ORDER

LHC Board Chairman Michael L. Airhart called the meeting to order at 12:08 p.m. Board Secretary Barry E. Brooks called the roll; there was a quorum.

APPROVAL OF MINUTES

On a motion by Board Member Malcolm Young and seconded by Board Member Dr. Daryl V. Burckel, the Minutes of the July 10, 2013 LHC Board of Directors meeting were approved unanimously.

LHC BOARD CHAIRMAN'S REPORT

Board Chairman Michael L. Airhart reminded everyone of the upcoming October NCSHA Annual Conference to be held in New Orleans, noting that HUD Secretary Shaun Donovan will be a guest speaker at the event.

Chairman Airhart also advised that during a recent HUD audit of the Neighborhood Stabilization Program (NSP), it was noted that there were no findings, and that HUD would be using the LHC's 6-part folder of records as a best business practice model.

Also, he noted that Wi-Fi was now available for guests visiting the LHC Building.

Chairman Airhart also sadly advised everyone of the recent passing of LHC NSP Supervisor Mr. Eddie Falgoust.

LHC EXECUTIVE DIRECTOR'S REPORT

ED Fred Tombar thanked everyone for the support he has received since coming to LHC; he noted that he was learning about the job and the Corporation; he noted the great staff at LHC who were exhibiting very creative and innovative characteristics and were very dedicated to the LHC mission; that he would eventually have meetings with the entire staff; that he has had meetings with various State Cabinet Members (DOTD, DHH, ED)

and with Governor Jindal; that he has an upcoming road trip to Monroe and Alexandria; he noted the collaboration between LHC and NCSHA in getting HUD Secretary Donovan to the October conference, who will bring a message of recovery and investments in the area and trying to bring back the communities.

ADMINISTRATIVE COMMITTEE REPORT

AC Chairman Malcolm Young noted that the Committee met earlier and discussed the resolution adopting the completed Louisiana Compliance Questionnaire for Audit Engagements of Governmental Entities, noting that the Committee was recommending approval of the resolution.

On a motion by Board Member Malcolm Young and seconded by Board Member Larry Ferdinand, the resolution to adopt the completed Louisiana Compliance Questionnaire for Audit Engagements of Governmental Entities, attached as Exhibit A; and providing for other matters in connection therewith, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

ACC Young reported that the Committee also discussed the Draft Strategic Plan, which will come with an Operational Plan for Board approval at the September Board Meeting. He noted that August 23rd was deadline for the Board to submit comments on the Plan.

MULTIFAMILY COMMITTEE REPORT

MC Chairman Guy T. Williams, Jr. noted that the Committee met earlier and recommended approval of the resolution regarding New Zion Apartments.

LHC Program Administrator Brenda Evans introduced New Zion Apartments along with GCHP Terrebonne, LLC, and Olive Grove Senior Apartments, in globo.

Ms. Evans went over the specifics of the matters and the three (3) aforementioned resolutions, and noted that staff was recommending approval thereof.

On a motion by Board Member Guy T. Williams, Jr. and seconded by Board Member Larry Ferdinand, the resolution of intention to issue not exceeding Five Million Dollars (\$5,000,000) Multifamily Housing Revenue Bonds (New Zion Apartments Project) located at 4345 Illinois Avenue, Shreveport, Caddo Parish, Louisiana; in one or more series to finance the acquisition, construction, rehabilitation and equipping of a multifamily housing development within the State of Louisiana; and providing for other matters in connection therewith, was moved

to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

On a motion by Board Member Guy T. Williams, Jr., and seconded by Board Member Dr. Daryl V. Burckel, the resolution of intention to issue not exceeding Five Million, One Hundred Thousand Dollars (\$5,100,000) Multifamily Housing Revenue Bonds (GCHP-Terrebonne Project) located at 2110 Industrial Blvd, Houma, Terrebonne Parish, Louisiana; in one or more series to finance the acquisition, construction and equipping of a multifamily housing development within the State of Louisiana; and providing for other matters in connection therewith, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

On a motion by Board Member Guy T. Williams, Jr. and seconded by Board Member Larry Ferdinand, the resolution of intention to issue not exceeding Three Million, Five Hundred Thousand Dollars (\$3,500,000) Multifamily Housing Revenue Bonds (Olive Grove Senior Apartments Project) located at 7500 Block of Line Avenue, Shreveport, Caddo Parish, Louisiana; in one or more series to finance the acquisition, construction and equipping of a multifamily housing development within the State of Louisiana; and providing for other matters in connection therewith, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

It was noted that the next item, a resolution regarding Beechgrove Apartments Project, had been REMOVED from discussion at the request of the developer.

The next item discussed was the resolution regarding BW Cooper 1B. Ms. Evans went over the specifics of the matter, and noted that staff was recommending approval thereof. MC Chairman Williams noted that the Committee was likewise recommending approval of the resolutions.

Treasurer Kennedy requested that the developer of the project, Mr. Ron Roberts, address the Board. He asked Mr. Roberts whether the dry closing documents had been executed. Mr. Roberts replied that the actual closing was scheduled for the following week.

Treasurer Kennedy inquired as to the income mix of the development. Mr. Roberts replied one-half public housing, one-third market rate, and one-third low-income housing.

Treasurer Kennedy inquired as to the market rate rents. Mr. Roberts advised it was \$750 for a one-bedroom and \$860 for a two-bedroom.

Treasurer Kennedy inquired as to the rental rate for affordable units. Mr. Roberts advised it was \$575 for a one-bedroom, \$690 for a two-bedroom, and \$840 for a three/four-bedroom.

Treasurer Kennedy inquired as to the average size of each unit. Mr. Roberts advised that it was 730 gross square feet and 1,200 square feet for the three-bedroom units.

Treasurer Kennedy inquired as to the cost per square foot. Ms. Evans noted it was \$224.49.

Treasurer Kennedy inquired as to why the cost of the project was higher than costs noted in previous projects that the Board had just approved. Mr. Roberts advised that the project was bifurcated into two (2) phases and that other bond transaction costs along with some unforeseen costs and environmental costs related to the contamination of the soil contributed to the higher costs.

There were continued further lengthy discussion amongst the Board Members, Mr. Roberts, and LHC Staff.

Board Member Willie Spears noted that he felt the project was de-concentrating poverty; that offering homeownership isn't feasible for most low-income tenants, especially given the other associated costs with owning a home; and that he felt it was a decent, affordable, rental project that was proving improved housing.

There were additional discussions regarding market studies, equity matters, soft costs, etc.

On a motion by Board Member Guy T. Williams, Jr. and seconded by Board Member Malcolm Young, the resolution ratifying the addition of Two Hundred Thirty-Five Thousand, Six Hundred Fifty-Three Dollars (\$235,653) in 4% Low Income Tax Credits for a total reservation of One Million, One Hundred Eleven Thousand, Four Hundred Thirty-Four Dollars (\$1,111,434) of 4% Low Income Housing Tax Credits to BW Cooper 1B, #2010-83BF (3402 Earhart Blvd, New Orleans, Orleans Parish, Louisiana) as supported by the feasibility and viability analysis; and providing for other matters in connection therewith.

There being no further discussion, opposition, or public comments, a Roll Call Vote was taken at the request of Treasurer Kennedy, and the motion FAILED via 8 (YES) to 1 (NO). The votes were as follows:

YES (Dr. Daryl Burckel, Larry Ferdinand, Mayson Foster, Ellen Lee, Matthew Ritchie, Willie Spears, Guy T. Williams, Jr., and Malcolm Young).

NO (Treasurer Kennedy).

The next item discussed was a resolution regarding LIHTC Program Market Analysts.

On a motion by Board Member Guy T. Williams, Jr. and seconded by Board Member Willie Spears, the resolution allowing Staff to make offers to award

contracts for Market Analysts; and providing for other matters in connection therewith, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

The next item discussed by MC Chairman Williams was the matter regarding the resolution approving the issuance of a NOFA of HOME Funds. Ms. Evans went over the specifics of the matter, and noted that staff was recommending approval thereof.

On a motion by Board Member Guy T. Williams, Jr. and seconded by Board Member Larry Ferdinand, the resolution approving Louisiana Housing Corporation (the Corporation) staff's recommended strategies for awarding HOME funds for a Small City and Underserved Areas Initiative; and providing for other matters in connection therewith, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

Ms. Evans noted that the Non-Closed Projects and HOME Updates were in the Board binders for review.

SINGLE FAMILY COMMITTEE REPORT

SF Chairman Matthew Ritchie noted that the Committee met earlier, and were in favor of approving of the 1st resolution dealing with \$50M of LHC Single Family Mortgage Revenue Bonds.

On a motion by Board Member Matthew P. Ritchie and seconded by Board Member Larry Ferdinand, the resolution accepting the parameter term proposal for the purchase of not exceeding Fifty Million Dollars (\$50,000,000) of Louisiana Housing Corporation 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 therewith, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

Ms. Evans noted that the Single Family Program Updates were in the Board binders. She noted that the delinquencies were down slightly and were the number of foreclosures.

Treasurer Kennedy inquired as to the reason for the aforementioned declines. Glenn Waller of Standard Mortgage replied that they were seasonally low and also due to the lower unemployment rate in the New Orleans area; that foreclosures were down to 71 in July; and that overall, the delinquencies are down to a five-year low.

ASSETS AND INVESTMENTS COMMITTEE

AIC Chairman Dr. Daryl V. Burckel noted that the Committee met earlier, and that updates were in the Board binders.

He noted that there had been a very informative, comprehensive, and detailed presentation on the Small Rental Property Program (SRPP).

He also noted that Willowbrook Apartment complex was at 97% occupancy rate with a \$1.4M cash flow; that Village de Jardin Apartment complex was at 97% occupancy rate with \$700K in profits; and that Mid-City Gardens Apartment complex was at 80% occupancy rate.

SUSTAINABLE HOUSING COMMITTEE

In the absence of SHC Chairwoman Ellen M. Lee, Board Chairman Airhart chaired the SHC and noted that the Committee met earlier, and that Program Updates were in the Board binders.

He noted that there were two (2) action items, both of which the Committee was recommending for approval.

Thereafter, there was a lengthy discussion regarding LACAN who had been awarded a contract to assist the LHC regarding the Energy Programs. Topics of discussion included subcontractor fees, scope of services, selection process, RFP graders, current status of LACAP, and final negotiated fee amounts for the WAP contract.

Treasurer Kennedy requested copies of all applications submitted during the RFP process, copies of the scoring and grading sheets, names of the graders, and a cost comparison of hiring a consultant versus administering the program in-house at LHC. He requested Staff return to the Board and advise why this contract is the best option before the contract is finalized and executed.

Mr. Tombar advised the Board of its previous approval of the RFP, and that the amount of compensation on the matter was still pending negotiations.

Chairman Airhart reiterated that the Board wanted review and approval of the final contract.

On a motion by Vice-Chairman Mayson H. Foster and seconded by Board Member Ellen M. Lee, the resolution approving and accepting the Louisiana Weatherization Assistance Program Year 2013 State Plan (labeled as "Exhibit A"); and providing for other matters in connection therewith, was moved to debate. There being no

further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

Next item discussed was the resolution regarding the 2014 Low Income Home Energy Assistance Program (LIHEAP) State Plan.

Ms. Loretta Wallace, Program Administrator, advised that the total amount to be received by Louisiana was currently unknown, but estimated to be around \$38M - \$40M.

On a motion by Board Member Ellen M. Lee and seconded by Board Member Dr. Daryl V. Burckel, the resolution approving and accepting the Louisiana 2014 Low Income Home Energy Assistance Program (LIHEAP) Grant Application (attached as "Exhibit A"); and providing for other matters in connection therewith, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

INNOVATION COMMITTEE REPORT

IC Chairman Willie Spears noted that the Committee met earlier, and had discussed reinvesting the income from the Mid-City Gardens Apartments back into the neighborhood. Further discussions on the matter will be held in the future.

The next item discussed was the resolution regarding issuance of a RFQ for Special Rental Assistance Demonstration (RAD) Development Team.

On a motion by Board Member Willie Spears and seconded by Board Member Guy T. Williams, the resolution authorizing the Louisiana Housing Corporation ("Corporation") to issue a Request for Qualifications ("RFQ") soliciting proposals for the development of a Special Development Team to assist in the promotion and implementation of the Rental Assistance Demonstration program ("RAD") from the Department of Urban Housing and Development ("HUD"); and providing for other matters in connection therewith, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

The next item discussed was the resolution regarding the Risk Share Program. IC Chairman Spears advised that the Committee had requested that the LHC staff do a more in-depth analysis of the matter for further discussion and present the resolution at a later date.

DISCUSSION OF THE SMALL RENTAL PROPERTY PROGRAM

There was a lengthy discussion amongst the Board and Mr. Tyson Hackenburg, Director of Emergency Management and Recovery Programs with CB&I.

He advised that CB&I had released an independent report on the matter on July 26th. Chairman Airhart advised that Board Members would be sent a copy of the report, if they had not already received one.

Mr. Hackenburg advised that they had found no wrong doing by Mr. Jackson, and that the investigation had noted the matters in question as irregularities.

In response to a question from Treasurer Kennedy, Mr. Hackenburg advised that \$43M was their administrative fee out of the \$80M program disbursements. LHC Chief Operating Officer Bradley Sweazy noted that total amount was actually \$410M disbursements with \$143M for administering the program.

After further lengthy discussion amongst Mr. Hackenburg, Treasurer Kennedy, and Mr. Sweazy, Treasurer Kennedy inquired whether CB&I (Shaw) would be willing to suffer a financial loss of \$48K, the amount in question. Mr. Hackenburg advised they would be willing to suffer an unspecified, yet to be determined financial loss.

Chairman Airhart requested that Mr. Tombar and LHC Executive Counsel work with Mr. Hackenburg to resolve the aforementioned amount, and report such at the October Board Meeting.

OTHER BUSINESS

There was a very poignant and moving conversation with Phil and Marlene Pierce who discussed their life stories and many hardships, and how they had been able to benefit and start their lives over with help from the resources provided to them from the LHA Homeless Shelter Program.

ADJOURNMENT

There being no other matters to discuss, Board Member Willie Spears offered a motion for adjournment that was seconded by Board Member Ellen Lee. There being no discussion or opposition, the matter was unanimously passed.

The Full Board meeting adjourned at 2:05 P.M.



Chairman



Secretary