



Louisiana Housing Finance Agency

KATHLEEN BABINEAUX BLANCO
GOVERNOR

MILTON J. BAILEY
PRESIDENT

Louisiana Housing Finance Agency
Full Board Meeting Minutes
Wednesday, May 9, 2007
2415 Quail Drive
V. Jean Butler Board Room
Baton Rouge, LA 70808
11:00 A.M.

2415 QUAIL DRIVE
BATON ROUGE, LOUISIANA 70808
(225) 763-8700
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Commissioners Present

Wayne E. Woods
Lisa Woodruff-White
Alice Washington for Treasurer John N. Kennedy
Dr. Adell Brown, Jr.
Greg Gachassin
Allison A. Jones
Larry J. Broussard
Guy T. Williams

Commissioners Absent

Philip Miller
Bob Austin
Mark Madderra
Danette O'Neal
Merriell F. Lawson
Kevin J. Brown
Carolyn B. Burris

Legal Counsel Present

Wayne Neveu, Foley & Judell

Staff Present

Barry Brooks
Brenda Evans
Tina Powell
Tim Shackelford
Louis Russell
James Gilmore
Rene Landry
Keith Cunningham

Others Present

See Sign-In Sheet Attachment

DISCUSSION SESSION

Due to lack of a quorum, Chairman Woods began a discussion session at 12:35pm pending the arrival of Commissioner Woodruff-White. Chairman Woods requested the Gaslight and Willowbrook group begin the session with their presentation and asked VP James Gilmore to introduce the speakers. VP James Gilmore introduced guest Regis Bergeron from Facility Planning, Dottie Smith from C. Spencer Smith Architects – the lead on the Gaslight development, and Cassie Regan with Holly Smith Architects – the lead on the Willowbrook development. VP Gilmore also informed the Board that in their binders was a CD-Rom from photos taken three weeks prior from a site visit coordinated by Chairman Woods for everyone's review. He stressed his pleasure at the rehabilitation and redevelopment progress being made at Willowbrook; and that Gaslight was going to have to be demolished and rebuilt because of the extensive level of damage.

Regis Bergeron from La. State Facility Planning and Control Group began stating he has been involved in both projects since November 2005. He stated though the project has been arduous they have completed many milestones. He noted Ms. Dottie Smith who has in charge of Willowbrook Apartments had successfully gotten the roof put back on and the enclosures done on the 2nd and 3rd floor. Ms. Smith noted that the project had been split into two portions to ensure proper remediation and removal of the damaged and molded materials so that they could have a open wall to see more damage in terms of rotten woods, termites, etc. The full assessment was done shortly after remediation was finished and they packaged the whole project and went to bid three times; the submittals for preconstruction have been reviewed and Bldg D which was a fire-damaged building has accordingly been removed. Also, Entergy, Cox, phone and security services, etc. are progressing. Chairman Woods requested additional info on the fireplaces and reasons for the change in design thereof. Ms. Smith explained that there was tremendous water damage to the 2nd and 3rd floors due to the chimneys. Their initial intention was to recapture the space of the unit and put a computer station or a closet in lieu of the actual fireplace unit, however when they removed some of the siding it was revealed that the chimney shafts were attached very loosely to the frame of the building. Thereafter, it was determined it would be better to remove the entire shaft in its entirety down to the slab and build over it. Chairman Woods continued inquiring as to what FEMA would be paying for towards the project(s). Ms. Smith noted FEMA calls remediation "enhancements". She spoke about a meeting held with FEMA wherein they informed her they would okay only removal of damaged material due to the storm and not for vandalism or element exposure. She stressed the importance of the aesthetic endeavors in an effort to get the communities back and that the lagoons, pumps, and ponds are scheduled and planned to be back in full operation.

Mr. Bergeron followed up with additional information noting the need to remove the chimneys was due to severe water damage and instability concerns due to poor construction. He also stressed the potential fire hazards and the possibility that the chimneys may not be rebuilt except in the main office area or other specified areas but not in each unit.

Chairman Woods reminisced about Willowbrook and the need for cost analysis in upgrading the appliances and/or the countertops. Ms. Smith concurred on the need for the countertops to be upgraded, briefly discussed replacement material type options, and that she would get with a contractor to provide some information for the Board to review. Concluding, she stated she'd submit a list of items and their associated costs for the various upgrades.

Chairman Woods informed Rene Landry, LHFA CFO, of the need for the revenues to go into separate accounts – the accounts of which have about \$9,000,000.00 currently.

Commissioner Williams inquired as to who the property manager was for this matter. Chairman Woods informed him that prior to the storm it was Barron Developers and that currently there was no property management contract in place. Commissioner Williams followed up stating that it would be more reasonable to ask the property managers to give an analysis of the particulars of what the tenants are actually looking for in so far as nice amenities are concerned. Chairman Woods requested a response from the presenters. Ms. Smith responded that ALOHA who worked for the previous management company was on the walk-around site visit and that her input was very beneficial in giving a history on the properties and was in agreement on the light fixtures and the appliances being upgraded. Commissioner Broussard inquired as to the location (inaudible). Chair Woods informed everyone that both properties were in New Orleans East with Willowbrook being on Bundy on the lakeside of the interstate right behind the previous Wal-Mart location. He continued by discussing the lack of adjacent property development schemes and the need for future enhancements such as wireless internet, good playground equipment, etc.

Cassie Regan with Holly and Smith Architect spoke next on Gaslight noting they had a kickoff design meeting the previous week and that they were in the program evaluation completion phase of the project and the demolition package pending upcoming brainstorming sessions they were planning. She noted the project is a complete demolition and rebuilt. In conclusion, she also informed the Board they have upcoming FEMA strategy meetings planned in furtherance of the project's completion in conjunction with FEMA guidelines.

Chairman Woods noted he had attended a community meeting the previous week on Gaslight wherein the conceptual design aspects to develop one continuous housing development corridor of the property between Crowder and Bundy and the I-10 Service Road and Lake Forest with elderly and single family housings in a gated community type of atmosphere were some primary aspects discussed. Additionally, he had a meeting with the landowners thereafter and had requested they submit a community development schematic plan particularly if there was a reduction in density. Cassie thereafter discussed the 180-day deadline parameters they were working under for bid submittals in order to complete their program objectives. Chairman Woods reiterated that there are many additional questions needing to be addressed and answered in so far as reducing the number of units and increasing the unit size, questions that need to be answered by HUD as to what type of waivers will be needed, and also that the community center that is to be built will be accessible to all the tenants regardless of whether they are elderly or

single family residents. He also noted that the City has been made aware of the plans in so far as parcel acquisitions and zoning requirements are concerned.

Commissioner Broussard requested confirmation that Gaslight would be completely demolished. Chairman Woods responded affirmatively. Commissioner Broussard followed up inquiring info on the Willowbrook bridges matter. Ms. Smith noted that the bridges were small pedestrian bridges that lie over the lagoons and most probably would not be covered by FEMA expenditures. He also requested clarification as to whether it was definite that there would be no more chimneys. Ms. Smith responded that the matter is still pending finalization pending updates on the design requirements but was not likely due to previous wind concerns from FEMA and insurance requirements, and additionally because each shaft would have to be reframed. VP James Gilmore directed the Board to the CD in their binders stressing the photos thereof would give everyone a more accurate picture of what the design concerns entailed.

Chairman Woods continued the discussion session inquiring info on the Gaslight asbestos removal aspects. Cassie noted this was part of the on-going remediation packaged and that the property was being demolished and should be completed in the next two weeks or so. Regis continued that the actual timeframe of the contract is about 2-3 weeks from completion and that he had visited the site a few weeks ago and the contractor was demobilizing the area taking generators off and that he was wrapping up the paperwork currently and knows that the asbestos has basically been removed and all that is left is some minor final cleanup projects and the paperwork submission for final payment processing is expected to be delivered very shortly. Chairman Woods followed up wanting to know if the outside gate would be torn down. Cassie explained that they have not yet identified if the outside gate is part of the demolition project and that the image of the gate as you drive up to the property is something that will be discussed at their initial brainstorming session.

There were then some brief discussions about the pending Cindy Place project. Chairman Woods advised that Cindy Place was included in the whole contiguous project because there was a canal then Cindy Place and then Gaslight. Cassie followed up giving some info on the project schematics. Chairman Woods inquired to Louis Russell as to whether he was aware if Savoy had returned credits. The responses from Louis and others in the audience were inaudible.

Regis talked more about the preliminary design aspects for the architects and that there is an upcoming meeting for FEMA and the architect representatives to look very closely at the guideline parameters and the improved/alternate project criteria.

Chairman Woods thanked the presenters and applauded their efforts.

Commissioner Broussard inquired on the timeframe aspects for the Willowbrook project. Keith Cunningham responded that the timeframe was set for the end of 2007 as there is work being done on a pattern for developing the front of the unit towards the back and they may even have some units before year's end. He also noted the very positive on-going construction projects at the Willowbrook site, per the recent visit to the property.

Chairman Woods asked Mr. Cunningham if he was aware of a contact list for the former tenants. Keith noted that a list had been requested from ALOHA and that a representative had contacted him the previous Friday and told him that she'd be bringing him a list the next day, but that he has been unsuccessful in following up on the delivery of the list. Chairman Woods continued the discussion on whether there had been any conceptual design decisions on the laundromat and daycare location possibilities. Keith noted that due to HUD limitations the matter is still being discussed. Chairman Woods asked whether the \$9,000,000 reserve account had been used for anything other than to pay expenses. CFO Rene Landry responded affirmatively that any expenditure would have to be an expense directly relating to the properties and that the account is also a part of the agency's general fund reserves backing any outstanding debt.

Chairman Woods informed everyone that someone was being sent to bring Commission Woodruff-White to the meeting in an effort to establish a quorum.

Keith Cunningham, responding to Chairman Woods' inquiry, informed him that the CD distributed only contained photos of the sites and some surrounding areas.

The discussion session continued via Chairman Woods with the Legal Committee. Commissioner Jones noted that the committee had met earlier and discussed the status of the Katrina Cottages Cooperative Endeavour Agreement and FEMA AHPP Agreement. The Agency has submitted all of the information to finalize the Agreement and is awaiting FEMA's response for additional information. The Legal Committee strived to ensure that the Agency had met all the requests, requirements, and documents production as specified and that the Agency was still awaiting FEMA's response thereof and could not proceed forward until said response is received.

Chairman Woods inquired as to whether there had been any final negotiations on the per unit costs and the overhead costs completion aspects. Mr. Cunningham responded that all applicable information has been completed and submitted to FEMA. Chairman Woods followed up wanting to know if any funds had been transferred to the Agency. Mr. Cunningham responded that no funds have been transferred since the final agreement has not been received that would serve as a catalyst for the funds to be transferred thereof. He also stated that he has submitted rough drafts of the agreement to the Legal Committee for review to iron out the rough spots and areas deemed needing further negotiations. Mr. Cunningham anticipates completion of the review within the next week.

Commissioner Jones continued with a Report on the Willowbrook and Gaslight Litigation. She noted that out of Executive Session with Attorney Wendell Clark it was determined that a due diligence report is needed in order to review all the documents in the case matter and to reach a best strategy mode in regards to both the properties and the litigation. She noted that Mr. Clark will report back to the Legal Committee during the June 2007 meeting and a recommendation will be presented to the Board thereafter on how to best further proceed with the litigation.

Next item Commission Jones discussed was the Discussion of Year 15 Policy and Procedures (Qualified Contracts) IRS Code Section 42(h)(6)(E)(i)(II). She advised the matter is still pending some items needing resolve and the Legal Committee had determined to defer the issue(s) for the June 2007 meeting.

Chairman Woods inquired to Commissioner Broussard if there were any Special Program items needing to be discussed. Commissioner Broussard responded that though the Committee did not have a meeting, they did have an item to discuss and would prefer for a Full Board Quorum. He thereafter deferred the floor to Ms. Tina Powell. Ms. Powell talked about the 2008 HOME portion of the Action Plan. She described the Action Plan as a HUD regulatory item that requires all states to submit to HUD every year a Plan that details how HUD funds, specifically the 5 Formula Grants, will be spent. The HUD document includes allocations for activities as well as policies – for these reasons alone, she deemed the document needed review by the Board. She directed the Board to review page SP-11 in their binders which she had condensed as best as possible to make it more user-friendly. She noted that out of the 5 Formula Grants, the LHFA only administers the HOME Grant. Accordingly, the Agency will be undertaking basically four (4) activities: down payment assistance, rehabilitation, development of multifamily new construction, and development of single family new construction. She also noted that the Consolidated Plan which is a 5-year Strategic Plan document required by HUD in addition to the yearly Action Plan, will be up for rewriting and/or resubmittal in 2008. She concluded noting the Board will be kept abreast of the Plans and their submissions to HUD.

Chairman Woods inquired as to whether there were any significant differences in the current Plan items to be submitted as opposed to the previous submittals. Ms. Powell responded though the policy and activity information remains the same, there will be changes in the allocation amount. Ms. Powell also noted that if any public comments are received, the changes will be forwarded to the Board for review and approval. There were some inaudible discussions thereafter.

Chairman Woods continued inquiring about the CHDO operating expenses allocation parameters. Ms. Powell described the application process noting some ambiguities in the process. Mr. Curtis Ferrara followed up with a response (inaudible). Commissioner Broussard asked how many CHDO's exist. Both Ms. Powell and Mr. Ferrara replied the last count was 23. Commissioner Broussard continued inquiring on the CHDO funds disbursement process. Ms Brenda Evans responded that the operating income is allocated via application submittal for eligibility determination with a \$20,000.00 application amount initially distributed pending further viable project review and analysis in order to get the remaining \$50,000.00 that is dispensed in quarterly amounts of \$10,000.00. Commissioner Brown inquired about the capacity assistance requirements. Ms. Evans noted that there are classes for the CHDO's to attend periodically throughout the year – the last class was held on Financial Management held at LHFA two months prior. She noted there are currently no concrete statistics to denote the effectiveness of the classes.

Ms. Powell noted the need to adopt the Plan for public comment. Chairman Woods reminded everyone that the item would need to be discussed at such time a quorum had been met. Ms Powell continued by discussing the Home Reconciliation, noting the document(s) were on page SP-8. She noted that \$23,000.00 was missing from the HOME Program and that she anticipated its resolve by the end of the week. She stressed there was no malice in the matter and that the difference was due to a reconciliation imbalance. There were some inaudible comments by Curtis Ferrara detailing the reconciliation process for the Board. The Board thanked Ms. Powell for informing them of the reconciliation imbalance and for keeping them likewise updated.

Chairman Woods recognized Commissioner Gachassin to discuss any Committee items in the interim of a quorum. Commissioner Gachassin noted there were some issues pending in the Standard Mortgage as Master Servicer contract matter. He noted that after talking with some of the underwriters and bond counsels he had been advised of the potential difficulties in pushing some of the remaining A-issues into Standard Mortgage's Master Servicer but to prior commitments to US Bank. He also spoke on the HDS software integration matter noting that HDS is still behind in releasing the new version of the software and implementation thereof. He continued that the Agency's IT group has decided to continue with Standard Mortgage under the current version and when the new version comes out to required Standard Mortgage to handle the upgrades implementations.

Commissioner Gachassin furthered, noting that the lender compensation after some lengthy discussions should stay at 2.25%. He then noted that the Agency should remain with Freddie Mac as opposed to Fannie Mae because Freddie Mac has been buying bonds in the past few years at a deep discount. The last issue resolved around noting that it has been decided by the Underwriting Team that the underwriters' fee is to be split between the lead underwriter receiving 50%, co-writer at 30%, and other writers at 20%.

Chairman Woods inquired as to whether any of the items referenced by Commissioner Gachassin required any action be taking by the Board. Commissioner Gachassin responded that the splitting of the underwriters' fee may need to be addressed since it reduces the number from four to three participants which will alter the current policy.

Commissioner Brown inquired as to the goal of reducing the number from four to three. Thereafter, Chairman Woods and Commissioner Greg Gachassin gave a brief history of the underwriters' selection and participation process.

The discussion continued with Chairman Woods (inaudible) noting the actions ratified by the Czars, in particular Renaissance Place and Hideaway/St. Landry – all of which the staff had sent favorable recommendations for extension requests until June 15, 2007. Brenda Evans thereafter noted that Providence Properties were being extended for sixty (60) days, though based on their satisfactorily meeting established benchmarks working towards completion. She furthered noted that the request for extension was granted based on risk-sharing property concerns as well as financial and legal issues detailed in a March 9th correspondence from Providence Properties.

Chairman Woods inquired as to what the benchmarks entailed. Louis Russell noted one of the requirements was that by July 1, 2007, applications would be submitted to HUD for review of the architectural plans on Annunciation, Nazareth Inn I and II, St. John Berchman Manor, and Delille Inn. Also, there are some 318 transfer issues pending with All Saints and Nativity Apartments. There was then some inaudible comments from a male audience member noting that the main goal for the properties in question was to get the tenants back and that he anticipated a Christmas 2007 opening date. Commissioner Gachassin asked when the Agency could expect to be relieved from the indenture obligation matter. There was an inaudible response from a female audience.

There was a loud burst of applause as Commissioner Lisa Woodruff-White entered the room securing a **Full Board quorum**.

Chairman Woods called the meeting to order at 1:40PM. He then asked that the roll be called. Barry Brooks did the roll call and thereafter a quorum was reached. Note there was no introduction of guests (see attached Sign-In Sheet). Chairman Woods then requested the minutes of the April 18, 2007 Full Board Meeting be approved by his fellow Commissioners after one correction to reflect that Commissioner Kennedy was actually present.

On a motion by Commissioner Jones and seconded by Commissioner Broussard the minutes of the April 18, 2007 Full Board meeting were approved. There being no further discussions or oppositions, the matter was unanimously passed.

MULTIFAMILY COMMITTEE REPORT

Chairman Woods, in the interest of time, requested that the seven (7) proposed Multifamily Resolutions be taken in their entirety.

The first item was a request for approval of a resolution accepting the proposal of Morgan Keegan & Company, Inc. for the purchase of not exceeding Twelve Million Dollars (\$12,000,000) of Louisiana Housing Finance Agency Multifamily Housing Bonds (**Autum Chase Apartments Project**) 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.

The second item was a request for approval of a resolution accepting the proposal of Oppenheimer for the purchase of not exceeding Seven Million Twenty Thousand Dollars (\$7,020,000) of Louisiana Housing Finance Agency Multifamily Housing Bonds (**Bacmonila Garden Apartments Project**) in one or more series; fixing the terms of said bonds and otherwise providing with respect to said bonds; and providing for other matters in connection with the foregoing.

The third item was a request for approval of a resolution accepting the proposal of Citizens Bank or its designated affiliate for the purchase of not exceeding Two Million Dollars (\$2,000,000) of Louisiana Housing Finance Agency Multifamily Housing Bonds (**Pine Terrace Apartments Project**) 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.

The fourth item was a request for approval of a resolution accepting the proposal of Morgan Keegan & Company, Inc. for the purchase of not exceeding Nine Million Two Hundred Fifty Thousand Dollars (\$9,250,000) of Louisiana Housing Finance Agency Multifamily Housing Bonds (**Spanish Arms Apartments Project**) 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.

The fifth item was a request for approval of a resolution of intention to issue Multifamily Housing Revenue Bonds to finance the acquisition, rehabilitation and equipping of a multifamily housing project; authorizing not exceeding One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) Multifamily Housing Revenue Bonds (**Breaux Bridge Broussard Phase II Project**) in one or more series; and providing for other matters in connection therewith.

The sixth item was a request for approval of a resolution of intention to issue Multifamily Housing Revenue Bonds to finance the acquisition, rehabilitation and equipping of a multifamily housing project; authorizing not exceeding One Million Dollars (\$1,000,000) Multifamily Housing Revenue Bonds (**Candlewood Estates Phase II Project**) in one or more series; and providing for other matters in connection therewith.

The seventh item was a request for approval of a resolution of intention to issue Multifamily Housing Revenue Bonds to finance the acquisition, rehabilitation and equipping of a multifamily housing project; authorizing not exceeding One Million Two Hundred Fifty Thousand Dollars \$1,250,000 Multifamily Housing Revenue Bonds (**Oakwood Estates Phase II Project**) in one or more series; and providing for other matters in connection therewith.

On a motion by Commissioner Jones and seconded by Commissioner Dr. Brown, the foregoing seven (7) resolution was approved in their entirety. There being no further discussions or oppositions, the matters were unanimously passed.

Chairman Woods continued the meeting introducing the next item which was a resolution of ratification by the Board "Czars" (Woods, Madderra, Bailey) approving carryover extension requests for:

- Renaissance Place –Extension to meet carryover June 15, 2007.
- Hideaway / St. Landry Renaissance Place – Extension to meet carryover for June 15, 2007.
- Providence Community Housing Properties- Extension to meet carryover for July 1, 2007 subject to benchmarks showing they are making progress on the projects.

- St. Martin Manor #06(2)-150
- St. John Berchman Manor #06(2)-151
- Delille Inn #06(2)-152
- Nazareth Inn I #06(2)-153
- Annunciation Inn #06(2)-155
- All Saints Apartments #07/08(FA)-32
- Nativity Apartments #07/08(FA)-33
- Nazareth Inn II #07/08(FA)-34

On a motion offered by Commissioner Gachassin and seconded by Commissioner Williams, the foregoing resolution was ratified. There being no further discussions or oppositions, the matter was unanimously passed.

Next items the Board discussed was for the approval of the HOME portion of the Action Plan Estimated Allocation of HOME Dollars by Activity. Chairman Woods reminded the Board the documents of which were in their binders.

On a motion by Commissioner Jones and seconded by Commissioner Gachassin it was moved that the Board adopt the 2008 HOME Investment Partnerships Financial Fund Annual Allocation and Plan Approval with Estimated Allocations. There being no further discussions or oppositions, the matter was unanimously passed.

LEGAL COMMITTEE REPORT

Chairman Woods noted there were no actions to be taken by the Legal Committee.

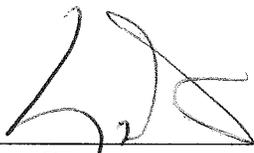
SINGLE FAMILY COMMITTEE REPORT

The only action for the Single Family Committee was for the ratification for the 2007B Issue for the \$100,000,000 that the Finance Team recommends be issued via George K. Baum as the lead, Morgan Keegan, and then Seibert Brandford Shank – the split being 50%, 30%, and 20% respectively.

On a motion by Commissioner Gachassin and seconded by Commissioner Jones the foregoing resolution stating that the 2007B Issue in the amount of \$100,000,000 be issued via George K. Baum as the lead, Morgan Keegan, and then Seibert Brandford Shank – the split being 50%, 30%, and 20% respectively. There being no further discussions or oppositions, the matter was unanimously passed.

ADJOURNMENT

Chairman Woods acknowledged that the Budget was still pending review by the Board Commissioners and would be discussed at the June 2007 Board Meeting. There being no other matters to discuss, Chairman Woods offered a motion for adjournment that was seconded by Commissioner Jones. There being no further discussions or oppositions, the matter was unanimously passed. **The Full Board meeting adjourned at 1:46pm.**



Chairman



Secretary