BOBBY JINDAL
GOVERNOR

DON J. HUTCHINSON
INTERIM EXECUTIVE DIRECTOR

Louisiana Housing Corporation

LHC Board of Directors

Board Meeting Minutes

Wednesday, July 11, 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
Alice Washington
Treasurer John N. Kennedy
Ellen M. Lee (arrived at 11:07 a.m.)
Matthew P. Ritchie
Willie Spears
Guy T. Williams, Jr.
Malcolm Young

Board Members Absent

None

Staff Present

Don J. Hutchinson
Bradley Sweazy
Barry E. Brooks
Brenda Evans
Charlette Minor
Loretta Wallace
Rene Landry
Danny Veals
Jeff DeGraff

Terry Holden
Todd Folse
Natasha Anderson
Edselle Keith Cunningham, Jr.
Christine Bratkowski
Leslie C. Strahan
Jessica Guinn
Victoria Hilton

Others Present

See Guest Sign-In Sheet

CALL TO ORDER

LHC Board Chairman Michael L. Airhart called the meeting to order at 11:00 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 V. Burckel, seconded by Board Member Guy T. Williams, Jr., the Minutes of the June 12, 2012 LHC Board Meeting were approved unanimously.

LHC BOARD CHAIRMAN'S REPORT

Chairman Airhart advised everyone that the July 10th Board Strategic Planning Session had been very productive. He also noted that one of the items from the BSPS was the suggestion to create an Innovation Committee. He also asked the public to submit any comments they have regarding the LHC Strategic Plan.

LHC INTERIM EXECUTIVE DIRECTOR'S REPORT

IED Don J. Hutchinson reported on the following items: that he had attended the Rose F. Keller Building Ribbon Cutting Ceremony, 2222 Tulane Avenue in New Orleans on Friday, June 22nd; that he had attended NCSHA Credit Conference and Marketplace in Denver, June 25th – June 29th (along with Brenda/Malcolm/Matthew); that the LHC Flag Raising Ceremony on July 2nd was successful and well attended; that LHC has been invited to testify before the Hurricane Recovery Select Committee on July 18th in New Orleans; that on July 16th and 17th HUD will be performing a Monitoring Visit of the HOME Program Fiscal Year 2012; that HUD will also be

in town the same week doing a review of the Non-Profit Rebuilding Pilot Program; and that he will be attending the NCSHA 2012 Executive Directors Workshop on July 22nd – July 25th.

Agenda Item #5 – Resolution regarding $5M MHRB for Elm Drive Senior Housing Project

Ms. Loretta Wallace, LHC Program Administrator, went over the specifics of the matter, noting that preliminary approval was needed to issue the bonds; that the project consisted of sixty (60) one-bedroom units with total development costs of $97,861 per unit. She also discussed the funding sources of $500K in CDBG funds, $130,877 in deferred developer fees, and $418,000 in Affordable Housing Programs funds, noted that the complex had originally been built in the 1980's, and that the complex was currently 98% occupied.

Treasurer Kennedy inquired as to the total square footage and total development costs. Ms. Wallace replied that the total square footage was 38,400; and that total development costs were $9M.

There were further lengthy discussions amongst Treasurer Kennedy, Ms. Wallace, and Mr. Rhett Holmes with IDP Housing.

Treasure Kennedy expressed his concern on the validity of the Decision Briefs completed for the projects, and that he would like to see a process from staff denoting which are the best projects in the pipeline.

Mr. Holmes further discussed the project, noting that the roof was in bad shape; that the HVAC needed replacing; that 90% of the units are in 30-year disrepair and needed to be rehabilitated; and that relocation of the tenants would be handled by Customer Relocation Services, and that tenants could only be relocated for a maximum of sixty (60) days for HUD to continue paying the tenants' rents.

There were further lengthy discussions amongst Treasurer Kennedy, Board Members Matthew Ritchie, Dr. Daryl Burckel, Willie Spears, Mr. Holmes, and Bond Counsel Wayne Neveu.

Treasurer Kennedy inquired as to the validity of the numbers used by staff in the Decision Brief. Accordingly, Chairman Airhart requested that **Agenda Items #5 and #6 be TEMPORARILY POSTPONED** until such time that staff was able to review the numbers denoted in the Decision Brief.

Agenda Item #7 – Resolution Regarding Expanding the LSU Health Sciences Center Service Area for Village De Jardin Tenants

LHC Chief Operations Officer Bradley Sweazy went over the specifics of the matter; he noted that it was a follow-up item from the June 2012 BODM allowing a non-VDJ resident access to

the on-site Clinic operated by LSUHSC; and that he thinks the plan can work with specific stipulations agreed upon.

Chairman Airhart inquired as to whether LHC would be insured. Per LHC General Counsel Keith Cunningham, the Office of Risk Management would be providing adequate insurance for the property and that LHC would not be responsible for the LSU Clinic's insurance, and that such matters would be covered via a Cooperative Endeavor Agreement.

Board Member Williams noted that he felt the on-site clinic was a wonderful project and that he fully supports such.

Ms. Laura White of Latter & Blum and Dr. Shelly Jeanfreau of LSUHSC briefly addressed the Board.

Board Members Ellen Lee and Willie Spears noted they would fully support the endeavor if proper security monitoring parameters are in place, but that otherwise they likewise felt it was a good project.

On a motion by Board Member Guy T. Williams and seconded by Vice-Chairman Mayson H. Foster, the resolution authorizing the approval of a plan to expand the Louisiana State University Health Sciences Center the ("LSUHSC") service area beyond solely the residents of Village De Jardin (8801 Lake Forest Boulevard, New Orleans, LA); 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.

Agenda Item #8 – Resolution Regarding the LHC Finance Team developing a Revenue Generating Homeownership Financing/Refinancing Program

Program Administrator Brenda Evans went over the specifics of the matter, advising that staff was recommending approval thereof, and that the exact costs and strategy would be presented during the August 2012 BODM.

LHC Finance Team Member Ms. Annie Lee of JPMorgan discussed the associated costs of the matter. Thereafter, Chairman Airhart requested that she return at the August 2012 BODM with more information, particularly as it related to mortgage rate buy downs parameters.

On a motion by Vice-Chairman Mayson H. Foster and seconded by Board Member Dr. Daryl Burckel, the resolution to authorize and direct the Finance Team of Louisiana Housing Corporation ("Corporation") develop and recommend to the Board of Directors a revenue generating homeownership financing and/or refinancing program that may be implemented by the Corporation throughout the State without significant financial risks to the Corporation; 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.

Agenda Item #9 – Resolution Directing the Louisiana Legislative Auditor to Perform a Performance Audit of OCD Programs Transferring to LHC

Board Member Dr. Burckel advised that he had reviewed the June 2011 OCD performance audits and that he felt it may be best to only review the programs identified as having previous compliance deficiencies in an effort to reduce the associated costs with the requests.

There were further discussions on the matter amongst Treasurer Kennedy, Board Member Mr. Spears, and Mr. Sweazy.

Treasurer Kennedy offered an an amendment to the resolution such that the requests to the Louisiana Legislative Auditor would be only for performance audits on OCD Programs with previous findings, to ascertain from the Division of Administration what steps have been taken to address the findings and/or deficiencies, and to do performance audits on the remaining programs coming to LHC.

Board Member Lee noted her concern on the costs on the size of the programs and complexity of the performance audits that would be requested.

Treasurer Kennedy noted that the LLA does not seek to earn a profit on audits and that he felt the costs would be fully justified; and that he would like a full performance audit on all the Programs except for the Small Rental Program.

On a motion by Board Member Treasurer John N. Kennedy and seconded by Board Member Dr. Daryl Burckel, the resolution authorizing and directing the Louisiana Housing Corporation ("Corporation") to request the Division of Administration provide the findings of the audits already performed by the Legislative Auditor and to request the Louisiana Legislative Auditor perform a Performance Audit of the programs transferring from the Office of Community Development to the Louisiana Housing Corporation excluding the Small Rental Program; and providing for other matters in connection with the foregoing, was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

Agenda Item #5 – Resolution regarding $5M MHRB for Elm Drive Senior Housing Project (continued)

Chairman Airhart asked the Board if they'd prefer to DEFER the matter until the August 2012 BODM. Board Member Spears noted he was okay with discussion the matter now instead of waiting until the August 2012 BODM.

Treasurer Kennedy and Mr. Holmes had a lengthy discussion regarding the property's debts and purchase histories, profit margins, private equity aspects, etc.
Chairman Airhart advised that he would like staff to do actual site visits to proposed projects and provide photographs thereafter for inclusion with the Board materials.

Board Member Spears noted that he felt all deals are not equal and that he would like consideration to be given to all deals, including private equity projects.

Treasurer Kennedy noted his concern that no true due diligence had been done on the matters.

On a motion by Commissioner Guy T. Williams, Jr., and seconded by Vice-Chairman Mayson H. Foster, a resolution of intention to issue not exceeding Five Million Dollars ($5,000,000) Multifamily Housing Revenue Bonds for Elm Drive Senior Housing Project (4250 Elm Drive, Baton Rouge, East Baton Rouge 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 with the foregoing, was moved to debate.

There being no further discussion, opposition, or public comments, a Roll Call Vote was taken, and the motion passed 4 (YES) to 3 (NO), and 1 ABSENT. The votes were as follows:

YES (Mayson H. Foster, Dr. Daryl V. Burckel, Willie Spears, Guy T. Williams, Jr.); NO (John N. Kennedy, Matthew P. Ritchie, Malcolm Young); ABSENT (Ellen Lee).

Board Member Lee arrived back into the proceedings after the vote had been taken. Thereafter, there was some confusion as whether her absence and subsequent presence adversely affected the vote.

Consequently, due to the confusion regarding the aforementioned, Vice-Chairman Foster made a Motion for Reconsideration. There were discussions between the Board and General Counsel Cunningham on the matter and how best to move forward on such in accordance with parliamentary procedure.

Thereafter, Vice-Chairman Mayson H. Foster offered a Motion to Reconsider, which was seconded by Board Member Dr. Daryl V. Burckel. The Motion to Reconsider was moved to debate. There being no further discussion, opposition, or public comment, a vote was taken, and the motion passed unanimously.

Chairman Airhart requested Secretary Brooks do another Roll Call Vote.

There being no further discussion, opposition, or public comments, a Roll Call Vote was taken, and the motion passed 5 (YES) to 3 (NO), and 1 ABSTAIN. The votes were as follows:

YES (Michael L. Airhart, Mayson H. Foster, Dr. Daryl V. Burckel, Willie Spears, Guy T. Williams, Jr.); NO (John N. Kennedy, Matthew P. Ritchie, Malcolm Young); ABSTAIN (Ellen Lee).

Agenda Item #6 – Resolution regarding $6M MHRB for Tangi Village Project

Mr. Sweazy went over the specifics of the matter, advising that staff was recommending approval thereof.

Mr. Holmes noted that the project consisted of 96 units that were 50% occupied.

Treasurer Kennedy inquired as to the total development costs and cost per square foot.

Mr. Holmes noted that total development costs were $10M and that costs per square foot were $141.28. Staff Member Todd Folse advised that such figures equated to $72,128 per unit.

Treasurer Kennedy noted that he wanted staff to come prepared when presenting matters to the Board, and advised Ms. Wallace that before she brought the matter before the State Bond Commission he wanted her to go back and do her own due diligence and then bring the matter back to the LHC Board, and after approval of the LHC Board he would okay it being heard by the SBC.

There were lengthy discussions amongst Treasurer Kennedy and Mr. Holmes regarding the property's purchase price, alternate options on rehabilitating the property, market studies, etc.

On a motion by Vice-Chairman Mayson H. Foster and seconded by Board Member Dr. Daryl V. Burckel, the resolution of intention to issue not exceeding Six Million Dollars ($6,000,000) Multifamily Housing Revenue Bonds for Tangi Village Project (13080 Quick Boulevard, Hammond, LA 70401, Tangipahoa 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.

There being no further discussion, opposition, or public comments, a Roll Call Vote was taken, and the motion passed 5 (YES) to 4 (NO). The votes were as follows:

YES (Mayson H. Foster, Dr. Daryl V. Burckel, Ellen M. Lee, Willie Spears, Guy T. Williams, Jr.); NO (John N. Kennedy, Matthew P. Ritchie, Malcolm Young, Michael L. Airhart).

Thereafter, Board Member Lee requested that staff clearly articulate the steps taken to create a Decision Brief and noted the basic points the Board will be expecting staff able to answer.

Chairman Airhart noted that due diligence has always been the protocol expected of staff when presenting items before the Board, that the possible use of committees would solve some of the confusion on matters, and that he expected staff to present strong, accurate information that has been fully reviewed and vetted at all times.

Mr. Hutchinson advised that such was one of the matters he would be championing as the Corporation embarks on Process Improvements Initiatives.

Agenda Item #10 – Discussion Regarding Mid-City Gardens Project

Architects Skipper Post and Lisa Nice addressed the Board concerning the previous water issues at the complex; that a building-by-building completion schedule had been requested from the contractor; and that they are at the project daily to monitor that the project remains on track toward completion.

Chairman Airhart reminded everyone of the delay in construction from March 2012 to October 2012, and that the penalty for such was $500 per day.

Mr. Folse noted that the penalty would have to be paid out of the retainage, which was currently $90K; and that building-by-building deadlines are critical and if they are missed, the surety bond may have to be pulled, but only if there is evidence of cause. He also discussed the testing parameters regarding the indoor air quality.

Mr. Post noted that pulling a surety bond is a very cumbersome process; and that the water intrusion had stopped but that the air quality issues remained unresolved.

Chairman Airhart asked Mr. Folse if October 31st was a realistic completion date. Mr. Folse replied "...I cannot speak for D. Honoré. From a professional point of view, I would say yes but the bull has to be grabbed by the horns and moved."

Chairman Airhart stressed the seriousness of the situation, noting that non-delivery of the Placed in Service date would be a loss of NSP funds if not done by March 2013.

Board Member Williams advocated a proactive approach, with a Plan B and Plan C in place if needed.

Chairman Airhart directed Mr. Hutchinson to do whatever was necessary to protect the interests of the LHC on the project.

Mr. Post discussed the mold remediation and role of primary inspectors.

Treasurer Kennedy inquired as to who was initially in charge of the project at LHFA.

Staff Architect Dr. Roger Tijerino addressed the Board, noting the water issue was due to the contractor failing to seal the windows in an effort to get back on schedule.

There was a discussion amongst Treasurer Kennedy, Dr. Tijerino, Mr. Sweazy, and Ms. Charlette Minor on the history of the project, initial concept, and consequences if the project failed.

Treasurer Kennedy inquired as to why the Office of Facility Planning had not been used initially for the project. Dr. Tijerino advised that such was not the desire of previous LHFA President Milton Bailey.

Mr. Sweazy also noted that he felt the community center was not a viable venue at the complex.

There were further discussions on optimum options for use of the community center given the problems with inadequate on-site parking.

Treasurer Kennedy requested a two week progress report from Mr. Sweazy and the contractors; that suggestions for use of the community center by LHC be explored; and what the options were for selling the complex after completion.

Agenda Item #11 – Discussion regarding Village de Jardin

Dr. Tijerino advised the Board that the Holly Smith Architects were not able to be present to discuss the project.

Accordingly, Treasurer Kennedy requested that the matter be DEFERRED until the August 2012 BODM so that Holly Smith Architects could be present to discuss the project.

Agenda Item #12 – Discussion regarding Amending LHC Board Bylaws to Consider Formation of Committees

Chairman Airhart noted that in order to make changes to the LHC ByLaws, the matter had to be discussed at the monthly meeting preceding the meeting in which the matter is to be voted upon. He requested that the Board send to him any suggestions for Committees they would like to see created.

Vice-Chairman Foster noted the previous LHFA Board's problems of having items being heard at the committee meetings and then reheard at the Full Board Meeting; that though he wants the public hearing to be part of the committee process so all discussions are fully vetted, he did not want them revetted at the Full Board Meeting thereafter; that he also wants clarity on which Board Members could participate and vote during committee meetings and not just serve as ad hoc members.

Chairman Airhart agreed that all discussions should be at the Committee level and then only ratified at the Full Board Meeting for rejection or approval of said item. He directed the task to explore all the parameters for setting up the committee structure accordingly.

Agenda Item #13 – Updates and Reports

Chairman Airhart and Vice-Chairman Foster noted that since the majority of the items listed under Updates and Reports had been discussed at some point earlier, there was not need to revisit unless deemed necessary.

Ms. Evans briefly discussed the Tax Credit Noncompliant Developers matter, noting that everyone had been properly noticed that they could appear to contest any notices at the August 2012 BODM.

OTHER BUSINESS

Mr. Hutchinson advised the Board that the Corporation had been recognized for its outstanding contributions at the Urban Gardens Development ribbon cutting ceremony on July 10th.

Board Member Lee inquired on the status of the NRPP repayment of funds matter and the RFP for an Executive Search Consultant.

Mr. Sweazy advised that HUD was not making any repayment requests, and that $6.5M of work that had already been completed would have to be paid for out of LHC general funds.

Chairman Airhart requested a one-page analysis going forward on the matter with a pro-con/ best/worst case scenario summary.

Mr. Cunningham advised that the RFP for Executive Search Consultant had been released and posted with a deadline around July 27th.

ADJOURNMENT

There being no other matters to discuss, Board Member Guy T. Williams, Jr., offered a motion for adjournment that was seconded by Board Member Matthew P. Ritchie. There being no discussion or opposition, the matter was unanimously passed.

The Full Board meeting adjourned at 2:43 P.M.

Chairman **Secretary**