



Board of Directors

Agenda Item #6

**Resolution approving the sale of bonds for Olive
Grove Senior Apartments Project**

September 14, 2016

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LOUISIANA HOUSING CORPORATION

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

RESOLUTION

A resolution accepting the proposal of Citibank, N.A. or such other purchaser as may be designated by the Developer for the purchase of not to exceed Four Million Five Hundred Thousand Dollars (\$4,500,000) Multifamily Housing Revenue Bonds (Olive Grove Senior Apartments Project located at 7500 Block of Line Avenue, Shreveport, Caddo Parish, Louisiana 71106) 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.

WHEREAS, the Board of Directors (the “**Board**”) of the Louisiana Housing Corporation (the “**LHC** or the “**Corporation**”) on April 13, 2016, adopted a resolution approving and authorizing the issuance of not exceeding Three Million Five Hundred Thousand Dollars (\$3,500,000) of Louisiana Housing Corporation Multifamily Housing Revenue Bonds (Olive Grove Senior Apartments Project) in one or more series and authorized the publication of a Notice of Intention to Sell at Private Sale (the “**Notice**”) in connection therewith; and

WHEREAS, the Developer has submitted an amended bond application requesting an increase in the not exceeding principal amount of the bonds to Four Million Five Hundred Thousand Dollars (\$4,500,000); and

WHEREAS, said bonds are being designated as “Louisiana Housing Corporation Multifamily Housing Revenue Bonds (Olive Grove Senior Apartments Project)” in the aggregate principal amount of not to exceed Four Million Five Hundred Thousand Dollars (\$4,500,000) (the “**Bonds**”) and are being issued for the purpose of providing funds to (i) pay the cost for the acquisition, construction and equipping of a multifamily housing facility serving low and moderate income special needs households in Shreveport, Caddo Parish, Louisiana (the “**Project**”), (ii) fund such reserve accounts as may be required and (iii) pay the costs of issuance associated with the Bonds; and

WHEREAS, as set forth in said resolution, the Supplemental Notice of Sale was published on August 22, 2016 in “*The Advocate*” and in the “*The Daily Journal of Commerce*” for an amount not to exceed Four Million Five Hundred Thousand Dollars (\$4,500,000); and

WHEREAS, in accordance with the aforesaid resolution adopted by the LHC on April 13, 2016, the sale of the Bonds was scheduled for September 14, 2016 and

WHEREAS, the LHC did meet on September 14, 2016, at 10:30 a.m., Louisiana time, for the purpose of receiving and considering the proposal of Citibank, N.A. or such other purchaser (the “**Purchaser**”) as may be designated by Olive Grove Senior Apartments, L.P., a Louisiana limited partnership (the “**Developer**”), and taking action with respect to the parameter sale of not exceeding Four Million Five Hundred Thousand Dollars (\$4,500,000) of the Bonds pursuant thereto;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the LHC, acting as the governing authority of said LHC, that:

SECTION 1. The parameter written terms submitted this day by Citibank, N.A. or such other purchaser as may be designated by the Developer, for the purchase of bonds designated “Louisiana Housing Corporation Multifamily Housing Revenue Bonds (Olive Grove Senior Apartments Project)” in on more series in the aggregate principal amount of not exceeding Four Million Five Hundred Thousand Dollars (\$4,500,000), at an interest rate not exceeding 12% per annum, and for a maturity not exceeding 40 years, authorized under and pursuant to the provisions of a Bond Trust Indenture (the “**Indenture**”), by and between a trustee to be determined (the “**Trustee**”), and the LHC be, and the same are hereby awarded to the Purchaser; provided, however, that the sale and delivery of the Bonds are conditioned upon approval by the State Bond Commission and compliance with any and all approvals and/or certifications required by the Louisiana Attorney General. The sale of the Bonds in accordance with said Indenture is hereby authorized and approved. The Chairman, Interim Executive Director and/or Secretary of the Corporation are hereby authorized and directed for, on behalf of and in the name of the LHC, to execute, deliver and approve such instruments, documents and certificates as may be required or necessary, convenient or appropriate to the financing described herein, including, but not limited to, the following described documents for the Bonds on file with the LHC:

- (i) Bond Trust Indenture,

- (ii) Financing Agreement, and
- (iii) Tax Regulatory Agreement.

The aforesaid officers are additionally authorized to approve any changes in the aforementioned documents provided such changes are in accordance with Chapter 3-G of Title 40 of the Louisiana Revised Statutes of 1950, as amended, and with the approval of Counsel to the LHC or Bond Counsel. As provided in the resolution adopted by the LHC on April 13, 2016, the costs of financing the Project will be paid out of the proceeds from the sale of the Bonds, in one or more series, which shall be special, limited obligations of the LHC, payable solely out of the revenues derived by the LHC with respect to the Project for which financing is made available, and the Bonds and the interest thereon shall never constitute the debt or indebtedness of the LHC, the State of Louisiana (the “**State**”), or any political subdivision thereof within the meaning of any provision or limitation of the Constitution or statutes of the State, nor shall the same give rise to a pecuniary liability of the LHC or the State or any political subdivision thereof or a charge against their general credit or taxing power, and such limitation shall be plainly stated on the face of the Bonds.

SECTION 2. A bank is to be designated as Trustee and Paying Agent with respect to the Bonds in accordance with the provisions of the Indenture.

SECTION 3. In order to accomplish the sale of the Bonds in accordance with the terms of this resolution, either the Chairman, Interim Executive Director and/or Secretary of the Corporation, acting on his behalf, be and they are hereby authorized and directed to execute and deliver, for and on behalf of the LHC, the Indenture in substantially the form thereof which is now before this LHC and filed with the Secretary of this Board of Directors with such revisions or changes as may be approved by Bond Counsel.

SECTION 4. The Bonds will be dated, will be in the denominations and will have all the terms set forth in the Indenture. The Bonds are limited obligations of the Corporation and will be payable solely out of the income, revenues and receipts derived from the Project and funds and accounts held under and pursuant to the Indenture and pledged therefor.

SECTION 5. The Bonds shall be subject to redemption in accordance with the Indenture.

SECTION 6. The Project was preliminarily approved for Low-Income Housing Tax Credits (“LIHTCs”) in the amount of One Hundred Eighty-seven Thousand Seven Hundred and One Dollars (\$187,701.00) in accordance with the preliminary feasibility analysis report (the “F&V Report”) of the Corporation's tax credit underwriter (the “Tax Credit Underwriter”). A reprocessing of the Project by the Tax Credit Underwriter recommends an increase in the amount of LIHTCs from \$187,701.00 to \$206,042.00 as evidenced in the supplemental F&V Report attached hereto as Exhibit I, provided, however, that staff is hereby further authorized and directed to adjust such LIHTCs based upon (a) any further reprocessing submitted by the taxpayer/owner and the LIHTCs recommended and approved in a supplemental F&V Report of the Underwriter and/or (b) the final audited cost certification review of the Project by the Tax Credit Underwriter following the placement in service of the Project as required by Section 42(m) of the Internal Revenue Code of 1986, as amended (the “Code”).

SECTION 7. The Chairman, Interim Executive Director and/or Secretary of the Corporation are hereby approved, authorized and directed to execute and deliver or cause to be executed and delivered all documents required to be executed on behalf of the LHC and delivered to effect delivery of the Bonds to the Purchaser or deemed by any of them necessary or advisable to implement this resolution or the Indenture, or to facilitate the sale of the Bonds.

By virtue of LHC's application for, acceptance and utilization of the benefits of the Louisiana State Bond Commission's approval(s) resolved and set forth herein, it resolves that it understands and agrees that such approval(s) are expressly conditioned upon, and it further resolves that it understands, agrees and binds itself, its successors and assigns to, full and continuing compliance with the "State Bond Commission Policy on Approval of Proposed Use of Swaps, or other forms of Derivative Products Hedges, Etc.", adopted by the Commission on July 20, 2006, as to the borrowing(s) and other matter(s) subject to the approval(s), including subsequent application and approval under said Policy of the implementation or use of any swap(s) or other product(s) or enhancement(s) covered thereby.

SECTION 8. The Chairman, Interim Executive Director and/or Secretary of the Corporation shall cause to be executed for and on behalf of the LHC the aforementioned Bonds in accordance with the Indenture, and shall effect the delivery thereof to the Purchaser in accordance with the Indenture. The Chairman, Interim Executive Director and/or Secretary of the Corporation of the LHC shall receive from the Purchaser for the account of the LHC the purchase price of the Bonds and shall deposit the same with the Trustee under the Indenture in accordance with the provisions thereof.

SECTION 9. This resolution shall take effect immediately.

This resolution having been submitted to a vote, the vote thereon was as follows:

YEAS:

ABSTAIN:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the 14th day of September, 2016.

Chairman

Secretary

DRAFT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

I, the undersigned Secretary of the Board of Directors of the Louisiana Housing Corporation (the “**LHC**”), do hereby certify that the foregoing pages constitute a true and correct copy of a resolution adopted by said Board of Directors on September 14, 2016, entitled: “A resolution accepting the proposal of Citibank, N.A. or such other purchaser as may be designated by the Developer for the purchase of not to exceed Four Million Five Hundred Thousand Dollars (\$4,500,000) Louisiana Housing Corporation Multifamily Housing Revenue Bonds (Olive Grove Senior 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.”

IN FAITH WHEREOF, witness my official signature and the impress of the official seal of the LHC on this, the 14th day of September, 2016.

Secretary

(SEAL)

Reason for Requested Reprocessing

The request for additional bonds is due to increased construction costs from application time until the plans were released for bid.

Requesting approval of:

- \$1,000,000.00 increase in bonds total \$4,500,000.00 in Multi-Family Mortgage Revenue Bonds
- \$18,341.00 increase in 4% credits for total \$206,042.00 in Low Income Housing Tax Credits

Project History and Previous Board Action

- \$1,500,000.00 in HOME Funds awarded in March 2016
- \$3,500,000.00 in Multi-Family Revenue Bonds approved in April 2016
- **Development Team** – Steve Perry-Consultant, Lindora Baker – Olive Branch Ministries, Inc.; Redstone Equity Partners; Hunter Law Firm; JM Property Management – Management Company; Architect – Richard F. Steldt & Assoc.; Accountant – Little & Assoc., LLC

Reprocessing Involves the Following Changes

	Approved	Reprocessing	Increase/(Decrease)
1.) Total Development Cost	\$6,289,395.00	\$6,848,831.00	\$559,436.00
2.) Increase Bond Amount	\$3,500,000.00	\$4,000,000.00	\$500,000.00
3.) Increase 4% Credits	\$187,701.00	\$206,042.00	\$18,341.00

Project Specifics

Construction Costs

Construction Hard Costs	\$4,974,539.00
Soft Costs	\$1,624,292.00
Land Only	\$250,000.00
Total Costs	\$6,848,831.00

Unit Mix

1 Bedroom Units	13
2 Bedroom Units	37
3 Bedroom Units	
4 Bedroom Units	
Total Units	50

Development Costs:

	Approved	Reprocessing	Net Change
Total Development Cost	\$6,289,395.00	\$6,848,831.00	\$559,436.00
Total Cost/Unit	\$125,787.90	\$136,976.62	\$11,188.72
Total Square Feet	59,600	59,600	0
Total Cost/SF	\$105.53	\$114.91	\$9.38

Permanent First Mortgage	\$2,100,000.00	\$1,850,000.00	(\$250,000.00)
Second Mortgage	\$600,000.00	\$1,000,000.00	\$400,000.00
Gross Tax Credit Equity	\$1,726,673.00	\$2,101,413.00	\$374,740.00
HOME Funds	\$1,500,000.00	\$1,500,000.00	0
Deferred Developer Fee & loan	\$467,722.00	\$397,418.00	(\$70,304.00)
Reserves	(105,000.00)	(0.00)	\$105,000.00
Total	\$6,289,395.00	\$6,848,831.00	\$559,436.00

Estimated Economic Impact*

**Estimated using the National Association of Home Builders (NAHB) economic model*

	During Construction (One-Year Impact)	Post-Construction (Annual Impact)
Local Employment Income	\$3,650,000.00	\$1,150,000.00
Local Employment Taxes	\$384,000.00	\$197,500.00
Local Jobs	57	16
LHC Application/Reprocessing Fees	\$3,250.00	\$0.00
Compliance Monitoring Fees	\$1,650.00	\$1,650.00

Area Demographic Profile

Source: U.S. Census Bureau, American Fact Finder

Caddo Parish	
	2007-2011
Median Household Income	\$41,251.00
People living in poverty	21%
People living at or above poverty	79%
Workers earning \$1,250/mo or less	18%
Workers earning \$1,251 - \$3,333/mo	32%

Occupancy Profile

Source Citation: U.S. Department of Housing and Urban Development (HUD) AMI Limits as of 12/11/2012

No. of Units	AMI	Annual Qualifying Income Limit
50	30-60%	\$12,375.30-\$24,750.60

Examples of Occupations in the 50-60% AMI Category

Source Citation: Louisiana Workforce Commission

Construction	Bus Drivers	Hotel Clerks	Paramedics & EMTs	Service Sector Private Industry	Professional Services Local Government
Nursing Aides & Orderlies	Office Clerks	Management	Firefighters		
Retail Sales	Teacher Assistants	Bank Tellers	Para-professionals		
Maintenance	Childcare Workers	Security Guards	Administrative Assistants		

Projected Major Area Employers