

LOUISIANA RECOVERY AUTHORITY

Board of Directors Meeting

Louisiana State Capitol
House Committee Room 1
Baton Rouge, LA
Tuesday, November 18, 2008

DRAFT MINUTES

I. CALL TO ORDER

Mr. Walter Leger, vice-chairman of the Louisiana Recovery Authority (LRA), called the meeting to order at 9:18 a.m. at the Louisiana State Capitol in House Committee Room 1 in Baton Rouge, Louisiana. *(Note: Notices to the public and news media of the time and place of the meeting were given in compliance with the Louisiana Open Meetings Law.)*

II. PRAYER

A moment of silence was observed.

III. PLEDGE OF ALLEGIANCE

Representative Karen Carter-Peterson led the Pledge of Allegiance.

IV. ROLL CALL

Ms. Fay Ayers called the role.

Board Members Present:

Rep. Karen Carter-Peterson
Mr. Jas Gill
Mr. Ray Lasseigne
Ms. Pat LeBlanc
Mr. Walter Leger, Jr.
Mr. Roy O. Martin, III
Mr. Sean Reilly
Mr. John E. Smith
Senator Reggie Dupre, designee for Senator Joel Chaisson, II
Representative Franklin Foil, designee for Representative Jim Tucker
Senator Edwin Murray, designee for Senator Sharon Weston Broome

Board Members Absent:

Mr. Rene Cross
Mr. Andy Guinn
Mr. Tom Henning
Mr. Chet Morrison
Mr. David Voelker, Chairman

Staff Members Present:

Ms. Fay Ayers
Ms. Lynn Bankston
Mr. Dave Bowman
Mr. JC Ceaser
Ms. Lindsey deBlieux
Ms. JoAnn Early

Ms. Robin Keegan
Mr. Ty Larkins
Mr. Darin Mann
Ms. Kristen Parnell
Mr. Paul Rainwater
Ms. Marisa Robertson

Ms. Alexandra Evans
Ms. Amanda Guma
Ms. Sandra Gunner
Ms. Dana Henry Pitts
Ms. Kim Jupiter

Ms. Christina Stephens
Mr. Eric D. Shaw
Mr. Kris Van Orsdel
Ms. Alesia Wilkins-Braxton
Mr. Carl Williams

V. READING & APPROVAL OF THE MINUTES OF THE PRECEEDING MEETING

Mr. Ray Lasseigne offered a motion to approve the minutes of the October 15, 2008, LRA Board meeting. There being no comments or corrections, upon motion duly made and seconded by Mr. Jas Gill, the following resolution was unanimously adopted:

Approval of the Minutes and Ratification of Actions Taken at the October 15, 2008, Meeting of the LRA Board.

RESOLVED, that the minutes of the meeting of the LRA Board held on October 15, 2008, as presented at this meeting, are hereby approved and all actions taken by the Board presented at such meeting, as set forth in such minutes, are hereby in all respects approved as actions of the LRA Board.

Voting: Carter-Peterson, Dupre, Foil, Gill, Lasseigne, LeBlanc, Leger, Martin, Murray and Reilly.

VI. EXECUTIVE REPORTS

Chairman of the Board Report

Mr. Walter Leger stated that it had been three years since the Louisiana Recovery Authority was formed. He spoke of his experiences during and after Hurricane Katrina. Initially, there seemed to be no apparent damage in New Orleans, but things are still tough. Parts of New Orleans are completely gone and only slabs remain. There are cranes in the sky, though, and buildings are going up, including some public facilities. In Bayou St. John, every house has been renovated. We had just turned the corner from Hurricanes Katrina and Rita when we were hit with Hurricanes Gustav and Ike, and the Governor has tasked the LRA with assisting in this recovery.

Executive Director's Report

Mr. Paul Rainwater, Executive Director of the LRA, explained that the Board would receive for approval an action plan for recovery from Hurricanes Gustav and Ike. The action plan will then go to the U.S. Department of Housing and Urban Development (HUD) for determination of the anticipated areas of funding. LRA staff and congressional staffers are working with HUD regarding the distribution of the funding to the affected states. He stated that he would be going to Washington, D.C. on November 19, 2008, for meetings on the recovery funding.

Mr. Rainwater noted that Louisiana estimates that it could get up to \$1.5 billion of federal Community Development Block Grant (CDBG) funding. The funds will be allocated directly to the impacted parishes based on housing and infrastructure damages. The parishes will select from a menu of options for spending the funds that include housing, infrastructure, agriculture and fisheries recovery, and economic development.

There is still concern that there will not be enough capacity to meet all our needs. There have been 433,902 individual assistance (IA) applications in 53 declared parishes for assistance from Hurricane Gustav; there have been 47,938 IA applications in 20 declared parishes for assistance from Hurricane Ike.

New floodplain maps are being used by the Federal Emergency Management Agency (FEMA) in determining placement of temporary housing. Many of these floodplain maps have not been approved by the parishes. FEMA has declared most of Cameron Parish as being in a floodplain and ineligible for temporary housing; however, the residents of Cameron Parish will fight to overturn this as they want to rebuild and need to be located within the parish to accomplish the rebuilding. Cameron Parish has not yet had the opportunity to appeal the floodplain maps.

There were 8,059 houses that suffered damages in excess of \$10,000 from the two most recent hurricanes. The discrepancies and needs assessments are being worked on, and several letters have been sent to FEMA with regard to solutions. There is a National Housing Disaster Strategy that is driving creative housing solutions. We are awaiting responses to our letters. There have been 17 Public Assistance (PA) briefings held throughout the state in partnership with the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). About half of the PA projects for Hurricane Katrina have been completed, with \$6.7 billion obligated. As of November 14, 2008, the Express Pay program has processed 2,566 applications, with an average turn around time of eight days for payment. This program is reviewed weekly to ensure that we remain on target. The appeal process with ICF was changed, which resulted in 12,000 resolutions out of 14,000 appeals filed. The appeal process with the state is taking between 85 and 95 days. Additional personnel were hired and quotas were set for both appeal processes. Additional staff has also been hired for the Hazard Mitigation Grant Program (HMGP), which was delayed some due to ethical conflicts.

Mr. Sean Reilly commented that we need to look at community mitigation measures. Individual mitigation measures (IMM) are a slow and painful process.

Mr. Rainwater said the process has been streamlined and we are closing the gap on elevation costs. The Governor wants funding going to the most impacted parishes.

Senator Reggie Dupre noted that he gets daily calls regarding the status of IMM grants. He asked the timeframe for Gustav/Ike mitigation and asked if HMGP and CDBG funds could be combined.

Mr. Rainwater explained that those are two completely different sets of funds and they come in two forms. HMGP funds are the most difficult to spend. The traditional HMGP program can take between three and four years to complete due to its bureaucratic process. Common

sense things that you think would be covered by HMGP are deemed ineligible, such as building projects that are already in design; however, we continue to “push back”.

Senator Dupre asked if a drainage canal would be considered an eligible use of HMGP funds.

Mr. Rainwater responded that a drainage canal would be eligible if it had not been designed or presented previously. There have been over 50 visits to Louisiana from HUD, the Inspector General, auditors and monitors. Our intent is to get the funding out to the citizens as soon as possible, but the program requirements are very burdensome. We are still working on streamlining the process and no one wants to have to pay back funds. We cannot use HMGP funds with federal dollars, and we cannot use CDBG funds as matching funds. He will ask FEMA to reconsider some of their policies during his visit later in the week.

Mr. Rainwater addressed the HMGP elevations. He pointed out that Jefferson Parish is the most aggressive in using these funds. The Louisiana Land Trust (LLT) continues to work with the parishes on property transfers and demolitions. The *Times-Picayune* ran an editorial in today’s paper that agrees that marine debris removal should be considered as one event for both Hurricanes Gustav and Ike.

The Alternative Housing Pilot Program (AHPP) is slowly moving forward. The approval process was reworked and the Cypress Group was sent to apply for 100 permits for Louisiana Cottages. A city councilperson became alarmed and put a hold on the entire permitting process, which delayed the project. The Jackson Barracks site preparation is set to begin in December, 2008, and is scheduled to be completed by September, 2009. This project has been fraught with problems; however, we will not lose any of the \$74 million allocated for this project.

Mr. Rainwater noted that he would be meeting with congressional staff while in Washington, D.C. to discuss the 100% cost share, Charity Hospital, FEMA funding and agricultural losses. We feel there is not enough funding for Louisiana.

Senator Dupre asked if non-federal levees were eligible for CDBG funds.

Mr. Rainwater replied that the non-federal levees are eligible for CDBG funds.

Senator Dupre asked about food stamps for Lafourche Parish. Apparently Terrebonne Parish was approved for food stamps, but people in Lafourche Parish were not. Both parishes share a long boundary, and in some cases, a person in Terrebonne Parish received food stamps, while a person across the street in Lafourche Parish did not. He suggested using zip codes in the future when looking at food stamp eligibility.

Representative Karen Carter-Peterson asked why we changed the approach to funding distribution through the parishes for Hurricanes Gustav and Ike.

Mr. Rainwater explained that the parishes can better determine their needs and they can react quicker than state government.

Representative Carter-Peterson asked if it was too late to change to the parish approach for Hurricanes Katrina and Rita. It’s as if we’ve set up a bureaucracy.

Mr. Rainwater said it was too late to change the process for the Road Home program; however, CDBG funds are locally driven and we are trying to streamline the process. We need to trust local government.

Representative Carter-Peterson asked if we could just transfer the funds to the parishes.

Mr. Rainwater pointed out that this is a reimbursement process. The state is the fund manager and we have to ensure that certain requirements are met, so we cannot transfer the funds. Some of the larger parishes are more prepared for this, but the smaller parishes will have to send to the state a plan as to how they will spend the money.

Representative Carter-Peterson asked the difference between the process for Katrina-Rita and Gustav-Ike.

Mr. Rainwater commented that the biggest difference is that the parishes will not have to go through the Long-Term Community Planning process. The parishes will be required to submit a plan to the state that focuses on how they will spend their funds. Part of the problem with the Katrina/Rita recovery has been how Congress allocated the funding.

Representative Carter-Peterson asked if the parishes will be able to hire their own contractors.

Mr. Rainwater said the parishes will be able to hire their own contractors. We are working with the parishes to get rid of “layering” so the process should move more smoothly.

Mr. Walter Leger noted that the parishes will make the final decision on how the funding is spent. The parish will set up their own housing programs, and each parish will be different. A parish may decide not to fund housing, but only infrastructure.

Representative Carter-Peterson informed the members that the decision was made after Hurricanes Katrina and Rita to spend 75% of the funding on infrastructure when 50% of the housing had been destroyed. When the citizens could not get back into their homes, they came to their legislators for assistance.

Mr. Rainwater indicated that there would be a state-run small rental program.

Representative Carter-Peterson asked how we could change the failed policies and the process for Hurricanes Katrina and Rita.

Mr. Rainwater reiterated that HUD said that we cannot change the process now.

Mr. Leger commented that the parishes kept saying they could do a better job, so we need to give them a chance. There was some flexibility with funding received after Hurricanes Katrina and Rita. St. Bernard Parish chose to spend \$46 million to repair their sewer system, while Orleans Parish chose to spend none on their sewers.

Representative Carter-Peterson said the state needs to have oversight.

Mr. Leger interjected that the state will have to repay funds if they are not spent correctly.

Mr. Jas Gill said we need to rebuild infrastructure to prevent future damage. He asked if building codes had been provided in order to guide the process and provide consistency.

Mr. Rainwater noted that certain building codes had been adopted. He said some typical construction codes were developed for police and fire stations. He worked with consultant James Lee Witt to develop a wind code. There were many examples of structures that survived Hurricanes Gustav and Ike because they were built to the new building codes.

Mr. Gill commented that his concerns include unknowns, such as floodplains and storm surge. He just wanted to be sure that communities rebuild consistently.

Mr. Rainwater assured Mr. Gill that communities have to build to certain standards.

Senator Ed Murray asked who he should call regarding appeals since there are two appeal processes.

Mr. Rainwater suggested that Senator Murray either call him or one of our attorneys and we can find out where the applicant is in the process within an hour.

Senator Murray asked who he should call about elevation grants. People have not heard anything about where their applications are in this process.

Mr. Rainwater said we would provide an ICF contact that can provide Senator Murray with closing information.

Mr. Walter Leger informed the members that he had received several letters complimenting staff. Typically, he hears the loudest from those with problems, but he wanted to complement Mr. Dan Rees, LRA Executive Counsel. Federal Judge Magistrate Joseph C. "Jay" Wilkinson, Jr., from the U.S. District Court, Eastern District of Louisiana, tried to nominate Mr. Rees for an award for the fantastic job he is doing with working litigation through the process.

Mr. Rainwater added that Mr. Rees also assisted in insurance settlements, and has cleared out thousands of cases in litigation.

VII. UPDATES/PRESENTATIONS

Mr. Walter Leger introduced Ms. Charlotte Randolph, Lafourche Parish President. He commented that they visited the Netherlands together after Hurricane Katrina to look at their levee systems. Ms. Randolph foresaw that the next storm was coming, and tried to prepare for that day. Unfortunately, that storm came but we were still not prepared.

Lafourche Parish Update

Ms. Charlotte Randolph, Lafourche Parish President, informed the members that she learned a lot from her visit to the Netherlands. She recently sent a letter to the LRA requesting assistance for a study for a 100-year storm. She said the floodplain guidelines are a concern and contrary to published reports, they are trying to quantify the standards and not lower them. The FEMA floodplain maps will govern their lives for the next 100 years, and they do not even recognize the Lafourche levee system. She noted that the Lafourche levee is the only levee that has not been overtopped in the past five storms.

Lafourche Parish contributes to the state economy and they need an adequate levee system to maintain oil and gas interests. The levee system is very important to their protection, but FEMA and the Corps of Engineers do not recognize their levees. One Corp official gave a line of demarcation as Interstate 10, and commented that it would be cheaper to relocate the citizens of Lafourche Parish than to protect them. The Morganza-to-the-Gulf project is being eliminated and she wonders if this is intentional. The cost-to-benefit analysis needs to be addressed when the standards are being set. She questions the data used in the floodplain maps, and feels an independent study on the 100-year storm is necessary. She said Lafourche Parish is not immune to the ills of the national economy; however, they are somewhat protected because of industry. Their very basic levee system protected their citizens, and an independent study will show the correct data. Some research has already been done on the 100-year storm, so we would not be starting from square one.

Senator Reggie Dupre agreed with Ms. Randolph, but suggested we call the requested report an analysis rather than a study. A tidal surge analysis also needs to be included. He said he knows what actions can be effective through the Coastal Protection and Restoration Authority (CPRA). The media only keeps score when you are losing, and now the only system in South Louisiana that has succeeded in the past 25 years is going to be decertified. They pay the highest sales tax rate in Louisiana because it is a matter of survival. The tax revenue is used to raise their levee to the 100-year flood stage without any federal assistance.

Senator Dupre expressed his full support of the request for the 100-year storm independent analysis. Lafourche Parish is the top growth economic area in the nation and we need to protect their protection. If not for the South Lafourche levee system, Port Fourchon would never had been built, and ships would have to go to Galveston, Texas or Biloxi, Mississippi, and we would not be the top in the nation. It is vitally important that something be done.

Mr. Walter Leger asked specifically what could be done.

Ms. Randolph requested the assignment of the 100-year storm and its effect, similar to what was recently done by Cameron Parish. That study determined that storm surge does not act as predicted.

Mr. Leger asked if the CPRA was instituting this type of analysis.

Mr. Windall Curole, a member of the CPRA and a resident of Lafourche Parish, testified that computer models are just blunt instruments. He said bureaucrats should not be making the decisions. He asked if the LRA has funds for this analysis.

Mr. Roy Martin asked if the Corps of Engineers or FEMA would even take the analysis into consideration.

Ms. Randolph asked that the analysis be conducted in conjunction with the Corps of Engineers and FEMA so they will see the data first hand. She would like for all parties to work together.

Mr. Curole commented that Cameron Parish did a study in the 1980s that showed that it would flood; however, it did not. Two different studies showed two different results.

Mr. Sean Reilly directed the LRA staff to prepare a recommendation on whether or not this analysis would be an appropriate use of funds in order to challenge the Corps methodology.

Mr. Rainwater pointed out that the LRA is currently working with the CPRA and Mr. Garrett Graves on this issue. People live in Lafourche Parish because that is where they work, but FEMA and the Corps are trying to make it impossible for anyone to live on the coast. The LRA will come back next month with a recommendation on how to proceed.

Mr. Jas Gill expressed his support of the analysis.

Mr. Randolph thanked the members for their cooperation.

Department of Health and Hospitals

Mr. Alan Levine, Secretary, Louisiana Department of Health and Hospitals (DHH), said he would like to share some of the things that will assist in the recovery. Hospitals in New Orleans and on the North Shore were hit hard and suffered huge losses. He has been trying to get funding at the congressional level; however, no funds were appropriated last year. A package that just passed Congress after Hurricanes Gustav and Ike includes Social Service Block Grant (SSBG) funds that have to be shared between five states.

There is ongoing concern with Charity Hospital and DHH is continuing to work with FEMA and the administration. He is trying to get FEMA to increase its funding and will be going to Congress to ask for additional funds. The state is owed \$492 million and we need this money for any health plan to work in Louisiana. In 1995, only one of six states saw a decrease in medical residents. Doctors are aging and we need to attract more doctors to Louisiana, but we have to invest in order to compete on a national scale. We do not want to continue to do the same thing. We want to become a destination training medical center and compete with major universities outside of the state.

Louisiana has a primary care grant program of \$100 million that will expire in one year. DHH just announced a major proposal to transform our medical system for charity and we need to use funds to invest in community clinics. There will be no funds next year when the grants expire.

Senator Ed Murray noted that the Veterans Administration was poised to make an announcement with regard to a new teaching facility to be located in New Orleans. He

suggested that other institutions such as Delgado and Dillard have a seat at the table when discussing the new teaching facility. He met with the Chief Executive Officers (CEOs) of some of South Louisiana hospitals, who expressed concern over the newly proposed medical system because there is not enough information. He asked Secretary Levine to include the CEOs in future discussions, especially when their organizations will be impacted by the decisions.

Mr. Levine pointed out that the concept paper was just released on November 14, 2008. He is just starting to meet with CEOs and will continue to meet with others prior to the next legislative session.

Mr. Sean Reilly commented that we had sent aside \$300 million in CDBG funds for the hospital; however, that funding went into the Road Home program to meet the shortfall. Now we may have a possible surplus, and we are looking into spending this surplus on other projects. This will be discussed later in the meeting, but he suggested that Secretary Levine watch to see if that resolution passes.

Senator Murray asked if the teaching hospital plans include nonprofits.

Mr. Levine explained that the details of the Memorandum of Understanding (MOU) with Tulane and LSU were not included in the plans. There is an 11-member board that supports the model, but the structure is open for discussion.

Senator Murray asked if the MOU included how the board seats are filled.

Mr. Levine said there are five non-LSU board members that must come from a background that is beneficial to a medical facility. They did not want to limit who could be a member of the board. There are no “at large” members, and the first board must be agreed upon by the Division of Administration and LSU since they will establish the bylaws. The purpose of the facility is clear – an academic medical facility.

Senator Murray requested a copy of the MOU and Mr. Levine agreed to provide this by the end of the day.

Mr. Walter Leger asked if downtown New Orleans was still being considered as the location for the medical facility.

Mr. Levine replied affirmatively.

Mr. Leger pointed out that the future of the medical center will be an economic engine to grow New Orleans. He said it is difficult to get LSU and Tulane to agree sometimes; however, the creation of the Louisiana Research Consortium has helped in this regard.

Mr. Levine acknowledged that he would feel differently if this was just bricks and mortar, but the future of health care and the rate of scientific advancement makes this a huge task. We have to think of this hospital as a competitive entity nationally. The facility will have 364 beds with an additional 60 beds dedicated to mental health care. There will be minimal impact to existing hospitals, but we need to attract business from outside of the state.

Mr. Jas Gill stated that he is completely behind education facilities for residencies. His son did a five-year residency at Charity Hospital in New Orleans, but the facility was in disrepair. He asked if the business model was going to provide for medical residencies.

Mr. Levine agreed that you cannot run a hospital the way Charity was previously run and expect to be competitive. We need to have a cutting edge facility. We need to allow the hospital to keep its depreciation and to borrow from the bond market without having to come to the state. Historically, administrations want to build infrastructure, not perform maintenance and repairs. He gave the example of Earl K. Long Hospital and Woman's Hospital in Baton Rouge, Louisiana, which were built in the same year.

Mr. Roy Martin asked Mr. Levine to compare LSU-Shreveport with New Orleans.

Mr. Levine said LSU-Shreveport went a step further than New Orleans. LSU-Shreveport still depends on the state government for some funding, and he would entertain this model.

Mr. Martin asked if LSU-Shreveport was not allowed to re-invest in itself.

Mr. Levine commented that he would prefer to unleash the possibilities and the entrepreneurial spirit. We need to think outside of Louisiana and how we presently train those in the medical field.

Mr. Leger asked about the distribution of funds between the states.

Mr. Levine said the methodology was being developed, but Texas, Iowa, Louisiana and two other states are vying for funds. Once we know the specific allocation, it may transfer into a higher methodology for Louisiana.

Mr. Leger suggested that metropolitan hospitals would be hoping for the Louisiana portion.

Mr. Levine said a collaborative process would be used to determine where the funding is allocated. We have to think of other areas besides New Orleans.

Mr. Leger asked if other social services were included.

Mr. Levine explained that the Louisiana Department of Social Services (DSS) had some foster care programs and that some mental health programs had been initiated, but is not much funding.

Mr. Rainwater stated that we are working with both DHH and DSS, and the state has committed to Charity Hospital in New Orleans. He is meeting with the Veterans Administration staff and they expect to make an announcement on November 21, 2008.

Mr. Leger mentioned that he would like an education on SSBG funding and its restrictions.

Mr. Rainwater agreed.

VIII. ACTION ITEMS

St. Tammany Parish Property Disposition Plan Resolution

Mr. Kevin Davis, St. Tammany Parish President, and Mr. Sidney Fontenot, Director of Planning for St. Tammany Parish, presented the St. Tammany Parish property disposition resolution.

Mr. Davis noted that the plan included the Lot Next Door program, workforce housing, private redevelopment, and specific requirements and restrictions for rebuilt structures.

Mr. Sean Reilly offered a motion to give final approval to the resolution for the St. Tammany Parish Property Disposition Plan. The motion was seconded by Mr. John Smith.

Final Approval of the St. Tammany Parish Property Disposition Plan Resolution.

RESOLVED, that the Board hereby accepts and approves the St. Tammany Parish Property Disposition Plan resolution.

Voting: Dupre, Foil, Gill, Lasseigne, LeBlanc, Leger, Martin, Murray, Reilly, and Smith.

Extension of Deadline for Homeowners Who Sold Their Homes Resolution

Ms. Robin Keegan presented the resolution for the approval of Action Plan Amendment No. 31, which grants eligibility to the Road Home program to homeowners who sold their homes prior to August 29, 2007. She said the extension would apply to those who sold their homes at a loss. Many homeowners were forced to sell due to finances and the slowness of the Road Home program. Eligible homeowners must have applied to the Road Home program. Approximately 700 homeowners will benefit from this extension.

Mr. Walter Leger mentioned that some groups had requested that the Road Home program be reopened so some of these homeowners could re-apply, but Congress would not allow this.

Mr. Sean Reilly offered a motion to give final approval to the resolution to approve Action Plan Amendment No. 31 which grants eligibility to the Road Home program to homeowners who sold their homes prior to August 29, 2007. The motion was seconded by Mr. John Smith.

Final Approval of the Resolution to Approve Action Plan Amendment No. 31 Which Grants Eligibility to the Road Home Program to Homeowners Who Sold Their Homes Prior to August 29, 2007.

RESOLVED, that the Board hereby accepts and approves the resolution to approve Action Plan Amendment No. 31 which grants eligibility to the Road Home program to homeowners who sold their homes prior to August 29, 2007.

Voting: Carter-Peterson, Dupre, Foil, Gill, Lasseigne, LeBlanc, Leger, Martin, Murray, Reilly, and Smith.

Preliminary Approval of Hurricanes Gustav and Ike Action Plan Resolution

Ms. Robin Keegan presented the resolution for preliminary approval of the Action Plan to create disaster recovery programs designed to assist the state in recovering from damages and losses caused by Hurricanes Gustav and Ike and to authorize staff of the LRA and the Office of Community Development (OCD) to publish the Action Plan for public comment and to submit the Action Plan to the Board at the December, 2008 Board Meeting for final approval.

Ms. Keegan explained that one-third of the allocation is expected from FEMA by November 28, 2008, with an expected total allocation of \$6.1 billion which will be used for businesses and residents. None of the funds may be used as matching funds, as we did with funds that were allocated for recovery from Hurricanes Katrina and Rita. The goal is to push the resources to the parishes, and eligible activities are being developed for review by HUD. We want to incentivize homeowners to return and rebuild.

Some programs will be developed at the state level for hurricane protection and coastal restoration. There is a 10% requirement for small rental, but parishes can also use some of their funds for additional housing programs. Other areas in need of assistance are farms, fisheries and small businesses. The parishes will determine how the majority of their funding will be spent. There will not be a long-term recovery process, but plan approval by local bodies is a HUD requirement.

Mr. Sean Reilly remarked that we previously wrote the action plan for long-term rebuilding. Now, the parishes will write the action plans and submit them to the Board.

Ms. Keegan said the goal is to be broad in order to get HUD approval. The parish plans will not go to HUD, but the plans will go through the grant application process to receive funding.

Senator Reggie Dupre noted the three year restriction on selling homes under the Road Home program. He asked if rules were being developed and whether legislation would be needed.

Mr. Paul Rainwater explained that we are looking at each circumstance.

Senator Dupre inquired about the percentage of damage for subsequent events.

Mr. Rainwater stated that it is a fluid process. We may need to do something broader, but we are taking it case-by-case for now.

Mr. Walter Leger asked if we would know our total allocation on November 28, 2008, since we would be receiving one-third of the funding then.

Ms. Keegan explained that we will know the total by then as HUD will be making two funding allocations, but this will apply to all 2008 disasters, and the 2nd allocation percentage may change some.

Mr. Leger commented that there had been wild fires in California and flooding in the Midwest. He said he was trying to envision how the parishes would develop their plans.

Ms. Keegan said they will most likely use incentive programs.

Mr. Leger observed that some parishes may use a compensation program while others use incentive programs, but whichever program is used must comply with CDBG regulations.

Ms. Keegan mentioned that staff will provide templates for the parishes to use so we can speed the allocation of their funding, and some parishes may decide to hire a grants manager.

Mr. Rainwater explained that several parishes already have CDBG grants managers on staff.

Ms. Keegan pointed out that today's approval is only preliminary. The plan now goes to public comment before final approval by the Board in December, 2008. We will use the same allocation formula that is used by HUD.

Mr. Leger asked if we were required to use the HUD formula.

Ms. Keegan said she would verify that. She will have a conversation with the Board members before the final approval.

Mr. Sean Reilly stated that whether we were treated fairly by HUD should be included in the conversations with the Board members.

Ms. Keegan noted that 34 states will share the funding.

Ms. Annie Clark, representing PolicyLink, said she likes the parish concept; however, they have little to no experience in running housing programs. She would like the Board to ensure the parishes receive fair treatment for housing, and that there is fair and equal treatment between the parishes. She explained that Biloxi, Mississippi moved all its housing funding to a new port project, and she wants the parishes to be held accountable. Most of the damage was done to housing and she recommended that 70% of the funding be allocated to housing.

Representative Karen Carter-Peterson reiterated that some funding will remain at the state level; however, she suggested we include a minimum threshold for each parish for housing.

Mr. Leger said he would like to see the local governments make the decisions, while we safeguard the process.

Mr. Rainwater assured the members that safeguards are in place and that the LRA would provide monthly updates to the Board.

Mr. Sean Reilly offered a motion to provide preliminary approval of the Action Plan to create disaster recovery programs designed to assist the state in recovering from damages and losses caused by Hurricanes Gustav and Ike and to authorize staff of the LRA and the Office of Community Development to publish the Action Plan for public comment and to submit the

Action Plan to the Board at the December, 2008 Board Meeting for final approval. The motion was seconded by Mr. Roy Martin.

Preliminary Approval of the Action Plan to Create Disaster Recovery Programs Designed to Assist the State in Recovering from Damages and Losses Caused by Hurricanes Gustav and Ike and to Authorize Staff to Publish the Action Plan for Public Comment and to Submit the Action Plan to the Board at the December, 2008 Board Meeting for Final Approval.

RESOLVED, that the Board provides preliminary approval of the Action Plan to create disaster recovery programs designed to assist the state in recovering from damages and losses caused by Hurricanes Gustav and Ike and to authorize staff to publish the Action Plan for public comment and to submit the Action Plan to the Board at the December, 2008 Board Meeting for final approval.

Voting: Carter-Peterson, Foil, Gill, Lasseigne, LeBlanc, Leger, Martin, Murray, Reilly, and Smith.

Monthly Budget Presentation

Mr. Paul Rainwater said we had asked HUD for an Action Plan Amendment to eliminate the \$150,000 cap on the Road Home program. We are not sure how much will be spent on elevations, but \$650 million has been drawn down in individual mitigation funds. It is not known how much LLT will spend on demolitions and slab removals, but it could range between \$300 and \$450 million. Adjustments are being made to the Small Rental program, but there could be between \$300 and \$500 million in unallocated funds. We do not want to return these funds to the Treasury because we want homeowners to have this funding.

Mr. Sean Reilly asked if these are just Road Home figures.

Mr. Rainwater explained that the figures encompass all recovery programs. If we are allowed some flexibility by Congress, then we may be able to help Charity Hospital, the New Orleans Sewerage and Water Board and others in need.

Senator Ed Murray asked for a breakdown of the numbers by parish. He asked about the \$19 million remaining in Infrastructure program for Entergy and whether it will be used.

Ms. Robin Keegan explained that we are in the process of ensuring that the funds were spent in accordance with CDBG regulations, but Entergy will get the remaining \$19 million.

Representative Karen Carter-Peterson commented that several programs were very successful, such as fisheries, Entergy, tourism and code enforcement. However, there are still balances available for homelessness and workforce training. She asked if there were pending items for these programs that will draw down the funds.

Ms. Keegan offered to provide more details by program. She used the Piggyback program as an example where the funds are tied to projects that are in the works but have yet to tap any of the funding. The timeline for that program is also longer than the others.

Mr. Rainwater explained that there is a post-closing process and we are ensuring proper compensation where people were underpaid. Fortunately, we have not had to recapture any funds so far, but we are working on this process also. The Small Rental program is being revamped and more details will be available next month. We are trying to get the funds to the street.

Mr. John Smith asked whether the redistribution of funds would come before the Board if Congress should approve the funding reallocation.

Mr. Rainwater replied affirmatively.

Mr. Jas Gill inquired as to the barriers in getting the funds out assertively in the infrastructure programs.

Ms. Keegan pointed out that CDBG funds have many rules, regulations and restrictions. It is a challenge to ensure compliance, but we are working to make sure the regulations meet what is needed on the ground. The program was slow to start and remains slow.

Mr. Walter Leger asked about the balance in Long-Term Community Planning and if the parish plans had all been approved.

Ms. Keegan stated that the City of New Orleans had applications in and had issued some contracts, so we are looking forward to getting them reimbursed.

Mr. Leger asked if anyone had spent all their funds.

Mr. Rainwater said some projects had been completed but the entity had yet to apply for reimbursement.

Ms. Keegan noted that we work with the parishes on a daily basis. We work to expedite the process, but we cannot sign the contracts. We also work on regulatory hurdles and provide assistance how ever we can.

Mr. Leger asked about the remaining funds that have not been allocated by HUD and if these funds could be used for other purposes.

Ms. Keegan replied that we could use the funds for other purposes if approved by Congress.

Representative Karen Carter-Peterson asked about \$24 million for a biomedical district opportunity.

Ms. Keegan remarked that \$28 million had gone to universities with scientific research curriculums. All that funding has been obligated.

Representative Carter-Peterson said the balances reflect that the funds have not been used and that we are not meeting the expectations.

Mr. Leger explained that all the monies are designated for specific uses; however, the funds have not yet been spent.

Mr. Reilly pointed out that banks are not making many loans, and most of the programs are reimbursement programs.

Ms. Keegan noted that we are trying to move some funding to the front end of the programs.

Mr. Reilly offered a motion to approve a resolution to petition Congress for reallocation of the appropriations to cover other obligations. The motion was seconded by Ms. Pat LeBlanc

Final Approval of the Resolution to Petition Congress for Reallocation of the Appropriations to Cover Other Obligations.

RESOLVED, that the Board hereby accepts and approves the resolution to petition Congress for reallocation of the appropriations to cover other obligations.

Voting: Carter-Peterson, Dupre, Gill, Lasseigne, LeBlanc, Leger, Martin, Murray, Reilly, and Smith.

IX. UNFINISHED BUSINESS

There was no unfinished business.

X. PUBLIC COMMENT

Ms. Marcia St. Martin, Executive Director, New Orleans Sewerage and Water Board, read a resolution into the record requesting that CDBG funds be used to address the critical needs of the New Orleans Sewerage and Water Board for improvements to its power plant, water treatment facilities and water distribution system.

XI. NEW BUSINESS

There was no new business.

XII. ANNOUNCEMENTS

There were no announcements.

XIII. ADJOURNMENT

The meeting was adjourned at 12:25 p.m.

Respectfully submitted,

Paul Rainwater
Executive Director

/fa

Date approved: _____