

**LOUISIANA RECOVERY AUTHORITY**  
**Board of Directors Meeting**  
State Capitol - House Committee Room 1  
Tuesday, April 10, 2007

**DRAFT MINUTES**

**I. CALL TO ORDER**

Dr. Norman Francis, chairman of the Louisiana Recovery Authority (LRA), called the meeting to order at 9:30 a.m. in House Committee Room 1 of the State Capitol 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**

Ms. Linda Johnson of the Louisiana Board of Elementary and Secondary Education (BESE), Plaquemine, Louisiana, led the board in prayer.

**III. PLEDGE OF ALLEGIANCE**

Dr. Francis led the Pledge of Allegiance.

**IV. ROLL CALL**

Ms. Fay Ayers called the role. The presence of a quorum was noted.

**Board Members Present:**

Dr. Norman Francis, Chairman  
Senator Diana Bajoie  
Mr. Boysie Bollinger  
Ms. Kim Boyle  
Mr. John Brewster  
Mr. Tim Coulon  
Mr. Rene Cross  
Ms. Donna Fraiche  
Mr. Tom Henning  
Senator Don Hines  
Ms. Sibal Holt  
Ms. Linda Johnson  
Mr. John T. Landry  
Mr. Walter Leger  
Dr. Calvin Mackie  
Mr. Sean Reilly  
Mr. David Richard  
Mr. Virgil Robinson  
Representative Joe Salter  
Mr. John E. Smith  
Mr. David Voelker

**Board Members Absent:**

Mr. Walter Isaacson, Vice Chairman  
Rev. Harry Blake  
Ms. Donna Brazile  
Mr. James Davison  
Representative Yvonne Dorsey  
Dr. Alex Johnson  
Ms. Mary Matalin  
Mr. Chet Morrison  
Mr. Dennis Stine  
Mr. Matt Stuller  
Ms. Susan Taylor  
Mr. Mike Woods

**Staff Members Present:**

Mr. Andy Kopplin, Executive Director  
Ms. Fay Ayers  
Ms. Lynn Bankston  
Mr. Dave Bowman  
Mr. Miles Bruder  
Ms. JoAnn Early  
Mr. Ramsey Green  
Ms. Ann Guissing  
Ms. Sandra Gunner  
Mr. Jeff Hebert  
Ms. Catherine Heitman  
Ms. Desirée Honoré

Mr. Wil Jacobs  
Ms. Kim Jupiter  
Ms. Robin Keegan  
Ms. Melissa Landry  
Mr. Ty Larkins  
Ms. Kristen Parnell  
Ms. Christina Stephens  
Mr. Kris Van Orsdel  
Ms. Alesia Wilkins-Braxton  
Mr. Carl Williams  
Ms. Natalie Wyeth

Dr. Francis said new members had been appointed to the Board of Directors, and he welcomed Mr. John Brewster, Executive Vice President Development Engineering of NRG Entergy, Inc., Baton Rouge, Louisiana. Also appointed but not in attendance are Dr. Alex Johnson, Chancellor of Delgado Community College, New Orleans, Louisiana, and Mr. Dennis Stine of Stine Lumber, Sulphur, Louisiana.

**V. READING AND APPROVAL OF THE MINUTES OF THE PRECEDING MEETING**

The Chairman called for a motion to approve the minutes of the March 14, 2007, LRA Board meeting. Ms. Johnson stated that she would like the minutes to reflect that she introduced Mr. Paul Pastorek. Ms. Sibal Holt noted that Ms. Laura Leech should be removed from the list of Board members. Mr. John E. Smith stated that the minutes should reflect that he was present for the March 14, 2007 Board meeting. There being no additional comments or corrections, upon motion duly made and seconded, the following resolution was unanimously adopted:

**Approval of the minutes and ratification of actions taken at the March 14, 2007, meeting of the LRA Board.**

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**RESOLVED, that the minutes of the meeting of the LRA Board held on March 14, 2007, as presented to this meeting with corrections noted, 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: Bollinger, Boyle, Brewster, Cross, Fraiche, Francis, Henning, Hines, Holt, Linda Johnson, Landry, Leger, Mackie, Reilly, Richard, Robinson, Smith, and Voelker.*

## **VI. EXECUTIVE REPORTS**

### **Chairman of the Board Report**

Dr. Francis stated that the governor had announced that even though she would not be running for reelection she would continue to work on recovery efforts. He pointed out that the governor is still our leader and that we have pledged our support and we still have much to do, with the most important efforts still before us. He said that we must focus on the job ahead and that we will continue to support any leader of our state. Presently, we are trying to secure additional federal funds and additional community development block grant (CDBG) funding allocations; annual appropriations; waiver of the 10% match; and launch the Louisiana Speaks regional plan. The number of respondents to the Louisiana Speaks initiative reaffirmed that people want change – they do not want to continue with the way things were but want to make improvements.

Dr. Francis commented that we must take this opportunity to improve the effect of delivery services; the rental program; the Federal Emergency Management Agency (FEMA) public assistance program, the hazard mitigation grant program (HMGP), and the small firm loan and grant program. Transparency is our mantra and we will provide accountability of our expenditures. Research is also an important part of our responsibility so we can rebuild safer and smarter.

The LRA Board members did not seek appointment, but agreed to serve because it is important to the state and we will continue our service to the state and to the residents. The LRA must remain because we cannot forget the people on the street. We made a case for levee funding to President Bush in October, 2006, with documented inequities in 2005 that resulted in an additional \$2.4 billion. The Washington, D.C. board members continue to call on congressional members and helped to secure \$11 billion in funding. The LRA has weighed in on the building code, health care reform, and insurance coverage, and support organizations have raised \$10 billion. We have been a rallying point for recovery during a period of uncertainty, and our voice continues today. Our work is not complete as there are still issues that must be addressed. He said he looked forward to continuing to serve Louisiana.

### **Executive Director's Report**

Mr. Andy Kopplin, Executive Director of the LRA, gave an overview of projects underway. He explained that LRA had hired Paragon to study a catastrophic fund for insurance in Louisiana for consideration in the 2006 Second Extraordinary Session held in December. This study shed light on the pros and cons of insurance.

There is a CDBG action plan now at the Department of Housing and Urban Development (HUD) awaiting approval. There is funding available upon review and approval by the legislature and the LRA Board. The Office of Facility Planning and Control will be submitting the plan to the board, and the plan will also go before the appropriate legislative committee for review and approval.

Mr. Kopplin stated that 14 of 15 parishes adopted the advisory base flood elevation (ABFE) figures. St. John the Baptist Parish did not adopt the figures as it would not be cost-effective.

Louisiana received \$26.4 billion for construction, but never before has there been so much damage. Mr. Kopplin commented that the waiver of the FEMA 10% match requirement is our number one priority, and if approved, the red tape would be cut in half. The Washington Post did an article on the amount of red tape and agreed that the match should be waived. It is anticipated that this issue will be resolved when the war funding legislation is resolved.

He pointed out that levees are an important issue. The hazard mitigation funding for the Road Home program and the extra \$4.2 million for ABFE hit some road bumps due to FEMA regulations with regard to specifically helping the elderly. The goal is to transfer this funding from FEMA to HUD to overcome this hurdle. This is not currently in the supplemental appropriation; however, Congressman Frank filed a bill to transfer the funding for the HMGP. Also, Governor Blanco sent a letter to congress urging the transfer. Chairman Powell is trying to resolve the red tape issue. The guidelines are incompatible or they need clarification with congressional language.

The LTCP will be presented later. We are pushing for a recovery plan to take into consideration comments from the Louisiana Speaks initiative on economic development, education, job training, and developmental patterns for housing. He pointed out that May 2, 2007, would be the big announcement for the Louisiana Speaks Regional Plan, which Ms. Donna Fraiche would be leading.

Mr. Kopplin agreed with Dr. Francis about transparency of the actions of the agency.

Mr. Kopplin presented the overall budget statistics. He discussed the timeline from full funding to the most recent series of changes to the program. There will be more discussion about this in Mr. Walter Leger's presentation for the Housing Committee. The HUD compensation program ensures grant funds are invested in rebuilding. HUD changed the guidelines and now lump sum payments will be issued. Homeowners will receive direct compensation wired to their banks. The challenge for LRA policy will be to ensure that people comply with their rebuilding commitment, while working towards neighborhood plans. Community plans are compelling to get people to reinvest in neighborhoods. Mr. Mike Spletto from OCD will present more on this later. Homeowners are still required to sign a covenant but the three-year occupancy is no longer a requirement under the new covenant. Monitoring is no longer possible due to lump sum disbursements. We need an accurate estimate from OCD/ICF as grant numbers are higher than anticipated; however, not all grantees will accept the elevation grants and not everyone will be eligible. It is important to get correct projections to ensure sufficient resources to cover all grants. It is also important to know if there are duplicate applications or more than one homeowner who applied.

Dr. Francis asked about the timeline for the entire program.

Mr. Kopplin responded that there is not enough data on closing to predict how long the program will continue. The real question is the projection for eligibility for those who did not show up for their appointments.

Mr. Kopplin stated that the rental program received \$440 million from the Louisiana Housing Finance Authority. The first round of the small rental housing program ended on March 15, 2007, and letters would go out to those who qualified by April 17, 2007. Economic development and the long term loan program recommendations will go before the Joint Legislative Committee on the Budget to transfer funding from the long term loan and grant program to the small firm loan and grant program. There were 3,500 applicants total with 30% of the applicants not meeting the thresholds, which will be addressed in the second round of funding. The statistics on distribution geographically and by sector show that 29% of the applicants come from the fishing industry, with a wide distribution of other applicants. We tried to reach as many different business sectors as possible with a wide distribution by parish. Businesses who qualify for the first round of funding will receive 50% of their award initially with the remaining 50% being awarded upon completion of required paperwork.

Mr. Kopplin pointed out that the budget includes \$775 million which has been set aside for the FEMA match. Should the match be waived this funding would be used for regional initiatives.

Mr. Tim Coulon asked for a chart for the next Board meeting that shows the distribution of funding by category.

Mr. Kopplin said there was \$830 million in funding categories C through G, with payouts increasing in construction especially, which is what FEMA is paying for now versus debris removal. This is a sign of progress. He talked about the comparisons between Mississippi and Louisiana with regard to the ratio of damage. FEMA has obligated \$4.8 billion to Louisiana but it will take years to rebuild. He commented that FEMA would have everyone believe there is money sitting in a bank for the state to use but this is not the case. Projects must be bid and awarded before any funds are received and we are not allowed to earn interest on federal funds.

Dr. Francis asked about the payout.

Mr. Kopplin explained there is \$2.2 billion with an additional \$2.6 billion available in Washington, D.C. for future phases of projects.

Mr. Virgil Robinson stated that local government was not saying this.

Mr. Kopplin said he had suggested giving the funding directly to local government; but the Governor's Office of Homeland Security and Emergency Preparedness (GOSHEP) does not pay until the work is completed. The LRA perspective is to give advances and respond to draw downs. He pointed out that local governments are frustrated with the pace of payment from GOSHEP.

Ms. Donna Fraiche referred to the \$4.8 billion obligation and asked if there are deadlines for parish applications and if there was any threat or risk of losing funding.

Mr. Kopplin said the payouts will occur over a decade and that there are parish deadlines which he will provide to Ms. Fraiche after the meeting. He added that there is no imminent threat that the deadlines would not be met.

Mr. Kopplin stated that some FEMA projects had been underestimated and cannot be started.

Mr. Walter Leger asked who underestimated the projects; Mr. Kopplin responded FEMA.

Ms. Linda Johnson asked about the escalating building costs.

Mr. Kopplin pointed out that no inflationary factors were included in the FEMA cost worksheets.

Mr. Tim Coulon said the misunderstanding by local governments is in the way that GOHSEP disburses the funds, which recently changed. He commented that we need to stay flexible within the confines of the FEMA regulations.

Mr. Kopplin pointed out that the LRA was working with GOHSEP to uncork the HMGP bottlenecks. He said the parishes had received letters requesting additional information and submissions.

Mr. Sean Reilly suggested having staff look at previous disasters to determine normal timelines for recovery.

Mr. Kopplin stated that \$2.2 billion is more than has ever been paid out through a state process and it dwarfs any other program. He added that Mississippi's program dwarfed any other, and Louisiana's program is larger than theirs. He said the LRA would do some research and comparisons on recovery timelines.

Mr. Reilly commented that some chancellors from the Louisiana Community and Technical College System had suggested we stop negotiating and just accept what funding we can get. He said he didn't know what to tell them since there is no point of reference in how long this process will take.

Mr. Kopplin said that some think this is part of FEMA's strategy, which would end up costing Louisiana. He encouraged people to continue to negotiate.

Ms. Linda Johnson asked about the workforce training funds.

Mr. Kopplin responded that the training funds are contracted and managed by the Louisiana Workforce Commission.

Mr. Leger said the St. Bernard Parish sewer system had been totally destroyed due to massive flooding as had the sewer system in Orleans Parish. Now FEMA is doing what some insurance companies are doing by not fully funding the replacement costs and the parishes must pay the difference. St. Bernard Parish hired a private debris removal consultant and were told they would be reimbursed only up to what the Corps of Engineers would have charged for the effort. It was discovered that the Corps of Engineers costs would have been higher so now the Corps are not disclosing their costs.

Mr. Kopplin commented that we need to work with the local governments and FEMA to get everyone working together to move forward.

Dr. Francis asked if St. Bernard Parish was one of the underestimated project worksheets.

Mr. Kopplin replied that he did not know, but he did know St. Bernard Parish had cost issues.

Mr. Boysie Bollinger stated that only \$38 million had been approved for workforce training, and reiterated the need for more funding for training workers.

Mr. Kopplin said the Louisiana Workforce Commission had been asked to evaluate their training programs and had suggested we investigate the possibility of additional funding rather than cutting training programs already underway.

Mr. Bollinger remarked that Louisiana will never recover without a trained workforce. This need has to be emphasized because it is as important as housing and infrastructure.

Mr. Virgil Robinson said there are still 30,000 applications in the process. He asked if this was the balance and if there was a process in place to ensure that all displaced people had been able to apply for the Road Home Program.

Mr. Tim Coulon asked about blighted conditions and what happens to purchased property.

Mr. Kopplin said the Road Home Corporation takes title of the properties for redevelopment agencies.

Mr. Coulon asked if this process was up and running, to which Mr. Kopplin responded affirmatively. He added that Mr. Walter Leger and Mr. David Voelker were board members of the Road Home Corporation.

Dr. Francis mentioned the resolution and need for an action plan for expenditure of the 10% FEMA match so we will be ready to act if the FEMA match requirement is waived.

Mr. Kopplin noted the process for resolutions and recommendations, which require preliminary approval, then legislative approval followed by formal and final approval of the Action Plan Amendment. Preliminary approval authorizes staff to initiate the public comment period. He said there would most likely be a regional initiative submitted by the Infrastructure Committee and that there would be many considerations before final approval. He added that HUD had asked for a 30-day versus a 10-day comment period.

Mr. Reilly referred to the Unified New Orleans Plan (UNOP) prepared by Dr. Blakely and the Office of Recovery Management that identified 17 investment zones in the planning process. He explained that his budget includes funding from this pool.

Mr. Kopplin commented that Orleans Parish would receive \$324 million under the current funding formula with \$74 million going to St. Bernard Parish. This assumes several actions which are yet to occur. He did not want to rush a decision by the Board but stated that the LRA is in agreement with the requests by Dr. Blakely.

Mr. Coulon expressed his concern over the lack of responsiveness in delivering funding to those in need. He pointed out that the first HMGP grant was authorized in October, 2005; however, none of those funds had been spent. The challenge is to expedite the funds to the people in desperate need and the communities.

Mr. Kopplin explained that Ms. Donna Fraiche would give a presentation on reaching out to communities and specific projects within the plan, which will go directly to the OCD.

Dr. Francis offered the CDBG Funding resolution for discussion.

Mr. Leger spoke in favor of the resolution. He explained that no funding has been allocated for regional recovery and more funding is needed for economic development. He pointed out that St. Bernard Parish has critical infrastructure needs, such as the Chalmette Medical center which was covered by six feet of mud. This facility was privately owned and the owners decided not to return, and only four of 74 doctors have returned to the area. He pointed out that New Orleans lost 11 hospitals and people have to go to St. Tammany or Jefferson for medical care. He asked that some of the CDBG funding be allocated for medical centers.

Mr. Kopplin said staff would look at all issues.

Dr. Francis offered a motion to approve the Infrastructure and Economic Development CDBG Funding Resolution, which was seconded by Ms. Donna Fraiche.

**Final approval of the Infrastructure and Economic Development CDBG Funding Resolution to authorize staff to prepare Action Plan Amendments to use dollars provided through Supplemental Appropriations to the CDBG program to increase funding to these programs at the approved levels and publish them for public comment should the federal government waive the match requirement imposed on the State of Louisiana for FEMA Public Assistance grants. The programs and amount for which authorization to prepare Action Plans is being requested include \$550 million for the Long Term Community Recovery Program, \$150 million for the Long Term Regional Recovery Program, and \$125 million for Economic Development Initiatives.**

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**RESOLVED, that the Board hereby requests the LRA Board to authorize staff to prepare Action Plan Amendments to use dollars provided through Supplemental Appropriations to the CDBG program to increase funding to these programs at the approved levels and publish them for public comment should the federal government waive the match requirement imposed on the State of Louisiana for FEMA PA grants. The programs and amount for which authorization to prepare Action Plans is being requested include \$550 million for the Long Term Community Recovery Program, \$150 million for the Long Term Regional Recovery Program, and \$125 million for Economic Development Initiatives.**

*Voting: Bollinger, Boyle, Brewster, Coulon, Cross, Fraiche, Francis, Henning, Hines, Holt, Linda Johnson, Landry, Leger, Mackie, Reilly, Richard, Robinson, and Smith.*

## **VII. COMMITTEE REPORTS AND ACTION ITEMS**

### **Housing Committee Report**

Mr. Walter Leger stated there had been major developments since the last Board meeting. He met with HUD officials in Washington, D.C. to discuss the changes. HUD decided that if the Road Home Program continued as it was, extensive environmental reviews would be required. He lobbied Congress to eliminate the environmental review but they refused. Lending institutions had recommended paying off or bringing mortgages up to date with the awards being distributed by the lending institutions. This was initially approved by HUD, but they changed their opinion and decided they wanted a pure compensation program. This would require an additional \$4.2 billion, and Congress wanted to ensure that the funding is spent on repairing homes. This is also a concern to state and local officials.

Mr. Leger asked HUD what happened to cause the change in the program. He heard there was a change in management leadership who looked at documents being signed on January 26, 2007, and questioned the nature of the program. Mr. Leger questioned if this was the same documentation they had been looking at for months. He said the Road Home Program was starting to move quickly and run more smoothly in January with 500 closings by ICF, and then HUD modified the program.

Mr. Leger returned to New Orleans with new regulations and attempted to balance the interest of the lending institutions with those of the homeowners. There was grave concern expressed by lenders as to how the awards would be used. The original disbursement agreement was not allowable because the state had negotiated the agreement rather than the individual homeowner. There had been weeks of negotiations where checks would be cut directly to homeowners or to designated accounts. This policy was proposed to and tentatively approved by HUD.

Mr. Leger explained that OCD was told to release the awards directly to the homeowners. The homeowner will sign a covenant which will be attached to the land and conveyances. The property will carry hazard and flood insurance and will be elevated, if required. Additionally, the homeowner will have to occupy the residence within three years. There will no longer be a lending institution to monitor the residency. The lump sum payments will be made directly to the homeowner whether there is a mortgage or not. OCD is presently preparing a letter of advice to homeowners as to their obligations with the lending institutions. He said we had been working on a mechanism whereby the gold letter would be allowed as security for a loan up to the amount of the letter. He stated that local lenders were showing interest in this because they want the homes to be rebuilt.

Mr. Boysie Bollinger asked about the guarantee on the letters.

Mr. Leger replied that the issue has been put on hold due to the lump sum payments and discussions were being held about the creation of risk pools to allow for loans.

Ms. Kim Boyle asked if city and parish officials have issues with lump sum disbursements.

Mr. Leger explained that in the early days the public, state, and local officials wanted the funds spent on repairs. Most local officials prefer disbursement accounts but they do not mind the lump sum payments.

Ms. Boyle asked the options for those who breach the homeowner covenant.

Mr. Mike Spletto, OCD, pointed out that there are two documents: the grant agreement and the covenant, both of which are legally binding. Personal liability suits can be brought against the grantee for 100% reimbursement.

Dr. Mackie asked if there was any particular number of days required for residency.

Mr. Spletto said the only requirement was that the homeowner occupied the residence within three years of the award.

Ms. Linda Johnson asked if lenders could freeze or seize the funds.

Mr. Spletto explained that the legal binding contract refers back to the covenant and the agreement to occupy the house within three years as their primary residence. The funds are electronically transferred into accounts. Miscellaneous proceeds gives lending organizations authority to use these funds to pay off arrearages, which is why OCD is preparing the letter to the homeowners advising them to work with their lending institutions. The banks agreed not to use their rights under Chapter 11 to take these proceeds. The basic issue within the Memorandum of Understanding was a firewall between the state and the homeowner. He said OCD was shocked at HUD's decision to go with the lump sum payments directly to the homeowners.

Mr. Spletto added that blighted property was also an issue. These protections were also taken out with the lump sum issuances.

Ms. Linda Johnson said there had already been 6,900 closings, and asked if we go back to change the awards.

Mr. Spletto said that OCD will be doing this over the next couple of weeks. The previous covenants and disbursements were null and void and out of compliance, so OCD will be issuing new documentation.

Mr. John Landry stated that it was his understanding that the homeowner must occupy the residence, but what happens if the homeowner dies within the first year? Is it just anyone that needs to occupy the residence or is it the recipient of the grant?

Mr. Spletto explained that this has always been transferable and it does not have to be the recipient. The original five-year plan stated that it MUST be the recipient; however, the lump sum three-year occupancy requirement is transferable.

Ms. Sibal Holt said people were excited about the lump sum payments because they are smart enough to handle their own money. She asked if OCD was going to notify the banks when a grant is awarded.

Mr. Spletto commented that OCD will notify both the homeowner and the banks. He said some people had heard that the state had frozen the funds, but this is untrue. Funding is still available to pay contractors and after receipt of the lump sum, the recipients will have to work out payment of the contractors.

Ms. Holt asked about future issuances.

Mr. Spletto said in the future banks will receive a letter before the homeowner receives their letter, but once the homeowner receives the lump sum it is up to them to manage their money.

Mr. Tim Coulon asked if there was a correlation to the lump sum and expediting the process.

Mr. Spletto responded that the process will not be affected by the lump sum payments; however, the time from closing to the time of money in the hand will be expedited. The initial process has not changed. OCD and ICF are working on expediting the title process and will be going to HUD for approval of the proposed change.

Ms. Boyle asked about the disbursement process and whether notices would continue to go to the lending institutions.

Mr. Spletto said they will not continue to notify lending institutions for future disbursements.

Ms. Boyle asked who would be responsible for enforcement and liability issues if a homeowner does not comply with the covenant and whether lending institutions have any rights to or recourse for the lump sum payments.

Mr. Spletto stated that he is not an attorney, but said he thought the legal liability would be either a writ to the state under miscellaneous proceeds requirements or the homeowners and banks will have to negotiate with each other.

Ms. Boyle agreed with Ms. Holt about the paternalistic fashion of the initial process. She commented that flood insurance payments had to be turned over to the lending institutions unless there was no mortgage. There is no state entity set up for future liability if a homeowner does not repair their residence.

Mr. Spletto said he would contact Ms. Boyle after the meeting to discuss this situation further.

Mr. Sean Reilly pointed out that the CDBG requirement was intentionally broad so the funds could be spent on the intended purpose.

Mr. Spletto stated that he was confident that HUD had accepted the OCD lump sum process and that HUD had mandated under CDBG that the funds be used to revitalize damaged areas.

Mr. Reilly asked about a blighted house where a homeowner gets a check but cannot rebuild and whether the state would be liable for misspent CDBG funds.

Mr. Spletto said that it would depend on the covenant and the agreement decided on at closing.

Mr. Reilly asked if the bottlenecks in the title process had been identified and if anything was being changed to accelerate this process.

Mr. Spletto explained that the calculations and processing of option letters is going well. He added that HUD does not require a clear title but he preferred to not discuss the details until final HUD approval of the lump sum process had been received.

Mr. Leger stated that legal issues that arise during the Board meeting should be addressed in executive session.

Dr. Francis asked the proper parties to the agreement and if they included HUD, the state of Louisiana, the bank and the homeowner. He said there are many plaintiffs and many attorneys potentially involved in this process.

Senator Bajoie asked the advantage of a buyout versus a lump sum. She presented a scenario where a homeowner is 80 years old and dies one year after signing the covenant and an heir spends the funds on something else. She asked if there is a monitoring system.

Mr. Spletto replied that this is a compensation program now which provides compensation for losses and requires that the residence be reoccupied within three years, meaning water and sewer service and the delivery of mail.

Senator Bajoie asked the difference between the buy out and the lump sum disbursement.

Mr. Spletto explained that the buy out is up to the owner and whether they want to continue to live in their previous residence. If the answer is yes, then the homeowner gets a lump sum, but if the answer is no, then the homeowner is bought out so they can relocate elsewhere. The goal of the rebuild program is to bring property back into commerce.

Dr. Francis interjected that HUD has made the issue confusing.

Mr. Leger explained that another difference between the buy out and the lump sum disbursement is the requirement to occupy the residence with the lump sum disbursement and with the buy out there is no requirement for occupancy.

Mr. Virgil Robinson asked if there was a discount under the buy out option.

Mr. Spletto said there is a deduction of benefits under the buy out, but basically the options are identical.

Dr. Francis said there were several witnesses present that wished to speak. Mr. Leger asked that members of Citizens Road Home Action Team (CHAT) speak first.

Mr. Spletto presented some Road Home statistics. He stated that over 120,000 people had applied for the program, and 12,000 option letters would be sent out within the next week. He

pointed out that the number of closings had not increased due to the HUD policy changes. A new computer program “What’s in my Backyard?” is available that can advise what schools are available and who in the neighborhood has chosen what option.

Mr. Bollinger asked the major reason in the delay of closings.

Mr. Spletto explained that there are three or four categories causing delays; however, title problems are the cause of the largest percentage of the closing delays.

Mr. Leger asked the CHAT members to come to the witness table. He said he would like to have staff perform an in-flight review of the Road Home Program, and he asked to have the Housing Committee expanded by three or four seats so civic groups could be appointed as members. Additionally, he said he would like a draft of the Citizens Bill of Rights included on next month’s Board meeting agenda.

Mr. K.C. King, Mr. Ricardo Gutierrez, and Ms. Deborah Langhoff, representing CHAT appeared before the Board.

Mr. K.C. King said he does not see things improving as there are still policy issues that need to be resolved, such as getting the correct resell value, elevation reimbursements are not sufficient, and there is a need to get good projections for the overall needs of the Road Home Program. He said the process issues are getting worse every day and we are getting further behind. Some of the same errors are being made, such as computer input errors and insurance benefits not being included in the calculations, and new errors are being made on elevation certificates. The inaccuracies lead to having to redo the work which adds to the overall process time which results in fewer closings. Mr. King said the LRA Board should be driving the changes, which is the only way that Louisiana will build safer, stronger, and smarter. He commented that we are working hard but we need to be working smarter.

Mr. Ricardo Gutierrez stated that he has been a resident of Louisiana since 1984. He explained that CHAT is asking for a response to the demands of the devastated parishes and that the residents deserve clarity and expediency by the state. He urged the Board to adopt the Citizens Bill of Rights and that a report card be published on problem resolution. He said it is imperative to get people into flood-free zones so neighborhoods can return. We need better measurements and he expressed his concern that the state is not progressing.

Mr. Leger mentioned that the Bill of Rights will become principles and we will have a Bill of Principles.

Mr. Reilly thanked CHAT for the constructive way they have engaged in the process. He stated that it is important to do an in-flight review, and that if we were a business we would welcome such a review, especially in light of the lump sum disbursement change by HUD. He said we need to find the appropriate consulting group and do the in-flight review quickly.

Mr. Gutierrez interjected that there needs to be more openness and asked what documents were sent to HUD last week.

Mr. Coulon asked if the CHAT group had been able to identify the problem areas and bottlenecks in the process.

Mr. K.C. King said it depended on what metrics were used to answer questions, and that if you used metrics you would get the answer to the problem.

Mr. Alan Gutierrez, representing Think New Orleans and CHAT, suggested the in-flight review be conducted and that ICF streamline their process. He explained that people are getting customer service answers that you would get if your cell phone was not working properly. He said this is not an issue of customer service but an issue of accountability and residents do not have the option of changing their government like they would change their cell phone provider. He stated that CHAT is providing constructive accountability and suggested a round table be conducted independently of the in-flight review to get input from citizens.

Mr. K.C. King said the Louisiana Technology Council agreed to lend their greybeards to the program.

Ms. Deborah Langhoff said she represents the Lakeview area and urged the board to use the expertise of the citizen applicants to improve the system, perhaps through focus groups. She commented that the adjustments made thus far had resulted in insufficient changes and the homeowners still had not received any money. Now the lump sum option brings new questions and she asked where the citizens can go for dependable, clear answers. The citizens have been waiting a long time, and she said they are willing to go to extreme measures to rebuild the communities.

Ms. Linda Johnson commented that she likes the idea of the in-flight review; however, she expressed concern about yet another board that she would have to attend meetings to get information. She stated that she already attends too many meetings and reads too much information.

Mr. K.C. King mentioned that CHAT is working on this issue. He wants the voice of the applicant to be heard without creating another layer.

Mr. Leger stated that he has been working with The Jeremiah Group informally for many months. He reiterated the need to increase the number of members on the Housing Committee.

Dr. Francis said he is prepared to appoint additional members to the Housing Committee and is awaiting recommendations from Mr. Leger.

Mr. K.C. King said he would work with staff on the Bill of Principles and suggested the addition of parish council members as potential appointees to the Housing Committee.

Dr. Francis agreed with Mr. Reilly that we should proceed with the in-flight review and asked Mr. Reilly to look into funding mechanisms for this project.

Senator Bajoie suggested that the funding for another contract to interpret what ICF is doing be taken from the ICF budget rather than have the citizens of Louisiana pay.

Dr. Francis pointed out that the Board members had not seen the ICF contract, but agreed they should be the first stop when searching for funding. He explained that the Division of Administration contracted with ICF for the Road Home Program.

Senator Bajoie recommended that someone from the Division of Administration come before the Board to address the issue of funding and to answer people's questions regarding the results of the program and the status of what has been done already. She said it would be nice to see the contract.

Mr. Kopplin said the LRA is working in collaboration with OCD on identifying the bottlenecks and on some parts of the in-flight review to identify opportunities for further improvements. He commented that we do not want to start from the beginning but rather look at what has been done already and continue with areas of improvement.

Ms. Boyle asked that the Division of Administration and a representative from ICF address the Board at the next meeting to explain what they have done to address the bottlenecks. She also suggested they provide a quarterly report to the Board members.

Dr. Francis said he would like some in-flight monitoring but does not want to pay for it. He would like to receive a fair summary of what has been done thus far.

Mr. David Richard commented that the rules have changed as we went along and the problems have been caused by HUD and CDBG program changes. These agencies need to be included in the report card and the in-flight review.

Mr. K.C. King stated that he agreed with Mr. Alan Gutierrez's comments about the contractor. He commented that we need an outside view that will shine a light on everyone.

Dr. Francis stated that we must have a score card and an audit trail. He asked Mr. Kopplin to start the process for the in-flight review and indicated that Senator Bajoie would find the funding.

Mr. Kopplin said he would work with the Division of Administration on this. He added that the HUD directives of the past three weeks and policy changes have raised questions as to the adequacy of the funding allocated. He explained that action plans are approved by the Board with staff working under Mr. Leger's direction and that public comments are implemented into the policy. He stated that last year there were CDBG and HUD changes to compensation grants to ensure rebuilding was an attempt to structure the goals in accordance with the CDBG guidelines, which have nothing to do with recovery. Louisiana received authorization to use CDBG funds rather than receiving a check from Washington DC. The Road Home Program would have been very different if not for the federal guidelines.

Mr. Leger welcomed Father Walter Baer and Elder Jesse Pate, Senior, representing the Jeremiah Group.

Father Baer called for amendments to the ICF contract to include benchmarks and penalties, in order to provide for accountability as with any other state contract. He said it was in ICF's interest to drag out the process. He commented that he heard Mr. Gentry Brant claim on the

radio last week that ICF was one year ahead of schedule. Father Baer explained that ICF is not meeting the public's needs and that is why their contract should be amended. He urged to Board to endorse amendment of the ICF contract as soon as possible.

Elder Jesse Pate stated that changes are happening constantly. He said he supports the lump sum grant awards to speed up the process and give the homeowners the control. He asked the legal staff to draft the Bill of Principles to protect homeowners from mortgages and the banks as he would like to see the money go to rebuilding. He explained that some Mississippi homeowners were forced to pay arrearages with their award money.

Dr. Francis pointed out that the Bill of Principles would be on next month's Board meeting agenda in concert with the in-flight review. He added that the Division of Administration had announced that they would be amending the ICF contract. He invited the Jeremiah Group to attend the next meeting to further discuss these items.

Father Baer expressed his concern that ICF did not have a performance-based contract. If that was the case there would be an incentive to deal with issues in an expedient manner. He said this is a critical issue to the Jeremiah Group.

Dr. Francis stated we need to have the Division of Administration in attendance to discuss this issue. The HUD changes forced us to look at several issues. He added that input from the community groups is needed.

Elder Pate said the only thing not moving is funds to the homeowners.

Dr. Francis said the objective is to get the money to the homeowners.

*Dr. Norman Francis recessed the meeting at 12:40 p.m. for lunch. He reconvened the meeting at 1:30 p.m.*

### **Long Term Community Planning Committee Report**

Ms. Donna Fraiche introduced Mr. Ben Dupuy, representing Cypress Cottage Partners, who worked on the Katrina Cottages project.

Mr. Jeff Hebert presented a quick overview of the Katrina Cottage project and introduced Ms. Donna Lewis, representing the Louisiana Family Recovery Corps (LFRC), and Mr. James Gilmore, representing the Louisiana Housing Finance Authority (LHFA). These agencies coordinated communication and services and provided case management services.

Ms. Donna Lewis stated that the LFRC connects families with employment and transportation services as well as providing an emotional well-being component as part of the program.

Mr. James Gilmore said the LHFA has \$2 million in revenue bonds that are being used to assist with home ownership, mortgage financing, and down payments.

Mr. Dupuy commented that the Louisiana Speaks initiative held charrettes in all the hurricane ravaged areas. A contractor was hired to conduct the charrettes and that the program was well thought out and a bold new model for disaster recovery housing. Eighteen months of usage

comparison between the Katrina Cottage concept and travel trailers/manufactured homes was evaluated. The goal is to build houses that communities want and that people are proud to own, not travel trailers. These houses are temp-to-perm models that can be built on foundations quickly and which are intended to last forever. There are five different floor plans with two elevations for each floor plan. These houses are multi-family units with adaptable architecture that can interlock into a square and looks like a distinct house.

Mr. Hebert commented that the agencies had worked with mobile home creators and the units are actually mobile homes transformed into a multi-unit development.

Mr. Dupuy added that the cottages look like permanent homes but are delivered in sections. He showed several renderings of the multi-unit developments and stated that displaced people can easily be moved from FEMA trailers to these cottages. He also pointed out that the cottages can withstand 140 mile per hour winds and mold and are larger than travel trailers and mobile homes.

Ms. Donna Fraiche congratulated Mr. Ben Dupuy and Mr. Jeff Hebert on the safer, smarter design.

Ms. Linda Johnson asked the average cost of a unit.

Mr. Dupuy replied the average cost of a unit is \$100,000.

Mr. John Landry asked the status of this program.

Mr. Dupuy stated they are waiting for two contracts to be signed between FEMA and the state of Louisiana. He added that some sites have been identified and will be ready for cottages as soon as the contracts are signed.

Ms. Donna Fraiche asked if we were behind or ahead of Mississippi with this project.

Mr. Hebert responded that Mississippi had already signed and executed their contract after going through the competitive process.

Mr. Kopplin pointed out that Mississippi is replacing FEMA trailers with alternative housing in someone's yard while Louisiana's program is site based.

Mr. Hebert added that it is a logistical nightmare when swapping out a FEMA trailer with yet another trailer.

Mr. Virgil Robinson asked the time of construction.

Mr. Dupuy said it takes four months after the contract is signed for construction to begin and four sites have been identified as potential locations.

Mr. Robinson asked if the units will be completed before people start moving.

Mr. Hebert commented that the Jackson Barracks location is an exception since there is no zoning requirements or land control issues so the units can be constructed quickly and people can start moving out of temporary housing.

Mr. Calvin Mackie said he had heard that Mississippi had scored higher on their proposal.

Mr. Hebert said our proposal was for Katrina cottages, which received third place out of 29 entries. Second place was awarded \$275 million to replace trailer with trailer versus our plan for sites with permanent housing which received only \$75 million. He said Mississippi received a distinct difference in funding for their plan over Louisiana's plan.

Ms. Fraiche said the regional and local plans are being developed and we were awaiting the finalization of the Unified New Orleans Plan (UNOP) with funding being allocated to the parishes. Now the parishes want to talk about how they can use the local plans to access funding.

Ms. Lynn Bankston said a parish allocation letter would be sent by the end of the week that would explain how the parishes can draw down the funds. She will visit the parishes to help with this effort and to answer questions.

Mr. Hebert said the Board had approved the parish funding allocation at the February Board Meeting. Parishes with lower than a 150,000 population threshold were eliminated because of administration costs. He explained that the parish must adopt a recovery plan which must then be approved by the LRA. Then the applicant will fill out a survey with priorities, but all the CDBG applications do not need to be submitted at once. This is a six-step process.

Ms. Donna Fraiche said some parishes had already presented their recovery plans to the LRA, although the plans had not formally been submitted to the Board for approval. She said we still need to go out for public comment and we need to ensure the requirements are met.

Mr. Kopplin suggested that the team that visits the parish officials invite Board members to attend so they can also get answers and work on a grass roots community plan. Ultimately it will be up to the parishes. He said he had spoken with Dr. Blakely about possibly presenting the Orleans Parish plan at the next Board meeting. He advised the parishes to think about fewer, bigger projects to cut down on paperwork and to combine resources.

Mr. Tom Henning said Calcasieu Parish has several municipalities.

Mr. Kopplin stated that the community plan should be a broad based, grass roots effort adopted by the local government. He said the project selected must be for the most affected municipality.

Dr. Mackie asked if funding will follow the project.

Mr. Kopplin said the parish will have the funding but they will have more in their plan than they can use so the parishes must prioritize. If the FEMA 10% match is waived, then more funding can be allocated to the parishes.

Ms. Linda Johnson asked about reimbursement and whether the parish should first spend the funds and then request reimbursement.

Mr. Kopplin said there have been discussions on whether we can get advances on the CDBG funds, but there are federal strings attached.

Ms. Sandra Gunner interjected that Orleans Parish is planning on using their CDGB funds as leverage and will reimburse the program through bonds.

Mr. Leger asked if the plans had been approved.

Mr. Kopplin said projects associated with the plans have received parish approval and have been presented to the Board. It is now up to the Board to bring the plans back for formal approval or delegate the approval authority to staff. He commented that he thought it would be a good idea for the Board to hear the presentations but delegate the approval authority to Ms. Donna Fraiche and the Long Term Community Planning Committee to approve the funds.

Mr. Leger stated that this is consistent with the LRA recovery priority and regional plans.

Mr. Kopplin pointed out that the regional plan will be announced the beginning of May and that staff will review the plan for any incompatibilities. He recommended that the resources at hand be invested wisely.

Mr. John Landry asked how the parishes get together to address the regional plan.

Mr. Kopplin stated that there is \$150 million set aside by the LTRCP and it is useful for the parishes to consider some projects that are regional. This raised the question as to whether the Board should set aside funding for regional plans. This will most likely not happen but it does get the parishes to think regionally.

Ms. Fraiche commented that we should incentivize the parishes to work together. The LRA is doing regional planning and it was hoped that this would stimulate the parishes to work together and if the FEMA match requirement is waived we would have additional funds needed.

Mr. Sidney Fontenot from St. Tammany Parish suggested a streamlining of the ES14 priority projects with more review by LRA.

Mr. Hebert explained that this is not a problem.

Mr. Kopplin commented that streamlining is a part of the plan.

### **Audit Committee Report**

Mr. Virgil Robinson presented the Audit Committee report. He said the committee met on April 9, 2007, and the Attorney General's office reported 2,300 cases of contractor fraud had been filed. Of these, 400 cases have been investigated resulting in 300 arrests. He pointed

out that contractor complaints are continuing and may increase as the Road Home Program picks up speed. He said the committee received an Inspector General audit report of FEMA project worksheets that resulted in several findings which have been addressed by GOHSEP. There was also a performance audit of the Road Home process which resulted in some deficiencies. KPMG reviewed 60,000 applications to ensure there was no duplication of filings to avoid fraud. Ten matters were forwarded for review. GOSHEP reported they are still trying to contract for help with the municipalities.

### **State Legislative Update**

Mr. Sean Reilly stated there are two initiatives that will hopefully be addressed in the upcoming legislative session: the Louisiana Speaks initiative and the catastrophic fund study. He said Senator Fields had filed legislation to abolish the LRA. He commended Ms. Donna Fraiche for a great job on the Louisiana Speaks initiative, which received input from 23,000 citizens. A resolution to reconstitute the Office of State Planning is being proposed, which will be a primary charge for the implementation of regional plans. Additional issues to be studied are zoning codes and better transit options. We need to think creatively on how projects are financed and consider more public/private cooperative efforts. The clear preference is for less sprawl. Trust funds or tax credits are additional methods of taking items off the market.

Mr. Reilly said the creation of a Louisiana catastrophic fund was studied. The Board is not taking a position on the fund, but wanted to evaluate such a program and provide Insurance Commissioner Jim Donelon with the information to make an informed decision.

Mr. Miles Bruder gave a presentation on the catastrophic fund study. He said this issue had been discussed at the 2006 2<sup>nd</sup> Extraordinary Session of the Louisiana Legislature where there was controversial debate from an actuarial standpoint, risks and what can be done to prevent claims against the fund. Insurers would have to pay a premium to alleviate catastrophic risks. Funds would come from several sources such as annual premiums, investment income, and post-event bonds. The analysis conducted was comprehensive and included the capacity of the fund, the level of reinsurance and likely losses, and the best way to allocate the costs to the citizens and divert risk to a broad assessment throughout the state. This was based on a series of assumptions and did not include commercial properties. Damages would reach a certain threshold and then reinsurance would apply. Based on an industry-wide assessment, 90% of losses would be covered. In evaluating post-storm losses, 11 scenarios were used to gauge the impact to the catastrophic fund. Variables and risk management solutions used in current industry practice were used to generate a fact-based assessment for the state of Louisiana.

Dr. Francis commented that he had seen an article in the Times-Picayune regarding catastrophic funds.

Mr. Bruder explained that a catastrophic fund could be designed safely and would only require funding every 30 to 50 years. The Florida fund is designed for every 10 years, but there are still unanswered questions regarding this fund and if this is the best option for Louisiana.

Mr. John Smith asked if a catastrophic fund would result in lower premiums. He commented that he had heard the Florida fund was bankrupt.

Mr. Bruder replied that the study revealed that our bonding capacity is not sufficient to bring private insurers into Louisiana.

Mr. Reilly thanked Mr. Bruder for his presentation. He stated that this is a complex subject and we may have to induce underwriters with subsidies for them to provide coverage in Louisiana. He pointed out that a catastrophic fund may potentially put the state at risk for \$400 billion. We need to make Citizens Property Insurance actuarially sound.

Mr. Kopplin said that South Louisiana would have the most to gain with this type of fund and North Louisiana citizens would have the most to lose with a statewide assessment. Florida has a relatively large risk statewide. Louisiana has the best revenue estimates due to no political pressure, but how would politicians address regional inequities. There are still questions about whether there is a cheaper way to provide this coverage.

Mr. Dave Treen, representing Mr. Charles Fanz, St. Bernard Parish mobile home park owner, said his client didn't qualify for the small rental program. Mr. Fanz had 130 mobile homes and mobile homes would cost 1/3 the cost of the Katrina Cottages. Mr. Treen said people just want to return home.

Mr. Charles Fanz stated that he had the largest rental business in St. Bernard Parish, and his subdivision is ready for people to move in. He added that LSU just completed a study on the mobile homes that he has in his park and they can withstand 140 mile-per-hour winds. He commented that he could provide housing for up to 150 families within 30 days. He said the government hurt St. Bernard Parish when they put the shipping channel through their parish, and he feels as if he is being discriminated against.

Mr. Kopplin explained that the first round of the small rental program focused on owners of fewer than 20 units or properties that were owner-occupied with a maximum of four units per building. The second round of the program will address properties of up to 100 units. The current prohibition of covering housing with a vehicle identification number is being discussed. The first round was designed for traditional housing. He pointed out that the small rental grant program is part of a competitive process and not everyone will be funding. Additional factors evaluated in the program include the quality of construction and the layout of the replacement housing, whether it is a Katrina Cottage or a mobile home.

Mr. Treen stated that the wheels are removed from the mobile homes making them permanent housing.

Mr. John Landry asked the difference between a manufactured home and modular housing. He said modular housing does not have a VIN. He suggested Mr. Treen confer with staff.

Mr. Fanz commented that modular housing would cause his insurance to triple and low rent would not be possible.

Dr. Francis said Mr. Fanz may qualify in the third round of the small rental housing program.

Mr. Kopplin said OCD is currently developing qualifications for the second round of the program, and the issue of a VIN will be decided within the next two weeks. He added that there will likely be three rounds of funding in the small rental housing program.

**VIII. UNFINISHED BUSINESS**

There was no unfinished business.

**IX. PUBLIC COMMENTS**

There were no other public comments.

**X. NEW BUSINESS**

There was no new business.

**XI. ANNOUNCEMENTS**

There were no announcements.

**XII. ADJOURNMENT**

The meeting was adjourned at 3:00 p.m.

Respectfully submitted,

Andy Kopplin  
Executive Director

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Date approved: \_\_\_\_\_