

**ROAD HOME CORPORATION, DBA LOUISIANA LAND TRUST
BOARD OF DIRECTORS MEETING
MINUTES OF AUGUST 6, 2009**

held at
St. Bernard Parish Government Council Chamber
8201 West Judge Perez Drive
Chalmette, LA 70043

(Approved by LLT Board on October 21, 2009)

CALL TO ORDER AND INITIAL MATTERS

The August 6, 2009 meeting of the Board of Directors of the Road Home Corporation was called to order at 10:00 a.m. by Vice Chairman Walter Leger. The roll was called with the following results:

Present: Walter Leger, Jr.
 Joseph Williams
 Donald Vallee
 Wesley Wyman
 Alvin Guillory

Absent: Daryl Burckel

A quorum of the Board was present.

APPROVAL OF MINUTES

Mr. Vallee moved to defer consideration of the June 25, 2009 minutes until the next meeting because they were not available for advance review. Mr. Wyman seconded the motion, which passed without opposition.

ST. BERNARD PARISH PRESIDENT CRAIG P. TAFFARO, JR.

Mr. Leger recognized St. Bernard Parish President Craig P. Taffaro, Jr., and thanked him for hosting the LLT board meeting in St. Bernard Parish.

President Taffaro welcomed the board, and remarked that St. Bernard Parish is trying to lead the recovery for the metropolitan area, especially in terms of cleaning up properties and rehabilitating neighborhoods through the appropriate use of those properties.

President Taffaro praised LLT Executive Director Mike Taylor for his responsiveness to the concerns and needs of St. Bernard Parish. He observed that while no one is ever satisfied with how long it takes to get the job done, the responsiveness from LLT is there.

REORDERING OF THE AGENDA

Mr. Vallee then moved to modify the agenda to start immediately with Item 6(a), “Legal Services Contract; DK&S Personnel Change.” Mr. Williams provided the second. The motion passed without opposition.

LEGAL SERVICES CONTRACT; DK&S PERSONNEL CHANGE

Mr. Vallee moved to recognize Deutsch, Kerrigan & Stiles, LLP (DK&S) as LLT’s law firm, to accept Mr. Duris Holmes as the new “key personnel” under the legal services contract, and to amend the contract to increase the cap to \$500,000. Mr. Guillory provided the second and Mr. Leger opened the floor for discussion.

Mr. Richard Montgomery, Managing Partner of DK&S, was introduced. He explained that Mr. Victor Franckiewicz, who had been the lawyer designated in the contract under the key personnel provision, left DK&S. Mr. Montgomery introduced Mr. Duris Holmes as Mr. Franckiewicz’s replacement, and introduced others from DK&S who would serve on the legal services team.

Mr. Vallee advised the board that he had researched the capabilities of the DK&S personnel, and that he knew Mr. Montgomery personally, having done banking business with him or with the firm for 30 or 45 years. Mr. Vallee noted that the firm comes highly recommended.

In response to a question from Mr. Williams, Mr. Taylor reported that 90% of his interactions with DK&S were directly through Mr. Franckiewicz, and that Mr. Franckiewicz had developed an extensive institutional knowledge about LLT that would be costly to duplicate. An extended discussion ensued as to DK&S’ ability to continue providing legal services to LLT, in light of Mr. Franckiewicz’s departure. Concerns were expressed about the learning curve and cost efficiencies with regard to training new staff at DK&S for LLT work. There was also discussion about terminating the contract and allowing Mr. Franckiewicz to continue serving as counsel for LLT.

Mr. Leger asked Mr. Montgomery if LLT voted against Mr. Vallee’s motion, would DK&S agree to assign the contract to Mr. Franckiewicz’s new firm. Mr. Montgomery responded that DK&S would respectfully decline.

After further discussion about LLT’s options, a vote was called on Mr. Vallee’s motion to recognize DK&S as LLT’s law firm, to accept Mr. Duris Holmes as the

designated attorney under the key personnel provision, and to amend the contract by increasing the cap to \$500,000. Mr. Wyman and Mr. Vallee voted in favor of the motion, while Mr. Leger, Mr. Williams, and Mr. Guillory voted against it. The motion failed.

Mr. Williams then moved to terminate the legal services contract with DK&S for convenience. Mr. Guillory provided the second. Mr. Leger, Mr. Williams, and Mr. Guillory voted in favor of the motion and Mr. Vallee and Mr. Wyman voted against it. Mr. Leger declared that the motion passed and that the legal services contract would be terminated, subject to the 30-day notice provided for in the contract.

Further discussion ensued about how LLT would be represented in the interim. Mr. Franckiewicz suggested that the board address three points: whether he or lawyers with DK&S would continue representing the board in the near term; authorization for the Executive Director to work with the firms to negotiate an interim arrangement; and a new procurement of legal services if the current contract is not assigned or some other arrangement for a transition of the contract is not made.

Subject to being overruled by the full board, the Chair recognized Mr. Franckiewicz as LLT counsel through the end of the meeting and through the next 30 days or at least until LLT decided on a course of action. The Executive Director is to take whatever actions are appropriate, which could include a subcontract arrangement between Mr. Franckiewicz's new firm and DK&S. Mr. Leger recognized that Mr. Franckiewicz would retain possession of LLT's files, and Mr. Franckiewicz noted that he would make them available to DK&S if needed.

Mr. Williams then moved to increase the contract amount to \$350,000 to cover attorney fees through the end of August. Mr. Guillory provided the second. The motion passed with no opposition.

LIMITATION ON SPEAKING TIME

Prior to reaching the next item on the agenda, Mr. Leger advised that he would limit each Board member's speaking time to three minutes (in consideration of time constraints). Mr. Vallee objected to the three-minute limitation and moved that no board member be limited to a time period for speaking. Lacking a second, the motion failed. Accordingly, the Chair's ruling stood for the three-minute limitation.

CDM CONTRACT

Mr. Vallee reported that the initial contract was \$7.5 million for a three year period with specific line items to dollar amounts for personnel to be used. It was reported that, after review, the contract will likely far exceed \$7.5 million. The rendition of the \$7.5 million cap in the contract was an error made by staff and CDM. The \$7.5 was the projection only for the first year of the contract rather than the full anticipated term of

three years. Based on a three-year period, the estimated cost is \$19.8 million. This current estimate considers substantial changes in services related to environmental issues, LDEQ's interpretation of its regulations, and the failure of EPA to grant extensions of the No Action Assurances that facilitated the demolition process earlier in South Louisiana's post-Katrina and Rita recovery. Furthermore, it was suggested to increase the cap to \$20 million to avoid having to come before the board to request another increase.

Mr. Vallee moved to approve the \$20 million cap for the full term of the contract, and also to appoint a committee consisting of board member Wesley Wyman, and staff members Mr. Taylor and Mr. Legnon, to monitor CDM's performance in accord with the new cap. Mr. Wyman provided the second. The motion passed with no opposition.

AMENDED AND RESTATED COOPERATIVE ENDEAVOR AGREEMENT WITH OCD

Mr. Vallee reported that at the board's June 25 meeting, it authorized Mr. Taylor to execute an amended and restated cooperative endeavor agreement between LLT and OCD, subject to ratification by the board at this meeting. The amended and restated agreement has been circulated to the board. Mr. Vallee moved to ratify the amended and restated cooperative endeavor agreement executed by Mr. Taylor. Mr. Williams provided the second, and the motion passed without opposition.

Later in the meeting, Mr. Legnon reported that the cooperative endeavor agreement was in Commissioner of Administration Angelle Davis's office awaiting her signature.

ACCOUNTING SERVICE CONTRACT

Mr. Legnon described the May 22, 2009 Solicitation for Offers (SFO) issued for accounting services to compile LLT's fiscal year financial statements and to prepare tax submissions required of LLT as a nonprofit. LLT received only one proposal in response to the original SFO, and the SFO was republished in an effort to solicit more competition. LLT received three proposals, which were evaluated, resulting in the recommendation to engage the accounting firm of Thomas, Wilson, Ragusa Uffman & Co. Mr. Williams, Chairman of the Finance Committee, noted that he was involved in the evaluation process and was very satisfied with the selection. Mr. Williams moved to accept Mr. Legnon's recommendation to engage Thomas, Wilson, Ragusa Uffman & Co. Mr. Vallee provided the second. The motion passed without opposition.

AGS/IRONCLAD CONTRACT

Mr. Franckiewicz reported on coordination issues between AGS and Ironclad Title during the startup of the title insurance and closing services contract. Mr. Taylor sent a letter to AGS and Ironclad outlining LLT's concerns and encouraging them to address

those issues collectively.

The result was that the parties developed a revised agreement between them, and proposed several changes to the contract between LLT and AGS. The parties initially had a joint venture agreement that stipulated individual responsibilities and expenses for each party. However, they decided to partition their responsibilities more clearly, discontinue the joint venture agreement, and establish a contractor/subcontractor relationship between AGS and Ironclad. The companion changes to the contract include: clarifying the responsibilities for handling of escrow funds; aligning the services to reflect the new subcontract agreement between AGS and Ironclad; and authorizing the use of second title company for a limited number of closings referred to as “flips,” which are transactions where LLT properties are initially transferred to a parish, then sold by the parish to end users (this only affects Orleans and St. Bernard Parishes). The second title company proposed is Team Title. Cathleen Carney provided information about Team Title.

Mr. Franckiewicz recommended that the board authorize the Executive Director to execute a contract amendment that would (1) transfer escrow account responsibilities from Ironclad to AGS; (2) authorize the contractual recognition of a second contractor whose use would be limited to second closings, with the approval of the Executive Director; and (3) to amend the contract language (but not the coverall scope of services) so that the way services are described in the contract will align with the new subcontract agreement between AGS and Ironclad.

While agreeing with the need to amend the contract, Mr. Jack Robichaux noted that Ironclad Title was fully capable of handling all of LLT’s closings, and that he disagreed with the need for a second title company.

Mr. Franckiewicz advised the board that there was no deadline to amend the contract, but rather such amendments were proactive steps to avoid future problems. Considering the lack of a deadline to act, Mr. Wyman noted his preference to see the amendments in writing prior to voting. Mr. Vallee urged that this issue be deferred until the amendments are reduced to writing for review. Mr. Leger requested Mr. Franckiewicz to get the amendments in writing to him, and that a special meeting could be called if action were needed in the interim until the next meeting.

TASKFORCE CONTRACT EXTENSION; DISCUSSION OF NEW RFP

The board’s next agenda item was the Task Force contract. Mr. Wyman moved to extend the Task Force contract to January 31, 2010, to put out a new request for proposals (RFP) for maintenance services with proposals due by December 31, 2009, and to provide for a one-month transition period if necessary. Mr. Williams seconded the motion.

Mr. Leger recognized Ms. Rita Legrand in the audience with the Lakeview Civic Association and the Beacon of Hope, who had asked to speak regarding the Task Force contract. Ms. Legrand urged the board to extend the contract for another full year because Taskforce was doing a superb job.

Mr. Wyman noted that the contract extension would require increasing the cap on the contract. Mr. Legnon recommended an \$8.2 million increase for the extended six-month period. Mr. Wyman added an increase in the cap for the recommended \$8.2 million, and that modification was acceptable to Mr. Williams, who seconded the original motion. Mr. Wyman's motion passed without opposition.

FORMAL NAME CHANGE OF ROAD HOME CORPORATION TO LOUISIANA LAND TRUST

Mr. Franckiewicz reported that the legislature passed LLT's legislative package, which included authorizing a formal name change from Road Home Corporation to Louisiana Land Trust. The Governor approved the legislation, now designated as Act 428 of the 2009 Regular Session. To implement the formal name change, Mr. Franckiewicz advised the board that it would have to authorize an amendment to LLT's articles of incorporation. Mr. Williams moved to authorize the change; Mr. Vallee provided the second, and the motion passed unanimously.

APPROVAL OF ACCOUNTING POLICY

The revised LLT Accounting Policy had been deferred from the last board meeting. Mr. Vallee noted that the proposed revised policy had been circulated to the board, and that Dr. Burckel – an accounting professor at McNeese State University – had reviewed the policy and recommended its approval. Mr. Vallee then moved for acceptance of the revised LLT accounting Policy previously presented by Mr. Legnon. Mr. Wyman seconded the motion, which passed without opposition.

CSS CONTRACT EXTENSION

Mr. Legnon noted that the current term of the Corporate Security Services Inc. (CSS) contract was to expire on September 5, 2009, but the contract was renewable for one year. (At its March 11, 2009 meeting, the board had authorized the Executive Director to extend the CSS contract 60 to 90 days as needed, to renegotiate a reduced scope of services and lower cost, and to increase the contract cap as necessary to account for those measures.) The original cap on the contract was \$4.6 million, which LLT exceeded under the March 11 authorization. Mr. Vallee noted that the scope of services had been cut back so that the cost had been reduced from the \$400,000 to \$500,000 monthly range to approximately \$100,000 per month.

Mr. Taylor recommended a six-month extension, with direction to pursue less

costly alternatives in the meantime. It was reported that the contractor had been informed of these recommendations, and has agreed to the general scope of the changes.

Mr. Vallee moved to extend the contract period through March 5, 2010, and to authorize increasing the maximum amount of the contract for that period by \$720,000. Mr. Williams seconded the motion, which passed without opposition.

PROCUREMENT POLICY CHANGE

Mr. Vallee recommended that the board see a time and cost of scheduling on all contracts with LLT other than demolition contracts prior to LLT issuing RFPs. Discussion followed about the mechanics of the process, and whether requiring prior board approval of a pro forma would make the procurement process even slower than it is. Mr. Williams noted that LLT has experienced cost escalation over time, but that may be a function of the nature of the work involved. He indicated that it would be desirable to have a better idea of how much procurements would cost before committing to them.

Mr. Franckiewicz advised the board that staff estimates of probable cost would probably be public record. He further suggested that the board consider merely adopting an internal policy or procedure for circulating estimates rather changing the procurement policy itself. This would avoid increasing LLT's burden of CDBG regulation compliance and monitoring, and would limit the opportunity for lawsuits alleging that LLT failed to comply with its procurement policy.

Following the discussion, Mr. Leger restated Mr. Vallee's motion to establish an internal policy by which a cost pro forma would be circulated to the board before an RFP or other procurement is published, other than for demolition contracts). Mr. Williams seconded the motion, which was approved without opposition.

ALTERNATIVES TO SALES AND DEMOLITION

Mr. Vallee suggested that the board consider and make recommendations to the LRA and parishes on possible changes as to how to dispose of properties, but further suggested that the issue be deferred until after the Executive Director's Report.

RECESS

Mr. Leger declared a 30 minute recess to give the board a short break for lunch. He announced to the public in attendance that the board had concluded the portion of the meeting requiring board action, and that the balance of the meeting would consist of staff reporting and public comment once the board reconvened.

A recess was taken at this time, and the board resumed its meeting with all of the members originally answering the roll call in attendance.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Michael Taylor reported that LLT's property count continued to rise. Properties in LLT's inventory stood at 9,837 with the expectation of additions through the Road Home Program. Mr. Taylor projected a total of around 10,000 properties.

Mr. Raymond Allen gave a brief update on CSS and Task Force activities. He reported that LLT's security contractor, CSS, had accomplished 100% of its goal for that particular reporting period. Task Force, the property maintenance contractor, was also on target with regard to LLT's expectation of service. It was reported that there was only one possible outstanding property for an initial clean-up, and there were no longer any occupied properties in LLT's inventory.

Ms. Carney reported on property transfers, indicating that 254 transactions were complete, with the largest bulk of those – 174 transactions in Orleans Parish – directly transferred to New Orleans Redevelopment Authority. Ms. Carney also reported that title work on close to 600 individual properties had been completed and several hundred Lot Next Door purchase agreements had been executed. Additionally, Ms. Carney spoke about limiting factors such as demolition, developer interest, and construction finance issues for developers.

Ms. Carney reported no closing movement in St. Bernard Parish and that GRS (St. Bernard's Lot Next Door administration contractor) had been unable to send letters out to potential Lot Next Door participants. The delay is due to survey requirements to join the lots together and the council's internal differences. Despite St. Bernard's lack of progress, Ms. Carney reported that the slab removal was going forward to insure LLT's capacity for immediate response upon St. Bernard's resumption of its Lot Next Door program.

Mr. Vallee noted his request, over the last four meetings, for staff to present complete detailed status reports with timelines and scope by each parish. Mr. Vallee noted that the status report should include where LLT stands and what the delays are. Such status reports would allow the Board to monitor the progress in the parishes month-by-month. Additionally, Mr. Vallee noted that such reports would be useful to show the public how LLT was spending money. There followed a discussion about reporting, timelines, and the board's role in addressing detailed status reports.

Ms. Carney reported that the first public auction of 90 to 100 properties would occur on August 17, 2009 in Jefferson Parish. One parcel from St. Charles Parish would be included in the auction. There was some discussion as to whether board members and staff could make purchases of the properties. Mr. Franckiewicz explained that under the ethics code, board members and staff were prohibited from engaging in transactions with

the entity of which they are members.

Mr. Robert Batherson of CDM reported that CDM had assessed 9,032 of the 9,370 properties in LLT's inventory released to CDM. Asbestos inspections had been completed on 6,092 properties, and environmental reviews completed on 8,865 properties. Mr. Batherson further reported that they have obtained 4,653 demolition permits, and have completed 780 utility disconnects. The pre-demolition work was more than 75% completed. Mr. Batherson advised the board that CDM's effort incurred \$6.7 million in billings so far.

A discussion followed about the total cost of the demolition program – including contractor work at demolition sites and the program management cost of CDM. LLT's budget for the whole effort, as of the last board meeting, was \$68,903,000. However, Mr. Legnon explained that since then, growth in the number of structures to be demolished, along with delays and cost growth driven by the expiration of EPA No Action Assurances are pushing the estimate to about \$73 million. Mr. Batherson noted that the estimate was based on a "worst case scenario."

Mr. Taylor advised that the staff sent out bid tabulations on the packages to streamline the contract approval process. Mr. Taylor restated for the record the packages ready for award are: Bid Packages 7, 17, 18, 19, and 20. Mr. Leger reserved bid package 11 for further discussion.

Bid package 11, in Orleans Parish, is a structure and slab removal contract, with abatement. The lowest bidder, DRC, submitted a proposal with a math error that overstated its apparent bid. After correcting the math error, DRC moved from the second lowest to the lowest bidder position. Mr. Franckiewicz advised that LLT's bidding instructions provide "the total bid will be determined by multiplying the unit price times the quantities," and that this procedure resulted in DRC being the lowest bidder. Mr. Taylor then recommended that LLT award the contract for Bid Package 11 to DRC Emergency Services, as corrected. Under the demolition contract procurement policy, that recommendation becomes the contract award in the absence of a board member objection. No objection was made, and the staff was therefore authorized to proceed with the contract award.

Mr. Taylor reported good progress with regard to the parish cooperative endeavor agreements. The agreements were completed with the exception of having letters signed from East Baton Rouge and Iberville Parish as to handling the disposition of properties. Once the letters are signed, transfers can commence in Iberville Parish subject to environmental reviews and demolition.

With regard to EPA No Action Assurance extension for asbestos-containing properties, Mr. Taylor reported that two requests for extension were made. The first

request was denied. The second request by the City of New Orleans was also denied by EPA. He reported that the denials will cost the program \$12 to \$15 million more. Additionally, the demolition program will take approximately 6 to 12 months longer to complete. Mr. Rainwater scheduled a meeting in Baton Rouge with Secretary Peggy Hatch to discuss the denials.

Mr. Vallee expressed his understanding that if LLT's properties were owned by individuals, they could be demolished without having to comply with the asbestos regulations. Mr. Batherson confirmed that understanding.

Mr. Taylor reported that he circulated the property auction plan to the board, and that comments were received from Mr. Vallee and Mr. Guillory. After revisions, the document would be published shortly and would be utilized for Plaquemines Parish first. Ms. Carney reported that the auction plan would be available on the website, and that the plan included pictures of each property from Task Force records. The Auction Plan would also be included in local newspapers.

FINANCIAL REPORT

Mr. Legnon distributed the June financial report in advance of the meeting. Based on questions and follow-up, it was reported that the legislative auditor team was in the process of conducting a type of audit required of any sub-recipient of grant funds. Mr. Legnon also reported having been in contact with the Office of Statewide Reporting and Accounting Policy (OSRAP) and the need to submit a completed financial report by August 31, 2009.

PUBLIC COMMENT

Mr. Leger called for public comment. Roland Kimbrough of Task Force spoke to clarify the intention of the company's contract with LLT, and encourage the board members to read the contract with special attention to the renewal language. Ms. Rita Legrand of Lakeview in New Orleans also spoke to renew her request that Task Force receive a full year extension.

LEGAL STATUS REPORT

Mr. Franckiewicz reported that LDEQ cited LLT with a notice of deficiency for asbestos abatement work on one slab at 2121 Benjamin Street in Arabi. Durr Construction is the prime contractor for that job. Mr. Batherson reported that abatement of the slab in question has been completed and the deficiency was cured.

Mr. Franckiewicz provided an update with regard to LDEQ's position on storm water management regulations affecting the demolition program. LLT's position is that demolitions on individual lots do not require permits. LDEQ recently notified LLT that

