

LEGISLATIVE AUDIT ADVISORY COUNCIL

Minutes of Meeting March 17, 2009

A meeting of the Legislative Audit Advisory Council was held on Tuesday, March 17, 2009, in House Committee Room 2 of the State Capitol Building in Baton Rouge, Louisiana.

CALL TO ORDER AND ROLL CALL

Representative Noble Ellington called the meeting to order at 2:00 p.m. A quorum was present with the following members in attendance:

Members Present

Senator Nick Gautreaux
Senator Ed Murray, Vice Chairman
Senator Ben Nevers
Senator Willie Mount
Senator John Smith
Representative Neil Abramson
Representative Noble Ellington, Chairman
Representative Charles Kleckley
Representative Anthony Ligi
Representative Avon Honey, designee for Representative Cedric Richmond

REMOVAL FROM AGENDA

Representative Ellington stated that item # 6 on the agenda, Shreveport Home Mortgage Authority and item # 10 North St. Antoine Services Inc. would not be heard in the current meeting.

APPROVAL OF MINUTES

Copies of the minutes for the meeting of January 26, 2009, were previously emailed to Council members for review. A motion was made by Senator Murray that the minutes for January 26, 2009, be approved and with no objections, the motion passed.

EXECUTIVE SESSION

Representative Ellington requested a motion to go into Executive Session in order to discuss the suit filed by the Department of Insurance against this committee, the Louisiana Legislature and the Legislative Auditor. He stated that they are allowed to have Executive Session under R.S. 42:6.2(A)(3).

Senator Smith moved that the council go into Executive Session with no objections. Representative Ellington stated only Legislative members; designated staff of the Auditor; attorneys representing the Auditor; attorneys representing the Legislature, the Attorney General and Assistant Attorneys General are allowed to remain in the hearing room. The Council went into Executive Session at 2:10 p.m. to discuss Department of Insurance Litigation.

Senator Murray moved that they end Executive Session and with no objections, Chairman Ellington declared the public meeting back in session at 3:16 p.m.

HB 1 AND 2 EXTENSION REQUESTS

Daryl Purpera, First Assistant Legislative Auditor, brought three reports before the council to ask for their consideration. The first report was 4 pages long listing entities requesting **HB 1** and **HB 2** non-emergency first extensions on their audits (Attachment A). The audit law provides a date to which the auditee is responsible to submit the report, beyond that the Legislative Auditor by law has the authority to grant an extension. The Auditor brings these to the council for their confirmation of these first requests for extensions which are for funding purposes only. The Legislative Auditor recommended that the council confirm his approval of these requests. Senator Murray moved that the council grant these requests and with no objections, the motion passed.

Mr. Purpera said the second extension request report is for entities requesting an additional extension of time to submit their audit. The Legislative Auditor has the authority to

grant the first extension. However, if any entity needs further time, they will request that extension of the Legislative Auditor which he brings to the Legislative Audit Advisory Council for their approval. There are five entities requesting additional time to submit their audit reports (Attachment B). Normally the council considers these entities individually and each of the entities had been invited to come to this meeting. Senator Nevers stated that those entities seeking additional extensions should attend the meeting, as was discussed at previous meetings and expressed hope that they will continue with that policy.

Crescent Affordable Housing Corporation and
Lune d'Or Enterprises, LLC

Elias Castellanos with Crescent Affordable Housing Corporation, a nonprofit of the Housing Authority of New Orleans, and Jamora Erwin with the Housing Authority of New Orleans and Crescent Affordable Housing came forward to state their case. Mr. Castellanos said that like most of the entities that they oversee, HANO has been in a continuation of rebuilding from Hurricane Katrina. Crescent Affordable is a managing member of some of their operations that were going through the mixed planned development. As those audits were held back and must be completed so that the audit of Crescent Affordable could be finished. They are in the process of completing those audits. Crescent Affordable audit for 2006 should be delivered to them today, and upon their review and approval it would be released to the Legislative Auditor. They will have all related audits completed within the next month and ready upon approval and release from the auditors, will then be released to the Legislative Auditor. He further stated that Lune d'Or Enterprises, LLC is a member of Crescent Affordable Housing Corporation.

Mr. Purpera said that the report pending is the 12/31/2007 reports. Mr. Castellanos said that their auditors have indicated that Lune d'Or will be released on April 30th. Crescent Affordable audit will be released to them today for review. Senator Murray asked if Crescent Affordable Housing is an affiliate of HANO in New Orleans. Mr. Castellanos said that it is a nonprofit organization created by HANO to help support the redevelopment effort. The mixed plans developments they are entering into require separate partnership entities to initiate the financial transaction and because HANO is an agency funded through HUD, and they have certain restrictions on obligating our resources, they have to create the nonprofit in order to facilitate these mixed line developments.

Senator Murray asked if each one of the nonprofits is responsible for a separate development in New Orleans, or if all combined together. Mr. Castellanos said Crescent Affordable is generally the parent and then the nonprofits and related LLC's are under Crescent. Senator Murray asked if Crescent Affordable Housing was standing in the shoes of HANO overseeing all. Mr. Castellanos said it is the nonprofit parent entity for all mixed plan developments that they enter into. He explained that Lune d'Or Enterprises, LLC was the managing member for the Fisher 1, Fisher 3 and Gus 1 properties. Also Crescent Affordable is the sole owner of Lune d'Or, and throughout the audit it is still Crescent Affordable

Senator Murray asked if all are private nonprofits. Mr. Castellanos responded that the sole owner of Crescent Affordable is the Housing Authority of New Orleans, but it does not stand in the shoes of HANO. Senator Murray asked if HANO owned Crescent Affordable Housing and Mr. Castellanos said yes. Senator Nevers moved to grant the extension and with no objections, the motion was granted.

Senator Murray asked Castellanos to provide to himself the names of the board members of the respective nonprofits for Crescent Affordable Housing and Lune d'Or and any other ones that are in the City of New Orleans that are operating under these housing redevelopments. Mr. Castellanos said he can provide the information through the Legislative Auditors. Senator Murray said they can provide it directly to his office on Broad Street in New Orleans.

Iberville Parish Council on Aging

Arlene Randall, Interim Director for the Iberville Parish Council on Aging, stated it is a nonprofit organization acting as an advocate for the seniors of Iberville Parish. She said the Parish Council built a new facility for the Council of Aging, and they have had problems with their database causing a loss of information. She said another reason late for their delay was because FEMA used their facility for over one month while issuing the blue tarps after the two storms. There was also the termination of the director of Iberville Parish Council on Aging and Ms. Randall has been acting director and filling in with a few other positions as well. They are working to get all the information to their CPA by next Friday, so expect their audit report to be complete by May 31st. Mr. Purpera said that they are fine with it and the auditor's office is working closely with their office. Senator Murray moved that Iberville Parish Council on Aging's request for a second extension be granted, and with no objections the extension was granted.

McDonogh 42 Charter School- Treme Charter School Association

Roslyn J. Smith, President of the Treme Charter School Association, which governs the McDonogh 42 Charter School, stated that she is requesting a second extension because they had to hire an accountant to assist in their preparation for the external audit. The accountant recommended they put things in better order, thus requiring a lot of work. She understands the audit report from the external auditor will be ready before March 31st, but anticipates having some findings that they will have to respond to, and did not want their first audit to be late, nor to be listed on the tardy list on the LLA website. They request another 30 days to complete everything but anticipate needing far less. They also need to have the Federal Grants review and that has been late because they are a different type of charter school and were late in getting the approval for the federal funds.

Senator Murray said that he had spoken with the CPA doing their audit the day before and they expect to be complete sooner than April 30th, and have been very cooperative while working on their audit. Senator Murray moved to grant the second extension request to April 30th, commenting that they are also doing a great job. With no objections, the motion passed.

Washington Parish Sheriff

Washington Parish Sheriff Robert J. Crowe explained that as they began the current audit, the auditor doing the work initially asked for a 3 month extension. The auditor said he still could not finish it in time as he had to go back two and three years on some of the records, therefore they are requesting another extension to finish it.

Mechelle Galloway, CPA for the Sheriff's office, stated that they have a very significant task of going through records that were not reconciled for prior years which they must pull forward and do research for more than just the year under audit. They are asking for an extension so that the records provided in their audit report will be accurate. Mr. Purpera said that Ms. Joy Irwin, Director of Advisory Services, has been working closely with the Washington Parish Sheriff and would recommend approval of this.

Senator Nevers said that he welcomed Sheriff Crowe to the Capital, and that the previous sheriff had issues with often asking for extensions. He said that he hopes that under the new administration Sheriff Crowe will encourage whomever he hires to do their audit to do it timely. He moved that the extension be granted for Washington Parish Sheriff's Department and with no objections, motion granted.

ACT 36 EXTENSION REQUESTS

Mr. Purpera explained that Emergency Extension Requests is the final list for approval (Attachment C). Where the other extensions were for funding purposes of HB1 and HB 2, Act 36 Extensions is an extension of the audit law allowed for those agencies in any declared disaster areas that request an extension. The Legislative Auditor recommends approval of these. The Legislative Auditor does not have the authority to grant these disaster related first extension requests thus they brought those before the council for their granting of extensions.

Senator Murray moved for the granting of extensions for all on the Act 36 Emergency list, and with no objections, the motion passed.

ACT 829 UPDATE

Mr. Purpera stated that Act 829 of 2008 provided that the Office of Community Development Division of Administration contact the chairman of this council, and work with the chairman of this council to produce a reporting to this council of contracts and subcontracts related to Road Home ICF. On February 11, 2009 this council wrote to the Commissioner of Administration asking the Commissioner to coordinate a format by which that report would come to this council. As an update on the progress, the Commissioner of Administration has provided to the Auditor a format. The law basically requires four pieces of information be in that format and the Auditor did not believe the format met two of the requirements. They have notified DOA and are awaiting the Division's response now.

Mr. Paul Rainwater introduced himself as Executive Director of Louisiana Recovery Authority and also detailed into the position of Executive Director of Office of Community Development, and a couple of other positions. He said they looked at Act 829 and have been providing a report to the council and understood that there were some formatting issues. He said Ms. Susan Pappan would hand out the report to the council. They are more than willing to work with the Legislative Audit Advisory Committee to be sure that they are getting all the information needed. He said they apologize for any confusion, as they had been providing a report to Joint

Budget which they assumed met the requirements, but understood that it did not meet the council's requirements, so he is more than willing to work on that.

Mr. Rainwater said on the first page (Attachment D) is the total payments made out to ICF from the Office of Community Development to date. Payments made by ICF to the subcontractors through February 28th, they are now paid to ICF for services. A number of Road Home applicants that are Louisiana residents through February 28th. On the next page are the various penalties that they fined ICF for. The report does not show that they are also withholding a total of \$ 5 million because of the dispute with ICF over some legal fees and other things. The council can see accomplishments to date: eligible active applicants; active homeowners who have made a selection; files transferred to closing; closings; amounts of awards disbursed; amount of second disbursements; and average award disbursed. On the third page you see a list of all the subcontractors by company or organization and continue down the list and see the total of numbers. Also on the report are the small business totals, minority business totals, large business totals, woman-owned business enterprise, non-profit or educational institutional totals. Further down it was broken down by the categories. They think that the report meets the requirement, but if they need in a different format or additional information, he will be glad to provide such. Mr. Purpera said he appreciated their report and would take it under advisement and work with Mr. Rainwater if there were any additional changes to be made. Representative Ellington said he would appreciate that they do.

Senator Murray said that he receive the report in Joint Budget, but had a question regarding the appeal process. Some of the members of Mr. Rainwater's staff met with a small section of homeowners in his district which he appreciated. He said the appeal process had been very confusing for many people and understood from an auditor's report earlier this year that talked about some discrepancy and unequal treatment, depending on which appeals process the applicants' fell into. He questioned if possible to have some objective standards that the general public would know with respect to the appeals so they would know how and why a decision is made, possibly placing it on the internet or someplace that people would know what those standards are so they can try to follow it. He said during a district meeting last week, he found homeowners who had spent a lot of time and resources, finding their way through the process, and were using terms that he had not heard of before.

Mr. Rainwater said when he arrived in January 2008 they had that dispute resolution process which was ridiculous and many people were left up to an interpretation. Dispute resolution was a place for files to be hidden, and really what the contractor would do was sync up when they pulled out of dispute resolution to make their numbers work, so we got rid of it. He sent a team in and cleaned it up, and created a two step process- the ICF appeals process and a state appeals process and the state has the final word. He came from a meeting that morning in the 9th ward with Representative Marchand and some of the same issues that were coming up because of the history of it, and people confused about dispute resolution and the appeals process. What we have done is opened up on our web site, people can send us an email if they feel they did not get fair treatment in the appeals process. We are going to go back and we are working with the Legislative Auditor to do this and look at everyone's file to make sure the people were treated fairly, made sure that eligibility requirements were met. He said if they look at the numbers starting in March of last year, they would see a lot of progress in appeals and the outreach, really working sessions were they took whole staffs out, about 20-25 sessions. He brought policy people, lawyers, computers and went into neighborhoods and community centers and worked with people having problems with definitions and terms. They worked through 33,000 very difficult grants last year. He said he will go back to his staff and see if they can clarify some of that. They have told people and as they are receiving their questions about their appeals, they do review all documentation in their individual files.

Senator Murray said that in the LRA board meeting last week, he talked about extending the time for people who sold their homes could go back in and are not eligible through October 29, 2007 if their homes were sold. He asked if people would be notified about that change so they could know that their appeal was still viable. In about 40-50 homeowners there was 2-3 people who said they had received a notice of eligibility and the date had changed but the rest of them had not received notification. Senator Murray questioned the fairness of the process and believed everyone should be treated the same. He said there were people in the same neighborhood, which some received a grant, some zeroed out, but they were right next to each other, homes about same size, with water at the same level for same period of time. He said he did not understand why some receive an award, and some rejected, and the homeowners cannot understand it as well. Senator Murray said what he heard most in the meeting is there not any objectivity in terms of how the general public can determine why or if they are entitled to something and cannot follow it.

Mr. Rainwater said Wil Jacobs and Dan Reese were at the meeting and brought back issues and they will work them out. He said that he met many people and one challenge is that

every situation is different. If someone is treated unfairly you hear about it throughout the community. They will go back.

Senator Murray said most of the people are professional and cannot get beyond the person who came out to do the initial appraisal. They came out and measured the first floor of the home and just doubled it to say it was the same size in the second floor. By doing so, many people were unable to get an award because the square footage was too much to warrant the 50% damage or the dollar figure and cannot get anyone to look at their home again. They have been stuck getting someone to make that change. They brought files and have all kinds of documents and cannot break through.

Mr. Rainwater said they are transferring the Road Home Program to a new contractor. That contract will have about performance measures in it and will have penalties in it. One of the things they are going to do is go back and be sure things were done right and that is what some of the surplus money is for, to make sure people are treated fairly. That is one of their goals as they move forward in the new contract.

Senator Murray said for those people who think they were not treated fairly there is conflicting information on the LRA Website which says that they can still appeal, but on the Road Home website it says if they are past the 90 days they cannot and asked which one is accurate. Mr. Rainwater said if someone feels they have not been treated properly, his office is allowing them to continue their appeal and come back in. If someone feels they are treated improperly then call our office, send us a letter, or send an email and he will send it to his appeals team to look at it. That commitment is there regardless of what the Road Home website says which is run by ICF. He can make that change and say that if someone feels they have not been treated fairly they need to contact us and we will work through that.

Senator Murray said ICF is on the way out, but since they do work for us, and we are paying cannot we tell them to put on the website to say that, or at least redirect them to the LRA site to get the right information. Regarding the idea about having some objective criteria, one person at the meeting talked about some Gulf Coast Construction Code Book which Senator Murray stated he had never heard of before. The person told Senator Murray at the meeting that he went through it and tried to match up the codes in the book, which is supposed to be the official resource, and it compared it to the letter that Road Home sent him, and those things did not even match. Mr. Rainwater said there are people on his staff in and of the conversation, that he could bring them in - Rich Cray does their compliance, he has worked as a building code inspector and worked with the Gulf Coast Building Standards and says that it does. Mr. Rainwater said he would have to do is bring his staff in and go through that.

Senator Murray said that he would like several from New Orleans to speak on this, and also to include on the agenda for the council's next meeting to look at the appeals process. He said that a lot of people have not been treated fairly and it goes back before Mr. Rainwater became involved in the program. The first people hired to do the initial appraisals did not do that value right. Then for a long time if someone took an appeal or got out of this dispute resolution, ICF was doing it themselves and many times it was the same person who told them that they were not eligible from day one was also doing the appeal and not going to tell themselves that they were wrong. Hopefully, we can come put something in place that allow people a chance to understand how they are doing it and can really interact with it, while negotiating with this new company and until ICF is out of the picture.

Senator Gautreaux said that in his district people did apply but withdrew when the government said they wanted to take their property if they had 200 acres of property. He asked if it was still open to those people that had applied as long as they had an open file. Mr. Rainwater said if they owned the farmland and his office made that clear that they want the people to keep that farmland, so they are just subtracting the cost of the land and the grant, as long as they had Road Home eligible activity. Mr. Rainwater said the way the third allocation dollars, \$ 3 billion that they got from Congress basically said if a Road Home eligible applicant, and secondly if within the Road Home eligible activity, then they are alright and as long as they have a Road Home number.

Senator Murray appreciated Mr. Rainwater for getting things resolved, and not being afraid to make an executive decision. He had called Mr. Rainwater on a Friday and he came down on the Monday, and took the time out to listen and help. The business which employed 150 people was not asking for the government for money, just to spend what was already allotted from the federal government. The Secretary of Economic Development did not come because had to meet with the governor, when he should have come down because 150 jobs could have potentially shut down. Senator Murray said he appreciate Rainwater giving some type of resolution to the problem.

Senator Mount asked regarding the information that was passed out, what were the functions of some of the groups; for example, the Compass Groups under the first of the three groupings. Susan Pappan, Financial Manager for OCD, Disaster Recovery Unit, said the Compass Group is their consultant for the Piggyback Program. Mr. Rainwater said the Piggyback Program is where they have the go-zone low income housing tax credits, and they take community development block grant money and layover that low income housing tax credit to make the project work. So the Compass Group works with them to make sure it is eligible and meets all the community development block grant rules so the project will actually go forward.

Senator Mount asked about STR. Ms. Pappan said is the homeowners software, Egrants is the software's name, which ICF currently uses but will transfer to the new transition team. Senator Mount said it has been dispersed 100% so therefore the use of the software would be under our purview, ownership or utilization with no additional cost. Mr. Rainwater said that was correct. Senator Mount asked about Pixel out of Fairfax, Virginia. Ms. Pappan said Pixel is IT staffing. Senator Mount asked about Quadel. Ms. Pappan said Quadel is also staffing as a sub of ICF who is just performing homeowner program work for them, rather than ICF hiring employees, they contracted out to take over that role. Mr. Rainwater said Quadel has been there from the beginning of the program. Senator Mount asked if the amount of money shows about 2 years. Mr. Rainwater said yes. Senator Mount asked about Dewberry and Davis. Ms. Pappan said Dewberry is homeowner evaluation and they also do the small rental evaluations. Senator Mount asked if the ones that she inquired about if they have been onboard for 2 years. Ms. Pappan said yes.

Senator Nevers told Mr. Rainwater that he would like to thank him and his staff for all the help they have given in the recent months. He commented on all the out of state companies that earned several hundred million dollars, and questioned if there was a good reason they were selected rather than state people. Mr. Rainwater said he was not there when they were selected and when looking at the way procurement laws are written and the federal dollars and regulations, they are not allowed to require local hiring, but can basically request that the contractor who receives the grant to hire local subs, but cannot weight it so that local contractors are chosen. Mr. Rainwater continued to say that they have to be very careful because what is received from the Federal Emergency Management aid and through the Housing Urban Development Inspector General is basically they come down and audit your program to be sure that you are not pushing dollars towards local contractors, so have to be careful. The contractor can sub out to locals but cannot direct or weight it - for example the scoring that they just did for HGI, a local company headquartered in Litcher, Louisiana. The way it was weighted is you look at x number of points for technical proficiency and also score for cost, but cannot put a score for a local company. Obviously the ICF contract has been controversial from the beginning, there have been conversations of whether or not they should have even been selected and that is not something that he can go back and undo, but has tried to put a firewall on the next contract. Mr. Rainwater said he has broken the ICF contract into four separate pieces, to make sure that they have four separate contracts: Road Home program, IT, piggyback and small rentals. Thus they can manage in four separate groups because what they saw it was very difficult to manage one large program. Some local companies are being subcontracted in the IT piece for example. Another local company was awarded the Road Home piece, so it was a good move to do it that way, however he reiterated that he cannot undo the past.

Senator Nevers asked if they are doing possibly to be sure that Louisiana businesses and citizens are given the opportunity to work for these people. Mr. Rainwater said they are and in fact they had a conversation in their staff with the number of Louisiana employees hired by ICF. They will pay severance for Louisiana employees but not for subs, for example, and they are trying to take care of Louisiana employees.

Senator Nevers asked if they can require that. Mr. Rainwater said they are allowing ICF to pay severance pay to Louisiana employees who are contracted with ICF. Senator Nevers said we have paid \$ 9, 371,000 for this software with and asked if it was some special type of software for it to cost so much. Mr. Rainwater said that his staff has discussed the way that it was created, because the program is very complex system to work through. However, they must maintain that system for 5 years. HUD requires that they maintain this database, so the HUD inspector general can go in and audit the files. They are going to have a working system for at least another year as they try to close out the other applicants and problems and they will go back into the system to look at Road Home problems, etc. Senator Never said only place ever remember spending \$ 10 million on software was Citizens Insurance and wondered if they will be able to use this for anything else in the future or only maintaining for 5 more years. Mr. Rainwater said maintaining for 5 years because required to and may be able to import it to the Office of Community Development. He reminded Senator Nevers that some of these programs will continue on, so the software will be used. Senator Nevers asked who owns STR, and Ms. Pappan said she did not know.

Representative Ligi said he appreciated Mr. Rainwater taking over a tough job and all he has put into the job. Representative Ligi stated that HGI is going to be taking over for ICF and obviously they did a lot of work under the original contract, at least the update did based on what they were paid. He asked how much attention did his office give to any complaints that may have been filed against HGI under the first contract when they entered their new bid.

Mr. Rainwater said when they look at the way they scored this on the technical component, the cost component, what was interesting in the technical piece. There were only 2 bidders: Shaw and HGI. Where HGI really scored very high was in their cost because their rates were very comparative and beat Shaw by about \$ 8 million for the last piece. His office checked if they were disqualified for any work done before, and look at the circumstances, there were some complaints in the beginning with HGI, but probably due to the fact they were somewhat of a small company when they got the contract. According to his staff, they have lined out those issues and really been clicking along and have the experience to continue the program.

Representative Ligi stated that therefore substantial consideration was given to the performance part. Mr. Rainwater said they knew there were some issues up front when they started out, some issues with the subcontractor Payne. He believes most of that has been cleared up. When they sat down as a staff and talked about this, they looked for a company to nudge this small program for the next year or two and clean out these files and do the outreach and they understand the difficulty of the closings and title issues which is important for them because about 1,000 people have titles, successions, power of attorney issues. They felt HGI fit that type of category and would help them work through that till the end of this year. The contract is a two year contract, but they might finish it quicker, which their goal is to put themselves out of work.

Senator Mount asked Mr. Rainwater explain the piggyback. Mr. Rainwater said it is basically taking a poor community development block grant money and laying it over tax credit to make a deal work. It is basically leveraging community development block grant dollars because of the issues after the storm and the difficulty of closing deals. Obviously, the Louisiana Housing Finance Agency administers the tax credit piece of it and they manage the community park grant piece.

Senator Gautreaux said he believes putting Louisiana people to work is more important than anything. He asked if Mr. Rainwater could in the process when doing the RFP could include, as they do on the state level, based on experience in the state, something that lends itself to hiring in state employees that have the experience. Mr. Rainwater said for their IT they use a company called CGI that hires a lot of Louisiana employees but is not based in Louisiana, but has large headquarters in the state. One of the criteria was had they done business with the state before, but have to be careful with that and want to get the right company. Mr. Rainwater said he had that in his proposal.

Representative Ellington said we will review the report given to the council and get back with the Commissioner and Mr. Rainwater to let them know if it is exactly what they need.

Several constituents from Senator Murray's district in New Orleans presented their situations. Mr. Homer O. Branch III stated he was representing the homeowners as a constituent group. He had been through every level of appeal that is available through Road Home and had lots of problems with Road Home. The only appeal he felt was done fairly and honestly was done by a legislative judge because most other appeals were done by ICF and some people in ICF had prejudices against him. He said that it is not a fair process, and would like to see OCD and ICF out of the appeal process. He would like to see the reports on the internet to show all the constituents what is going on because a lot of lies being told, and personally lied to by ICF hundreds of time and disrespected everybody in the Road Home Program. Representative Ellington said he should speak to Mr. Rainwater to get to the top person.

Representative Ellington recognized former Representative Warren Triche with the Nicholl's State University Women in Government Program visiting the capital today and viewing committee meetings.

Ms. Mindy Milam, a constituent from Orleans, introduced herself as speaking on behalf on many applicants that are still struggling with Road Home. She expressed her frustrations in dealings with the Road Home program and ICF, mainly concerning the appraisal and appeals process.

Mr. Rainwater said the 20% appraisal is a HUD rule and when he started in January 2008, the former administration had set a policy of no more than 20% and did not tell anybody. He said that he has tried to be very transparent about this process and told his team that they would write HUD. He went up to HUD National and met with the Secretary and program managers said down in Louisiana you are telling us that the differential can be no more than 20%. Louisiana Recovery

Authority Board of Directors sent a letter to the HUD Secretary asking for clarification asking if they could exceed the 20% appraisal. Mr. Rainwater said HUD sent a letter back very clearly which was made public to the media that they cannot exceed 20% and if so chose to exceed it then it would come out of state general fund money. That was the clear guidance that received from HUD and he was sorry that people were not told in 2007 that 20% was the maximum. He said he was told that it was a HUD regulation because they use FHA's rule which is about 5%, but HUD said we will allow up to 20%, which may not be enough, but it is the rule that HUD set forth. Mr. Rainwater said he has two letters from HUD stating that and would be happy to provide them to the committee or the full legislature. He added that they have pushed on that issue as hard as possible.

Senator Murray said that when this issue first came up before Mr. Rainwater was in his position, they were told the 20% limit was something the state put in it's plan that HUD approved, but was not HUD regulation. It was a HUD approval of the state action plan that had the 20% rule in it, so HUD said unless the state changes, we have to live by it. Mr. Rainwater said he has asked for permission to change it, and HUD has told him clearly that it is as high as they will go on appraisals- that is their policy, not the state's. Senator Murray said when this young lady says that HUD has said to her that it is not their rule. Mr. Rainwater said he will show them the letter, that is all he can do. Senator Murray said when this first came out HUD said they approved the state's action plan. The same thing happened when the state could only get 1/3 of the time, that was not a HUD rule, it was required by the state in it's plan. The state made the change to give all the money at one time and HUD approved the change. Senator Murray said he would love to see the letter because going back a few years ago, HUD said it was the state's rule, not their rule.

Mr. Rainwater said he asked for clarification, because he wants to give the money to as many people as he can within the parameters of the program to protect the state from any liability. He asked the question if they could extend the 20%, they wrote a letter and took a vote of the board, sent it up and he received this letter back that to exceed the 20% was denied. Senator Murray said HUD told them differently before, that it was the state's policy, and requested that Mr. Rainwater provide the council that documentation.

Ms. said the difference between her appraisal and the road home appraisal was over \$ 60,000. She said if her appraiser had only gone to 19% she would still receive over 30,000 right now, and instead her appraisal is just thrown out. Mr. Rainwater said he would go back to look at that. Senator Murray said this request for information on the internet selected reports that he had given the council today and given to the Joint Budget Committee, to also begin to put that on the website for LRA and Road Home. Senator Murray said this new report with the chairman's participation would also be put on the internet going forward for everyone to look at it. He said until you have to live through it, cannot understand what people are going through and they must really love where they live.

Senator Gautreaux said his district had the same problems. He said that they were paid \$ 350 for an appraisal, \$ 150 to the ground person actually doing it, and getting some companies that had a national database and paid them \$ 50 a piece so they could make the whole \$300 so they could come up with a value. In his district being a rural area, parents donate homes to their kids for \$10,000 - \$ 20,000 and the houses are sometimes worth over \$ 100,000. They had values come back at \$ 15,000 which was absurd for a 2,000 sq. ft. house. So they actually came back and reappraised it and when people had their own appraisals done were within the 10-15% mark. Senator Gautreaux suggested to Mr. Rainwater to solve the problem have that same group or another group within your contract to reappraise the home, then it may be reappraised within 5-10%. That was how the problems were solved prior to when Mr. Rainwater started because early on they had the problem. The other issue was the same people that set values were valuing trailer homes at around \$ 90 and \$ 100 per sq. ft. in Cameron parish, and those people received their money, but once they discovered the flaw they stopped it and began doing actual inspections because before they were not doing actual inspections they were following a national database which does not work in our area. Mr. Rainwater said he would take a look at it.

KATRINA COTTAGES AUDIT

David Greer, Director of Performance Audit, said the council asked the Legislative Auditor to do some work in relation to Katrina Cottages in a very short time frame to try to cover some basic questions and provide some information about the progress and shortcomings of the program.

Patrick Goldsmith, Performance Audit Manager for LLA, said they addressed their request by asking the six questions below which they called objectives in the report. Basically this is a \$ 74.5 million dollar federal program that requires 500 cottages be finished by the deadline of September of this year.

#1 Question - What is the status of this program for the construction and what is the timeline for completion of this program?

As of January, when they completed their work, no cottages had been built. Since then there has been some movement, and they understand that two of the sites, Jackson Barracks in New Orleans, also a site in Baton Rouge do have some construction started, but have not completed any cottages yet. On page 8 of the LLA performance audit on the Katrina Cottages Program, there is a timeline that LRA provided which outlines for all the different sites in New Orleans, Lake Charles, and Baton Rouge. They expect to complete all the construction by the September deadline, and it shows the timeline for the stages of construction as well.

#2 Question - Why has Louisiana not built any cottages in the twenty-four months since the start of this program?

In December of 2006, when the LHFA originally had this program, they started it and took 10 months for them to get a contract and to secure the funding, and there were various reasons for that including trying to get an acceptable budget with amounts and deliverables. Also trying to get FEMA to accept the funding which required having a budget, so that took 10 months, as shown on the timeline. After that the LHFA worked for 4 months on the program, starting setting up some projects, starting hiring contractors. Then the governor took the project and gave it to the LRA, which LRA took 5 months to negotiate with the contractor and resign the contract and also get the funding switched over to the LRA. The remainder of the 24 months is another 5 months that takes you to December of 2008 and in that time frame there were numerous things going on, but still no cottages had been built and in LRA's response they spoke about infrastructure issues, they were trying to obtain sites, trying to obtain infill sites, also trying to find group sites, also working on environmental issues and that took up a majority of that last 5 months.

3 Question - What is the estimated cost per square foot of the Katrina cottages?

When the LLA started this work all they had were estimates based on what they planned to do at the various sites and in the report the cost per square foot ranges from \$ 158 to \$ 195. Since they have issued this report, the LRA has gotten in some bids, so their estimates have improved a little bit and they have gone down in cost, and included that cost in their response. But there is not a 1 to 1 comparison, there is no infrastructure cost included in the appendix from the LRA. It does look like costs are doing down a little bit but difficult to compare.

4 - How did the LRA select the contractor for the Katrina Cottage Program?

When the LRA took over the program from the LHFA they used the same contractor that was already in place. They terminated the contract and then they assumed it. The LRA is required to follow the public bid law. In this case they did not competitively bid the award and they said it was for a few reasons including they said the contract was for consulting services, also they considered it to be a sole source. Mr. Goldsmith said a few concerns the auditors had included that consulting services did not seem to completely fit the contract because the contract results in construction of 500 cottages, so it seems there is a construction component. Also even with the consulting contract, if it is over \$ 50,000 they also have to bid it. Regarding being a sole source, the LRA submitted a determination to the Division (of Administration) questioning if the contractor could be determined to be a sole source. They never saw evidence that the Division actually declared it to be a sole source contract.

5 - Can Louisiana redirect the \$ 74.5 million?

The short answer is no, Louisiana cannot redirect the money. It would take Congress redirecting by appropriation. When they spoke to FENIA, FENIA said they have no desire to oppose Congress to ask for it to be redirected and they wanted to continue on the way the program is actually currently going.

6 - What is Louisiana's plans for the occupancy and ownership of the cottages?

The way this works by the Articles of Agreement is the LRA is the initial owner of the cottages, and they will then transfer those to local partners. The local partners will then select residents for those cottages based on a pool of applicants created by the LRA. The first priority for who gets a cottage is those that are disaster victims - somebody actually eligible for FEMA financial or direct housing assistance. Now one thing the LRA is trying to do now, they really do not want to be the first owner of the cottages, and trying to amend the Articles of Agreement with FEMA and trying to get the locals partners to be the first owner of the cottages. However, as we understand that is still in draft form and has not been finalized yet. Mr. Goldsmith concluded that this is the summary of the report, but would answer any questions.

Representative Abramson said the delays in the Katrina Cottage program have been unacceptable. The state has had \$ 74.5 million dollars for over two years and has not built one cottage as of this audit. Mr. Goldsmith said no cottages have been completed - the LRA has two sites where they started some construction, but have not completed any cottages to date. Representative Abramson said that is a travesty to our citizens and a disservice to Louisiana. This program is intended to build 500 homes for displaced Katrina and Rita families. Mr. Goldsmith said those that are displaced from hurricanes are the first tier of people who will get in the cottages. Representative Abramson said from his understanding of this program that if this money is not spent by September 17, 2009, they will lose it and it will be returned to the federal government. Mr. Goldsmith said without an extension that is their understanding, September 2009 is FEMA's deadline to finish this program. Representative Abramson said he invited LRA and the developer Cypress and some of the local partners to the meeting. He is not interested today in pointing the finger of who to blame, they just have to get this fixed today. The council started this process by asking for an audit and they had a meeting last October which started this process, which this is a follow up meeting. He said it is time for a plan and specific dates and make sure to accomplish by those dates and get this program completed.

Mr. Rainwater with LRA and Bill Smith with Cypress Realty Partners came to the table to answer questions. Representative Abramson said as per the auditor's report and talking to different parties involved that only two sites have begun construction, that would be the Jackson Barracks and Hidden Cove in Baton Rouge. Under the timeline the auditor provided, based on information by the LRA the estimated dates for the environmental approval (EA) date for the other six sites for New Orleans and two in Lake Charles have already passed, and he understood that they have not received environmental assessments or FONSI's (Findings Of No Significant Impact) from FEMA yet to begin construction on those sites.

Mr. Rainwater said that is correct for the HANO-Fisher site March 20th, and Lake Charles Sixth Avenue was March 10th. All they were waiting for in Lake Charles was a signature from a gentleman in Washington D.C. by the beginning of next week at the latest to get the environmental approved. The Lake Charles scattered sites estimated date is March 25th.

Representative Abramson asked if they have received FONSI's from the federal government on both the Sixth Avenue and the scattered sites in Lake Charles. Mr. Rainwater said yes, as he understands, and only waiting for the signature from a gentleman in Washington. Wil Jacobs, with LRA said the FEMA document FONSI means Finding Of No Significant Impact and must be signed by a number of offices including the Head of the New Orleans office so it has to go to D.C., but Sixth Avenue site should be ready by tomorrow morning as a matter of fact. The scattered sites in Lake Charles will be done by March 26th. Representative Abramson asked about the four sites in New Orleans: NORA, HANO-Fisher, Westwego and Providence sites. Mr. Jacobs said he has been told the Westwego site will be any day this week, HANO-Fisher by the first week of April, scattered sites in New Orleans by mid-April. Representative Abramson asked if only NORA had scattered sites. Mr. Jacobs said no, scattered sites are in Lake Charles, Baton Rouge and Providence has a large group of 160 in fill lots in New Orleans.

Representative Abramson asked if only the scattered sites would have environmental approval by the first week of April. Mr. Jacobs said they will do an environmental approval (EA) for the entire city of New Orleans, Orleans Parish, and they will have our groups of lots within those to build. They will present each of the groups of lots that they want to build prior to the approval date so that they can be approved at the time that the whole approval for the parish is issued. Representative Abramson asked if the scattered site locations have not been submitted to FEMA for approval. Mr. Jacobs said they are, but they have more sites than they need so only have to pick the actual build. Representative Abramson asked if FEMA has done the environmental assessment on all the sites that they had given them, so if they take some out it's no big deal, but they will get the environmental assessments completed for the ones we decide to build on. Mr. Jacobs said what they have to do for infill is to give a blanket approval for infill sights, meaning that these sites are individual lots already built that previously had lots on them, these are not green fill sites.

Mr. Jacobs said Westwego approval will be forthcoming this week. Representative Abramson said that will complete all the environmental assessments intended for building Katrina Cottages on. Mr. Jacobs said yes, by April 14th for New Orleans sites if those dates stay on track. Mr. Rainwater said FEMA has come back and told them that depending on the contractor and other issues -the Federal Emergency Management Agency's process - this is one part of FEMA that we work very well with. The fact is they did come back and say they had an administrative delay. Mr. Rainwater said he felt comfortable that they have a good process working now.

Representative Abramson asked that Mr. Rainwater and Wil Jacobs to report back to the Chairman and the committee on March 31st as to which sites have actually received the environmental assessments or the FONSI's approval from the FEMA and on April 15th as well because based on what said today, unless unexpected delays, all should be completed. Mr.

Rainwater said he had no problem doing that. Representative Abramson asked about the occupancy program, he understood the Federal regulation that governs this program requires not only that the cottages be completed by September 17, 2009, but they be occupied. He asked what was being done in terms of starting an occupancy program so no delay from when the cottages are completed and people can be placed in them.

Mr. Jacobs said they have already started the process identifying and reaching out to those households. While it would be great to have those residents in the units at that date, there is nothing in the Articles of Agreement that state that they have to have those units occupied. Representative Abramson asked what is the LRA's plan in developing the occupancy program, when is going to be completed, when can they see it. Mr. Rainwater said one of the challenges with this program has been when they started off in February 2008 with no place to start from. So they backed up and began involving nonprofits, such as Habitat for Humanity and Providence, NORA and some others. The LRA asked the nonprofits to work with them to come up with some of the eligibility criteria which no doubt made it a little more complicated. In the Cooperative Endeavor Agreements with HANO and NORA and the City of Lake Charles and the nonprofits they are putting together the eligibility criteria. Some of those Cooperative Endeavor agreements will be able to close in a couple of weeks because they were waiting on guidance from FEMA on issues regarding program income - what they can use that program income for: operating expenses, payoff property, for example. They hope to close out some of this in the next 14 days and will be happy to share that information with the council as soon as they get it.

Representative Abramson said he understood the only cooperative endeavor between LRA and the local partners that has been signed is the one with Jackson Barracks. He asked the LRA's deadline or time table for getting the cooperative endeavors with all the local partners completed. Mr. Rainwater said one of the challenges have been obviously when they changed the program they started to move things like infill for Lake Charles, they had a number of public hearings where they were unable to get a cooperative agreement signed until they chose the site. They did not choose the site in Lake Charles and the local community did not agree to that site until November 2008. In Baton Rouge they have been working concurrently while building the sites and negotiating the cooperative endeavor agreement. Rainwater said once they get the information from the grants management people at FEMA related to program income then they will be able to close the deal on HANO, and Baton Rouge. In the city of Lake Charles they are ready to sign the cooperative endeavor agreement as soon as they get the word about the program income issue. We have spoken with Mr. Lynn Knapp with the Habitat for Humanity and they are very close to closing those once they receive the interpretation from FEMA. There was one another issue - waiting for an Attorney General's opinion about the program. The Attorney General issued the letter to the LRA which makes everyone comfortable so they are ready to go back and close out some of those cooperative endeavor agreements. But those in itself have not really held up things, they had to get the environmental done. They were building homes in Baton Rouge without cooperative endeavor agreements and New Orleans has been a little more problematic because of the back and forth about some of it.

Mr. Jacobs said they expect all Cooperative Endeavor Agreements will be executed before the end of the month but most likely by next week. Representative Abramson asked that Mr. Rainwater would report to the council when completed or if any delays. He also asked if a time from when the LRA plans to have in place the occupancy program, if that has to be publicly bid. Mr. Jacobs said they plan to use the processes already in place and if it were to need public bid it would take a number of months and do not have the time. Representative Abramson asked when the program will be in place so they know it is up and running. Mr. Jacobs said they are getting determinations on when that will be done, looks like by the end of April that they will be ready to launch.

Senator Murray asked about the funding cycle that is coming due in September, have they already asked for an extension or must they demonstrate something to Congress to get an extension. Mr. Rainwater said when they took it over in February 2008 they went to the Federal Emergency Management Agency and talked about our processes going forward, and the difference of doing large sites and infill, and the complexity of working with local governments, and nonprofits to make this work, although they do believe by the time they complete the process it will be a better end product. FEMA told Mr. Rainwater to go forward and make as much progress as he can. Their goal is to complete all by September of this year, however losing time during Gustav and Ike last year - and FEMA said they understand hurricanes. So they said make as much progress as they can, show good faith and when closer to the end date they will sit down and talk. Mr. Rainwater has already briefed Secretary Napal Thomas' staff and sent letters to the Congressional Delegation explaining the difficulty that they have had so it is teed up for them to make an official request.

Senator Murray asked if they have given some threshold to say when you reach a certain level - so many homes built, occupied, etc. then time to request and extension, only if you can

say. Mr. Rainwater said they have always said if reach July and at 300-350 cottages, and see what the timeline looks like, weather, storm season, etc. then they will ask for a request.

Senator Murray said some delays were not caused by Mr. Rainwater's office. This was intended to be emergency housing after Katrina when the dollars were appropriated and some might argue that the emergency is still there, problems with Road Home, fights with insurance companies. It will be helpful to have these cottages which are now better than what was on the table before, larger more attractive. Senator Murray said he knew of a problem with one neighborhood and the association having some issue with respect to the homes not fitting properly in their neighborhood. Mr. Rainwater said in Hoffman Triangle they had 5 modulars that had been built, and when Cypress Realty went to get the permits some people got upset about it, and they put a moratorium in that particular area. That is the reason why they put one of the cottages at Jackson Barracks to show the expanded sizes. They want to make sure it fits into the fabric of the neighborhood. He believes they have overcome most of these issues and since there are plenty of sites now, if it does not work in one area, they can just go to another.

Senator Murray asked regarding the Cooperative Endeavor Agreements (CEA) in New Orleans if have they all been signed on the local side. Mr. Jacobs said they are in the process of putting in the language appropriate for those contracts and making sure that they have the ability to do what the local partners need them to do with those projects. Ultimately they need the property to build the units, and they need units suitable for their purposes to further their goals, so that is the language put into these contracts.

Senator Murray asked if their office is supposed to prepare these contracts, and when will these be ready for the locals to sign. Mr. Jacobs said yes, they have seen drafts and on the verge of getting a final draft for their signature again as soon as they get the final notification on those issues still outstanding from FEMA.

Senator Murray asked if the same will take place for the other sites across the state. Mr. Jacobs said yes, similar process. Senator Murray asked how the infill in New Orleans was coming from NORA and where the process of the transfer of property from the Louisiana Land Trust stood.

Mr. Rainwater said they did transfer properties from the Land Trust to NORA a couple of weeks ago, and they are synchronizing it. They have asked the Land Trust to put forth the properties that will have Katrina Cottages on them and move them out. With regards to the question of whether they would lose money or not, the way the articles of agreement are written they have to have money obligated to the projects by September. They do not necessarily have to be completed, but the dollars obligated. Occupancy is the end all, but not required by the deadline, only need to show progress. Mr. Jacobs said the program in our grant is governed by the articles of agreement and that document does not say that the units have to be occupied by the date of September 17, 2009.

Representative Abramson said he would encourage the council to check back with FEMA because belief it that it is their opinion and he does not want the state to be put in a position where a miscommunication and the state is considered not in compliance and lose the money. Mr. Rainwater said their goal is to get them built as quickly as possible and people in them - that is the bottom line and agree with him 100%.

Senator Murray said he wants to make sure they do not lose the dollars. Even though Katrina was over 3 years ago there are people looking for places to live who are in the city, or waiting to come back to the city. It will be important to get this done. On the CEA's the local people should have the CEA's to sign after receive the information from FEMA. Mr. Jacobs said they will have some information by the end of the week and other information possibly this week - particularly with regard to the use of program income, which is really important factor in the agreements. In everything, all attachments that they are going to work with the local partners on is going to be encompassed in this agreement so anything that is a part of this agreement has to be right and in line with FEMA regulations.

Representative Kleckley said \$ 74.5 million for 500 cottages, equals about \$ 149,000 per cottage. He said those are pretty nice cottages, asking the average square footage. Mr. Rainwater said there is not an average square footage, they are doing it based on the needs of the neighborhood. One cottage may be 800 SF, another one is 1200 SF, depends on what people are willing to accept and what will fit into the fabric of that neighborhood. Mr. Jacobs said the actual building budget is \$ 68 million, the remainder has to do with the administrative projects of the project including all fees that they have to expend to deliver the project, and the social services that they will provide to some of the residents and even the whole process of selection has to be financed through the grant, so the grant is self sufficient.

Senator Murray asked if the size has increased from the initial size. Mr. Jacobs said the size has always been ranging from 612 - 1112 SF for the base models with some room for some expansion of those models, but the desire locally has been to have the larger models since these are permanent housing to last many years. Representative Kleckley asked how the LRA selected the contractor for the Katrina programs, from the auditor's report LHFA signed the original contract and LRA took it over, but some question that you should have gone out to bid on the contract. Mr. Rainwater said he worked for Senator Landrieu as a legislative director and asked the general accounting office to look at this, and sat in a lot of meetings with FEMA national people about this whole project. When he signed this contract Pam Perkins from the Division and Lisa Wilkins from LRA told him, besides all that he knew about the program, told him that he made the right decision and it fit within law. Basically they felt like it was a sole source contract because FEMA national had picked the idea and the contractor Cypress Group to actually execute this program. So when he started in 2008, it was always his understanding the State of Louisiana had put a request for proposals out, took the top 6 and sent to FEMA national who then chose Cypress Realty. So FEMA picked the idea, the concept, the company, and awarded the money to the state of Louisiana therefore we considered that to be a sole source. When the Governor asked LRA to take the program over, they asked the Division and their attorneys to look at this and give them a real answer. Mr. Rainwater said FEMA came back and told him, and although there are differing opinions about this, but the reality of this they told him that Cypress was the choice and that was who they were supposed to use and that was what they did. The other aspect is that if they had rebid the project, the state would have given up the \$ 74.5 million because FEMA would have said they would never meet the deadline no way, no how.

Representative Kleckley asked if they would have gone back to FEMA might they have allowed more time. Mr. Rainwater said no, they were ready to move on, this program had been sitting stalled since 2007 - FEMA said either execute or forget it. The reality of it when the Governor came in February and told Mr. Rainwater to take it over and get it moving, they had to create was this administrative platform to really move it forward with the site selection, environmental, renegotiating the contract which he added they saved about \$1 million in contract negotiations. Representative Kleckley asked when renegotiating the contract were they able to put in any new conditions, parameters, any guidelines that would constrict a little more than originally. Mr. Rainwater said the original contract had no performance benchmarks, so they went back and said that some responsibility belongs the LRA - the site selection, the cooperative endeavor agreements, the environmental- after that it is up to Cypress. There are timelines and penalties for not meeting construction deadlines added in the new contract and that took a little more time. Representative Kleckley said he has heard so many good things about the LRA and how efficient and effective Mr. Rainwater works. It is unfortunate that this has stalled so long because there are many people he knows of in Lake Charles needing homes. He stated that he hoped the state can get an extension to get the homes built for what it was intended in 2005.

Representative Ellington asked the possibility for the Cottages to be built offsite while the sites are prepared and then moved in. Mr. Rainwater said after Gustav passed, they said why not take 200 or so cottages and make them system built because the original terms of agreement said they had to be stick built. They said Ike and Gustav have hit the state and they need to move quicker so they made some Gustav cottages and he admitted that was a bad idea. They did get permission from FEMA to build 200 system built or modular built homes and those are being constructed in Senator Gautreaux's district in Abbeville at a business there. They already have 5 in the factory warehouse and getting ready to do an order for 40 more. Mr. Jacobs said they will be able to build those while the sites are in process. Representative Ellington said he saw the two at Jackson Barracks and have seen some designs and it appears that they could be built elsewhere and then moved in and set on blocks, not in a mobile home form but like a house. Mr. Jacobs said that was exactly their idea to get a waiver to build these 200 units off site. They were allowed to do 200, because FEMA still wants them to demonstrate the original proposal to build on onsite units with steel framing, but they did allow some leeway to do these homes which are basically built off sites and are still real homes, like the ones at Jackson Barracks.

Senator Murray asked if any of the other companies that bid initially come back to legally challenge the contract renewal of Cypress. Mr. Rainwater said when he started in 2008 he did receive calls from several companies that wanted them to reopen the bids, or reconsider the bids, and knew the Federal Emergency Management Agency has told him that they have been threatened with a lawsuit but never heard anything else.

Senator Nevers said this has been discussed so much about why these homes have not been built, and asked what justifications to tell his constituents. Mr. Rainwater said when the state first put the proposal in it was for permanent structures, which there is no doubt still needed with about 16,000 people in disaster housing assistance program and still have people in FEMA trailers. Comparing the way the program is designed, and Mississippi's program there is no doubt if our goal was disaster housing then we needed to come up with a different design of the program that would have moved quicker. Mr. Rainwater said he never pointed fingers at anyone in this job since he took this program over, but the reality is the regulations, the fact that

environmental clearance was required, the fact that using Louisiana Land Trust properties that needed HUD environmental clearance and FEMA environmental clearance, the rules governing it were very complicated, so just a number of factors that has held up the program. Mr. Rainwater said it is not an excuse but it has been a very complicated program but he thinks if Louisiana's design was to get housing in quickly then they should have gone with a different design. The challenge was people were tired of seeing FEMA trailers so the state wanted to go with this new design. The other piece was execution - LHFA had a lot on its plate at the time, probably should not have been over it. From his understanding when the state got the grant, the director of the Governor's Office of Homeland Security said he did not want it in his shop, the LRA did not have the ability to execute programs at that time, and then LHFA had a lot going on. This has been one of those troublesome programs, but it finally has a home and moving forward.

Senator Nevers said he understands that but again how frustrating for the people that need these homes. When he looked at Mississippi's design it was not much different except their homes are on wheels. Mr. Rainwater said what Mississippi was able to do was avoid the environmental issues by putting them on wheels, they had a work around. Senator Nevers said FEMA approved the contract and the design and assume they thought it was the way to go, since Louisiana sent in six applications. Mr. Rainwater said this is the challenge, because this came up when he was working for Senator Landrieu. The fact is Congress appropriated \$ 400 million for what they considered disaster housing and when Congress appropriated these dollars they were not thinking of it as an alternative housing pilot program they did it in terms of get money down to the Gulf Coast so we get housing to people quick. He recalled when the program first rolled out, Senator Landrieu could not believe that Louisiana only got \$ 74 million and secondly this was the design of the program, she was pretty furious about it. He sat in the meetings with Gill Jamison, who was the Director of the Transition Recovery Office at the time and with the general accounting office working through this issue of what had happened. The fact is FEMA will tell you - and part of our challenge has been working with FEMA - for us it is opportunity to provide housing, but to FEMA it is a pilot program to test some different housing systems, and so they are testing how quickly can they be built, which is why they have reset their timeline with the system built because of Gustav. In Baton Rouge, they have frames up and are moving forward.

Senator Nevers said he noticed Cypress Partners LLC had never built a home before, they just formed a company, as a matter of fact not even registered with the Secretary of State when they put the proposal in, according to the LLA audit, so he assumes FEMA chose someone who had never built a house in Louisiana, had no experience constructing a house. Cypress had much experience in corporate strategy and government marketing, investment research and lobbying in Washington but had no experience in Louisiana building homes. Rainwater said if you look at the team they put together and what FEMA looked at was that they had Andrea Stiواني, world renowned architect, and other components as part of their team.

Bill Smith from Cypress Realty responded to Senator Nevers that they actually are building houses in this state and had started that previous to this project, and they have several members of their company that have significant experience in development. Senator Nevers asked if they were building home prior to submitting this proposal to FEMA since not shown to be registered with Secretary of State at time of submittal of your bid. Mr. Smith said they were building homes in Louisiana under a different company named 18th Street Partners, and not sure why that was not mentioned in the audit.

Representative Abramson said in his investigation he found that in the last four months this program has made more progress than in the first two to three years. The site in Baton Rouge which is further along than any other site, was first identified the fourth quarter of last year. They received the environmental assessment of January of this year and started building last month. That is the whole point of why they are here today is to make sure that the program continues and be sure it gets completed on time.

Representative Abramson questioned Mr. Smith regarding the two sites currently building on. He noted in the auditor's report that part of the contract with the LRA requires Cyperss to have an official construction schedule and actually penalties if they do not finish on time. He asked for the scheduled deadline on construction for both Jackson Barracks and Hidden Cove. Mr. Smith said the deadline they have submitted to the LRA for Jackson Barracks is August 15th and the same for Hidden Cove, the Baton Rouge site, and they are on schedule.

Representative Abramson said he assumes there are no official construction schedules for the other sites because they do not have access to those. Mr. Smith said the next site will be Lake Charles 6th Avenue where they have already run the RFP, have selected the winning bidder and as Mr. Jacobs stated earlier, the EA and CEA should be forthcoming. As soon as they have those, they are ready to go and do not have a finalized schedule yet, but anticipate the end of August for the 6th Avenue site only, not the scattered sites. Representative Abramson said for the other sites, assuming that he did have access to those sites because LRA will have the FONZI's or the EA's done on those some this week and some the week after, and all by April 14th.

Representative Abramson asked assuming Cypress has access to all sites by April 15th, do they anticipate to have built all the cottages on all sites by September 17, 2009.

Mr. Smith said that is a tough question to answer, it has a lot of variables that would impact that. They would go out to bid for construction to end by that date, and based on what the responses are they will either be able to or not be able to meet that deadline. Representative Abramson asked if that means when they have access to each site, they have to send out an RFP, and wait 30-45 days to get bids, and then accept the bids before they can start work. Mr. Smith said before they can start construction activities, but there is work they can do during that time and even before they put the RFP out obviously, so that as soon as the RFP comes back, and they have the EA and CEA they can start construction. Currently they are letting the bids for 3 week periods. Representative Abramson asked for the timeframe from the time they get access to the site and they develop the official construction schedule. Mr. Smith said he believes their contract says 30 days, but they do it much more quickly than that, typically within a week. Representative Abramson asked if Cypress would be amenable to notifying the Council when they develop the construction schedules, submitting those to the council so that they can see what the deadlines are and if any difficulty getting access to the sites, or completing on time, so they can be aware of it so to the extent that anything they can assist with, they will try to help. Mr. Smith said yes, he would be happy to.

Senator Murray said he would encourage them all to be in touch with the legislators in whose districts these projects are being done, so they will all know and may be able to help move things a little faster on the local agency side. Senator Murray told Mr. Smith that he hopes that his company is doing the best that they can to engage local contractors and local companies to help with this project. He stated he would not ask to choose anyone not competent or qualified, but there are a lot of people in this state that are qualified. For whatever reason it seems that since Katrina happened, if you are from Louisiana, almost like a circle drawn around you and cannot do business with them and it has to come from out of state, so he hopes that you make an effort to use local companies. Mr. Smith said so far all the firms they have hired for the construction are Louisiana companies, with only a few out of state companies bidding, but they encourage it. There is nothing they can do to force them, but based on past history so far, majority of their companies have hired locally. Senator Murray said he represents part of New Orleans, and hears from construction companies that even though there is all this work happening all the work seems to go to out of state companies. If possible try to hire local and help the recovery. Mr. Smith said they will.

Senator Murray had a question regarding the new hospital for New Orleans. He said that he knew the state has filed its appeal, and asked Mr. Rainwater if any idea on when might hear something, and knew about the arbitration set. Mr. Rainwater said there are 3 possibilities: 1. They are going to file an appeal, and he has been working with the Governor's Office of Homeland Security and with Jerry Jones at Office Facility Planning and that process could take about 6 months. 2. There is the possibility that Secretary Janet Napolitano has talked about calling a meeting in Washington and hopefully settle fairly quickly and take it out of the regular process. That was attempted under the former administration with a number of people at the cabinet level. 3. Senator Landreiu actually sent language up actually guiding the stimulus package arbitration panel language and so this could go to an arbitration panel and be settled there, and they are working very diligently at that time.

Mr. Rainwater said he wanted to thank the Legislative Audit's staff and Mr. Theriot, because they work very closely with them on all their programs and the auditors do a good job. He stated that it helps them with their business practices. This report was good, and some things may disagree with, but makes them better. He also thanked the Advisory Council and Representative Abramson for bringing the issue up because it is good to discuss and talk about. Representative Ellington thanked Rainwater for coming today.

ENERGY EFFICIENCY CONTRACTS

Representative Ellington said the last thing on the agenda is the Energy Efficiency Contracts and stated that Senator Mount had to leave and she is extremely interested in this and if Mr. Purpera could hit the high spots on this and they will plan on giving this a little more priority at another meeting.

Mr. Purpera said in 2008 several meetings were held regarding the performance based energy efficiency contracts and just in brief that is a contract where a local government, state government entities enter into purchases for energy related services and equipment and it is an exception to the bid law. The law requires that the contracts include the payment to be a percentage of the savings or guaranteed at an amount less than the cost savings. What they were finding last year was many of the contracts had stipulated savings to be a set amount without any measurement on the back end. The Attorney General came and opined that those stipulated savings did not meet the spirit of the law and so a way of an update, we have auditors

that are issuing audit reports that have findings that are saying these local governments are not in compliance with this law and in one state agency, Southeastern Louisiana University, a report has been issued that they have a contract is not in compliance with the law. As a way of update also in these reports most of the auditors are recommending that the entities renegotiate, revise the contracts to comply with the law and ensure that the savings component is verified in the future. The current issue would be a lot of entities are finding it difficult to go backwards if they did not have a baseline, if they do not have the proper record keeping to prove their savings in the past then it will be very hard for them to go backwards. We are encouraging them to work at least on a perspective basis and address it from the future and reimplementation. Southeastern had a very good response that they are reimplementing their measurement and sitting back down with their contractor to renegotiate their contract. What will happen in the future, as audit reports are issued, and findings are issued, we will send them a letter from this council to each of those entities asking them to respond back to this council what are you doing to correct this issue. If we do not get sufficient answer there, at that point, we will ask them to come to this council and explain.

Senator Murray said the Division of Administration, had some talk about getting them involved to oversee and help the local governments on this issue. He questioned if they stepped in yet to do anything. He recalled Jerry Jones saying that he did not have the staff, and just curious if they have stepped in to help the locals. The council thought the locals were in over their head in terms of having experts and having people to help them with this issue.

Jenifer Schaye, General Council for the LLA, said Senator if you might recall there was a bill in to do that, that bill did not pass to put Jerry Jones more in line to help the locals. There has not been any real organized assistance. The state is now moving forward with Jerry with the consultant at our office regarding the conflict issue with that consultant. That part is better on the state side, but the legislation never passed to help the locals.

Representative Kleckley said when he first saw this on the agenda and he called some people in Lake Charles that do this particular type of work for school boards and local governmental agencies and other folks. Not particularly what this stipulated savings issue is and they basically told him that this is a scam that is operated throughout the state of Louisiana. He is curious how many state agencies that they are aware of have these energy efficiency contracts that includes stipulated savings, how many have been identified by their office. He was also given other numbers to call regarding the issue.

Mr. Purpera said they have issued one audit report so far with a finding in it, and he knows our auditors are considering the ones with the contracts. David Greer said on the state level entities there are nine that he was aware of, most of those with universities. Representative Kleckley said that we are talking about very big dollars here and asked if they had any numbers. He stated that he does not think people have any idea of the impact on taxpayer dollars and these same people come to Baton Rouge begging for money when they have these contracts that are ruled illegal and for some unknown reason do not want to cancel or get out of the contracts. Mr. Purpera said they do know the list of the contracts for the state entities, but not for all the local governments, which we can bring to the next meeting.

Representative Ellington restated that they will come back to this issue at the next meeting. Representative Kleckley said from what he has been told this is a very serious issue in the state of Louisiana, and there are many other states where this is illegal and not allowed to happen. Mr. Theriot said when the LLA initially got involved in this and trying to do some due diligence inquiries. There were some numbers thrown around that were absolutely mind boggling in terms of the dollar volume, individuals from the respective vendors who are producing this. For example, if you look at one entity it might be \$ 3-6 million but collectively the individual whom we had been conversing with was saying it could be \$ 700 million dollars worth of contracts. The problem is the smaller entities who are in need of resources get involved because they are told that it will not cost them anything and it will save them, and that is why the stipulated savings was a problem. If in fact they can prove that the savings occurred that is a different issue. It circumvents the public bid law and over time it is all encompassing because the contracts sometimes involves the maintenance which must be done by the vendor that provided the services or else voids the guarantee. There are a lot of issues involved. One interesting example is one school superintendent in Rapides Parish who was a forerunner did the energy project and thought that as soon as he paid it off then he would not have to abide by it. He told the superintendent that payment of the contract, whether he went to the coffers or had a bond issue, had no bearing on the term of the contract. If it was a 10 year contract, he must recognize those savings, not only when actually paid. We had a meeting with the members of the school boards, police jury associations, and the LMA before the auditors even looked at the contracts and wanted determine whether or not any of the agencies were complying with the law as it was established as opposed to the stipulated. Mr. Theriot said over the past two years a lot of the contracts have been put on hold. They are involved with Jerry Jones' office doing some vetting of those from outside of some of the vendors that will be doing work on behalf of the state. The

state has expertise that the local governments do not have to assist them in managing these contracts.

Representative Kleckley said he hoped they could meet before the legislative session starts because there is some legislation that needs to be filed, and he would like to be the one that carries the legislation to correct this problem.

Senator Nevers said he said he has heard many comments about this energy efficiency contracts, and would like to know if any findings have been made that are criminal in nature that have been turned over to the property authorities for investigation and prosecution. Mr. Theriot said any time we find any improper transaction, we turn those over to the appropriate authority once it is done. Senator Nevers asked if any of the energy efficiency contracts, have they found any turned over to authorities to investigate criminal wrongdoing. Mr. Theriot said that in New Orleans initially a few years ago had an energy contract that a number of people were indicted and sent to prison for doing that, but not aware of any others.

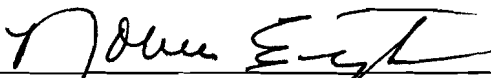
Senator Nevers said he has heard Southeastern mentioned several times and asked if anyone has taken action to recoup moneys that was lost because of these contracts, asking Mr. Theriot if they should pursue that. Mr. Theriot said that once they restructure that contract to determine not only what they should be doing, but what they potentially might have lost, that should be part of that restructuring. Senator Nevers said the local governments do not have the experts, but would think the university systems should have some access to experts for advisement, but he believes they should pursue recouping any money that is lost. Mr. Theriot said he totally agreed.

Senator Murray asked if additional information regarding the Recovery School District could be sent to him and be put on the next agenda especially with its tentacles reaching out to the parishes. Representative Ellington said along with Energy Efficiency on the agenda again and they will meet prior to the legislative session.


ADJOURNMENT

There being no further business, a motion was made by Senator Murray that the meeting adjourn at 5:40 p.m. The motion passed without objection.

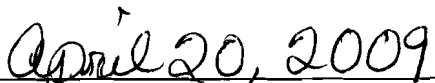
APPROVED BY:



REPRESENTATIVE NOBLE ELLINGTON
CHAIRMAN



STEVE J. THERIOT
SECRETARY



DATE

ATTACHMENT "A"

First Extension Requests-Louisiana Revised Statute 39:72.1 (Non-Emergency)						
Agencies requesting extensions for the first time under Louisiana Revised Statute 39:72.1. This law allows an entity to request an extension of time in which to submit its report. Per the procedures approved by the Legislative Audit Advisory Council, we request that LAAC confirm our approval of these extension requests.						
Agency 10	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Notes
9312	12m wara 3ave uur communny orqaruzanon	6/30/2008	12131/2008	3/31/2009		
4278	Acacia Soil ana water conservanon tinstct	6/30/2008	12131/2008	212812009	x	
10136	Advance caton Mouge	6/30/2008	12131/2008	212712009	x	
7441	Avocatss tor Academic Excellence In eoucanon, Inc. dbla,Ben Franklin Charter School	6/30/2008	12131/2008	1/31/2009	x	
4279	Alien Soil ana water conservanon uismct	6/30/2008	12131/2008	212812009	x	
5174	AHC of Desoto InC.	6/30/2008	12/31/2008			
8967	Ascension-St. James Airport ana Transportanon Atnomy	6/30/2008	12131/2008	1/28/2009	x	
2617	ceaugara i-ansn escnoot eoaro	6/30/2008	12131/2008	3/31/2009		
5831	leosster mcorporateo	6/30/2008	12131/2008	3/31/2009		
2619	leosster i-ansn escnoot eoaro	6/30/2008	12131/2008	3/31/2009		
10103	croaamor uoarc, me, ooa Andrew H. wilson charter School	6/30/2008	12131/2008	211612009	x	
5905	--ansn wara ll mousmai uevelopment	12131/2007	6/30/2008	12130/2008	x	
4284	Calcasieu Soil ana water Conservation uismct	6/30/2008	12131/2008	212812009	x	
7199	career euoers	6/30/2008	12131/2008	4/15/2009		
7149	CASA Of west cerua	6/30/2008	12131/2008	3/31/2009	x	
2624	catenotaa i-ansn cscnoot eoaro	6/30/2008	12131/2008	1/26/2009	x	
7194	cue aes Arts	6/30/2007	9/30/2007	11/14/2008	x	
2172	City of t-rankun	4/30/2008	10/31/2008	112912009	x	
2184	City of teesviue	6/30/2008	12131/2008	1/31/2009	x	
2201	City Of Springhill	6/30/2008	12131/2008	1/26/2009	x	
2204	City Of TallUlan	6/30/2008	12131/2008	3/31/2009		
2208	City Of vvmnneic	6/30/2008	12131/2008	3/31/2009		
2627	ciaioorne scnoot eoaro	6/30/2008	12131/2008	3/31/2009		
7377	colomo i-ounoanon	6/30/2008	12131/2008	3/31/2009		
5287	comrunny Support me.	6/30/2008	12131/2008	3/31/2009		
1160	concorma r-ansn Of court	6/30/2008	12131/2008	1/31/2009	x	
3079	concoroia r-ansn	6/30/2008	12131/2008	1/31/2009	x	
5931	councon Alcohol ana urug Aouse 10r Greater new uneans	6/30/2008	12131/2008	113112009	x	
10099	Crescent Affordable Housing Corporation	12131/2007	6/30/2008	216/2009		Aeonext requested
2107	court	8/31/2008	212812009	3/20/2009		
4288	trAroonne esou ana water conservanon uismct	6/30/2008	12131/2008	212812009	x	
10078	trAroonne woos charter School, InC	6/30/2008	12131/2008	3/31/2009		
3080	ussoto i-anen snenn	6/30/2008	12131/2008	1/31/2009	x	
4290	uugaemona esou ana water UIStriCt	6/30/2008	12131/2008	212812009	x	
10084	esperanza charter scnooi ASSOCIatiOn, inc.	6/30/2008	12131/2008	211612009	x	
4195	Evangeline Soil ana water conservanon uismct	6/30/2008	12131/2008	212812009	x	
5976	ir-amuies Helping t-armues Of t.oursiana	6/30/2008	12131/2008	3/31/2009		
5729	Retarded Citizens, Inc.	6/30/2008	12/31/2008	2/28/2009		
5056	l coast sou ana water conservanon UIStriCt	6/30/2008	12/31/2008	2/27/2009		
6042	lHampco, me,	6/30/2008	12131/2008	1/31/2009	x	
5217	lHelping Hanas me, Of uarayene	6/30/2008	12131/2008	1/20/2009	x	
1576	linspnat ursmct NO. 1 Of ceaugara - Merryville	6/30/2008	12131/2008	3/31/2009		
4005	lHOUSing Aumonty Of Aonevure	6/30/2008	12131/2008	3/31/2009		
4006	lHOUSing Aumonty Of Aloxanna	6/30/2008	12131/2008	3/31/2009		
4007	lHousing Aumomy Of Aroacia	6/30/2008	12131/2008	3/31/2009		

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Agency ID	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Notes
4013	Housing Authority of Bossier City	6/30/2008	12/31/2008	3/31/2009		
4015	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4018	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009	x	
4022	Housing Authority of Cotton Valley	9/30/2008	3/31/2009	6/30/2009		
4021	MOU of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4027	MOU of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4029	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4028	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
8942	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009	x	
4031	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4033	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4037	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4040	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4147	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4043	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
8914	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4047	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4048	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4051	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4052	MOU of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4054	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4055	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4056	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4058	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4060	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4061	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4063	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4065	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4066	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4069	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
8187	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4067	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
8687	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4081	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4082	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4083	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4085	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4087	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4088	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4089	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4091	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4095	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4100	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
5154	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
4104	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009		
4105	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009	x	
4107	Housing Authority of Bossier Parish	6/30/2008	12/31/2008	3/31/2009	x	
4111	Housing Authority of Bossier Parish	9/30/2008	3/31/2009	6/30/2009		
6163	James M. Singleton Charter Middle School	6/30/2008	12/31/2008	1/30/2009	x	

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Agency ID	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Notes
2115	court	6/30/2008	12/31/2008	1/31/2009	x	
6060	KHVS Public Hall	6/30/2008	12/31/2008	1/31/2009	x	
10037	tarayette Academy charter school	6/30/2008	12/31/2008	2/28/2009	x	
9683	tarayette ASSOCIATION For Hetaraea	6/30/2008	12/31/2008	1/31/2009	x	
4296	tarourone- Terreeonne Soil ana water conservanon uismct	6/30/2008	12/31/2008	2/28/2009	x	
5989	ueesviue City Marsnal	6/30/2008	12/31/2008	3/31/2009		
6075	LOUISiana teaoersrup msntute	6/30/2008	12/31/2008	1/31/2009	x	
10141	LOUISiana aports Hall UT t-ame i-ounoanon	6/30/2008	12/31/2008	2/13/2009	x	
9662	Lower Algiers communny ueveiprnt ASSOCIATION	6/30/2008	12/31/2008	2/6/2009	x	
4298	Lower uerta Soil ana water conservanon uistnct	6/30/2008	12/31/2008	2/28/2009	x	
10100	Lune d'Or Enterprises, LLC	12/31/2007	6/30/2008	2/6/2009		Aaan ext requested
2646	Maalson r-ansn school eoaro	6/30/2008	12/31/2008	3/31/2009		
4299	Maalson sou ana water conservanon UistriCT	6/30/2008	12/31/2008	2/28/2009	x	
9795	ing,	6/30/2008	12/31/2008			
6170	Mlaale school Avocates, Inc. (New Orleans charter Mlaale ana J. Green Charter Schools)	6/30/2008	12/31/2008	3/20/2009		
9561	Monroe Area center, mc., d/b/a Harmony House	6/30/2008	12/31/2008	3/30/2009		
9153	Morehouse ASSOCIATION For rsetamen	6/30/2008	12/31/2008	3/31/2009		
1115	Morehouse i-ansn concu on Aging, inc.	6/30/2008	12/31/2008	2/28/2009	x	
4300	Morehouse eson ana vvater conservation UistriCT	6/30/2008	12/31/2008	2/28/2009	x	
5334	INAMI New Orleans	6/30/2008	12/31/2008	1/31/2009	x	
4301	INatchitoches Soil ana water conservanon urstnct	6/30/2008	12/31/2008	2/28/2009	x	
10015	INew Beginnings r-ounoanon aka oapcau ana Meaara Nelson Charter Schools	6/30/2008	12/31/2008	2/13/2009	x	
10035	INew Orleans charter School r-ounoanon	6/30/2008	12/31/2008	1/31/2009	x	
5373	INew Orleans/AIDS Task force	6/30/2008	12/31/2008	3/31/2009		
1470	rsorm usua Heglonal ana ueveipment UistriCT, me,	6/30/2008	12/31/2008	1/30/2009	x	
9713	INolln vveoster ASSOCIATION For Hetaraea cmzens	6/30/2008	12/31/2008	3/31/2009		
3100	luneans i-ansn Sheriff	6/30/2008	12/31/2008	2/15/2009	x	
9420	luuacnlla Of Governments	6/30/2008	12/31/2008	1/23/2009	x	
3102	ouacrnta i-ansn esnerrr	6/30/2008	12/31/2008	1/23/2009	x	
2651	i-ansn school eoaro	6/30/2008	12/31/2008	3/31/2009		
9038	Plaquemines Soil ana water conservanon UistriCT	6/30/2008	12/31/2008	2/28/2009	x	
7292	Progress 63, Inc.	6/30/2008	12/31/2008	2/28/2009		
5790	Hea Hliver ASSOCIATION For Hetaraea cmzens	6/30/2008	12/31/2008	3/18/2009		
4308	Saline esou ana water conservanon ursmct	6/30/2008	12/31/2008	2/28/2009	x	
5385	snrevepon symphony, me,	6/30/2008	12/31/2008	2/6/2009		
5773	snrevepon symphony, me,	6/30/2008	12/31/2008	3/31/2009		
8805	Isociaezanon Services, me,	6/30/2008	12/31/2008	3/31/2009		
7443	Institute for Academic Excellence (d/b/a Sophie B. Wright Charter School)	6/30/2008	12/31/2008	2/27/2009	x	
1190	st. Helena i-ansn Of court	6/30/2007	12/31/2007	10/31/2008	x	
2659	St. Helena school eoaro	6/30/2008	12/31/2008	2/15/2009	x	
4305	St. Lanary Soil ana water conservanon uietnct	6/30/2008	12/31/2008	2/28/2009	x	
4307	St. Mary Soil ana water conservanon UistriCT	6/30/2008	12/31/2008	2/28/2009	x	
4310	Tensas-concorma Soil ana water conservanon oismct	6/30/2008	12/31/2008	2/28/2009	x	
9586	lne ASSOCIATION For Hetaraea cmzens/ouacruta	6/30/2008	12/31/2008	3/31/2009	x	
5593	lne Extra Mile VII,	6/30/2008	12/31/2008	3/31/2009		

ATTACHMENT "A"

First Extension Requests--Louisiana Revised Statute 39:72.1 (Non-Emergency)						
Agencies requesting extensions for the first time under Louisiana Revised Statute 39:72.1. This law allows an entity to request extension of time in which to submit its report. Per the procedures approved by the Legislative Audit Advisory Council, we request that LAAC confirm our approval of these extension requests.						
Agency 10	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Notes
2348	town of Egan	6/30/2008	12/31/2008	3/31/2009		
2358	town of Clayton		12/31/2008	2/15/2009		
2249	town of	6/30/2008	12/31/2008	1/31/2009	x	
2262	town of Noyesville	6/30/2008	12/31/2008	1/31/2009	x	
2272	town of Jonesboro	6/30/2008	12/31/2008	3/30/2009		
2273	town of Noyesville	6/30/2008	12/31/2008	1/31/2009	x	
2289	town of Many	6/30/2008	12/31/2008	3/2/2009	x	
2311	town of Hickwood	6/30/2008	12/31/2008	2/28/2009	x	
2316	town of	6/30/2008	12/31/2008	1/30/2009	x	
2321	town of Est. Joseph	6/30/2008	12/31/2008	1/30/2009	x	
2326	town of Viviana	6/30/2008	12/31/2008	3/31/2009		
2338	town of Wisner	6/30/2008	12/31/2008	1/31/2009	x	
5951	Home Community Education Program, Inc.	6/30/2008	12/31/2008	3/31/2009		
4311	Upper Noyes Soil and Water Conservation District	6/30/2008	12/31/2008	2/28/2009	x	
8786	Urban League of Greater New Orleans, Inc.	6/30/2008	12/31/2008	2/27/2009	x	
1139	Vernon Parish Council on Aging	6/30/2008	12/31/2008	3/31/2009		
2345	village of Egan	6/30/2008	12/31/2008	1/31/2009	x	
2391	village of Moogee	6/30/2008	12/31/2008	1/31/2009	x	
2399	village of Lillie	6/30/2008	12/31/2008	3/31/2009		
2412	village of Moreauville	6/30/2008	12/31/2008	2/6/2009	x	
2425	village of Pioneer	6/30/2008	12/31/2008	3/31/2009	x	
2438	village of Esauville	6/30/2007	12/31/2007	3/31/2009		
2438	village of Saline	6/30/2008	12/31/2008	3/31/2009		
10113	Ward 2 Parish of West Parish	6/30/2008	12/31/2008	6/30/2009		
5993	Ward 3 Parish of the Parish of St. Mary - Parish of Marsal	6/30/2008	12/31/2008	1/30/2009	x	
10017	Warren Easton Senior High School Foundation, Inc.	6/30/2008	12/31/2008	2/15/2009	x	
3124	Washington Parish Sheriff	6/30/2008	12/31/2008	3/31/2009		Aeon ext requested
3127	West Carroll Parish Sheriff	6/30/2008	12/31/2008	1/23/2009	x	
4313	West Carroll Soil and Water Conservation District	6/30/2008	12/31/2008	2/28/2009	x	
7313	Women's Counseling Center of Noyesville, LA	6/30/2008	12/31/2008	2/28/2009	x	
7240	Womack, Inc.	6/30/2008	12/31/2008	2/28/2009	x	

ATTACHMENT "E"

Additional extension requests-- Louisiana Revised Statute 39:72.1 (Non-emergency)					
Agencies requesting additional extension requests for their reports. Per the provisions of Louisiana Revised Statute 39:72.1.C., LAAC must approve additional extension requests. These additional extensions are being requested under the provisions of Louisiana Revised Statute 39:72.1 (Non-emergency extensions)					
Agency ID	Agency Name	Fiscal Year End	Report Due Date	Original Extension Date Requested	Additional Extension Date Requested
10099	Crescent Arroame Mousing corp				
1105	Denville Transn council on		12/31/2008		
10100	L.uneoor ernerpnses, LLC				
9410	McDonogn 42 charter school-reme School Association	6/30/2008	12/31/2008	3/31/2009	4/30/2009
3124	i-ansn esnenr		12/31/2008		

ATTACHMENT "e"

First Extension Requests--Emergency Provisions of Louisiana Revised Statute 24:513 (A) (5) (a) (ii)						
Agencies requesting extensions for the first time under Louisiana Revised Statute 24:513 (A) (5) (a) (ii). This law allows an entity that is prevented by a gubernatorially declared disaster or emergency from submitting its report by the statutory due date to request an extension of time in which to submit its report. Per the procedures approved by the Legislative Audit Advisory Council, we request that LAAC confirm our approval of extension requests.						
Agency ID	Agency Name	Fiscal Year End	Report Due Date	Extension Date Requested	Received Report	Notes
9473	ASSISI thnage nouse-noman Catholic church or utocese or Houma-Thibodaux	6/30/2008	12/13/2008	3/31/2009		
2616	Avoyeues i-ansn schoor eoaro	6/30/2008	12/13/2008	1/30/2009	x	
7226	carter Plantation communny ueveipment uistnct	6/30/2008	12/13/2008	3/31/2009		
7450	Central communny schoor system	6/30/2008	12/13/2008	3/31/2009		
2159	City Of Alexanona	4/30/2008	10/31/2008	11/31/2009	x	
2160	City of DaKer	6/30/2008	12/13/2008	3/31/2009		
2167	City Of uennam Springs	6/30/2008	12/13/2008	3/31/2009		
10028	uennam Springs ueveipment instnct	6/30/2008	12/13/2008	3/31/2009		
9192	East eaton Houge oouncil on Aging,	6/30/2008	12/13/2008	1/30/2009	x	
1536	Utility uistnct NO.1 Of west r-euciana i-ansn	4/30/2008	10/31/2008	11/21/2008	x	
7455	Greystone Community ueveipment Uistnct	6/30/2008	12/13/2008	3/31/2009		
1105	Iberville Parish Council on Aging, Inc.	6/30/2008	12/13/2008	2/28/2009		Aeon ext requested
2637	ioerve i-ansn esonool eoaro	6/30/2008	12/13/2008	1/15/2009	x	
3091	uerrerson r-ansn SHERIFF	6/30/2008	12/13/2008	1/30/2009	x	
10007	Juoan communny ueveipment urstnct	6/30/2008	12/13/2008	3/31/2009		
6247	Just une wora mcorporatrec	6/30/2008	12/13/2008	3/26/2009		
1496	LaTOURChe i-ansn r-re i-rotecnon uistnct NO. 3	6/30/2008	12/13/2008	2/18/2009	x	
2645	LIVingston r-ansn eschoor eoaro	6/30/2008	12/13/2008	3/31/2009		
3096	LIVingSton r-ansn esentr	6/30/2008	12/13/2008	3/20/2009		
9410	Mcuonogn 42 Elementary charter school- lreme charter eschool Association -	6/30/2008	12/13/2008	3/31/2009		Aeon ext requested
10005	urange cornnmumty ueveipment insmct	6/30/2008	12/13/2008	3/31/2009		
4155	i-reservanon Alliance Of New ueeans, axa r-reservanon Hresource Center	6/30/2008	12/13/2008	1/31/2009	x	
417	South Central ana ueveipment cornnrusion	6/30/2008	12/13/2008	3/31/2009		
5260	SIARI corporanon	6/30/2008	12/13/2008	3/31/2009		
6001	Terreoonne Levee ana conservanon tinstnot	6/30/2008	12/13/2008	3/31/2009		
2668	Terreoonne i-ansn eschoor eoaro	6/30/2008	12/13/2008	1/31/2009	x	
3120	Terreoonne r-ansn esentr	6/30/2008	12/13/2008	3/31/2009		
2230	town of Cheneyville	6/30/2008	12/13/2008	3/1/2009		
2257	town Of Grand ISle	6/30/2008	12/13/2008	1/31/2009	x	
2281	town Of LOCKport	6/30/2008	12/13/2008	3/31/2009	x	
2288	town Of Mansura	6/30/2008	12/13/2008	2/1/2009	x	
2319	town Of Springfield	6/30/2008	12/13/2008	1/22/2009	x	

Office of Community Development Report
to
Legislative Audit Advisory Council

Representative Noble Ellington, Chairman
Senator Edwin Murray, Vice Chairman

Total Payments made to ICF by OCD
through February 28, 2009

\$842,910,251.10

Payments made by ICF to Subcontractors
through February 28, 2009

\$521,570,875.42

Amount Paid to ICF for Services
through February 28, 2009

\$321,339,375.68

Number of Road Home Employees that are Louisiana Residents
through February 28, 2009

991 of 1,529
64.8%

Office of Community Development Report to Legislative Audit Advisory Council

The ICF contract was amended on March 15, 2007 to incorporate performance measures. All performance measures have been met with the exception of the following:

April 2007	\$25,000 (Metric 4 Resolutions)
May 2007	\$25,000 (Metric 4 Resolutions)
June 2007	\$25,000 (Metric 4 Resolutions)
July 2007	\$50,000 (Metric 4 HAC First Appointments)
July 2007 - December 2007	\$356,879 (Metric 5 Resolutions)
July 2008	<u>\$692,500</u> (Metric 1 Closings)
Total:	\$1,174,379

Performance Measure 1 included a penalty of \$500 for every application fewer than 116,000 that had a first closing as of June 30, 2008. As of June 30, 2008 ICF had closed a total of 114,615 applicants leaving a shortfall of 1,385. As such, a penalty of \$692,500 was assessed.

Accomplishments to date:

Homeowner Program Statistics as of March 8, 2009

Eligible Active Applicants:	137,955
Active Homeowners who have made a selection:	136,489
Files Transferred to Closing:	127,983
Closings:	122,891
Amount of Awards Disbursed:	\$7.8 Billion
Amount of Second Disbursements:	\$807.7 Million
Average Award Disbursed:	\$63,470.88

Subcontractor Company or Organization	Projected Subcontract Values as of 2-28-2009	Funded Value To Date, 2-28-2009	Percent of Value Funded	Amount of value Disbursed Through 2-28-2009	Disbursed Value %	Location
Bayou Title, Inc.	\$5,271,615	\$5,271,615	100.0%	5,365,475.85	101.8%	Gretna, LA
Beason & Nalley, Inc.	\$222,000	\$222,000	100.0%	103,212.15	46.5%	Huntsville, AL
Brophy & Reilly	\$1,000,000	\$142,500	14.3%	91,769.36	9.2%	Columbia, MD
Diamond Data	\$50,000	\$10,000	20.0%	-	0.0%	New Orleans, LA
Hannis T. Bourgeois	\$60,000	\$100,000	166.7%	52,440.78	87.4%	Baton Rouge, LA
NTG	\$3,674,646	\$3,674,646	100.0%	2,961,462.18	80.6%	Baton Rouge, LA
Providence	\$54,184,425	\$54,184,425	100.0%	51,645,736.98	95.3%	Baton Rouge, LA
Sparkhound, Inc.	\$1,586,881	\$1,586,881	100.0%	1,581,452.50	99.7%	Baton Rouge, LA
STR	\$9,371,654	\$9,371,654	100.0%	9,431,841.34	100.6%	Fairfax, VA
The Compass Group	\$1,375,000	\$1,375,000	100.0%	1,310,225.37	95.3%	Washington, DC
Trace Security	\$1,000,000	\$156,698	15.7%	154,250.00	15.4%	Baton Rouge, LA
Haley, Limited (RuleBurst)	\$257,998	\$257,998	100.0%	226,482.25	87.8%	Arlington, VA
Small	\$ 78	\$ 76,353,416.14		\$ 72,924,348.76		

Deltha	\$12,408,049	\$11,932,436	96.2%	7,861,118.09	63.4%	New Orleans, LA
EBONetworks	\$1,092,505	\$1,092,505	100.0%	600,868.90	55.0%	New Orleans, LA
Franklin	\$29,680,190	\$29,680,190	100.0%	21,162,154.79	71.3%	Baton Rouge, LA
McConnell, Jones, Lanier & Murphy	\$73,705	\$73,705	100.0%	63,803.05	86.6%	Houston, TX
Ultimate Solutions, Inc.	\$225,000	\$225,000	100.0%	231,540.00	102.9%	New Orleans, LA
HGI	\$109,464,219	\$109,464,219	100.0%	70,124,057.42	64.1%	LaPlace, LA
PIXL	\$250,000	\$100,000	40.0%	248,147.31	99.3%	Fairfax, VA
Minority Business Enterprise Totals	\$ 3,667.51	\$ 152,568,054.71		\$ 100,291,689.55		

ArmorGroup Gulf Coast, LLC	\$6,445,200	\$6,445,200	100.0%	6,429,759.49	99.8%	McLean, VA
Dewberry & Davis	\$12,200,001	\$12,200,001	100.0%	10,884,029.69	89.2%	Reston, VA
EMC Corporation	\$1,772,707	\$1,772,707	100.0%	1,633,195.76	92.1%	Hopkinton, MA
First American	\$109,324,983	\$83,751,820	76.6%	69,964,515.01	64.0%	New Orleans, LA
Jones-Walker	\$3,265,000	\$1,625,363	49.8%	1,961,019.55	60.1%	New Orleans, LA
KPMG	\$18,152,315	\$18,152,315	100.0%	17,692,570.43	97.5%	Houston, TX
Microsoft Corporation	\$2,672,000	\$2,672,000	100.0%	1,609,569.35	60.2%	Redmond, WA
Peter Mayer	\$12,292,960	\$12,292,960	100.0%	9,243,452.76	75.2%	New Orleans, LA
Quadel	\$84,519,133	\$76,071,252	90.0%	74,041,560.27	87.6%	Washington, DC
Shaw	\$134,229,687	\$134,229,687	100.0%	118,168,388.65	88.0%	Baton Rouge, LA
Today's Office Professionals (Spherion)	\$8,000,000	\$6,000,000	75.0%	8,536,548.93	106.7%	Washington, DC

West Telemarketing	\$9,600,000	\$9,600,000	100.0%	7,678,167.13	80.0%	Omaha, NE
The Worley Companies	\$9,271,400	\$9,271,400	100.0%	7,908,437.64	85.3%	Hammond, LA
ess	1,745,386.48	05.26	90.9%	\$ 335,751,214.65		

EAD	\$3,970,000	\$3,970,000	100.0%	2,439,145.26	61.4%	Brooklyn, NY
ALTEC Environmental Services, Inc.	\$1,200,000	\$1,200,000	100.0%	1,014,712.75	84.6%	Shreveport, LA
Housing & Development Services, Inc.	\$1,895,898	\$1,895,898	100.0%	1,513,954.00	79.9%	Weston, FL
IEM	\$6,336,892	\$6,336,892	100.0%	5,438,121.07	85.8%	Baton Rouge, LA
Woman-Owned Business Enterprise Totals	\$ 13,402,789.55	\$ 13,402,789.55	100.0%	\$ 10,405,933.08		

Acorn Housing Services	\$600,000	\$600,000	100.0%	97,069.23	16.2%	New Orleans, LA
Easter Seals of Louisiana	\$1,133,066	\$533,533	47.1%	261,458.67	23.1%	New Orleans, LA
Loyola School of Law Mediation Clinic	\$296,560	\$296,560	100.0%	63,803.05	21.5%	New Orleans, LA
LSU	\$3,500,000	\$3,500,000	100.0%	1,714,545.43	49.0%	Baton Rouge, LA
Tulane University	\$1,000,000	\$400,045	40.0%	60,813.00	6.1%	New Orleans, LA
Non-profit or Educational Institutions Total	\$ 6,529,626.00		81.6%	7,689.38		

Subcontractor Company or Organization	Projected Subcontract Value as of 2-28-2009	Funded Value To Date 2-28-2009	Percent of Value Funded	Amount of value Disbursed Through 2-28-2009	Disbursed Value % of Total
Large Business	\$402,893,604	\$365,232,922	90.7%	335,751,214.65	83.3%
Regular Small Business	\$77,576,666	\$75,835,864	97.8%	72,924,348.76	94.0%
Minority Business Enterprise	\$153,191,748	\$152,566,135	99.6%	100,291,689.55	65.5%
Woman-Owned Business Enterprise	\$13,402,790	\$13,402,790	100.0%	10,405,933.08	77.6%
Non-profit or Educational Institutions	\$6,529,626	\$5,330,138	81.6%	2,197,689.38	33.7%
Totals	\$ 653,594,432.76	612,367,848.74		521,570,875.42	79.8%