EXHIBIT C

SENATE AND HOUSE INTERIM COMMITTEES ON REVENUE AND TAXATION
December 10, 2013, 1:30 p.m.
Room 171, Little Rock, Arkansas
Meeting Minutes

The Senate and House Interim Committees on Revenue and Taxation met on Tuesday, December 10, 2013, at 1:30 p.m., in Committee Room 171, Little Rock, Arkansas.

Committee members in attendance were Senators Jake Files *Senate Chair*, Bruce Maloch, Bill Sample, David Sanders, Larry Teague, Representatives Charlie Collins, *House Chair*, Eddie Armstrong, Nate Bell, Ken Bragg, Douglas House, John K. Hutchison, Lane Jean, Joe Jett, Allen Kerr, Andrea Lea, Stephen Meeks, and Tommy Wren.

Non-Voting members in attendance were Representatives David Meeks and Frederick Smith.

Other members in attendance were Representatives Andy Davis, Charlotte Vining Douglas, Charlene Fite, Walls McCrary, Mark McElroy, Senators Linda Chesterfield and Eddie Joe Williams.

Senator Files opened the meeting.

Adoption of Minutes [Exhibit B]
Senator Sample moved to adopt the August 27, 2013 minutes. Representative S. Meeks seconded the motion. The motion carried.

Review of Arkansas Development Finance Authority Rules [Exhibits C-1, C-2]
Senator Files recognized Ms. Sara Oliver, Vice President of Housing, and Mr. Jason McVay, Multi-Family Housing Program Manager, Arkansas Development Finance Authority (ADFA). Ms. Oliver responded to questions about rule changes to the Compliance Monitoring Policies and Procedures Manual for the Low Income Housing Tax Credit Program and the Housing Credit Program Qualified Allocation Plan.

Ms. Oliver answered questions regarding cost cap changes and why the HUD 221(d) (3) limits were not followed. She explained that under ADFA's owner occupied rehabilitation program, a 1300-1500 square foot, three bedroom, two bath home costs approximately $90,000 to build. An additional $58,000 is added to cover hard costs, bringing the total to $148,000. Under the HUD 221(d) (3) mortgage limits, a three bedroom unit in Arkansas is priced at over $200,000, which ADFA feels is too high. Ms. Oliver stated the HUD 221(d) (3) limits do not make allowances for assisted living or historic rehabilitations which have higher per unit cost limits.

Mr. McVay explained the state receives an annual allotment tax credit from the federal government. Developers apply for the tax credits, which they sell on the equity market for cash, bringing in $4.8 to $6 million. Developers agree to use the funds to build affordable rental housing.

Mr. Mitch Minnick, Housing Development Solutions, Ft. Smith, Arkansas, was recognized to address his concerns with ADFA's per unit cost cap guidelines between single-family and multi-family units. Mr. Minnick said the $148,000 per unit cost cap for low income single-family subdivision is inequitable compared to the $138,000 for traditional multi-family apartment complex development. He feels Northwest Arkansas will see a decline in developers building single-family duplexes because of the cost cap increase.   Mr. Minnick noted the HUD 221 (d)(3) mortgage limits are different for each state and sometimes within various areas of a state. States that do not use the HUD 221 (d) (3) to calculate their cost cap, base the calculation off of hard costs.

Senator Files noted the Arkansas Legislative Counsel Administrative Rules and Regulations subcommittee will be notified the ADFA rules have been reviewed.

The meeting adjourned at 2:25 p.m.