

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

Room 437
Waller Creek Office Building
507 Sabine Street
Austin, Texas

1:40 p.m.
Friday,
April 14, 2000

BOARD MEMBERS:

DONALD R. BETHEL, Chairman
DR. FLORITA BELL GRIFFIN
MARGIE BINGHAM (not present)
JAMES DAROSS
ROBERT BREWER
MICHAEL JONES
C. KENT CONINE
LYDIA SAENZ
MARSHA WILLIAMS

STAFF:

DAISY STINER, Executive director
DELORES GRONECK
BRENT STEWART
CHERNO NJIE
TOM GOURIS
BETTY MARKS

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1
2 MR. BETHEL: We'll call this meeting to order
3 of the Board Meeting of the Texas Department of Housing
4 and Community Affairs, meeting April 14 in the year 2000
5 at approximately 1:40.

6 MR. BETHEL: We'll have the roll call. Don
7 Bethel here.

8 Michael Jones?

9 MR. JONES: Here.

10 MR. BETHEL: Margie Bingham? And Margie had
11 called and said that her meeting ran a little late in
12 Houston and that she couldn't get a plane out and she
13 wouldn't be here today.

14 Robert Brewer?

15 MR. BREWER: Here.

16 MR. BETHEL: Kent Conine?

17 MR. CONINE: Here.

18 MR. BETHEL: James Daross?

19 MR. DAROSS: Here.

20 MR. BETHEL: Dr. Florita Bell Griffin?

21 DR. GRIFFIN: Here.

22 MR. BETHEL: Lydia Saenz?

23 MS. SAENZ: Here.

24 MR. BETHEL: Marcia Williams?

25 MS. WILLIAMS: Here.

1 MR. BETHEL: We have eight members present, one
2 member absent; we do have a quorum.

3 We would ask that if you'd like to speak before
4 this body that you would come forward and fill out a
5 witness affirmation form, as all proceedings of our
6 meeting are recorded for public record. If you'd give
7 them to the court reporter, Penny, and she will hand them
8 up to us. We have several wishing to speak. If you'd
9 like to speak on a particular agenda item, if I call your
10 name, if you'd just indicate that. And when you're
11 recognized, if you would come forward to the podium and
12 state your name for the record.

13 I might mention, recognize some of the
14 officials in the audience. We have, it says,
15 Representative Harryette Ehrhardt. I didn't see
16 Harryette. We've got Johnnie Morales from the Speaker's
17 Office, Danette Rich with the Governor's Budget Office,
18 Jeremy Mazur from Sunset Review, Daniel Estrada with LBB,
19 Donna Chatham and Tim Thetford, Chante Prox with Senator
20 West's office, Michael Grimes from Senator Chris Harris,
21 Laura Reed with Senator Frank Madla, and Mike Geeslin with
22 the Lieutenant Governor's Office. I guess that may be all
23 that are here.

24 We appreciate all of you being here today.

25 We will open our public hearing section right

1 now, and we have Richard Jimenez that will speak first
2 with the Texas Youth Works. Richard, if you'll come
3 forward and state your name.

4 MR. JIMENEZ: My name is Richard Jimenez with
5 American Youth Works.

6 MR. BETHEL: Try to speak up a little bit so
7 that the people in the audience can hear.

8 MR. JIMENEZ: Sorry.

9 MR. BETHEL: That's all right.

10 MR. JIMENEZ: I'm here representing my program
11 and what we do. I'm kind of nervous here.

12 MR. BETHEL: That's all right; don't worry
13 about it. Everybody is just regular; we've been nervous
14 too.

15 (General laughter.)

16 MR. JIMENEZ: I was asked to speak about where
17 I was at before I joined the program and how my life has
18 changed by joining the program.

19 I was a third-year freshman attending public
20 school, really no future, and I found out about the
21 program and decided to join, and now I'm a peer trainer on
22 my crew, learning a lot of responsibility.

23 DR. GRIFFIN: What do you do? What is your
24 program?

25 MR. JIMENEZ: We build low income housing for

1 low income families.

2 DR. GRIFFIN: Have you got pictures?

3 MR. JIMENEZ: Not on me.

4 DR. GRIFFIN: That's all right.

5 MR. JIMENEZ: Maybe I should have brought some.

6 DR. GRIFFIN: No. That's all right. So what
7 specifically do you do? Do you build cabinets or do you
8 do the drywall?

9 MR. JIMENEZ: I build from the ground up. They
10 teach us the trade of construction on how to build
11 everything from the ground up.

12 DR. GRIFFIN: Good deal.

13 MR. JIMENEZ: And I think it's a great program
14 and it should be nationwide to keep it alive, because
15 without this, I wouldn't have nothing.

16 MR. BETHEL: So have you worked any on your
17 education, continuing education?

18 MR. JIMENEZ: Yes, sir. They're paying me to
19 get my GED right now. I'm almost done with it; I've got
20 about one more test to take and I'll have my GED, and like
21 I said, this is the best program I've ever been in.

22 MR. BETHEL: Thank you, Richard.

23 (Applause.)

24 MR. BETHEL: Shane Sayer. Shane is with the
25 Texas Youth Works also.

1 MR. SAYER: Yes. My name is Shane Sayer and
2 this is one of my co-workers here, my peer trainer on my
3 crew, and we build low income houses for low income
4 families, we cut the utilities bills 40 percent. Like he
5 said, we build from the ground up -- we out there working.

6 I'm getting my GED right now; I'm just waiting
7 on my ID so I can take the test and by then I'll have my
8 GED. I've already taken my practice test.

9 Before I got in here I was the same thing:
10 three-year freshman. I wasn't going nowhere; I was on the
11 streets. Now I have something to do all day -- I work, I
12 go to school, get my GED, like I said. I wasn't going to
13 school; I was just going to public school and then
14 leaving.

15 My life has just changed, has so many
16 improvements; I'm doing way better. I stay with my
17 family, and I was never with my family. And this American
18 Youth Works has just changed my life all around; it's
19 better. I can't think of nothing else to say. It's a
20 good program; I wish they had it in every city for every
21 kid like me, and that's about it, really.

22 DR. GRIFFIN: How many people work on your
23 crew, Shane?

24 MR. SAYER: At least ten. Thank you.

25 DR. GRIFFIN: Thank you.

1 (Applause.)

2 MR. BETHEL: You heard the tone go off. We
3 were going to set a three-minute limit to speak, but
4 that's for the other people; the Youth Works can speak as
5 long as they want to, the young ones.

6 (General laughter.)

7 MR. BETHEL: Dennis Borel.

8 MR. BOREL: My name is Dennis Borel. I'm the
9 Chief Financial Officer with an organization called
10 American Youth Works, and we were known as American
11 Institute for Learning for 20 years before January when we
12 adopted the name American Youth Works.

13 You know, it's a great pleasure to bring
14 Richard and Shane here to talk about their firsthand
15 experience. As you can imagine, perhaps when you were 17
16 or 18 years old, to appear in such a setting as this, and
17 I'm proud of them and I know you are too.

18 I would like to introduce Richard Halpin --
19 Richard, if you would raise your hand -- he's the CEO and
20 founder of American Youth Works.

21 (Applause.)

22 MR. BOREL: He's here with me, but he's going
23 to let me do a little talking today.

24 Here's the deal, Board members. Three years
25 ago you took a leap of faith, an innovative leap of faith,

1 and that leap of faith was a contract, a contract with us
2 to see if we could take our program, building quality,
3 energy-efficient, affordable housing with you -- like the
4 youth I brought here today -- and spread it statewide and
5 support our efforts. I'm here to tell you, Did your faith
6 be rewarded, and the answer is yes.

7 I have here the documents I've provided you.
8 I've tried to make this as brief and concise as possible.,
9 but on your front cover you'll notice here the main thing
10 is look here on this map on the bottom. These are the
11 programs that are part of the Texas Youth Works network
12 that have been supported by the contract you have given
13 us. It has gone statewide.

14 Please open your document here. Look on your
15 left-hand side where we have the graphics. What are our
16 products, our hard results? Sixty units of new housing,
17 affordable housing has been created in the state under
18 Texas Youth Works. That's good.

19 But Youth Works isn't all about building
20 houses. It's about building the youth, youth who may not
21 have had all the advantages that I or some of you have
22 had. How many of them were served in the program? The
23 lower number here shows 464 youth documented served in the
24 program, 351 now placed in permanent jobs or continuing
25 training, a success rate of 75 percent. And these youth

1 often were the ones that were succeeding at zero percent
2 in our public school system.

3 This program works; you've helped make it
4 happen. Is that all that happened? Let's look between
5 the graphics, if you will.

6 DR. GRIFFIN: Can I ask you something?

7 MR. BOREL: Yes, please, Doctor.

8 DR. GRIFFIN: Explain the asterisk down here.
9 It says the asterisk and the little man equals ten youth.
10 Explain that to me.

11 MR. BOREL: I sure can. We have so many youth
12 participating in this program that if we actually put 350
13 little stick men, we would have run out of room, so each
14 one of these little stick figures represents ten youth.

15 DR. GRIFFIN: Ten. Okay.

16 MR. BOREL: So what happened between the
17 graphics? If you'll look on the next page on more
18 results, the stuff that we did that you didn't expect to
19 maybe happen. Did we build some CHDOs? Yes, we did.

20 Seven CHDOs got their capacity built; three new
21 ones created, three entire new ones; 40 first-time
22 homebuyers receiving down payment assistance through this
23 contract; \$220,000 in private sector loan money provided
24 for startup operations around the state; Colonias projects
25 in Brownsville; a terrific high-efficiency house which was

1 the hit of the San Antonio Affordable Housing Parade;
2 homes built for ownership in the rural community of New
3 Waverly; more homes built for ownership in the Lower Rio
4 Grande Valley in Harlingen; rental units, an innovative
5 project for HIV sufferers in San Antonio being built with
6 Texas Youth Works money; rental units for elderly, a
7 crushing need in the West Texas community of Levelland.

8 Did this attract some other sources of
9 interest? You bet it did. HUD granted five HUD youth-
10 build grants to your Texas Youth Works sites. That's
11 fantastic. Those grants ranged from 350- to \$700,000. And
12 I can speak to you that becoming a member of this Texas
13 Youth Works Program was a big linchpin in bringing these
14 federal dollars into this state.

15 How did we do in Austin? That's my last
16 bullet. We got a lot of scrutiny since we came here three
17 years ago, a lot of independent, unbiased evaluation.

18 Note the kind of recognition we've received:
19 HUD named us one of the 100 best practices in this
20 country; the Presidential Service Award was awarded by the
21 Points of Light Foundation, personally presented to my
22 friend Richard here in the White House by President
23 Clinton, only 21 awarded out of 3,700 national nominees.
24 Colin Powell thought this was such an innovative program
25 that he named it a national teaching example in the

1 Grassroots America's Promise Program he's instituted
2 nationwide, and Governor Bush -- this is bipartisan -- he
3 gave us the Clean Texas 2000 Award as the top youth
4 environmental program in this state.

5 Because of the housing? No. Because of the
6 terrific energy-efficiency and the green-building
7 techniques we're employing, employed by our youth. What
8 did this cost you? Here's my little square. Only an
9 accountant could come up with three lines and convey this
10 story. You gave us \$2.1 million to build with; we are
11 returning 1,050,000 in the form of mortgage notes.

12 (Applause.)

13 MR. BOREL: Thank you. Therefore, what was
14 your actual money out, your net investment? \$1,050,000
15 for all these youth, all these homes, all the local great
16 PR, media, and yes, dare I say so, political support for
17 this effort and this agency.

18 There's a photograph here on the bottom of this
19 page. The gentleman in the middle is Gus Garcia,
20 Councilman, who is the most revered and respected elected
21 official in this community. He's got his arms around two
22 of our young people. You know why he does that? Well, he
23 likes young people. Yes, he does.

24 But his community is faced with two real big
25 problems: a lack of affordable housing in this community

1 and opportunities for youth. He sees Texas Youth Works
2 and our Austin operation as a great source in both those
3 issues.

4 My last comments are on the back page. This is
5 my page, again, of political support. Some of your Board
6 members may not know that Governor Bush signed the Texas
7 Youth Works Bill entering this program into state law, and
8 he did it with quite a bit of flourish and wonderful
9 comments. And if you look closely at that picture, you'll
10 see, once again some young people in that picture because
11 they were involved in our efforts to get that passed.

12 This is a thank you public comment. Thanks for
13 the faith. I hope you feel that your faith was rewarded;
14 I feel it was rewarded. This was a pilot program. To me,
15 when I hear the words "pilot program" I think that means,
16 well, let's try something out and if it flies, let's
17 support it some more. I know that your staff -- Daisy has
18 mentioned to me, that you've identified some funds to
19 continue funding Texas Youth Works.

20 On behalf of all the Texas Youth Works sites in
21 Texas, thank you for that, and I would ask if you like
22 this pilot program and you like the way it's worked, maybe
23 you can find a few more dollars. Thank you, and if you
24 have any questions, I'd be happy to answer them at this
25 time.

1 MR. BETHEL: Thank you.

2 (Applause.)

3 MR. BETHEL: Dennis used up most of your time.

4 (General laughter.)

5 MR. HALPIN: One of the things I've loved about
6 you, Chairman, is that you have such a great sense of
7 humor.

8 I can't really repeat the eloquence of my
9 partner, but I do want to hit a few points. My name is
10 Richard Halpin, and I am CEO of American Youth Works.

11 I want to tell you something Shane didn't tell
12 you. Shane used to be one of the young people that did
13 graffiti everywhere and do things in neighborhoods which
14 you really don't want to see happen in neighborhoods.

15 When we were speaking to some folks yesterday,
16 Shane told me -- I hope it doesn't embarrass you -- but he
17 said, I know I'm working in the neighborhood to clean it
18 up; now I'm building houses in that neighborhood. All the
19 graffiti is gone; all the drug dealers are gone; all the
20 prostitutes are gone. That neighborhood has 50 homes in
21 it that you folks supported.

22 You've actually turned the neighborhood
23 completely upside down, and the young people who used to
24 be part of the problem are now a dramatic part of the
25 solution. That's very powerful.

1 The second thing I wanted to say is I just
2 returned from the National Sustainable Construction
3 Conference in Denver. HUD invited me to come up and speak
4 about our partnership and what we do together. I must
5 have had 40 people who wanted to come and replicate the
6 program right away after my talk, and PATH, which is the
7 Partnership for Advancing Technology in Housing, a new HUD
8 program, wants to make this program a national
9 demonstration site.

10 The next item I wanted to mention to you is
11 Peter Drucker said that risk and security are parallel.
12 Your investment, the taking of the risk that you took, the
13 leadership that Daisy has provided and John has provided
14 and the other folks on your staff, the partnership of
15 working together in the toughest neighborhoods we could
16 find with some of the toughest young Texans we could find,
17 has provided some enormous security. We've delivered
18 here, dramatically.

19 You've returned young people to a sense of hope
20 in a future; you've returned neighborhoods. People say to
21 us, My children can play in the front yard now. They
22 couldn't do that before; they were afraid they'd be shot
23 by a drug deal gone bad or a drive-by. You've created a
24 winner in terms of a program; you've created a model that
25 I think everybody in our state can be enormously proud of.

1 Most folks in states across the nation don't know what to
2 do with these young people who have dropped out of school,
3 who are at risk.

4 You've been part of a movement to recognize
5 young people's promise. You've helped draw their talents
6 out to create solutions instead of wringing hands over
7 filling our prisons. This is a profound opportunity for
8 our state, our governor to position themselves nationally
9 to have something that meets our needs in terms of
10 building more affordable housing while building lives and
11 building neighborhoods and building people who can fill
12 our workforce.

13 We are enormously proud to have partnered with
14 you on this great success, and we're delighted that it's
15 being looked at as a national model. And we hope that you
16 will choose to continue it, and you will share with the
17 governor of our state that you've produced this successful
18 strategy and that you've given him a way to recruit
19 thousands of more young Texans to be part of a healthy
20 future.

21 Thank you, Chairman Bethel, very much. And
22 ladies and gentlemen of the Board, thank you for all your
23 hard work and support, Daisy, for you and your staff, your
24 terrific partnership with us.

25 MR. BETHEL: Thank you.

1 (Applause.)

2 MR. BETHEL: Walter Moreau.

3 MR. MOREAU: Hello. My name is Walter Moreau.

4 I simply wanted to invite you to our grand opening for
5 Trails at the Park which is a 1998 tax credit community.
6 We appreciate your funding of this project.

7 We've finished construction; it's full. One of
8 our biggest challenges is daily we have people that stop
9 by that make too much money. It's really a beautiful
10 property in terms of the architectural design and site
11 plan and the learning center. We've got about 50 kids a
12 day already enrolled, and about 50 families enrolled in
13 our individual development account program which allows
14 them to save and match savings towards home ownership or
15 education.

16 So I invite you to check us out -- see what
17 it's all about. The property is on the south side of
18 Austin. It's at four o'clock, May 18, just before the
19 next Board meeting. So I hope to see you there, and we'll
20 be back in the next couple of months on our newest project
21 in southwest Austin. Thank you.

22 MR. BETHEL: Thank you.

23 I have several that's wanting to speak on some
24 tax credit projects. Would you like to speak now or would
25 you rather wait till we get to that agenda item?

1 VOICE: Agenda item.

2 MR. BETHEL: I think we'll do the agenda item
3 and then we have one on a report item, so I'll hold that
4 off and close the public speaking right now, and then you
5 can speak on that agenda item if you would like.

6 The first item on the agenda is the approval of
7 the minutes of the Board meeting of March 14, 2000. Are
8 there any additions or corrections?

9 MR. DAROSS: Move the minutes be approved as
10 submitted.

11 MS. SAENZ: I second.

12 MR. BETHEL: We have a motion by Mr. Daross,
13 seconded by Ms. Saenz, that the minutes be approved as
14 presented. All those in favor, say aye.

15 (A chorus of ayes.)

16 MR. BETHEL: All opposed, say no.

17 (No response.)

18 MR. BETHEL: All abstaining?

19 (Bethel, Jones and Conine abstained.)

20 MR. BETHEL: The motion did carry.

21 Agenda item number 2 is approval of the Year
22 2000 multifamily tax exempt bond maximum income limits.
23 Dr. Griffin.

24 DR. GRIFFIN: The Programs Committee met this
25 morning and unanimously voted to recommend to the full

1 Board the Year 2000 multifamily tax exempt bond maximum
2 income limits as in our handouts.

3 Ms. Stiner, would you want to add anything to
4 that?

5 MS. STINER: No, Madame Chair. That's perfect.

6 DR. GRIFFIN: Thank you. So in the form of a
7 motion, I recommend -- I move that we approve, the full
8 Board, the Year 2000 multifamily tax exempt bond maximum
9 income limits as per staff recommendations.

10 MR. DAROSS: I second that.

11 MR. BETHEL: We have a motion by Dr. Griffin,
12 seconded by Mr. Daross, that we approve the Year 2000
13 multifamily tax exempt bond maximum income limits. Are
14 there any questions?

15 We have to do this every year, don't we?

16 MS. STINER: Yes, we do.

17 MR. BETHEL: I mean, it's a requirement. We
18 can't say it's going to continue; we have to have Board
19 action every year. Is that right?

20 MS. STINER: Well, if the Board voted to look
21 at it annually, it's up to the Board to change their mind
22 and tie it to some index that you're comfortable with, if
23 you so choose to do that. I think I'm correct that it has
24 to be -- I stand corrected, pardon me -- General Counsel
25 said it has to be annually.

1 MR. BETHEL: Okay. Any other questions? All
2 those in favor, say aye.

3 (A chorus of ayes.)

4 MR. BETHEL: Opposed, say nay.

5 (No response.)

6 MR. BETHEL: Any abstaining?

7 (No response.)

8 MR. BETHEL: The motion carried.

9 DR. GRIFFIN: And Mr. Bethel, while we're on
10 the Programs Committee meeting, I just have a comment to
11 make. May I make it?

12 MR. BETHEL: Yes.

13 DR. GRIFFIN: I have been in contact with HUD
14 Secretary Cuomo's office, and the secretary is very
15 concerned about these HUD affidavits that his office has
16 asked us to sign, so I would like to encourage all of our
17 Board members to sign the affidavit so they can come in.

18 We have four as of this week that had not, and
19 there were several who were trying to change the
20 affidavits, but I really think I encourage us to go on and
21 sign and say we're not stealing HUD's money because we get
22 \$120 million a year from HUD, and it's going to be a
23 national embarrassment if we are trying to -- as young
24 folks say -- shuck and jive and not face up to our
25 responsibilities to sign the affidavit.

1 Thank you. And I will be meeting with him in a
2 couple of weeks personally.

3 MR. BETHEL: Okay. I won't respond to that at
4 this time.

5 DR. GRIFFIN: No need.

6 MR. BETHEL: Our next item is agenda item
7 number 3, a report from the Finance Committee. The first
8 item on the agenda was the approval of Second Quarter
9 Investment Report, and the Finance Committee did recommend
10 approval of the investment report. Are there any motions,
11 or do you want to hear the investment report?

12 MR. BREWER: I've already looked at it.

13 MR. JONES: I move we approve it.

14 MR. BREWER: I second.

15 MR. BETHEL: We have a motion by Mr. Jones,
16 seconded by Mr. Brewer, that we approve the Second Quarter
17 Investment Report. Are there any discussions? Any
18 questions?

19 (No response.)

20 MR. BETHEL: All those in favor, say aye.

21 (A chorus of ayes.)

22 MR. BETHEL: Opposed, say nay.

23 (No response.)

24 MR. BETHEL: Motion carried.

25 The second item on the agenda is the proposed

1 issuance of multifamily mortgage revenue bonds for the
2 Hickory Bend Apartments, Dallas, Texas, in an amount not
3 to exceed \$12,300,000. I have some witness affirmation
4 forms on this. All the members were here today when we
5 heard that, except Dr. Griffin. And so I would like, if
6 you'd like to come speak, maybe limit it to three minutes
7 today so that she may get an idea.

8 DR. GRIFFIN: Oh, you don't have to do it for
9 my benefit; I've read it.

10 MR. BETHEL: Okay. Well, I'm going to do it
11 for the audience's benefit too.

12 DR. GRIFFIN: Okay.

13 MR. BETHEL: So -- Carole Bonner. Carole, did
14 you want to speak first or did you want Thelmer?

15 MS. BONNER: I really wanted to Thelmer to
16 speak first because she --

17 MR. BETHEL: She's a little more outspoken,
18 also.

19 MS. BONNER: Yes, she is.

20 (General laughter.)

21 MS. NORMAN: Good afternoon. Giving honor to
22 all of you. Thanks for hearing us out today on the
23 Hickory Bend project. I'm president of the United
24 Homeowners Association of Oak Cliff. United Homeowners
25 Association of Oak Cliff is an umbrella organization for

1 the local associations in the area.

2 It's about ten homeowners associations that
3 went in like a merger and we are the umbrella for all of
4 them. Since we have so many issues that concern
5 everybody, all the homeowners associations, then that's
6 where we come in.

7 We're working on the economic development of
8 the southwest sector out there, and we had a big project
9 as a community effort -- which I spoke this morning and
10 showed you this red book which we sent out letters to
11 about 2,000 people in Area 5 and 8 to do what we call a
12 planned development which is the scientific name PD.

13 What we did, we got 800 acres changed in -- all
14 the land on the left-hand side of Hamilton Road, and on
15 the right-hand side is the Area 8 which is this apartment
16 complex that's being proposed to go in.

17 That was designated as our industrial area. We
18 mapped out everything in the entire area the way the
19 community wanted it. We all voted on it, we took it to
20 city hall, and the planning commission voted on it
21 unanimously, all of them, to approve the single family
22 dwellings in the area as opposed to the multifamily.

23 We had what you call an oversaturation of
24 multifamily in the area. Just like if you take an apple,
25 as I explained this morning, and you want to divide that

1 apple out four ways -- you got four little children here
2 you want to give it to -- you take that apple -- if one of
3 them say, Hey, you gave him more of that apple than you
4 did me, Mama, there's a fight; you got a problem.

5 You got to issue it out equal portions --
6 court-mandated off of the Walker Consent Decree says:
7 spread it out equally in the southern sector; give the
8 north the same amount; give the west and east -- all gets
9 an equal share of that apple.

10 So what is happening out there is that they're
11 throwing it all out there in one area of the apple, so you
12 have the community upset. It's a big issue in Dallas; I
13 mean, it's gotten nasty. They came in without any
14 knowledge of the community leaders knowing that this was
15 coming; we were not informed of Phase One.

16 So it was an insult to the people, and they did
17 such a slouchy job. No bathrooms were put downstairs; the
18 ones they showed me in Garland, they had bathrooms.
19 That's discrimination.

20 You said these out here are going to be exactly
21 like the ones we're going to build -- we're proposing to
22 build. Not so. Didn't even put in any landscaping and
23 then told us, We'll go back and do these things for Phase
24 One contingency on you approving Phase Two.

25 So the community says no; our State Senator

1 Royce West says no; State Representative Jesse Jones says
2 no; the mayor's office -- we just got a phone call from
3 the housing department a little while ago saying they say,
4 We're going along with the community, Senator West and
5 Representative Jesse Jones. We say no.

6 So if you've got everybody out there saying no,
7 these are outsiders coming in. I've been in that area 22
8 years; I've worked on this particular project 15 of those
9 22 years. I've neglected a whole lot. We have the
10 highest crime rate out there until it has stepped on my
11 front doorstep, and then I've been stopped in the middle
12 of the street, selling drugs. It's terrible. We have 287
13 prostitutes on the corner. It's a serious matter.

14 So please, I'm begging you, please do not
15 approve this project. Our schools are oversaturated; we
16 have 211 students over in both of the two feeders schools
17 there in that area. Thank you.

18 MR. BETHEL: Thank you.

19 Ms. Bonner.

20 MS. BONNER: Good afternoon. My name is Carole
21 Bonner, and I'll keep it real brief.

22 As you heard earlier this morning, I am opposed
23 to the Phase Two development of Hickory Bend for several
24 reasons. Phase One is here and we have to live with it,
25 even though we're not pleased with Phase One. Brisben

1 Companies, they have come in and they've done some
2 additional landscaping at our request; however, Phase Two,
3 we could not agree upon anything that they presented to us
4 that made us feel good that they really wanted to work
5 with the community.

6 Phase Two, they want to cram 250 units on 20
7 acres of land which I think is just too densely populated.

8 The problems that we've been having within our particular
9 community with multifamily structures, with developers
10 coming in out of the state is over a period of time they
11 run down, they become drug-infested, high crime just
12 because property owners, the management companies, they do
13 not take care of their properties, and it has been a long-
14 term battle within our community.

15 And right now where Hickory Bend currently is,
16 is right behind Sam's, this particular area is a new
17 business area. It's taken many years to get businesses
18 into this area; we're beginning to grow. We don't want to
19 see that dampered, we don't want to see a negative impact
20 upon that. And not too far down south is the new
21 university center.

22 We want to encourage businesses; we are not
23 opposed to affordable housing; however, we are opposed to
24 having housing that's strictly for affordable and low
25 income. If it was a mixture with market rates, we could

1 probably understand it, and that would probably save our
2 multifamily existence.

3 Just like Ms. Norman said, right now most of
4 the problems that we're having with these multifamily
5 developments is high crime, and right now that's where our
6 problems are lying because of the drug infestation,
7 prostitution, et cetera, and if we want to stabilize our
8 community -- and we've been in this community -- I've been
9 over there about 16 years, and I don't see myself leaving
10 unless the situation keeps getting worse and worse, and
11 with another additional 250 units, I can see that
12 happening.

13 So we hope that you'll be sensitive to our
14 needs and oppose this particular project.

15 MR. BETHEL: Thank you.

16 Mr. Barry Palmer.

17 MR. PALMER: Thank you. My name is Barry
18 Palmer, and I represent the Brisben Companies on the
19 Hickory Bend project, and am here to speak in favor of
20 that development.

21 The developer has been working on this
22 development now since last September, following all of the
23 rules of the Bond Review Board and the TDHCA. They were
24 selected in a lottery, submitted their tax credit
25 application, and the process that we have in order to get

1 to this point for approval, the developer is required to
2 do full sets of plans and specs and have the deal ready to
3 close by the time we come here, and they have spent over
4 \$350,000 at this point, have followed all the rules of the
5 Department, and have received approval from staff of their
6 application, and it's my understanding that staff is
7 recommending that this project be approved.

8 We have heard opposition from the community,
9 from homeowners in the community. Even though the
10 homeowners are over two miles from the apartments, they
11 object to apartments coming into the neighborhood. In
12 listening to their reasons, there are a number stated
13 school overcrowding, the design of the project, and that
14 they just don't want apartments in the neighborhood.

15 As far as the school overcrowding goes, the
16 children that are going to live in this apartment complex
17 are already, for the most part, in the Dallas school
18 system. It's not a case where we're going to build these
19 apartments and people are going to move to the Dallas area
20 who weren't already there. Many of them are already in
21 the same schools that they will be going to.

22 To the extent that there is some moving around,
23 the school district can handle that by school assignments.

24 This project is not going to create a major problem for
25 the school district.

1 As far as the design, you have seen the design.
2 We think that it's an attractive design. It certainly is
3 in much better condition than some of the apartments we
4 have shown the Board earlier this morning of where people
5 are moving out of and into this project. These are
6 townhome-designed project, very nice.

7 We heard from tenants who live in the first
8 phase who are very happy there, working people who can't
9 afford to buy a house. Not everybody can be a homeowner.

10 In fact, in Dallas -- approximately 50 percent of the
11 population of Dallas lives in apartments.

12 Most of the new apartments being built are
13 high-end, dollar a foot, thousand dollar rents that most
14 people can't afford unless they're professionals. The
15 only affordable housing that's being built in Dallas is
16 what this Department builds, and there has not been a lot
17 of housing built in this area. The last three projects
18 that were approved in Dallas did not go into south Dallas.

19 They went into west Dallas and the Roseland Townhomes
20 area in central Dallas.

21 So this is not an overconcentration, we
22 believe, in this area. There is a demand shown by the
23 statistics on how fast Phase One leased up where they're
24 leasing 60 units a month, twice the rate of market rate
25 units.

1 In that we only have one speaker, can I have
2 the time that the other speaker was going to have?

3 MR. BETHEL: Have they filled out a witness
4 affirmation form? You can have a couple more minutes.

5 MR. PALMER: Okay. The opposition has stated
6 that they don't want apartments in the area, and we
7 respect that the state senator has come in and supported
8 his constituency, which is the homeowners in the area --
9 in opposition, but we don't see many elected officials
10 down here, unfortunately, speaking on behalf of people
11 that need affordable housing. The people that look out
12 for their interests are you, the TDHCA, and this is an
13 opportunity to deliver 250 quality units of affordable
14 housing in the city of Dallas that desperately needs it.

15 We had another state senator in here last month
16 opposing affordable housing in her district in Dallas. If
17 we give a veto power to every state senator, I suspect we
18 will not deliver much affordable housing in the city of
19 Dallas. It's really up to the Board to look out for the
20 interests of those who need affordable housing.

21 (Telephone ringing.)

22 MR. PALMER: Sorry about that.

23 MR. BETHEL: That's another state senator.

24 (General laughter.)

25 MR. PALMER: And I would point out that in

1 meeting all the requirements of the Department for
2 underwriting and the tax credits, there is included in
3 there a letter from the city saying that this project is
4 in compliance with their CHADS plan. So based on these
5 reasons, I would request the Board to approve this
6 project.

7 MR. BETHEL: Thank you, sir.

8 That's all the witness affirmation forms I had
9 on this agenda item. The Finance Committee elected to let
10 the Board act on this item, since it was the only one we
11 had speakers for and against, so that item is up.

12 Is there any discussion or any questions from
13 the Board?

14 (No response.)

15 MR. BETHEL: Is there any motions to approve,
16 disapprove?

17 (No response.)

18 MR. BETHEL: I'm hearing silence.

19 MR. DAROSS: Well, for purposes of putting it
20 on the table and having a vote on it, I move that we
21 approve the project.

22 MR. BETHEL: All right. We have a motion to
23 approve the project from Mr. Daross.

24 DR. GRIFFIN: Second.

25 MR. BETHEL: Second by Dr. Griffin.

1 Is there any other discussion?

2 (No response.)

3 MR. BETHEL: All those in favor of the motion,
4 say aye.

5 (A chorus of ayes.)

6 MR. BETHEL: All those against the motion, say
7 nay.

8 (A chorus of nays.)

9 MR. BETHEL: The nays carry, so the item is
10 defeated. Is there any discussion?

11 (No response.)

12 MR. BETHEL: Agenda item number (c) is Deerwood
13 Pines Apartments in Houston. The Finance Committee
14 recommended approval of the mortgage revenue bonds for
15 Deerwood Pines Apartments in Houston, Texas. And there
16 was one clarification on that, wasn't there, Daisy, as far
17 as the trustee, or was that the one, or was it the next
18 one?

19 MS. STINER: Deerwood has a co-trustee? Just a
20 minute. Let me find out.

21 Brent Stewart, Director of Multifamily Bonds,
22 will address that.

23 Brent, will you respond to that, please?

24 MR. STEWART: Certainly. Brent Stewart,
25 Director of Multifamily Finance. That's on the other two

1 transactions.

2 MR. BETHEL: Oh, okay. There wasn't any change
3 to the resolution that we have.

4 MR. STEWART: No, sir.

5 MR. BETHEL: Do you know what resolution that
6 was?

7 MS. STINER: Yes, sir. Deerwood is Resolution
8 Number 00-13.

9 MR. JONES: I move we approve the resolution.

10 MR. BREWER: I second it.

11 MR. BETHEL: We have a motion by Mr. Jones,
12 seconded by Mr. Brewer, that we approve Resolution 00-13.

13 Is there any discussion?

14 (No response.)

15 MR. BETHEL: All those in favor, say aye.

16 (A chorus of ayes.)

17 MR. BETHEL: Opposed, say nay.

18 (No response.)

19 MR. BREWER: Mr. Chair, Dr. Griffin is out of
20 the room on this one.

21 MR. BETHEL: Okay. Let the record show that
22 Dr. Griffin is not voting -- not present and not voting.

23 The next item is the issuance of mortgage
24 revenue bonds for Timber Point Apartments in Houston,
25 Texas.

1 Now, Mr. Stewart.

2 MR. STEWART: The only change to this
3 transaction, as well as the Creek Point transaction, with
4 respect to the materials that you have in front of you,
5 relates to Freddie Mac who is the credit enhancer on this
6 transaction, has requested that we allow a co-trustee on
7 the transaction during the interim construction period of
8 the transaction. And therefore, we're recommending that
9 Norwest -- or soon to be named Wells Fargo -- will be the
10 trustee and Bank One will be acting as co-trustee during
11 that period. And that's not reflected in your materials;
12 I just wanted to make sure you're aware of that request.

13 MR. BETHEL: Okay, that was the co-trustee.
14 Right?

15 MR. STEWART: Correct.

16 MR. BETHEL: The Finance Committee did
17 recommend this to the Board for approval.

18 MR. BREWER: Mr. Chair, I would make a motion
19 that Resolution Number 00-15 be approved as recommended by
20 staff.

21 MR. DAROSS: Second.

22 MR. BETHEL: We have a motion by Mr. Brewer,
23 seconded by Mr. Daross, that we approve Resolution 00-15
24 relating to Timber Point Apartments in Houston, Texas.
25 All those in favor, say aye.

1 (A chorus of ayes.)

2 MR. BETHEL: Opposed, say no.

3 (No response.)

4 MR. BETHEL: Any abstaining?

5 (No response.)

6 MR. BETHEL: Motion carried. Thank you.

7 The next one was the revenue bonds for Creek
8 Point Apartments in McKinney, Texas, and I believe there's
9 a co-trustee on this one also, the same as the one before
10 it?

11 MR. STEWART: Yes, sir. We have the same
12 situation here. Both Timber Point and Creek Point are
13 being done under the same Freddie Mac structure with the
14 same developer, so same situation.

15 (Telephone ringing.)

16 MR. BETHEL: I'd probably ask that if you've
17 got your cell phone on, put it on vibrate or turn it off.

18 It's kind of distracting. Thanks, anyway.

19 So it's the same and we recommended -- the
20 Finance Committee did recommend approving this one also.

21 MR. STEWART: That's correct.

22 MR. JONES: I move we approve the proposed
23 issuance of multifamily mortgage revenue bonds for the
24 Creek Point Apartments in McKinney, Texas, in accordance
25 with staff recommendations.

1 MR. CONINE: Second.

2 MR. JONES: Would you read the resolution
3 number into the record?

4 MS. STINER: Yes, sir. Into the record, that
5 would be Resolution Number 00-16.

6 MR. BETHEL: We have a motion by Mr. Jones,
7 seconded by Mr. Conine, that we approve Resolution 00-16.

8 Is there any discussion?

9 (No response.)

10 MR. BETHEL: Al those in favor, say aye.

11 (Chorus of ayes.)

12 MR. BETHEL: Opposed, say nay.

13 (No response.)

14 MR. BETHEL: Motion carried.

15 That concludes the report from the Finance
16 Committee.

17 Item 4 on the agenda is a report from the Audit
18 Committee. Mr. Conine.

19 MR. CONINE: Just briefly, Mr. Chairman, thank
20 you.

21 We met on March 24 and dealt with several of
22 the issues that our internal auditor is looking after on
23 our behalf, discussed several prior audit issues, talked
24 about the state auditor's report. And one thing that I
25 guess I wanted to bring to the Board's attention that came

1 out of the internal audit that we are now awaiting a
2 report back in June on, and that is under the HOME
3 Recipient Program, the monitoring there that our staff and
4 our Department has been doing has some what we call
5 material weaknesses to it that staff is now diligently
6 working on.

7 And we've asked for a report to come back to
8 the Audit Committee by our June meeting in order to
9 resolve some discrepancies that have arisen in that
10 particular department.

11 And I just wanted to make sure the Board was
12 aware of those things that are floating around, and we
13 want to make sure staff has ample time to respond to that
14 particular report, and we're on track for June.

15 MR. BETHEL: Is there any questions about the
16 Audit Committee report?

17 (No response.)

18 MR. BETHEL: Thank you, Mr. Conine.

19 Agenda item number 5 is the approval of tax
20 exempt bond projects and possible issuance of
21 determination notices. Ms. Stiner.

22 MS. STINER: Thank you, Mr. Chair.

23 As Cherno Njie, the manager of Tax Credit,
24 comes forward, I just wanted to introduce to the Committee
25 the process or procedure for what we are about to do in

1 terms of approving determination notices for certain tax
2 exempt finance developments that, based on legislative
3 changes in the last session, are required to apply for 4
4 percent tax credits.

5 In addition to the four that you have before
6 you for consideration today on which Texas Department of
7 Housing and Community Affairs is the issuer, we have about
8 ten others that are being sponsored by other issuers
9 throughout the state of Texas. So we are coming before
10 you today to get approval for the determination notices
11 for each of those individual developments.

12 Mr. Njie is here to make the presentation, and
13 we will ask that you vote on them separately, if that's
14 your pleasure, or do you want to hear it together as a
15 group?

16 MR. BETHEL: I'd just as soon hear them
17 together as a group, myself, but it's whatever the Board
18 would like.

19 MS. STINER: I would just note that there's one
20 exception for the development Hickory Bend, I guess we can
21 remove that one.

22 MR. BETHEL: It would be these resolutions that
23 we did approve earlier, in addition to the ones that he's
24 fixing to present.

25 MS. STINER: In addition to about ten others.

1 And I suspect we'd probably better get that on the record,
2 as well, Chernob, so why don't you just go through each of
3 them.

4 MR. NJIE: Good afternoon, Ms. Stiner, Board
5 members. My name is Chernob Njie, Manager of the Tax
6 Credit Program.

7 You have the list of properties that have been
8 recommended for the issuance of determination notices.
9 The first one is 00018, Oaks at Hitchcock. The issuer of
10 the bonds is the Southeast Texas Housing Finance
11 Corporation, 160 units, all of which are restricted for
12 low income housing.

13 The underwriting reports stipulate a number of
14 conditions which will be attached as a condition for a
15 issuance of the determination notice. We are recommending
16 issuance of tax credits in an annual amount of \$477,548
17 annually.

18 The next project is 00011-T; property is Austin
19 Fairway Village in Austin, Texas, 128 units, all of which
20 are low income. Underwriting reports recommend approval
21 of the project subject to certain conditions. The annual
22 recommended amount is \$148,580.

23 The third project on the list is 00012-T in
24 Waco, Waco Robinson Garden Apartments; issuer of the bonds
25 is the Austin Housing Finance Corporation. Project size

1 is 208 units, all of which are tax credits. We're
2 recommending an annual allocation of \$153,406, subject to
3 the conditions outlined.

4 The next project on the list is Creek Point
5 Apartments in McKinney, Texas. TDHCA is the issuer on
6 that property. We're recommending an annual allocation of
7 \$552,338 annually; total unit size is 200.

8 Hickory Bend project is the one that was
9 already the subject of Board action earlier. I presume we
10 will be withdrawing this one for consideration.

11 The next project is 00018-T, Maxey Houston
12 Apartments, Ltd. in Houston, Texas; 140 units, low income
13 housing. We're recommending an annual allocation of
14 \$459,894, subject to the conditions enumerated.

15 The next project on the list is 99019-T in
16 Terrell, Texas, Terrell Square Apartments; total units is
17 96. The issuer of the bond is North Central Texas Housing
18 Finance Corporation. An annual allocation of \$376,048 is
19 recommended.

20 I would like at this point to add two
21 additional conditions to the ones outlined in the report.

22 We have reviewed the environmental report, and it
23 indicates that there is a high pressure gas pipeline which
24 covers part of the property. And one of the conditions
25 we've stipulated is that the exact location of the

1 pipeline be identified prior to construction to eliminate
2 or reduce the chance of damage.

3 We are adding two additional conditions, that
4 the developer submit to the Department any regulatory
5 guidelines which govern the construction of a multifamily
6 property in an area that has an underground high pressure
7 pipeline, and also a condition requiring that there is a
8 plan to construct in conformance to those guidelines. So
9 those are two additional conditions that we would add to
10 the ones enumerated regarding Project Number 99019-T.

11 The next project we have is Number 00020-T in
12 Garland. This is an acquisition/rehabilitation project,
13 184 units. The issuer is Garland Housing Corporation.
14 We're recommending an annual allocation of \$355,289,
15 subject to the conditions enumerated.

16 The next project on the list is in Houston,
17 Texas, 00021-T, 240 units. TDHCA is the issuer on the
18 bonds. We're recommending an annual allocation of
19 \$641,050.

20 The next project is Number 00023-T in Austin.
21 This is an existing property, 172 units. We're
22 recommending an annual allocation of \$297,781 annually.

23 The next project is 00024-T in Austin,
24 Springdale Apartments, 98 units. Issuer is Austin Housing
25 Finance Corporation. An annual allocation of \$162,233 is

1 recommended, subject to the conditions outlined.

2 The next project is also in Austin, Santa Maria
3 Village, 00025-T, an existing project comprised of 176
4 units; issuer is Austin Housing Finance Corporation.
5 We're recommending an annual allocation of \$163,985.

6 There is one additional project that was sent
7 under separate cover, 00016-T in Houston, called the
8 Canaan Collaborative Limited Partnership. The project is
9 comprised of 163 units. The issuer of the bonds is Harris
10 County Housing Finance Corporation. We're recommending an
11 annual allocation of \$91,488, subject to the conditions
12 outlined.

13 That covers all the projects that we are
14 recommending to the Board regarding the issuance of
15 determination notices.

16 MR. BETHEL: Is there any discussion?

17 MR. BREWER: Yes, I have a question. Cherno,
18 on all of these that are for rehab, they're all required
19 to have operations and maintenance plans for asbestos and
20 lead-based paint. Right?

21 MR. NJIE: That's correct.

22 MR. BREWER: And all those costs associated are
23 in there by the developer to cover the removal and
24 everything, to your knowledge?

25 MR. NJIE: I believe all those costs are

1 included in the cost projections for the developer.

2 MR. BREWER: That asbestos removal is really
3 expensive. That's all I have.

4 DR. GRIFFIN: Mr. Chairman, could we vote on
5 99019-T separately?

6 MR. BETHEL: Okay. That's 99019?

7 DR. GRIFFIN: 99019-T.

8 MR. BETHEL: Do we have a motion for the
9 others, then?

10 MS. WILLIAMS: I have a question.

11 MR. BETHEL: Yes.

12 MS. WILLIAMS: And I can't find it, but on one
13 of these, the project is in a flood zone. How does that
14 work? I mean, is there insurance for flooding?

15 MR. NJIE: Which one was it?

16 MS. WILLIAMS: I can't remember.

17 MR. BREWER: Yes, there's one that had the
18 flood plain that was in there.

19 MS. WILLIAMS: I assume it may be the one in
20 Galveston?

21 MR. NJIE: It may be the first one, Oaks at
22 Hitchcock.

23 MS. WILLIAMS: Yes, that's it. It says two-
24 thirds of the site lies in the 100-year flood plain. I
25 was just curious how that's handled.

1 MR. NJIE: Typically, what we do is look at the
2 environmental report to see if there are any conditions
3 outlined there regarding mitigation, and in a transaction
4 like this, typically there will be flood insurance as part
5 of the transaction. I'm not sure in this case we have; we
6 have not outlined that as one of the conditions. We could
7 add that, the submission of a plan dealing with
8 remediation of the flood issue, as a condition.

9 MS. WILLIAMS: I know in a residential setting
10 it would be required before the borrower could get the
11 loan. I would recommend it.

12 MR. NJIE: Let us amend our recommendation to
13 add, then, the submission of additional documentation
14 regarding the remediation of the flood plain issue
15 outlined in the report.

16 MR. BREWER: And the city has no problem with
17 that, Cherno, I guess, because the mayor has said in here
18 that it's consistent with their consolidated plan, so
19 they're fully aware that this is in a flood plain?

20 MR. NJIE: The letters of consistency typically
21 merely address housing needs. I'm not sure that they
22 would go into the detail of evaluating the specific
23 project in question; they only speak to the general
24 housing needs in the community.

25 We will add that as a condition to address the

1 issue of a flood plain, either by means of getting
2 adequate insurance or including, as part of the
3 construction of the project, measures to mitigate any
4 issues relating to flooding.

5 MS. STINER: Mr. Chair, if I might?

6 MR. BETHEL: yes.

7 MS. STINER: I would just direct the Board's
8 attention to the cited Neighborhood Characteristics
9 Report, highlights of Soil and Hazardous Materials Report
10 on the project taken at underwriting. Under Phase One
11 Environmental Site Assessment that was dated November 30,
12 1999, that issue was raised. I don't know how the issuer
13 has handled it, but there's certainly nothing that would
14 preclude us from -- I see Tom Gouris, who is the chief
15 underwriter, saying something back there.

16 Tom, you wanted to comment on that? I just
17 want them to see if Phase One Environmental did comment on
18 that.

19 MR. GOURIS: Tom Gouris, Director of Credit
20 Underwriting.

21 They had indicated an extra expense of \$250,000
22 to build up the site to build it outside of the flood
23 plain, and that's typically how we would address it when
24 we're not directly the lender.

25 MS. STINER: Is that sufficient?

1 MR. BETHEL: Yes. Well, it's not -- I know
2 where we are it's not typical to build in a flood plain.
3 We don't have water, but we do have a 100-year flood
4 plain.

5 (General laughter.)

6 MR. BETHEL: So they do sell houses in that.
7 So are we going to leave it the way it is? Is
8 that what you'd like to do, Marcia, if it's addressed?

9 MS. WILLIAMS: Yes, if it's addressed.

10 MR. NJIE: The report does not recommend any
11 further measures, but we can certainly ask for additional
12 information to address that issue.

13 MR. BETHEL: All right. Can I hear a motion to
14 approve -- vote on all of them except Number 99019-T. Can
15 I hear a motion to approve those, with the addition of the
16 resolutions that we did approve, 14, 15, 16, I think.

17 MR. CONINE: So move.

18 MS. SAENZ: I second that.

19 MR. NJIE: Just one correction. I misread the
20 number for Project Number 0011-T. The number should be
21 \$216,333 instead of \$148,058, so let me correct that.
22 Regarding Project Number 0011-T, Fairway Village in
23 Austin, the recommended amount is \$216,333.

24 MR. BETHEL: But that was consistent with what
25 we have.

1 MR. NJIE: That's correct.

2 MR. BETHEL: We have a motion by Mr. Conine,
3 seconded by Ms. Saenz, that we approve all of these
4 determinations, along with the resolutions of 14, 15 and
5 16 that we did earlier, with leaving out Number 99019-T.

6 DR. GRIFFIN: And I have a question.

7 MR. BETHEL: You have some questions.

8 DR. GRIFFIN: Yes.

9 MR. BETHEL: Okay.

10 DR. GRIFFIN: The project that you all voted to
11 deny a few minutes ago was in this stack. How do you
12 handle that technically? You omitted presenting it
13 because you said you guess we weren't going to deal with
14 it, but don't we have to do something? We can't just omit
15 it, can we?

16 MR. NJIE: The bonds go with the tax credits.

17 DR. GRIFFIN: Right, I understand that, but
18 technically for the process, what do we do?

19 MS. STINER: Pardon. If I may just comment,
20 and Betty, don't let me get out on a limb here -- it was
21 not listed as a separate agenda item. They're all under
22 the main heading of determination notices for tax credits,
23 so I would think you can just not list it as one of the
24 items that you wanted to vote on.

25 Does that sound reasonable, Betty?

1 DR. GRIFFIN: Please be sure, because I'm sure
2 we're going to see this again, and we want to make sure
3 that we at least do the rest of it right.

4 MS. STINER: If the Board is comfortable with
5 pulling that out and voting on it individually as well, I
6 think you can handle it either way.

7 MR. NJIE: Should I move forward, then, with
8 the presentation?

9 MR. BETHEL: He didn't present it.

10 DR. GRIFFIN: I just want to be technically
11 correct for the vote.

12 MS. STINER: I think we're okay.

13 MR. CONINE: If you want me to clarify my
14 motion, my motion is made without that project in the
15 group.

16 MR. BETHEL: So does everyone understand the
17 motion? All in favor, say aye.

18 (A chorus of ayes.)

19 MR. BETHEL: Opposed, say nay.

20 (No response.)

21 MR. BETHEL: Anyone abstaining?

22 (No response.)

23 MR. BETHEL: Motion carried.

24 Now we'll go to TDHCA Number 99019-T.

25 DR. GRIFFIN: Mr. Bethel, I recuse myself from

1 voting on this project, although I'm not going to leave
2 the room since that's a courtesy and not really a policy;
3 however, I do have a question on the underwriting report.

4 I want to understand what's happening with the
5 159.35 acre tract of land. The way you explain it, I must
6 be missing something. And I'm recusing myself, because I
7 am suing the developer of this project for \$25 million.

8 MS. STINER: Mr. Gouris or Mr. Njie, can you
9 comment on the site control issue?

10 MR. GOURIS: Again, I'm Tom Gouris, Director of
11 Credit Underwriting.

12 This project is a sister project to a project
13 that was approved in Houston at the Board meeting last
14 spring and a similar situation occurred with that. The
15 developer had acquired a larger tract of land, 139 acres
16 of land, or thereabouts, and he had initially included a
17 larger than pro rata share of the acquisition cost in the
18 development budget for that site, and he did the same
19 thing with this site.

20 What we have done is looked at that to
21 determine what the pro rata share would be and evaluated
22 that -- in fact, took that out of our analysis and
23 determined that that amount on his side would only be
24 affected as the deferred developer fee, so it's within his
25 deferred developer fee, and therefore, it doesn't affect

1 the amount of the credit, and therefore, it doesn't affect
2 our recommendation.

3 DR. GRIFFIN: Okay. So on page 3 where you
4 have Review of Previous Underwriting Report, it's just
5 that, just stating the history of it.

6 MR. GOURIS: Right.

7 DR. GRIFFIN: Very good. Thank you.

8 MR. NJIE: The amount of acreage apportioned to
9 this is 20.8, and the costs were apportioned accordingly,
10 based on the outstanding amount from the previous
11 transaction.

12 MR. BETHEL: Is there any other discussion?

13 (No response.)

14 MR. BETHEL: Do I hear a motion for or against?

15 MS. SAENZ: I make a motion that we accept
16 TDHCA Number 99019-T as recommended by staff.

17 MR. BETHEL: We have a motion to approve 99019-
18 T. Do I hear a second?

19 MS. WILLIAMS: Second.

20 MR. BETHEL: Motion by Ms. Saenz, seconded by
21 Ms. Williams, that we approve this. All those in favor,
22 say aye.

23 (A chorus of ayes.)

24 MR. BETHEL: Opposed, say nay.

25 (No response.)

1 MR. BETHEL: Let the record show that Dr.
2 Griffin was present and participated in discussion but did
3 not vote.

4 We've got one more, the extension requests for
5 closing of construction loans for 1999 projects. Before
6 we get to that, I had some witness affirmation that people
7 were for on some of these projects, and I apologize for
8 not letting you speak. Since they were passed -- we could
9 revisit it, if you'd like.

10 (General laughter.)

11 MR. RANDOLPH: (Speaking from audience.) No,
12 thank you.

13 MS. FENTRESS: (Speaking from audience.) No,
14 thank you.

15 MR. BETHEL: Okay. I'm sorry.

16 Daisy.

17 MS. STINER: Thank you, Mr. Chair.

18 We want to present for the Board's
19 consideration requests that the Department has received
20 for extension of a condition of a tax credit development
21 carryover that they must close their construction loans
22 within 150 days of a carryover. We have several of them
23 that have made application to the Department for
24 extensions. Mr. Njie will go through that list and
25 request that the Board either approve or disapprove the

1 requested extension dates.

2 MR. NJIE: Thank you, Ms. Stiner.

3 The Department received eleven requests for
4 extension. Pursuant to the 1999 Qualified Allocation
5 Plan, developers receiving allocations in '99 were
6 required to close their construction loans within 150
7 days. The date has approached for some of these project
8 owners, and they have petitioned the Department, based on
9 a number of reasons which we have listed for you, some of
10 them because of financing or design issues that have
11 arisen during the development of the project, and we are
12 recommending the extension for 30 days to allow them to
13 proceed with the project.

14 The first one on the list is Eban Village II in
15 Dallas, 99022; the second property is Shoreham Apartments,
16 99066; the third project is in Austin, 99072; the fourth
17 project is Number 99086, Park Vista Townhomes; the fifth
18 project on the list is in El Paso, 99095.

19 The next project is in Plainview, 99102; the
20 next project is in Amarillo, 99103; the following project
21 is 99111, Roseland Townhomes in Dallas; the following
22 project is 99207, Columbia Greens in Houston.

23 There were two additional projects that were
24 sent under separate cover. They are 99173, Hoffman
25 Hollow, and 99197 in Alamo, Texas.

1 We're recommending that the Board give them a
2 30-day extension to enable them to finalize their delays
3 in continuing to close their construction loan and proceed
4 with the development of the project.

5 MR. BETHEL: That's staff recommendation?

6 MR. NJIE: That's correct. Some of them are
7 requesting extensions beyond that 30-day period; at this
8 point we're only recommending up to the 30-day period.

9 MR. BETHEL: Is that your final answer?

10 MR. NJIE: That's right.

11 (General laughter.)

12 MR. DAROSS: Chernob, what's going on with the
13 rest of these on this list? Are they already cranked up?

14 MR. NJIE: The rest of them, the closing date
15 has not yet -- some of these are scheduled to close in
16 May, I think a few of them in June, but for the most part
17 the ones that have not asked for extension we presume have
18 closed their construction loans, and this is out of 54
19 projects that were approved last year.

20 MR. CONINE: Mr. Chairman, I make a motion that
21 we approve the extensions for a 30-day period, pursuant to
22 Chernob's report.

23 MR. CONINE: We have a motion by Mr. Conine.

24 MR. DAROSS: Second.

25 MR. BETHEL: Second by Judge Daross. Any

1 discussion?

2 (No response.)

3 MR. BETHEL: All those in favor, say aye.

4 (A chorus of ayes.)

5 MR. BETHEL: Opposed, say nay.

6 (No response.)

7 MR. BETHEL: Any abstaining?

8 (No response.)

9 MR. BETHEL: Motion carried.

10 That concludes that item. The next item we
11 have on the agenda is report items, and we'll hear from
12 the Executive Director.

13 MS. STINER: Thank you, Mr. Chair.

14 MR. BETHEL: I think that's -- is that all?

15 MR. NJIE: Did you all receive this letter from
16 the City of Dallas?

17 MR. BETHEL: Yes.

18 MS. STINER: It's moot.

19 MR. NJIE: Well, it is, and what I just wanted
20 to point out, they've addressed me as Ms. Njie. I've been
21 called a lot of names.

22 DR. GRIFFIN: Oh, don't take it personally.
23 You're so sensitive.

24 MS. STINER: Ms. Njie.

25 (General laughter.)

1 MR. BETHEL: So you're taking exception to that
2 then.

3 MR. NJIE: No.

4 (General laughter.)

5 MR. BETHEL: Ms. Stiner.

6 MS. STINER: Thank you, Mr. Chair.

7 At last month's Board meeting an issue was
8 brought before the Board regarding an allegation of
9 impropriety of the tax credit development this Board had
10 allocated credits to in '98 in San Antonio, and the Board
11 charged the staff with bringing a report back before you
12 today.

13 Betty Marks, who is General Counsel for the
14 Agency, will give you a brief overview of our findings,
15 and as she comes forward, we also have a second issue that
16 was brought before the Board last month from Byron
17 Builders that has to do with material noncompliance
18 issues.

19 So we are ready to report on both of those
20 today, and as Ms. Marks comes forward and talks about the
21 first one -- when she concludes, I'll just ask the
22 Compliance representative to come forward. I think you
23 have a letter that we have for the Board to present on
24 that one.

25 So Betty, why don't you go ahead and talk about

1 the first one first, as they come forward on the second
2 one.

3 MS. MARKS: Sure. Betty Marks, General
4 Counsel.

5 Mr. Hennenberger had brought up a question
6 regarding a property that had been allocated tax credits
7 but was in the carryover period. In other words, they had
8 not completed construction on the project; we had not
9 issued the 8609. But what had happened is apparently, we
10 were able to obtain a copy of a declaration of restrictive
11 covenants that had been entered into by the project owner
12 with the neighborhood association. There was some
13 controversy in terms of the zoning.

14 Mr. Njie, Monita Handley and I worked with the
15 project owner, the attorneys and the attorneys for the
16 neighborhood association. The neighborhood association
17 and the attorney for the project owner agreed that the
18 restrictive covenant basically prohibited the acceptance
19 of leases from Section 8 voucher holders -- which is in
20 violation of the Internal Revenue Code and the
21 [indiscernible] -- were able to make an amendment. The
22 amendment, First Amended Declaration of Restricted
23 Covenant, was filed on April 11 we have a copy of the file
24 recorded, and Mr. Hennenberger has a copy of the letter of
25 response.

1 MS. STINER: Thank you, Betty.

2 We had the attorney at one time here, for the
3 developer, if you had any questions. I think he had
4 signed a witness affirmation form.

5 MR. BETHEL: Oh, yes, I've got one for the
6 report item. Excuse me.

7 MS. STINER: Did you wish to make a comment?

8 MR. BROWN: I really don't need to. I'm here
9 to answer questions as to how this came about, and I'd be
10 more than happy to if you want to hear it, or if you want
11 to move on to the next item, that's fine also.

12 MS. STINER: Thank you, sir.

13 With this report we did respond to Mr.
14 Hennenberger, so he has our written response relative to
15 that complaint.

16 The second one had to do with a contract --

17 MR. BETHEL: That was Kenneth Brown.

18 MR. BROWN: Yes.

19 MR. BETHEL: Okay. I've got you. I'm sorry.

20 MS. STINER: That's okay.

21 The second report is on an issue of material
22 noncompliance and having the staff further define what
23 that meant in terms of experience in the tax credit
24 process. Nancy, will you come forward and just make a
25 brief statement for the Board relative to that?

1 MS. DEAN: Yes. Thank you. My name is Nancy
2 Dean. Suzanne Phillips regrets that she can't be here due
3 to a family emergency.

4 Kenneth Baron with Baron Builders appeared
5 before you last month. He stated that he had participated
6 in a number of applications in last year's application
7 cycle which were rejected due to issues of noncompliance
8 in a property that he was involved with in 1993. He
9 stated that he was involved as a property management
10 function.

11 Under the 2000 QAP, the Department will
12 disqualify those applicants, persons, general partner,
13 general contractor and their respective principals or
14 affiliates active in the ownership or control of low
15 income rental housing that are in material noncompliance.

16 Property management companies, such as Baron, would not
17 be affected in the situation where they propose to act as
18 the management agent as long as they have no ownership
19 position on a property with material noncompliance.

20 The notice of material noncompliance was sent
21 to the owner of the project; therefore, it did not pertain
22 to Mr. Kenneth Baron, and we have contacted him and we
23 believe he does understand that. Thank you.

24 MS. STINER: Thank you.

25 The next report item I just want to brief the

1 Board on -- I'm sorry.

2 MR. BROWN: Excuse me. I'm sorry. There was
3 something that I wanted to put into the record with my
4 affirmation, and there were tenant rolls of other projects
5 that J&P had done that showed that they did have Section 8
6 vouchers on their tenant rolls and they did accept them.
7 I just wanted it to be a part of the record. Thank you.

8 MR. BETHEL: Thanks. We accept that.

9 MS. STINER: A couple of items that did not
10 make it on the agenda but I had communicated with the
11 Board via the Executive Director's Board Brief:

12 The Sunset Commission will be holding hearings
13 to hear public testimony on their recommendations relative
14 to the Department's legislation for Sunset. They're
15 expected to release a draft report on April 17 to the
16 Commission members; on April 20 the draft report will be
17 distributed to the public. The Department, then, will
18 have until May 8 to respond to the report, and then on May
19 17 or 18, the Commission will hear comments from the
20 public.

21 Of course, it is expected, and in talking to
22 the Board, the Board members are expected to be present at
23 those hearings and participate. We, unfortunately, don't
24 know whether or not TDHCA will be before the Commission on
25 the 17th or 18th, but we will let you know as soon as

1 possible.

2 And we need to work with the Board to determine
3 how best to get Board input into the Department's comments
4 back to the Commission. Unfortunately, the due date for
5 the Department's comments fall on May 8. You don't meet
6 again as a body until May 19, so I would ask that you
7 consider whether or not it would be the Board's desire to
8 come back together as a body or whether individually you
9 would want to make comments that way, and we'll be polling
10 you later this week unless you have some thoughts on that
11 today. We will be talking to you as to how you want to
12 proceed in that regard.

13 MR. BETHEL: Okay.

14 MS. STINER: I'd like to announce that we have
15 it on our website that the staff has recommended or has
16 posted dates for the public hearings on the Low Income
17 Housing Tax Credit application round for the Year 2000.
18 That time seems to come around pretty quickly. But we are
19 in the midst of our application round for 2000
20 developments, and in order to give the public an
21 opportunity to comment on them, the application cycle
22 closes May 1.

23 MR. NJIE: That's correct.

24 MS. STINER: May 19 we're proposing that the
25 first public hearing be held in conjunction with the

1 TDHCA's Board meeting here in Austin; on the 20th, which
2 is a Saturday, in San Antonio; the following week, which
3 is a Saturday, in Houston; June 3, which is the following
4 Saturday, in Dallas.

5 So we will publish these and post these for
6 consideration of the public and will be taking public
7 comment at that particular time.

8 Just to call the Board's attention to a couple
9 of initiatives that's underway in the Department -- the
10 Board has encouraged the staff to develop a couple of
11 policy positions to bring back before this Board. One
12 concerns preservation and one concerns Section 8 --
13 concerns Fair Housing Standards and Section 8 tenants in
14 the housing programs that we administer.

15 Just as an update, and I apologize for not
16 including it in your status report, we've established two
17 task forces in-house. We will be bringing to the May
18 Board meeting preliminary recommendations from those two
19 task forces, asking the Board then to consider
20 recommendations and open up the public hearing for public
21 comments on those particular issues.

22 We anticipate that we will hold several public
23 hearings and we also are considering having a couple of
24 advisory committees established for those two very
25 important issues for the Department. So in terms of

1 timing, we will be bringing back preliminary
2 recommendations from those two task forces to this Board
3 for consideration.

4 Again, I will be providing more information in
5 my communications with you over the next several weeks.

6 That's all I have.

7 MR. BETHEL: Thank you, Ms. Stiner.

8 MS. STINER: Yes, sir.

9 MR. BETHEL: I failed to recognize one member
10 of the legislature that's a legislator of the Bethel
11 household. My wife is here, Linda, is here today, and I
12 can assure you that we're feeling better today than we
13 were last Board meeting.

14 Let me make this announcement. According to
15 the governor, when he appointed me chair, they were
16 rotating chairmanships, and they're going to rotate
17 chairmanships again and I'm happy to announce that
18 tomorrow the governor will appoint Mike Jones from Tyler
19 as chair of this organization.

20 And I am certainly happy for Mike, and I have
21 appreciated working with the staff and working with all
22 the members of the audience that come regularly to our
23 Board meetings. I'll still be on the Board; I'll be
24 trying to get Marcia's spot down there where you can't see
25 her.

1 (General laughter.)

2 MR. BETHEL: But I certainly enjoyed it, and I
3 didn't have to sign the 900 documents for all these
4 determination notices we did today; Mike's going to have
5 to do that. But with that announcement --

6 MR. JONES: Can I say one thing?

7 MR. BETHEL: Okay.

8 MR. JONES: I know that Daisy might have
9 planned something for our next Board meeting to recognize
10 the service of Mr. Bethel to the State, to all of us, but
11 particularly those of us in this Department. But just on
12 behalf of the Department, I just take it as a privilege on
13 today's date, as well as next meeting's date, to say thank
14 you very much to Don Bethel, and thank you very much to
15 Linda.

16 (Applause.)

17 MR. JONES: Don, you're a great Texan, and you
18 serve Texans very well.

19 MR. BETHEL: Thank you, Mike.

20 We'll extend the time limit if Mike wants to
21 talk longer.

22 (General laughter.)

23 MR. BETHEL: I've also got an announcement that
24 we're going to celebrate this, and we're going to
25 celebrate it after the meeting with a cake at the back.

1 And the celebration is going to be for the birthday of the
2 executive director which is tomorrow, I believe.

3 MS. STINER: Tax day.

4 MR. BETHEL: It's tax day. That's right. It's
5 April 15. It's not due till midnight of April 17, so
6 she's going to take two extra days this year. But
7 everyone is welcome to stay and we would encourage you to
8 stay and celebrate Daisy's birthday with us.

9 Is there anything else? If there's not, we'll
10 stand adjourned.

11 (Whereupon, at 3:15 p.m., the meeting was
12 concluded.)

C E R T I F I C A T E

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2
3 MEETING OF: TDHCA Board
4 LOCATION: Austin, Texas
5 DATE: April 14, 2000

6 I do hereby certify that the foregoing pages,
7 numbers 1 through 67, inclusive, are the true, accurate,
8 and complete transcript prepared from the verbal recording
9 made by electronic recording by Penny Bynum before the
10 Texas Department of Housing and Community Affairs.

04/20/2000
(Transcriber) (Date)

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