

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

9:00 a.m.
Thursday,
February 21, 2002

2 Civic Center
City Council Chambers
El Paso, Texas

COMMITTEE MEMBERS:

MICHAEL JONES, Chairman
SHADRICK BOGANY
C. KENT CONINE, Vice Chairman
NORBERTO SALINAS
ELIZABETH ANDERSON

STAFF PRESENT:

RUTH CEDILLO, Acting Executive Director

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Arbour East Apartments, 300-Unit

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Creek Hollow Apartments, 120-Unit
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Heritage Square Apartments, 112-Unit
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Highlands Apartments, 136-Unit
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Oak Brook Apartments, 222-Unit
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P R O C E E D I N G S

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2 MR. JONES: I'd like to call to order the meeting of the
3 board of the Texas Department of Housing and Community Affairs for
4 February 21, 2002. And the first thing I'd like to do is to call the
5 roll. Ms. Anderson?

6 MS. ANDERSON: Present.

7 MR. JONES: Mr. Bogany?

8 MR. BOGANY: Present.

9 MR. JONES: Mr. Conine?

10 MR. CONINE: Here.

11 MR. JONES: Mayor Salinas?

12 MR. SALINAS: Here.

13 MR. JONES: Mr. Gonzalez? He's absent.

14 And Mr. Jones is here.

15 We have five members present, one absent. And we do
16 have a quorum.

17 The next thing I would like to do is first thank the
18 City of El Paso for having us here. You have been so hospitable, and
19 we thank you no end.

20 A number of us on the board -- in fact, most of us on
21 the board -- have had the privilege to work with the board member
22 from the City of El Paso, James Daross, who served on this board for
23 several years. And he is unable to be with us today due to a family
24 matter that draws him out of town.

1 But I do think I'd be remiss if I didn't publicly thank
2 him for his service on this board. We was a very effective, a very
3 courageous board member for the State of Texas during the time of
4 his service. And I want the City of El Paso to know that he served
5 this region very well when he was on this board, and always kept this
6 region in the utmost of our minds.

7 So I would publicly like to thank Mr. Daross for his
8 service, and thank the City of El Paso for loaning him to us for the
9 years you did.

10 I would also like to introduce Paul Valenzuela. And is
11 Paul here? Yes. And I believe you are a Pecos County Commissioner.
12 Right? Thank you for having us. So nice of you to be here.

13 I also notice that you have signed a witness affirmation
14 form that you would like to speak. Would you like to speak now, or
15 at another time on our agenda?

16 MR. VALENZUELA: Right now, please.

17 MR. JONES: Okay. Thank you, sir.

18 MR. VALENZUELA: Mr. Chairman, board members, I saw Mr.
19 [indiscernible] here, too. I thought I did. But anyway, I would
20 like to thank the board for your continued work out here in rural
21 west Texas. You all mean a lot to the work that we do out here.

22 And the past 12 years, I've been fortunate to be able to
23 get some grants approved for you guys and other people. Ruth Cedillo
24 has been wonderful to us. She's -- I'm sure you're aware of the work

1 she does.

2 MR. JONES: She has been wonderful to us, too.

3 MR. VALENZUELA: And I just wanted to thank you all for
4 the work that you do out here in west Texas, and just ask you to
5 continue working for rural west Texas, like we all do.

6 MR. JONES: Thank you, sir.

7 MR. VALENZUELA: Thank you.

8 MR. JONES: It's a privilege to be here. We also have
9 with us Mr. Jerry Agan. And he is a Presidio County Judge. Nice to
10 have you here, Judge. Would you like to speak, too? Feel free to,
11 if you would like to.

12 MR. AGAN: I would like to thank you for giving us this
13 opportunity today to talk to you all. Judge Brisbin is -- who is
14 a -- I followed him into office in Presidio County. And we were
15 discussing the other day at least we had grants of over \$5 million
16 that came through TDHCA that we've been able to work into the
17 colonias of Presidio County.

18 I want to thank you all, and to welcome you out to far
19 west Texas out here. I appreciate you all coming.

20 MR. JONES: I thought you all were kind of a neighbor
21 city. I'm from Tyler. And you know -- it seems like it's in the
22 neighborhood, isn't it?

23 MR. AGAN: Yes, well, as far as out here, that is the
24 neighborhood. But I wanted to thank you for the work you all have

1 done. And TDHCA supports us very much out here in Presidio County.
2 And we continue on with our relationship.

3 I feel this is one of the agencies I can pick up the
4 phone and call, and they'll tell me what's going on and whether they
5 can or can't do it. I appreciate that very much.

6 MR. JONES: Thank you, sir. We also have with us Mr.
7 Jesus Hernandez, who is the mayor pro-tem for the City of -- and I
8 cannot -- and Mayor Hernandez, how are you?

9 MR. HERNANDEZ: I'm fine.

10 MR. JONES: Good. And would you like to speak to --
11 thank you, sir. Socorro. I'm sorry. It's Socorro.

12 MR. HERNANDEZ: Socorro.

13 MR. JONES: You have to excuse my tongue. It doesn't
14 work very well.

15 MR. HERNANDEZ: Well, Good morning.

16 MR. JONES: Good morning.

17 MR. HERNANDEZ: I wasn't planning on saying anything.

18 Just to thank you for being down here, and the tremendous amount of
19 work you've done with this area down here, especially the El Paso
20 County. And I hope that you keep us in mind all the time, and keep
21 on doing this job. And again, thank you for coming down here.

22 And of course, Ruth Cedillo, thank you for all the help
23 you've given us.

24 MR. JONES: Thank you, sir.

1 MR. HERNANDEZ: Thank you.

2 MR. JONES: I appreciate it. I would now like to move,
3 if I could, into the next item on our agenda, which is the public
4 comment.

5 I have two individuals who have submitted witness
6 affirmation forms that would like to speak. The first one is Mr.
7 Frank Desales.

8 Mr. Desales? And you can speak now, or you can speak
9 later on an agenda item, if you care to. Just tell me how you'd like
10 to do it.

11 MR. DESALES: I'll do it now.

12 MR. JONES: Okay. Thank you, sir.

13 MR. DESALES: Good morning.

14 MR. JONES: Good morning.

15 MR. DESALES: First and foremost, I would like to thank
16 the TDHCA for coming this morning to El Paso and allowing us time to
17 be here this morning. It means so much to us.

18 My name is Frank Desales, Jr., and I'm the executive
19 director of Sparks Housing Development Corporation, also known as
20 Socorro Government Center.

21 Our mission of our organization is to better the life
22 and well-being of children and families residing in the Sparks
23 colonia and the surrounding areas by providing housing,
24 rehabilitation, educational opportunities, youth and social services.

1 Helping residents help themselves, we encourage
2 community participation at all levels, that allow youth, family,
3 parents to bond together more cohesively, to reach more, and aims to
4 direct innovative and creative energies to educational and school
5 development activities.

6 Over the years, the tremendous support from the Sparks
7 Housing Development Corporation and the community has been -- have
8 been a significant acknowledgement of our successful track record of
9 delivering superior community improvement projects for nearly ten
10 years.

11 The department has helped demonstrate that colonia-based
12 projects managed by communities for a community make a striking
13 impact. We owe much of that, if not all of our success as a
14 department for helping launch and providing technical assistance and
15 funding to organizations.

16 Since 1995, those results were obtained, which in turn
17 resulted in the construction of our community center, infrastructure
18 development, and the rehabilitation and construction of eight homes.

19 I again thank you for this relationship and support throughout the
20 years.

21 The year 2001 has brought us dramatic organizational
22 changes and challenges that have affected our organization
23 tremendously. From October 1999 to January 2001, we were literally
24 left without a full-time executive director, director, leadership or

1 guidance that ultimately led to deterioration, loss of programs, and
2 loss of department funds due to noncompliance issues.

3 Today, Sparks Housing Development Corporation has once
4 again embarked on a mission to fulfill project goals and set forth
5 their organization's original mission.

6 Through the hiring of an executive director in January
7 2001, Sparks Housing Development Corporation has embarked on a
8 reawakening, successfully implementing and managing social service
9 programs, developing organization's capacity, and securing them
10 funding.

11 Major accomplishment for 2001 was the rehabilitation of
12 eight homes in the Sparks colonia from the Pryor [phonetic]
13 Foundation grant, and the establishment of the first computer
14 technology center, as well as the establishment of an after-school
15 tutoring program.

16 Though we may be [indiscernible], it is imperative to
17 realize, like any other emerging organization, we have some way to
18 go. Organizational capacity building remains high -- a high priority
19 among us, whether it be housing development, resource development, or
20 staff development.

21 The dedication and discipline needed to take this
22 organization to the next level is very well and alive, and heading in
23 the right direction.

24 So why is the capacity so important to us? An

1 organizational capacity is like a tree with a root system. It is a
2 living system sustained and energized by multiple forces and factors
3 in the social/economic environment.

4 Capacity-building seeks to improve the performance
5 organization. Organizational capacity-building is a system-wide plan
6 effort to increase organizational performance through planning and
7 community action. In particular, capacity-building looks in depth at
8 where an organization stands in a comparison to where it hopes to be
9 in the future, and develop the skills and resources to get there.

10 The ultimate goal of our capacity-building objective is
11 to enable our organization to grow stronger in achieving its purpose
12 and mission.

13 As our organization engages in these activities, we will
14 acquire new knowledge of our organizational actions and outcomes.
15 Thus, a new organizational capacity expands and then goes beyond
16 solving a specific problem to gain the skill and knowledge to solve
17 future problems.

18 Now more than ever, we are critically seeking support
19 from the department to allow us to reestablish a working relationship
20 and demonstrate our effectiveness by resolving the noncompliance
21 issues, to apply and participate for state HOME funding for colonia
22 projects for the year 2002 and in the future.

23 Sparks Housing Development Corporation continues to be
24 an organization committed to excellence with a clear vision and a

1 passion for delivering outstanding results.

2 We ask you to work with us to capitalize on our
3 strengths, past and future strengths. The challenge at this stage is
4 to seize the opportunity and to realize an innovative, new and
5 improved organization for a productive future.

6 With this in mind, we will continue to advocate for
7 colonia families and support those organizations dedicated to better
8 the quality of life in colonias. In the end, children and families
9 are strengthened, which builds communities. Thank you.

10 MR. JONES: Thank you, sir. We congratulate you all,
11 and thank you for your comments.

12 Our next speaker is a Mr. Jose Garza. Mr. Garza, would
13 you like to speak now, or --

14 MR. GARZA: I'll go now.

15 MR. JONES: Okay. Thank you, sir.

16 MR. GARZA: Well, Good morning, Mr. Chairman --

17 MR. JONES: Good morning.

18 MS. CEDILLO: Good morning.

19 MR. GARZA: -- and members of the board. Today we're
20 wearing three hats. I'm the director of intergovernmental affairs
21 for the San Antonio Housing Authority. I'm a member of the Texas
22 Housing Coalition, and I'm also the chair of the Legislative
23 Committee of the Texas chapter of NAHRO.

24 And on behalf of all these groups, I would like to

1 commend you and your organization for the excellent work you're
2 doing, particularly in housing.

3 We're encouraged by what TDHCA is doing. But we would
4 like to partner with you in your efforts. We are equally committed
5 to providing affordable housing throughout the state, and firmly
6 believe that together, we can do much more.

7 Briefly, let me give you some background on the
8 organization. A few months back, in late summer or early fall, a
9 group of people that represent public housing authorities, staff from
10 your agency, representatives from the private sector, other state
11 agencies, housing advocates, and staff from the Speaker's office and
12 the Urban Affairs Committee met to engage in a dialogue on how to
13 better meet the challenges of housing people from low income
14 households.

15 Out of that came the Texas Housing Coalition. We've
16 dealt with many issues, and are trying to create partnerships to
17 better service our clients. Out of that came an idea, to create or
18 recommend to your agency that it create an advisory council composed
19 of representatives of the Public Housing Authority.

20 We ask them that simply because Federal resources
21 dwindle yearly, and will continue to do so. Therefore, most of the
22 efforts to provide affordable housing in the state will have to be
23 through the state government and local entities such as housing
24 authorities. And housing authorities are really

1 the only agencies that really house the extremely low income. And we
2 think that with a strategic partnership, we can accomplish much more
3 than what we're doing now.

4 But before I talk about those advantages, I just want to
5 express our sincere appreciation, again, to Ruth Cedillo. She has
6 been with our group since the inception. And we have appreciated her
7 expertise.

8 But more especially, what we like about her is her
9 thinking out of the box and kind of pushing the envelope. I think
10 that's what we need to do in the next few years. In one word, if I
11 had to describe her, she is excellent.

12 Why are we advising, or asking for an advisory
13 committee? I think we need to create what I refer to as an
14 information sharing exchange forum. That is, we need to educate each
15 other on our roles, responsibilities, needs and concerns. I think
16 that working together, we can maximize the expertise and resources
17 and better serve our clients.

18 We can assist in evolving regulations and guidelines to
19 more effectively and efficiently house the low-income. On the other
20 hand, TDHCA can offer fertile grounds for research and pilot
21 projects. We can also give you the voice and support of 431
22 authorities throughout the state.

23 I think we can work together -- this council can bridge
24 and create some understanding between the agencies, the advocates, to

1 better fulfill the needs of housing for all Texans. And if I may,
2 I'd like to read a letter from -- to you from the Texas NAHRO
3 Shelter.

4 "Honorable members of the board, I regret that I am
5 unable to join you today due to a scheduling conflict. The
6 membership of the board of the Texas Chapter of NAHRO is most
7 appreciative of the work performed by the Texas Department of Housing
8 and Community Affairs.

9 "For our membership and the lower-income families we
10 serve, TDHCA plays a critical and essential role in the development
11 of affordable housing in Texas. The primary work of public housing
12 agencies focuses on the development and delivery of affordable
13 housing to various federal programs and tax credits.

14 "The collaborative effort of this -- of your board, your
15 agency, NAHRO, and the housing advocates and the people from the
16 private sector, and other housing groups -- the concept of forming an
17 advisory council to TDHCA is being developed.

18 "In these challenging times of limited resources and
19 growing need for more affordable housing within our communities, we
20 believe that expanding partnerships and in housing collaboration and
21 communications is critical.

22 "We fully support the concept of an advisory council,
23 and encourage it to make it -- to form -- to create it. Thank you
24 for your consideration for this initiative. David Zappasodi,

1 President, Texas NAHRO." Thank you.

2 MR. JONES: Thank you, sir.

3 Our next speaker is a Mr. Frank -- excuse me. Mr. Randy
4 Bowling. Would Randy Bowling like to speak now?

5 MR. BOWLING: Please.

6 MR. JONES: Thank you.

7 MR. BOWLING: Good morning, and thank you for coming.
8 My name is Randy Bowling. I represent Tropicana Building Corporation
9 and Patriot Mortgage. I just have a little something I'd like to
10 read. It was prepared by my brother Bobby. Some of you all may know
11 him.

12 "We are extremely happy with the changes that have been
13 made in TDHCA in the past 12 months. Staff is doing a great job
14 complying with the new sunset legislation, specifically with regard
15 to the regional allocation formula.

16 "We've been able to report to our legislative team in El
17 Paso that the changes intended by the legislation are being
18 implemented rapidly. In El Paso, we've always been very sensitive to
19 how TDHCA's money is distributed, because our needs are so great.

20 "While our population is not as large as some other
21 areas around the state, we feel our need for your funds is greater,
22 because of our extremely low median family incomes.

23 "We are extremely pleased with the way the regional
24 allocation formula has been figured, and feel that it takes into

1 account the needs of poor border communities better than it has done
2 in the past.

3 "Additionally, we are pleased to see the board direct
4 the staff that points are the overwhelming determinant in allocating
5 funds for the tax credit program. We again think this is a fair
6 objective way, allocating funds, and think that the directive was
7 long overdue.

8 "Finally, thank you for coming out to El Paso and
9 including us in state policy." Thank you.

10 MR. JONES: Thank you. A heartfelt thanks, by the way.
11 And, Delores, we need a copy of this transcript.

12 MS. GRONECK: We'll publish it.

13 MR. JONES: I guarantee you, we're going to frame it.

14 MR. CONINE: Randy, you don't always do what your
15 brother tells you to, do you?

16 MR. BOWLING: Oh, pretty much.

17 MR. JONES: Now, those are all the speakers I have.
18 Would anybody else like to speak to the board? Would anybody else
19 like to speak to the board?

20 Yes, sir?

21 MR. JIMENEZ: I didn't sign a witness affirmation.

22 MR. JONES: Oh, you can do it afterward. Thank you,
23 sir.

24 MR. JIMENEZ: Demetrio Jimenez, with the Greater El Paso

1 Housing Board. I wish you a welcome to El Paso.

2 MR. JONES: Good to see you again.

3 MR. JIMENEZ: I just want to congratulate the board on
4 the changes in the last 12 months. They have been significant,
5 especially with the low-income housing tax credit program.

6 We have been able to access all the files and keep track
7 of our developments, as well as others on-line. And one of those --
8 I had a little bit too much food and drink last night, so --

9 MR. JONES: Didn't we all?

10 MR. JIMENEZ: -- I won't be as eloquent as I usually am.

11 MR. JONES: Okay.

12 MR. JIMENEZ: But I would like to say that the Border
13 Field Offices are one of the most important aspects of being a
14 nonprofit, having the connection with somebody here in town.
15 [indiscernible], and I used to be a [indiscernible] at one point.

16 But I've got to say that he has helped us through a lot
17 of different programs, and helped us kind of devise ways in better
18 performing and delivering of our affordable homes.

19 So again, welcome to El Paso. And I apologize for not
20 being as eloquent as I usually am.

21 MR. JONES: Okay. Thank you, sir. I appreciate it.

22 Imelda Garcia. Hi.

23 MS. GARCIA: Hi.

24 MR. JONES: How are you today?

1 MS. GARCIA: I'm fine. Thank you. Good morning. My
2 name is Imelda Garcia.

3 MR. JONES: Good morning.

4 MS. GARCIA: And I work with Bienestar Familiar in
5 Socorro, Texas. And we're a healthy-community project, doing a lot
6 with health. But in looking into the root causes of poor health in
7 El Paso, we're very concerned about housing issues.

8 And that is how Bienestar got involved with your local
9 office. And I want to congratulate you on your El Paso office. They
10 have been very inclusive, and we have felt very comfortable working
11 with them. And I think inclusivity at your level breeds
12 collaboration at ours.

13 And I really want to push for capacity building for
14 nonprofits. We are a young nonprofit. And I think that for us,
15 doing for ourself is important, and if the community has the
16 capacity, we can begin doing what we need to do rather than waiting
17 for others to do for us. Thank you.

18 MR. JONES: Thank you. I appreciate it. And I also
19 want to say, with regard to our local staff here in El Paso, Anabel
20 Oleg and Alex Cossio has been so helpful in helping us with this
21 meeting. And we thank them for all their hard work all the year
22 around, and particularly, thank them for helping us be here in El
23 Paso.

24 Is there anybody else that would like to speak?

1 (No response.)

2 MR. JONES: Seeing none, then I will close the time for
3 public comment, and then once again, thank everybody for allowing us
4 to be here, and thank everybody for giving us their input.

5 The Chamber of Commerce -- since there has been some
6 talk about food and drink last night, gave a wonderful reception for
7 us. And I do want to thank the Chamber so much on behalf of all the
8 board and our staff here that's in from Austin, for all the
9 hospitality that's been shown us. It's been enormous.

10 And you can tell Don Bethel I said it was just like La
11 Misa, which is as good as it gets. So it's been wonderful.

12 With that, I would turn to our agenda and first take up
13 Item 1, which is the presentation, discussion, and possible approval
14 of the minutes of the board meeting of January 17, 2002.

15 MS. ANDERSON: Mr. Chairman, I move adoption of the
16 minutes.

17 MR. JONES: The motion's been made that they be adopted.
18 Is there a second?

19 MR. BOGANY: Second.

20 MR. JONES: Motion's been made and seconded. Any
21 discussion? Amendments? Hearing none, are we ready to vote? I
22 assume we are. All in favor of the motion, please say aye.

23 (Chorus of ayes.)

24 MR. JONES: All opposed to the motion, say nay.

1 (No response.)

2 MR. JONES: The motion carries. If there is not an
3 objection, I think we need to have an executive session. And for the
4 benefit of our audience, I do not expect this executive session to
5 take a long time. Delores, can we go back into this
6 room back here?

7 MS. GRONECK: Yes.

8 MR. JONES: Okay. So we do need to go into executive
9 session at this time. On this day, February 21, 2002, at our regular
10 board meeting of the Texas Housing -- excuse me, of the Texas
11 Department of Housing and Community Affairs held in El Paso, Texas,
12 the board of directors adjourned into a closed executive session as
13 evidenced by the following.

14 The board of directors will begin its executive session
15 today, February 21, 2002, at -- where is the clock? Okay. 9:22 a.m.

16 The subject matter of this executive session deliberation is to
17 deliberate and discuss employment of an executive director for the
18 Texas Department of Housing and Community Affairs under Section
19 551.074 of the Texas Government Code.

20 Secondly, litigation and anticipated litigation,
21 potential and threatened, under Section 551.071 and 551.103 of the
22 Texas Government Code. Number three, consultation with attorneys
23 concerning pending litigation, Cause Number GN2-00408, CMH Homes,
24 Inc., Waterwood Development Company, Ltd., and the Texas Manufactured

1 Housing Association, Inc., versus the Texas Department of Housing
2 Affairs, and Ruth Cedillo in her official capacity as the acting
3 executive director thereof, and the Manufactured Housing Board in the
4 200th Judicial District Court, Travis County, Texas.

5 Number four, the board may discuss any item listed on
6 this agenda in executive session. And with this point, we will go
7 into executive session. And we should be back very shortly.

8 (Whereupon, a short recess was taken.)

9 MR. JONES: I will now call back to order our board
10 meeting, and announce that an executive session of the board was
11 held. The subject matter of this executive session deliberation was
12 as follows: Deliberation and discussion of the employment of an
13 executive director for the Texas Department of Housing and Community
14 Affairs under Section 551.074 of the Texas Government Code. Action
15 taken, none.

16 Secondly, litigation and anticipated litigation,
17 potential or threatened, under Section 551.071 and 551.103 of the
18 Texas Government Code. Litigation exception, action taken, none.

19 Number three, consultation with attorneys concerning
20 pending litigation, Cause Number GN2-00408, CMH Homes, Inc.,
21 Waterwood Development Company, Inc., and Texas Manufactured Housing
22 Association, Inc., versus the Texas Department of Housing and
23 Community Affairs, Ruth Cedillo in her official capacity as the
24 acting executive director thereof, and the Manufactured Housing Board

1 in the 200th Judicial District Court of Travis County.

2 And by way of comment, that suit has been dismissed, and
3 action taken was none.

4 And four, the board may discuss any item listed on this
5 agenda in executive session. Action taken, none. The board of
6 directors has completed its executive session of the Texas Department
7 of Housing and Community Affairs on February 21, 2002 at 9:32 a.m.

8 I hereby certify that this agenda of an executive
9 session of the Texas Department of Housing and Community Affairs was
10 properly authorized pursuant to Section 551.103 of the Texas
11 Government Code, posted at the Secretary of State's office seven days
12 prior to the meeting, pursuant to Section 551.044 of the Texas
13 Government Code.

14 And that all members of the board of directors were
15 present, with the exception of Vidal Gonzalez, and that this is a
16 true and correct copy of the record of proceedings pursuant to the
17 Texas Open Meetings Acts, Chapter 551, Texas Government Code. Signed
18 by myself as Michael Jones, Chairman of the board.

19 And with that, I would direct our attention to Item Four
20 of our agenda, and ask Mr. Conine to proceed.

21 MR. CONINE: Thank you, Mr. Chairman. And I also would
22 like to express to the citizens of El Paso and the surrounding area
23 that we appreciate your hospitality. That the Chamber of Commerce
24 function last night was outstanding, and we're always glad to come

1 out here. And once again, I thank you very much.

2 It's a pleasure to make this report to the board, Mr.
3 Chairman. As you know, you assigned the task of searching for our
4 new executive director to a committee that consists of Mr. Shad
5 Bogany and Mayor Norberto Salinas and myself.

6 I want to again publicly commend those two gentlemen for
7 their time allocation and dedication to sifting through some well
8 over 60 resumes, if you will, and helping in the interview process.
9 They were outstanding, and their input has been tremendously
10 valuable. And I appreciate their service.

11 We did evaluate, in the first round of interviews, close
12 to ten candidates. We then had a second round of interviews that
13 consisted of about four candidates. We were thoroughly impressed
14 with the quality of the people who were applying for the job, and
15 knowing the challenges ahead, both with the sunset legislation coming
16 forward for this agency, as well as compliance with Senate Bill 322
17 and other issues that are before this agency.

18 So we were pleased to have a tough decision. But we did
19 gain consensus on one candidate. It reminds me somewhat of the
20 prodigal son story in the Bible. We have a prodigal daughter in this
21 case, and we're pleased to know that one of our former employees is
22 coming back.

23 She comes to us from the Texas Housing Finance
24 Corporation, where she has been Chief Executive Officer since 1994.

1 In her capacity there, she has worked diligently with the affordable
2 housing programs of providing equity and doing all other sorts of
3 related issues. And we think her experience and capacity to lead
4 this agency is just superb. And we're really excited to have her
5 here today.

6 So, Mr. Chairman, if I could, I'd like to put forward
7 the name of Edwina Carrington as the new Executive Director for the
8 Texas Department for Housing and Community Affairs. And with that,
9 I'd so move.

10 MR. BOGANY: Second.

11 MR. JONES: We have a motion and we have a second. Is
12 there any discussion?

13 (No response.)

14 MR. JONES: Do you think she'd take the job?

15 MR. CONINE: Let's hope so.

16 MR. JONES: We can ask her here in a minute.

17 Hearing no discussion, I assume we're ready to vote.
18 All in favor of the motion, please say aye.

19 (Chorus of ayes.)

20 MR. JONES: All opposed, say nay.

21 (No response.)

22 MR. JONES: Let the record reflect that the motion
23 carried unanimously. Congratulations.

24 (Applause.)

1 MR. JONES: We knew we were going to have an historic
2 event. So we came to El Paso. Would you like to speak to us?

3 MS. CARRINGTON: Thank you, Mr. Chairman. Thank you.
4 I'm Edwina Carrington, still Chief Executive Officer of the Texas
5 Housing Finance Corporation. Mr. Jones, Mr. Conine, Chair of the
6 search committee, and Mr. Bogany, Mayor Salinas, I really appreciate
7 the job that you all did in the search.

8 Other board members -- they asked the tough questions.
9 They were extremely professional, and I know for all of the
10 candidates who went through the process, made us think very long and
11 hard about TDHCA and what needed to be done, and what we thought we
12 could contribute to TDHCA and to affordable housing in the state.

13 I am delighted, excited, looking forward to it. I think
14 the department has a very committed board of directors, a very good
15 staff, and the first things we'll do is focus on getting through
16 sunset, and then look to see what kind of model affordable housing
17 programs we can create for low and moderate income citizens of Texas.

18 Thank you all for your trust and confidence.

19 MR. JONES: Thank you. We look forward to working with
20 you.

21 (Applause.)

22 MR. CONINE: Mr. Chairman, if I might, she is wrapping
23 up her duties at the Texas Housing Finance Corporation, and will
24 start on with the agency officially on March 11. So we look forward

1 to that.

2 MR. JONES: I would like to say, too, I did ask Mayor
3 Salinas, I asked Mr. Conine, I asked Mr. Bogany to do this task.
4 They have done a wonderful job. The untold hours -- for those of
5 us -- was it 64 you referred to, Beth, of the resumes we've been
6 through? And to see what they have done is really monumental for the
7 state.

8 And I thank them so much for agreeing to do it when I
9 asked them to do it. I believe, from the bottom of my heart, that we
10 have made an excellent decision. We look forward so much to your
11 leadership and working with our department.

12 Like I said, I think the Committee has led us into
13 making an excellent decision. But I want to brag a little bit right
14 now for the board, because a lot of times we're criticized for when
15 we don't do things right. But I think we did something really right
16 not too long ago.

17 We made a great decision when we made Ruth Cedillo our
18 interim executive director. And that's a tough position, it really
19 is, to be an interim. It's a tough position to be in at really the
20 stage of the life of our department.

21 We were going through some times that really took, I
22 think, a really good leader who could get our boat into some stiller
23 waters. And I think she's done that. I will say one thing about
24 Ruth. She is really a healer. And she's helped heal a lot of things

1 in our department.

2 And I don't think she's -- she's not only done that, but
3 I think it's real hard for an interim to be a true leader. And I
4 think she's certainly been that. To hear somebody from the public --
5 it really was heartwarming to hear somebody say you've taken Senate
6 Bill 322 very seriously, and you've really moved forward with it.

7 It's very heartwarming. And I want to say the reason
8 for that is due to Ruth's leadership. And it's so great, Edwina,
9 that you have her to work with you. I think she has set the table
10 for you very well. And she is such a key member of our department
11 and our staff. And I want to thank you, Ruth, for all that you have
12 done. And I hope that everyone would join me in congratulating Ruth
13 for her excellent leadership.

14 (Applause.)

15 MS. CEDILLO: Can I say something?

16 MR. JONES: Yes, you sure can.

17 MS. CEDILLO: I do want to thank the board for giving me
18 the opportunity to work with the staff. And Ms. Carrington is
19 inheriting a great staff at the Department of Housing and Community
20 Affairs. And I would like for them to stand, because you know,
21 you're only as good as the staff that's behind you. And I really
22 believe that the staff that we have at the department is some of the
23 greatest staff.

24 Everything that we went through at -- with sunset was

1 very difficult. And they stuck with the department through all of
2 those hard times. And we have been working as hard as anyone could
3 possibly be expected to work in making sure that we got started on
4 implementing the sunset legislation.

5 And I'd like to mention that at this point, we estimate
6 that we are at a 40 or 50 percent implemented. And I do compliment
7 our staff. And I would like for them to stand and be recognized, so
8 all of you know who is behind all of these programs that are being
9 administered by the department. If you would, please.

10 (Applause.)

11 MS. CEDILLO: Thank you. And thank you, everyone here
12 in El Paso. It's been a pleasure working with all of you. And as
13 you know, I've worked with the CDBG Program for many years before
14 taking the position as deputy executive director, and then as acting
15 executive director. And I have found it very rewarding working in
16 the area of housing. Thank you.

17 MR. JONES: Thank you, Ruth, for all you've done. With
18 that, I would like to turn us now to Item 2(a) on our agenda, and Mr.
19 Conine.

20 MR. CONINE: Thank you, Mr. Chairman. Today, we have
21 several items from a -- financial items to go over with you. And if
22 I could, I think I'll go ahead and turn this -- the presentation of
23 these over to Ruth Cedillo.

24 MR. JONES: Thank you.

1 MS. CEDILLO: I'd like to mention that our staff at the
2 department has been very creative in trying to implement the sunset
3 legislation. And this is just a part of it. And we have Matt Pogor
4 this morning, who is going to present this agenda item.

5 MR. POGOR: Good morning.

6 MR. JONES: Good morning.

7 MR. POGOR: Chairman, board members. My name is Matt
8 Pogor. I'm the manager of bond finance for the Texas Department of
9 Housing. Vern Johnson is unable to be here this morning; he's at the
10 Texas Bond Review Board meeting. I just got a phone call from him
11 just as I was walking up here; he is waiting for a phone call from
12 me.

13 At the August meeting, the board approved a staff
14 request to research issuing taxable mortgage revenue bonds under the
15 single-family mortgage revenue bond indenture to provide funds for
16 nontraditional single-family lending programs.

17 The staff and the department's bond finance standing has
18 determined that such an issue is feasible, and has substantially
19 completed structuring and documentation for this bond issue.

20 As you recall, M.R. Bell is our senior underwriter, and
21 [indiscernible] is our co-manager. Both of them are minority
22 underwriters. The department previously executed a similar bond
23 transaction -- it's taxable single-family mortgage revenue bond
24 Series 1994(b) -- in June of '94.

1 That was a -- we normally come to you with a tax-exempt
2 structure. So they were coming to you with a taxable issue. Tax-
3 exempt mortgage revenue bonds may not be used to fund nontraditional
4 mortgages and similar programs, due to first-time home buyer
5 restrictions and interest-rate arbitrage restrictions imposed by the
6 Internal Revenue Code.

7 This taxable bond structure will be used under the
8 single-family mortgage revenue bond junior lien indenture. The size
9 of this indenture, 2002(a), will equal \$10 million. The bonding will
10 be issued for these single maturity, and will mature on September 1,
11 2026. If authorized, the bonds will be closed on March 5, 2002. And
12 we will -- well, we will sell the bonds on March 5 and close on March
13 27.

14 The allocation of these bonds' proceeds will be subject
15 to authorization of departmental funding needs and public comment if
16 that schedule reflects the recommended use of these proceeds. This
17 is a unique financing structure and may not be executed annually or
18 on any regular basis.

19 No Program 58 funds will be allocated or disbursed to
20 department divisions and programs unless the respective divisions
21 receiving the program allocation has established, one, adequate
22 written procedures and policies, and two, satisfactory internal
23 controls over the accounting for and monitoring of the Program 58
24 mortgage loan disbursements, under the respective division programs.

1 The department divisions and programs receiving
2 allocations and disbursements may be subject to review, or audited by
3 the internal auditing division prior to receiving Program 58
4 allocations.

5 The attached resolution authorizing the issuance of the
6 bonds and approves the bond documents and subsequent complete form.
7 The bond finance division requests the board approve of a task
8 resolution authorizing the issuance of the Taxable Junior Lien Single
9 Family Mortgage Revenue Bond, Series 2008, and the recommended use as
10 it's listed on the attached code. Comments?

11 MR. CONINE: Mr. Chairman, if I might, I would go ahead
12 and move that we approve Item 2(a), the Taxable Junior Lien Single-
13 Family Mortgage Revenue Bond Series 2002(a), which -- and -- which is
14 backed up by Resolution Number 02-13.

15 MR. BOGANY: Second.

16 MR. JONES: Motion's been made and seconded by Mr.
17 Bogany.

18 Further comments, questions, discussion to the motion?

19 MR. CONINE: I'd like to commend staff again for coming
20 up with this -- what I consider a very innovative program. We --
21 they got their heads together and put a new wrinkle or two in their
22 brains, and came up with a program that I think is tremendous to come
23 off with some taxables and be able to do some nontraditional programs
24 in areas that not only our citizens around the state, but the

1 Legislature has asked us to take a hard look at.

2 I commend staff for going through that exercise and
3 coming up with this program.

4 MR. POGOR: Thank you.

5 MR. JONES: Further discussion? Hearing none, I assume
6 we're ready to vote. All in favor of the motion, please say aye.

7 (Chorus of ayes.)

8 MR. JONES: All opposed to the motion, please say nay.

9 (No response.)

10 MR. JONES: The motion carries.

11 Do you need to make a phone call?

12 MR. POGOR: Oh, yes.

13 MR. JONES: Okay. Well, we'll -- I'll tell you what.

14 We'll come back to our other agenda -- do you present the other
15 agenda items? Okay. Thank you, sir.

16 MR. POGOR: Thank you.

17 MR. CONINE: Item 2(b), Mr. Chairman, approval of the
18 additional resolution and other matters on -- related to proposed
19 issuance of qualified 501(c)(3) multifamily mortgage revenue bonds.

20 Mr. Robert Onion, I think, is going to make that
21 presentation.

22 MR. ONION: Good morning, Mr. Chairman, board members.
23 The transaction before you is a refunding of an existing 501(c)(3)
24 transaction that was issued by the -- our board in 1996. With this

1 refunding, this will allow approximately \$3 million to be made for
2 improvements and reserving of placement for the projects -- the nine
3 projects in and around Dallas/Ft. Worth area.

4 Also, it will extend the affordability of these projects
5 from currently ten years remaining to 30 years. It also will give
6 the department an opportunity to change the rating on the bonds from
7 A to Triple-A.

8 And also, I wanted to point out, under the underwriters,
9 the borrower will select from our approved underwriter's list, the
10 borrower has selected J.P. Morgan/Chase. They are currently a co-
11 manager under our list. They are requesting to act as a senior
12 underwriter.

13 I have discussed this with our financial advisor. They
14 certainly have no reservations in recommending this underwriting firm
15 as a senior underwriter for this particular transaction.

16 Based upon the information that I've provided you today,
17 I would like for you to favorably consider Resolution 02-15.

18 MR. CONINE: Mr. Chairman, I move that we consider
19 favorably Resolution 02-15, approving the Multifamily Mortgage
20 Revenue Bonds not to exceed \$31,500,000.

21 MR. BOGANY: Second.

22 MR. JONES: Okay. We have a motion made and seconded
23 that resolution be approved. Further discussion, comments?

24 (No response.)

1 MR. JONES: Hearing none, I assume we're ready to vote.
2 All in favor of the motion, please say aye.

3 (Chorus of ayes.)

4 MR. JONES: All opposed, nay. The motion carries.

5 MR. CONINE: Okay. Item 2(c). Ruth? Who is going to
6 do this one?

7 MS. CEDILLO: We can. Bill Dowling.

8 MR. CONINE: Mr. Bill Dowling? Are you going to do
9 this?

10 MR. ONION: I'll be doing it.

11 MS. CEDILLO: Oh, you're not finished?

12 MR. CONINE: You're not finished?

13 MS. CEDILLO: I'm sorry.

14 MR. ONION: I'm -- the change in memorandum of
15 understanding?

16 MR. CONINE: Yes. Go ahead. I'm sorry.

17 MR. ONION: Yes, sir. This amendment -- what this does
18 is eliminate the provision where 50 percent of the transactions for
19 501(c)(3) will have to be new construction, or acquisition and
20 substantial rehab. It gives us a greater deal of flexibility in
21 looking at 501(c)(3) transactions. This is directly out of our
22 legislation, which recommended that this be done.

23 And so based upon that, I would like for you to
24 favorably consider this amendment to the memorandum of understanding.

1 MR. CONINE: And what I'm understanding, with the one we
2 just approved, they are doing major rehab on the project that --
3 those projects listed there. Is that correct?

4 MR. ONION: Correct. They're approximately \$3 million.

5 MR. CONINE: Okay. Mr. Chairman, I move that we accept
6 the new proposed amendment to the memorandum of understanding between
7 TDHCA and the Texas Bond Review Board.

8 MR. JONES: We have a motion.

9 MR. BOGANY: Second.

10 MR. JONES: Motion has been made and seconded.

11 Further discussion, questions, comments?

12 MR. SALINAS: Is that rehab? Rehab, or --

13 MR. ONION: The previous transactions?

14 MR. SALINAS: On the 31 million?

15 MR. ONION: Yes. It's primarily a refunding, which
16 allows them to take advantage of the current interest rates market
17 and to reamortize the bonds, and with that, provide an increase
18 for -- to do rehab and improve what's on the existing --

19 MR. SALINAS: What's the interest change? Is there an
20 interest change here?

21 MR. ONION: There will be an interest change. It will
22 be publicly offered. Although the interest rate from the existing
23 loan is not substantially different than what market would be today,
24 the benefit is by reamortizing the loan, it gives them the additional

1 resources.

2 MR. SALINAS: The rating won't change the interest rate?
3 The rating won't change the interest rate?

4 MR. ONION: Yes, sir. A Triple-A rating will, based
5 upon the market, have a very favorable interest rate in today's
6 market.

7 MR. JONES: Are there other questions, comments? Here
8 again, I assume we're ready to vote. All in favor of the motion,
9 please say aye.

10 (Chorus of ayes.)

11 MR. JONES: All opposed to the motion, nay. The motion
12 carries.

13 MR. CONINE: Item --

14 MR. ONION: Thank you.

15 MR. CONINE: Thank you, Mr. Onion.

16 Item 2(d), the approval of our investment policy. Mr.
17 Bill Dally.

18 MR. DALLY: Good morning, Mr. Chairman, Board members,
19 Ms. Cedillo. I think you'll find under Tab D a resolution and our
20 write-up. And I think you have a separate copy of the investment
21 policies provided.

22 In brief, this is the policy that we've had for the last
23 couple of years. This is without any amendments or changes. But we
24 are required, by the Public Funds Investment Act that this be

1 reviewed by the Board and considered, both the policies and
2 strategies.

3 And if you'll indulge me a little bit, we've got three
4 new members, and I'd kind of like to just kind of hit the highlights
5 of it. You've got a high-level understanding of this investment
6 policy.

7 First and foremost, as you'll see on page 1, safety of
8 principal, sufficient liquidity, and market return -- you can see
9 that we're -- we have a very conservative position. And it's -- our
10 investments are driven off the fact that we're a bond issuer and we
11 get these proceeds and they turn around and become mortgage bank
12 securities. So it's not a wide-open investment policy. It's very
13 limited.

14 And there again, like the safety and liquidity and yield
15 being last on the list, and we're very limited. I do want to point
16 out, if you'll look on page 2, the Board establishes the investment
17 policies and objectives, obtains an expert advice and assistance with
18 respect to its actions, the necessary exercise of responsibilities
19 prudently, and monitors the actions of staff and advisors to ensure
20 compliance with the policy.

21 So we work with our underwriters and our financial
22 advisors and stuff, as we structure the deals and set up the
23 investments. And then, by our legislation, it's actually the
24 executive director who has, by that statute, responsibility over the

1 investments of the department.

2 It's then by this policy that it's delegated the
3 operations of that to both myself, chief financial officer, and also
4 to the director of bond finance, Byron Johnson. So we act as co-
5 investment officers.

6 Further down on that page, I would ask you to look at --
7 there is the ethics and conflicts of interest. And it's about a page
8 and a half. And it has both references to other statutes, and then
9 gives specific examples of what will be considered a conflict of
10 interest with respect to investment policy in dealings with the
11 department and the outside financial people that we deal with. And
12 it applies both to department personnel and to board members.

13 It then goes on to describe what is an authorized
14 financial dealer institution. They have to look at our policies and
15 be advised on the type of investments that we're allowed to do, and
16 assign a statement to that effect, that they understand the
17 limitations of our investments.

18 It then goes on to describe what's authorized in
19 suitable investments. And I'd like to point out in that first
20 paragraph, our general revenue funds -- the special revenue, which
21 are our federal funds, our trust and agency funds -- those are all
22 held at State Treasury and invested by that group.

23 And its only investment report that I bring to you
24 quarterly are only those investments related to our enterprise fund,

1 which are the multifamily and single-family bonds. And then we have
2 some of our housing fees are also invested.

3 But most of our operating and many of our program funds
4 are at State Treasury, and there is no investment decision for the
5 department. It's just appropriated to us for our use.

6 It then goes on to describe the enterprise funds. And
7 those, like I say, are both ruled by this policy, that they're also
8 looked at. There is a whole set of restrictions on what's an
9 authorized investment within those indentures, as those things are
10 pledged in the indentures, because ultimately, we use those funds and
11 create mortgages with the repayment and the security of those
12 investments is what's going to pay the bond for us. And it's -- the
13 stipulations are set out in those indentures.

14 Then, let me see -- and then it describes the authorized
15 investments. And on page 7, there is a short list of things that
16 we're not allowed to be in. And these are the type things that grew
17 out of the Orange County -- before there was Enron, it was Orange
18 County in '94.

19 And it was the kind of mortgage securities that were
20 stripped off. They were principal onlies, or interest onlies, or
21 interest floaters. We do not have that. Ours are a plain vanilla
22 security, directly related to mortgages here in Texas. And there are
23 no tranches and exotic stuff in it.

24 Then it goes on to describe the diversification,

1 performance standards, maximum maturities, collateralizations, a
2 whole page of internal control.

3 And then on page 10, it describes the reports, the
4 requirement to come at least quarterly, the format of those reports,
5 the information. There on page 11, it describes the fact that we --
6 it will be by board resolution. Once a year, the board will consider
7 the policy.

8 Now, this is -- typically, we could be bringing the
9 amendments. And so you would approve -- we would describe those
10 amendments. This particular year, there are no amendments. This is
11 going to be the same as what we had in the prior year.

12 And then it -- the other thing I want to point out to
13 you is on page 11, it talks about the training both required of the
14 board members and of staff. You're required within six months of
15 being clients of the board to have your training.

16 Now, this -- for board members, that involves -- there
17 is a videotape that was developed, that you can take home and watch.

18 And after you've seen that, if you still have questions, give me a
19 call. As investment officers, Byron and I are both required to have
20 ten hours of training every two years.

21 And then lastly, just to talk about the strategy, all of
22 the departments funds as listed below are program or operational in
23 nature, excluding the bond funds, and are kept at State Treasury and
24 earns interest on those balances for the applicable rate. And that's

1 the general fund, trust funds, agency funds, and some proprietary
2 funds, excluding the Revenue Bond Funds.

3 Section 2 goes on to describe the department's Revenue
4 Bonds that include proceeds that are invested in various investments
5 stipulated and controlled by bond indenture.

6 Certain investments and indentures -- I'll skip it.
7 Typically, investments include guaranteed investment contracts --
8 that's where we put our bond proceeds until the mortgages are
9 originated -- agency-backed mortgage securities -- and in some cases,
10 we'll buy long-term Treasuries if we're required to have some reserve
11 funds. And those will be pledged in the near future.

12 There are -- remaining are some acknowledgements and
13 receipts and that we give to the broker/dealers and people that we
14 deal with in our investments. Are there any questions?

15 MR. CONINE: Mr. Chairman, if I might move for the
16 approval of Resolution Number 02-10, authorizing or approving the
17 TDHCA Investment Policy without changes, in compliance with Chapters
18 2256 and 2306 of the Texas Government Code.

19 MR. SALINAS: Second.

20 MR. JONES: We have a motion made and seconded by the
21 Mayor. I've got a couple of questions. I've -- you know, I've seen
22 the videotape, and I guess I still have questions. So I'll ask them.

23 Obviously, when we do this each year, I mean, we're
24 doing, you know, our best to enact policies that comply with the

1 Public Funds Investment Act as well as all other applicable state
2 laws. Right?

3 MR. DALLY: Correct.

4 MR. JONES: And you work with counsel and you work to
5 ensure that when you present us these policies, you know, they comply
6 in every respect?

7 MR. DALLY: I believe they're going to be in
8 conformance. Yes.

9 MR. JONES: And in the same thing, when we all read
10 them -- I know we've read them, you know, it looks like -- and I'm
11 sure you'd agree with me, that every attempt is being made to comply
12 with all of those laws, particularly the Public Fund Investment Act.

13 And not only that, but we're fairly conservative in our investments,
14 in the way we approach this.

15 MR. DALLY: Yes. I mean, our investments are for a
16 specific purpose. I mean, in one way, if you were to look at our
17 investments, we're concentrated in mortgage-backed securities. But
18 that is the purpose. That's why we raise the funds. And so it's
19 very limited --

20 MR. JONES: Yes.

21 MR. DALLY: -- in that sense.

22 MR. JONES: Yes. To see -- to achieve what we're
23 supposed to do, if you would look at our purposes, then you are very
24 conservative.

1 MR. DALLY: Yes.

2 MR. JONES: You -- I guess this springboards me into
3 another question. And that is, obviously, you can have the greatest
4 policies in place, and the greatest intentions to handle all these
5 matters as wisely as you can, but your practices have to meet your
6 policies.

7 And I guess I would just ask you, and maybe it's a good
8 thing to do at least once a year as our CFO, as our co-investment
9 officer, you know, do our practices meet our policies?

10 MR. DALLY: Yes.

11 MR. JONES: Okay.

12 MR. DALLY: In fact --

13 MR. JONES: And you're comfortable with that? MR.
14 DALLY: Yes.

15 MR. JONES: Okay.

16 MR. DALLY: And in fact, Byron and I are looking right
17 now to update -- looking at the processes and procedures related to
18 this policy at this moment.

19 MR. JONES: And I'll be real honest with you. I mean, I
20 think that has to be a staff function. But it's certainly something
21 I think the board needs to confirm, you know, periodically.

22 MR. DALLY: Right.

23 MR. JONES: I think the other thing that I, as a board
24 member would like to confirm, and again, I see it as a staff

1 function. I'm not trying to intervene into it though, is that you as
2 our CFO and you as our co-investment officer -- you feel comfortable
3 that you are given all the data you need to -- in order to have all
4 the knowledge that's required to make sure our practices meet our
5 policies? You're comfortable with that?

6 MR. DALLY: I am.

7 MR. JONES: Okay. Good. Great. The other question I
8 have -- and this is just, you know, something that through the years
9 I've always struggled with. Now, our investment advisor on bond
10 issues is Mr. Maycheck [phonetic]. Correct?

11 MR. DALLY: Correct.

12 MR. JONES: Okay. Does he also advise us above and
13 beyond just the bond issues, or on just that function?

14 MR. DALLY: Oh, he's given us advice in other areas too.
15 But that's his chief --

16 MR. JONES: That's his chief function.

17 MR. DALLY: -- role.

18 MR. JONES: Okay.

19 MR. DALLY: And for the most part, you see the
20 guaranteed investment contract, which is what is bid out and brokered
21 essentially at the time we issue the bonds. He's part of that
22 process for buying. And then the resultant mortgage-backed
23 securities are just part and parcel with what we set up in that
24 bonding venture.

1 MR. JONES: Thank you, sir. Those are the only
2 questions I have.

3 MR. CONINE: Nice to have division.

4 MR. JONES: Any further questions, comments? I assume
5 we're ready to vote, then? All in favor of the motion, please say
6 aye.

7 (Chorus of ayes.)

8 MR. JONES: All opposed, nay?

9 (No response.)

10 MR. JONES: The motion carries.

11 MR. DALLY: Thank you.

12 MR. CONINE: Item 2(e), Approval of the Resolution
13 Regarding Amendment for Signature Authority.

14 Is this you, Mr. Dally? Who is going to handle this
15 one?

16 Ruth?

17 MS. CEDILLO: Actually, this is one where Mr. Jones
18 would delegate authority to you to sign a document for him if he's
19 not available for board meetings.

20 MR. JONES: I certainly would do that.

21 MR. CONINE: I don't know if that's going to pass or
22 not.

23 MR. JONES: Since the Chair can't make a motion, I'd
24 appreciate someone else making that motion.

1 MR. SALINAS: I move.

2 MR. JONES: Okay. Been moved.

3 MR. BOGANY: Second.

4 MR. JONES: Mr. Bogany seconds. Mr. Bogany. Any
5 further discussion of the motion, other than Mr. Conine's reluctance?

6 All in favor of the motion, please say aye.

7 (Chorus of ayes.)

8 MR. JONES: All opposed, nay. The motion carries.

9 MR. CONINE: Get writer's cramps on that one.

10 Item 2(f), Discussion of our first-quarter investment
11 report, back to Mr. Dally on this one.

12 MR. DALLY: Thank you. If you'll look under Tab F,
13 you'll find the quarterly report with all the elements required by
14 the Public Funds Investment Act.

15 To hit the highlights on this, overall, the portfolio
16 grew a large amount, because we had both the issuance of the RMRB
17 indenture, \$124 million. So that created cash that we put into
18 securities.

19 We also had three multifamily issues totalling about 36
20 million increase in our overall portfolio. So it now stands at \$1.25
21 billion. In the makeup of that is 63 percent mortgage-backed
22 securities, 30-1/2 percent in guaranteed investment contracts or
23 investment agreements. About 4-1/2 percent in repurchase agreements.

24 That's the money that's liquid until we -- we'll have

1 repayment streams on the payments until that overnight bill will be
2 there, and we will reinvest that into either the investment
3 agreements or the GICs. Two percent makes up the other.

4 As far as mortgage-backed securities originated in this
5 particular quarter, we have 17.7 million. And those range in grades
6 from 5.35 to 6.45 in the past three ratings. An overall way to
7 average the mortgage-backed securities right now is about 6.3
8 percent.

9 Overall, the market value increased about 5.2 million,
10 decreasing the difference between the fair and par, which is to be
11 expected in this market.

12 And that's all I've got. Are there any questions?

13 MR. JONES: Any questions?

14 I think that's a report item, so I don't believe there
15 is any action that needs to be taken by the board.

16 MR. CONINE: Do we want to move -- how about if we move
17 the acceptance of his report?

18 MS. ANDERSON: Second.

19 MR. JONES: The motion's been made and seconded to
20 accept the report.

21 MS. ANDERSON: Okay.

22 MR. JONES: Any further discussion of it? Yes, sir.

23 MR. CONINE: I have one little issue, Mr. Dally, and
24 just kind of piggyback what the Chairman was asking about a minute

1 ago. I refer you to yesterday's Wall Street Journal editorial
2 page --

3 MR. DALLY: On Fannie Mae?

4 MR. JONES: -- where Fannie and Freddie have been
5 criticized and haven't been criticized over the last several years.
6 And I know we don't do business in their exact same methodology. But
7 we are, again, the mortgage-backed security business as an agency.
8 And I'd like, if you would, for the next meeting -- not this meeting,
9 but if you would take a look at that related to our investment policy
10 as well as this report --

11 MR. DALLY: Okay.

12 MR. JONES: -- here today, and give us your editorial
13 opinion regarding us and how we do business related to the criticism
14 that both Fannie and Freddie are getting.

15 MR. DALLY: I did see that. And I do want to come back.
16 And I'll draw some differences and stuff as best I can.

17 MR. CONINE: That would be great.

18 MR. DALLY: Although, it -- we are very -- we
19 are similar, too. But I don't believe we've got the degree of
20 leverage. And I think -- what the -- some of their criticism is they
21 have some hedgings and some revenues where they're trying to say,
22 Well, we're dependent on how these interest rates float up and down,
23 and we've got some hedges on the other side. We're not --

24 MR. CONINE: Well --

1 MR. DALLY: -- hedging.

2 MR. CONINE: -- again, we don't need to go through the
3 education here.

4 MR. DALLY: Yes.

5 MR. CONINE: But I know I could use the education as to
6 the differences between the way we operate and the way they operate.

7 MR. DALLY: Okay.

8 MR. CONINE: And we'd appreciate that next month.

9 MR. DALLY: Okay. Thank you.

10 MR. JONES: Thank you. Anything else, Mr. Conine?

11 MR. CONINE: I think we moved to accept the -- did we
12 vote on that?

13 MR. JONES: Did we? I forget.

14 MR. CONINE: I don't think we voted.

15 MR. JONES: Okay. Any further discussion of the motion?

16 All in favor of the motion, please say aye.

17 (Chorus of ayes.)

18 MR. JONES: All opposed, nay.

19 (No response.)

20 MR. CONINE: That concludes my report, Mr. Chairman.

21 MR. JONES: The motion carries. Thank you, Mr. Conine.

22 At this point, we have a few other people that would like to speak
23 to us.

24 MS. CEDILLO: We have one item.

1 MR. JONES: I know. Can we --

2 MS. CEDILLO: If we could do that one next.

3 MR. JONES: You -- we can do that right now if you want
4 to. That would be a good idea. Yes, ma'am. We will do it right
5 now. Item 3, which is the Presentation, Discussion and Possible
6 Approval of the Low Income Housing Tax Credit Items, the Approval of
7 the Request for the Extension of the Commencement of Substantial
8 Construction for the Cameron Village Apartments in Alice, Texas.

9 Ruth, would you like to handle that for us?

10 MS. CEDILLO: David Burrell, the Director of Housing
11 Programs, is handling it.

12 MR. JONES: David Burrell? Thank you.

13 MR. BURRELL: Good morning, Mr. Chairman, members of the
14 board, and Ms. Cedillo.

15 MR. JONES: Good morning.

16 MR. BURRELL: What we're doing this morning is we're
17 requesting an extension for the commencement of substantial
18 construction for the Cameron Village Apartments, which is to be
19 located in Alice. It would be a 76-unit project. And we're
20 requesting that the extension for commencement of that substantial
21 construction be extended through February 22, which is tomorrow.

22 They were not able to meet that January 15 deadline.
23 However, they have been continuing to work on that construction, and
24 they have now met that substantial construction provided you approve

1 the extension to make it legal.

2 MR. SALINAS: So move.

3 MR. JONES: We have a motion for approval by the mayor.

4 MR. BOGANY: Second.

5 MR. JONES: Second by Mr. Bogany.

6 MR. CONINE: I have a question.

7 MR. JONES: Yes, sir, Mr. Conine.

8 MR. CONINE: Mr. Burrell, is the contract signed? Is
9 that -- I mean, we're giving them basically a one- or two-day
10 extension. They ought to have it signed and ready to go.

11 MR. BURRELL: Yes, they have a contract signed.

12 MIKE SEGRU: Let me respond.

13 MR. BURRELL: Simpson Housing Solutions has taken over
14 the primary oversight of that contract for the developer, and --

15 MR. CONINE: Could we get just a --

16 MR. JONES: Certainly, we'd be happy to hear the
17 response. If you would fill out a witness affirmation form after you
18 speak.

19 MIKE SEGRU: Sure, I'd be happy to.

20 MR. JONES: Thank you, sir.

21 MIKE SEGRU: I'm Mike Segru with Simpson Housing
22 Solutions. And I'm not here to provide any excuses, because I don't
23 like excuses, but there are some reasons. However, we entered into a
24 joint venture agreement, actually, in this property with a HUB from

1 San Antonio, and we allowed the HUB to do his business up to a point.

2 And we have now stepped into and taken control of the
3 property. Simpson and formerly Kaufman and Broad multi-housing
4 group, we've never missed delivery of a credit property when credit
5 is necessary. So while this -- the Co-GP still a Co-GP-- he's not
6 been removed from the partnership -- we are now in full control, and,
7 yes, the contract is signed. The contractor is mobilized. Slabs are
8 poured. Framing will be going on next week. So we're on top of it
9 right now.

10 MR. CONINE: Do you anticipate any further extensions on
11 any other related issues to this particular project? -- because
12 it's -- I -- as I see here in this packet, we've extended several
13 things several times for this particular project?

14 MIKE SEGRU: No. Actually, you know, it's -- I don't
15 want to call it comical, but we tried to keep the construction loan
16 in Alice with Wells Fargo Community Bank, huge bank. And it went on
17 for nine months with them trying to close it.

18 Finally, through our Long Beach office -- we used the LA
19 office of Wells Fargo and got the loan closed, boom. We brought our
20 financial strength to the table as well. I don't see a request for
21 any other extension, Mr. Conine.

22 MR. CONINE: Okay.

23 MIKE SEGRU: I think we'll get it done.

24 MR. JONES: Any further questions, comments, discussion?

1 Thank you, sir.

2 I assume we're ready to vote, then? All in favor of the
3 motion, please say aye.

4 (Chorus of ayes.)

5 MR. JONES: All opposed, nay.

6 (No response.)

7 MR. JONES: The motion carries. Thank you.

8 I would then turn our attention -- we have a few more
9 people that would like to speak to us. And the first one is a Mr.
10 Morales.

11 MR. MORALES: Hello.

12 MR. JONES: Hello. How are you today?

13 MR. MORALES: Fine, thank you.

14 MR. JONES: Good.

15 MR. MORALES: My name is Moises Morales. And I'm
16 representing the people of [indiscernible].

17 I speak English, but I prefer Spanish, please.

18 MR. JONES: I think Alex is going to translate for us.
19 Is that right?

20 MR. COSSIO: Yes, I'll be translating.

21 MR. JONES: Thank you, sir.

22 MR. MORALES: In the name of our pueblo and our
23 Almighty, we would like to represent the public comment in Fort
24 Hancock. They are critical and difficult.

1 We need basic services like water, electricity, sewer
2 lines, paved streets, lighted streets. The people of the colonia are
3 also paying their taxes, but most of them, they don't have a
4 privilege.

5 Most of the places are located very far away. And they
6 are located three or four miles away, and they have water services.
7 They also have light.

8 And there are some people that live right there in the
9 colonia. And there is 20 or 30 feet apart, and they have light. And
10 they don't have the services.

11 MR. SALINAS: The arguments of the leaders of their
12 community --

13 MR. MORALES: -- they say that those areas have legal
14 problems. And the other argument is they don't have sufficient water
15 services. But they do sell the water, people that come by and sell
16 the water to them.

17 I consider, and it's my opinion for many years the
18 leadership in the community, the majority of they cases, they have
19 been taking a very passive attitude, on very different occasions.

20 Reasons -- maybe commodity, maybe lack of vision, maybe
21 lack of interest, but something is not developing there. I've been
22 living there for 18 years more or less. But it's been -- the problem
23 has been there for 25 to 30 years. And every leader that was in
24 every position, I haven't seen anything. And you can go by and you

1 can see what I'm talking about.

2 The problem that I see is that the town is growing. And
3 one of my arguments is that this past month, they are -- the school
4 jumped from 1A district to 2A, compared to Antonio, Tornillo, Van
5 Horn, Marfa, Alpine. And I see a lot of problems there.

6 As a minister, I see a lot of problems. And I see a lot
7 of kids that are suffering, in summer of heat, and on the winter,
8 it's bad. And there are some little girls there. Some of them are
9 babies. And they don't consider -- I talked to Mr. [indiscernible],
10 because we belong to the Hudspeth County. They only -- they don't do
11 anything. They listen to us, but I don't see a lot of interest.

12 The public water that's available right now is very
13 poor, very. Every time they send letters and this and that, and I
14 don't see a lot of development. We have children suffering in the
15 majority of the cases.

16 We would like to ask you to please take consideration in
17 this very important -- I believe that the pueblo deserves more
18 attention, because there people live just like you all.

19 I have been to Hortensia Blanca, with the commissioners.
20 And they don't attend to anything that we ask them. Please help us
21 in this important thing.

22 (Applause.)

23 MR. SALINAS: [Speaking Spanish.]

24 MR. MORALES: [Speaking Spanish.]

1 MR. SALINAS: And maybe he can help us over there. He
2 is in charge of the CDBG. I think this is a county commissioner's
3 court problem, and let him address IT. The management -- he is here?

4 MR. CABELLO: We have been working with those. We do
5 know that the Attorney General's office has filed litigation against
6 this developer for this subdivision. The county is not interested in
7 providing services at this time because of the litigation issue
8 that's going with the Attorney General's office.

9 One of the issues that we face out there is capacity.
10 We have gone out there to promote our contract-for-deed conversions,
11 those items under contracts for deed.

12 We have issues about the colonia not having water. The
13 county at the time was not interested in taking on the contract for
14 the deed conversion initiative because they thought they didn't have
15 the capacity to initiate the program.

16 MR. SALINAS: Are they forcing the present subdivision
17 regulations in that town, or not?

18 HOMER CABELLO: I do not know if they have adopted the
19 model subdivision rule at this time. But I do know that the attorney
20 general's office has filed a lawsuit against this particular
21 developer.

22 MR. SALINAS: That -- it is very important that somehow
23 the counties are going to have to stop the developers. The law says
24 that they cannot continue doing that.

1 And it's up to the elected official in your county to
2 stop them. If not, you need to get them out of office. I mean, it's
3 very, very obvious that the rules have not been obeyed here. The law
4 has not been obeyed here.

5 And there's funds here, I think through the CDBG
6 program, where we can help these people, but they also have to
7 have -- the counties have to go ahead and apply through our office
8 for sewer and water. And there are monies there, but, you know,
9 you -- I think the commissioners court would have to apply for it.

10 MR. MORALES: [Speaking Spanish.]

11 You're pretty good friend here, but once you go into --
12 [speaking Spanish].

13 MR. SALINAS: [Speaking Spanish.] The Attorney General.

14 MR. MORALES: [Speaking Spanish.]

15 MR. SALINAS: [Speaking Spanish.] Existing water
16 rights. You know, we don't have any water rights anymore. And I
17 think they're going to be in a big jam, because water rights are not
18 available. And the law says to be able to have a lot, you have to
19 have water.

20 MR. MORALES: [Speaking Spanish.]

21 MR. SALINAS: [Speaking Spanish.]

22 MR. CABELLO: I think one of the issues that frustrates
23 a lot of colonia residents is that, yes, there have been laws that
24 have passed to stop the proliferation of colonias. But those laws

1 were not grandfathered back. And a lot of the colonias that we're
2 dealing with are colonias that were in existence prior to the passage
3 of those laws.

4 MR. SALINAS: But I understand that, but they should be
5 eligible for applying, through our department, and to be able to get
6 those grants and be able to get that sewer and water to their
7 subdivisions, if the county commissioners in their respective county
8 apply for the grants if they're interested in taking care of the
9 poor.

10 MR. SOLIS: My name is Daniel Solis. And I am the
11 executive director of [indiscernible]. And we are the organization,
12 a nonprofit, that is working with these folks. The situation in Fort
13 Hancock is that basically, commissioners court in that area do not
14 care about the residents in Fort Hancock.

15 It has grown so big that the majority of the population
16 in Hudspeth County is located in Fort Hancock. We have tried to speak
17 with those folks, and we get absolutely no response from them.

18 The only reason that this issue is now coming forth is
19 because we have been working through the OCI office here in El Paso,
20 and we have been able to try and deal with those officials.

21 But we are here to ask you for specifically -- is that
22 since -- and we understand that it is a local county issue. But when
23 you do not have a county response to the needs of the colonias, we
24 need some type of effort from the state level, whether it be through

1 TDHCA, or in conjunction with the Secretary of State and the state
2 Attorney General's office to force these counties to implement the
3 laws that they are supposed to be implementing.

4 We can no longer accept the fact that these county
5 commissioners or ignorant. If they are ignorant and if they do not
6 know their laws and how they are supposed to apply it in their
7 county, they have no business being there.

8 MR. SALINAS: You said it. That's the way it is.
9 That's the bottom line.

10 MR. SOLIS: So we implore upon you to help us. Either
11 establish a task force with the different state agencies, so that we
12 can look into these issues. This is only one issue that we bring in
13 court to you today, in terms of let tenancy, private property,
14 contract-for-deed conversions, et cetera, et cetera.

15 That is only one case. Those cases are rampant here in
16 El Paso.

17 MR. SALINAS: Uh-huh.

18 MR. SOLIS: And since TDHCA is the lead organization,
19 and the organization that, I daresay, that always get criticized a
20 lot, they are the ones that are at the forefront. And I admire you
21 for that, and I admire your officers in El Paso for that, but we
22 still need more influence and more impact from you folks at higher
23 levels.

24 MR. SALINAS: Well, yesterday, we took a tour to some of

1 the colonias. And my question was, we do have a need to help some of
2 those people in El Paso, wherever we were yesterday, in those
3 colonias.

4 But we also -- and I would think -- I haven't talked to
5 the rest of the board members, but Beth was with me. One of my
6 conversations with Beth was, we want to help these people. But we
7 also want to stop the developers from selling lots without water and
8 septic tanks, and following the law in the State of Texas.

9 MR. SOLIS: Exactly.

10 MR. SALINAS: And we have those resources in our agency,
11 and we have a good staff to help you.

12 MR. SOLIS: Well, I --

13 MR. SALINAS: But to leadership I saw in El Paso
14 yesterday, my question was, have you stopped the selling of land
15 without the proper services? And I did not get an answer.

16 MR. SOLIS: No, sir, they are not being stopped. No
17 matter how much education we give out -- how much consumer education
18 we get out there -- because we have an intensive education program
19 out there to the community -- if the local authorities do not take
20 the strong position against the land developers, the proliferation of
21 colonias are going to continue.

22 MR. SALINAS: Exactly.

23 MR. SOLIS: That is one of the reasons that we need some
24 ordinance powers for the counties, so we can stop some of this. It is

1 incredible that there exists a whole myriad of state laws and
2 positions by the state legislature, and there are still -- colonias
3 are still growing.

4 MR. SALINAS: You don't need the ordinance power to do
5 what you have to do to take care of that problem right now. I
6 guarantee you that after today's meeting, and we asked -- and our
7 friend, Judge -- what was -- Judge --

8 MS. CEDILLO: Briones [phonetic].

9 MR. JONES: The one that served on our board. The judge
10 that served on our --

11 MS. CEDILLO: Daross.

12 MR. SALINAS: Daross from El Paso should be taking some
13 of these claims. I am -- who is going to be asking -- I would think,
14 Mr. Chairman, that we should be asking the Attorney General to be
15 looking into these county commissioners, not the developers anymore.

16 I think that he can direct themselves -- the county
17 commissioners and the county judges -- to stop what the State of
18 Texas says no more. You sell a piece of property, you bring the
19 services, too.

20 I think that this agency and the staff that we have want
21 to help you, because this is what we're here for, to help. But I
22 mean, I saw yesterday -- I mean, we can help, and we can bring the
23 services. But then they're building more.

24 MR. SOLIS: And we don't want the flourishing of

1 colonias. We want to -- we have --

2 MR. SALINAS: We don't want any more. We want to be
3 able to stop it, and to be able to help them. Now, if they want to
4 go out there and live in a trailer, that's fine. But as long as they
5 have all the needs and all --

6 MR. SOLIS: Exactly.

7 MR. SALINAS: -- the services -- and the major service
8 is the water. I understand that there is a shortage of water rights.
9 But I think the county and the developers should be buying some of
10 the water rights.

11 And I can understand the services, because I come from
12 the Rio Grande Valley, and we had that problem, and we took care of
13 it. And I -- and we have more than 700 colonias.

14 But the county commissioners court out there is very
15 interested in finding those people that do not report a piece of
16 property in 30 days, and get fined \$500 a day, and up to 5,000. But
17 the Attorney General has been very helpful to us in the Rio Grande
18 Valley.

19 But I don't know why it's not working here. And I saw
20 it yesterday. But we do understand, and I do want to tell the board
21 that there is a lot of a need over there, but you have to have a
22 basic -- a government that would apply for these monies.

23 MR. SOLIS: Well, as an organization, we would be more
24 than willing to be the liaison between you and the county

1 commissioners to work directly with you and directly with them, so we
2 can really start to deal with this issue.

3 MR. SALINAS: And make it --

4 MR. JONES: I know Ruth has said something she'd like to
5 say.

6 MS. CEDILLO: I just wanted to clarify an issue right
7 now, because as you know, the Community Development Block Grant
8 Program has been transferred to the Office of Rural Community
9 Affairs.

10 And I do encourage you to continue to work with our
11 staff here in El Paso to create those -- or continue those
12 relationships with the new agency, and help you try to resolve this
13 issue, because the funding for water and wastewater improvements went
14 with the CDBG program. And this department is basically a department
15 of housing, and we have community affairs. But funding for water and
16 infrastructure improvements did go with the Office of Rural Community
17 Affairs. So we will --

18 MR. SOLIS: We plan -- we will --

19 MS. CEDILLO: We will continue to work with you --

20 MR. SOLIS: Okay.

21 MS. CEDILLO: -- through our Office of Colonia
22 Initiatives.

23 MR. SOLIS: Thank you very much.

24 MR. MORALES: Can I say one last thing? Can I?

1 MR. SALINAS: Yes.

2 MR. JONES: Sure.

3 MR. MORALES: I think everybody needs accountability. I
4 think if we're not supervised, even me or you and anybody else, we
5 tend to decay in our position. We are accountable to each other.
6 And I think these people are not accountable to nobody.

7 And I'll be talking to them and just -- they just say,
8 We don't know, or There's not going to be -- something. I don't
9 think they -- they don't have interest if that town can be
10 [indiscernible] the United States, because sometimes -- I come from
11 Mexico, and some of those places are better than Fort Hancock.

12 MR. SALINAS: Who is your congressman?

13 MR. MORALES: Huh?

14 MR. SALINAS: Who is your congressman?

15 MR. MORALES: Bonilla. Mr. Bonilla.

16 MR. SALINAS: Bonilla. Have you talked to his office?

17 MR. MORALES: How can I reach him? They don't give me
18 phone numbers. I mean, sometimes you can't reach the Commissioner;
19 imagine Mr. Bonilla.

20 We have a problem. You know, they have a tendency that
21 they are not accountable to us because we live in Hudspeth County.
22 When somebody gets sick, guess where they go? To the hospital at
23 Townsend.

24 So Fort Hancock is growing double. There is Dell City

1 and Sierra Blanca. But you go to Dell City, they have paved roads
2 and they have lights. You go to Sierra Blanca, they have a park -- a
3 brand-new park.

4 You go to Fort Hancock, you don't have a park, you don't
5 have a tree, so -- and you don't have a chair to just stay there. I
6 think we have a problem. If we don't look at it -- I'm -- you know
7 what they say? They say, Why don't you get out of here. Well,
8 imagine that they have to tell you where you have to go.

9 I mean, I have a problem with that, because I am a
10 citizen. I came here from Mexico, but I am a citizen over here. And
11 I'm not a problem to this state. I go with what Mr. Kennedy said.
12 Don't -- what I can do for the country? The country over here has
13 done a lot to me. But I have to -- I want to give to the country.
14 And this is what I can do for the people.

15 I'm talking as a minister, as a citizen of Fort Hancock.

16 And I love the town I live in. But sometimes it's lost there. We
17 kind of lost there, because you have the seats over there in Sierra
18 Blanca. And I don't have no problem to go get the license plates.
19 But, man, we have double the population at Fort Hancock. You need to
20 go there. Right. And thank you.

21 (Applause.)

22 MR. JONES: Thank you, Mayor, for helping with this
23 discussion.

24 MR. SALINAS: Well, I was very much involved in that ten

1 years ago, so I know. They should have changed those. Those laws
2 changed in '86. It's been a long time ago. But some of -- some
3 people do not want to follow the rules, and they take advantage of
4 these poor people.

5 So now I think it's up -- I think it's coming down to
6 hunt them down, because I think after this meeting today, I think the
7 Attorney General is going to hear about this, and also Mr. Bonilla.
8 And I'll make sure that I call Mr. Bonilla, that he needs to look at
9 this.

10 (Applause.)

11 MR. JONES: Thank you, Mayor. The next speaker I have
12 is Ms. Ortiz.

13 MS. ORTIZ: (through translator) Good morning. My name
14 is Maria Ortiz. Welcome to El Paso. And she's from San Elizario,
15 Texas. She's welcoming you again to El Paso.

16 And I just wanted to let you know I'm here on part of
17 San Elizario, representing San Elizario, Texas. And first of all, I
18 want to point out to you that we need water services and a contract-
19 for-deed conversion program.

20 We know that there are many programs in your agency that
21 can help us, but without the warranty deeds, we cannot qualify for
22 any other programs.

23 I'm here to request assistance, most of all with funds,
24 and I'm on a waiting list for seven years. And then next time I --

1 oh, seven months, I mean. I'm here on the waiting list for seven
2 months.

3 And the next time I see you, I would like to come to you
4 and tell you I already have my warranty deed, so I can apply for some
5 housing programs, and even the rest of the community.

6 So I just want to thank you, and tell you that we need
7 more money for contract for deeds in our community. And I am on the
8 list of Allianza. This organization is doing a lot of work for the
9 community. Thank you.

10 MR. JONES: Thank you.

11 (Applause.)

12 MR. JONES: Homer, did you have something you wanted to
13 say to us?

14 MR. CABELLO: No, I was just going to help her with
15 the --

16 MR. JONES: Okay. All right. Thank you, ma'am.

17 Mr. Hernandez?

18 MR. HERNANDEZ: Good morning, Chairman.

19 MR. JONES: Good morning.

20 MR. HERNANDEZ: Good morning, members. Ms. Cedillo. On
21 a lighter and happier note, I just want to -- on behalf of Habitat
22 for Humanity of El Paso, I'd like to welcome you back to El Paso, or
23 for you that are here the first time, welcome to El Paso.

24 With your funds through the capacity-building facet of

1 your program, we were able to hire two staff members and double our
2 volunteer base through our -- one of our staffers, and double our new
3 home constructions for last year. So I just wanted to thank you
4 personally for your help, and I hope to continue working with you.
5 Thanks.

6 MR. JONES: Thank you, sir. Ms. Thomas.

7 MS. THOMAS: Good morning.

8 MR. JONES: Good morning.

9 MS. THOMAS: My name is Olga Thomas. I represent an
10 organization committee of Hueco Tanks. That's the Allianza
11 organization committee of Hueco Tanks.

12 Today, our issue is the water. While we're in the
13 process of organizing the water district, at the same time, we are
14 requesting the TDHCA to provide us with necessary tools so that we
15 can create alternative methods to obtain water for the community.

16 Our community in Hueco Tanks consists of about 300
17 families, say, between five and six per family. And they are in need
18 of water. We do not have water.

19 The county has ignored us. We understand it's
20 expensive. But there are other alternatives and methods that
21 somehow, something can be done. We are ready -- the community is
22 ready. We have been ready to work with them. So therefore we are
23 requesting that we can get together and figure something out. Thank
24 you.

1 MR. JONES: Thank you, ma'am. Mr. Vega. Mr. Ramona
2 Vega. Oh, excuse me. Ms. Vega. I'm sorry.

3 MS. VEGA: (Translated through Homer Cabello.) She is
4 welcoming everyone here to -- from San Elizario. And she just has a
5 few comments she wants to make to the board.

6 MR. JONES: Thank you.

7 MS. VEGA: (Through translator) She wants to say thank
8 you. She has benefitted, as she was assisted from the HOME Program,
9 and the before and after effects are tremendous, and she's enjoyed
10 the assistance she has received from our agency.

11 She wished there was more money to help additional
12 colonia residents with the assistance that she has received, because
13 of its difference in her life. And she just hopes that we can donate
14 more money to the efforts. Thank you.

15 MR. JONES: Thank you.

16 (Applause.)

17 MR. JONES: Those are all the witness affirmation forms
18 I have. So have I left anybody out? Yes, sir. What's your comment?

19 MR. CONINE: Can I make a couple of comments after
20 hearing those. And again, I appreciate the mayor for helping with
21 the dialogue. It seems to me that several ways we can -- maybe not
22 as our particular agency, but with -- what I like to term our sphere
23 of influences on this board.

24 The voter mobilization efforts on these county

1 commissioners -- I assume they get elected like everybody else. And
2 it seems as if they are ignoring the wishes of their constituency,
3 that certainly unifying the voters in that -- in their county to turn
4 out the next county commissioner of elections is one of which we can
5 advocate and encourage.

6 Secondly, I think the AG's office needs and will hear
7 about a lot of the concerns expressed here today.

8 Thirdly, Ms. Cedillo mentioned the Office of Rural
9 Community Affairs having the jurisdiction over the water and sewer
10 capacity. Those were -- those are our former folks, and we know
11 those people very well. And I know we'll be glad to assist in that
12 dialogue and that effort.

13 And finally, we've bragged on staff about squeezing \$10
14 million out of the junior lien program here earlier today.
15 Approximately half of that ten million or five million is targeted
16 for the colonias efforts and the various bootstrap and other
17 programs, which shows our commitment to try to help the colonias as
18 much as we can, to at least come up with \$5 million here today on
19 some programs that prior to today, the funds weren't even achievable
20 prior to today.

21 So I applaud this board and our staff again for their
22 effort in those regards.

23 MR. JONES: Thank you. Mr. Solis?

24 MR. SOLIS: I'm here again. This is not the last time

1 you're going to see me. But the folks that you see here are
2 residents from throughout the County of El Paso. They are from Hueco
3 Tanks, Vista Montana, San Elizario, Tornillo; the County of Hudspeth,
4 Fort Hancock.

5 These residents, all, are very much involved in
6 developing and working their communities. One thing that we want to
7 make very clear today is that we have agreed with you and with the
8 state legislature that we would not want the proliferation of
9 colonias.

10 The task that we have before us as a colonia resident,
11 as a community-based organization, and you as a state agency, is
12 tremendous. We clearly understand that it's going to take time for
13 us to deal with this situation. And that it's going to take money.

14 We understand that very clearly. But what we have to do
15 is work with the fundamentals to start to deal with these issues.
16 Maria Ortiz laid out the need for contract -- for deed conversions.

17 There is a tremendous problem here, in that if we do
18 not -- and I'm sure you know the process. If we do not convert those
19 contracts for deeds, we are not going to be able to bring housing.

20 But if we do not have the infrastructure -- the water
21 and wastewater, we will not be able to bring in the contract for
22 deeds. Your objective and your mission, as well as ours, is to do
23 away with colonias. If we do not meet the fundamental needs of these
24 folks, we will not be able to meet that mission.

1 We need to bring in serious money to contract-for-deed
2 conversions. I believe that this year there was over \$4 million.
3 Allianza has been the only organization statewide to convert the most
4 contract for deeds on the whole border.

5 Because we have been involved in this issue, we owe, and
6 will recognize the whole different issue that exists with the
7 contracts. We have a number of developers here that are taking
8 advantage of these folks, that they themselves do not have the
9 correct paperwork on the properties, and yet they turn around and
10 sell it to these people.

11 One of the areas that we are lacking and we are missing
12 is teeth to the contracts for deed conversion programs. We need some
13 type of legal assistance or a legal entity coming from you so that we
14 can deal with the developers.

15 I can give you a clear example. We have had a lady, Ms.
16 Ybarra, who has been paying her property, and was paying over \$400
17 for property taxes. The land developer never -- she was paying her
18 taxes for half an acre. She was under the impression that they had
19 bought -- she had bought a quarter of an acre.

20 When she approached the land developer, he deducted that
21 amount of money, but in turn, he told her that he was willing to buy
22 that property from her, because she didn't have the correct paperwork
23 to sell to her in the first place.

24 When we have gone to TLRA. TLRA is swamped with work.

1 We have gone to the State Secretary's office. Nothing has happened
2 there. Hopefully, something different will happen by way of change
3 the ombudsman here in El Paso.

4 And the State Attorney General, we have sent tons of
5 consumer complaint applications to them. And we have not had one
6 case resolved. That's why we are here today.

7 We ask that you form a task force so that you will work
8 in conjunction with other state agencies and force these agencies to
9 put some teeth into these laws.

10 That's one issue. The other issue is a question of
11 housing. As you can see, we -- you have had testimony here that your
12 programs are working. But one of the fundamental lacks that we have
13 is that there needs to be a broader and a bigger partnership with
14 grassroots 501(c)(3) organizations.

15 One of our problems there is that we lack capacity.
16 There are over 214 colonias here in El Paso. 80,000 people live in
17 those colonias. The problem with that is the assistance that's
18 concentrated in the lower valley, which is great, but the majority of
19 the colonias are not getting HOME monies. They are not getting
20 bootstrapped, and they are not getting other types of financial
21 resources from your agency.

22 The fundamental problem is not you. The fundamental
23 problem is the lack of capacity for the nonprofits. When we speak of
24 nonprofits, we do not speak of a workshop on how to develop an

1 application every three or four months.

2 We need hands-on assistance. We need capacity monies.
3 You cannot expect the nonprofits to develop decent housing with a
4 drop in the bucket as far as administration funds are concerned.

5 If we have to develop the nonprofits to become
6 professional housing corporations and develop the colonias, we need
7 administration funds. And we need to spread out those monies
8 throughout the County in El Paso.

9 The other one, and then I will shut up, is the self-help
10 centers. As I said, there are 80,000 people in the colonias here in
11 El Paso, 214. The next funding cycle will provide the self-help
12 center here in El Paso, I believe, \$3 million here in El Paso.

13 The problem with that is that there is only one self-
14 help center, and it is only serving five colonias. We are not making
15 an impact. We are making a very, very small impact.

16 The other thing that we need is that we need the
17 opportunity for the nonprofits to apply directly to this funding to
18 TDHCA, because a county is a very bureaucratic system, and it has
19 shown that it takes a long, long time to get anything done. We want
20 the opportunity to be able to apply directly to TDHCA for some of
21 those funds, and to run those funds in our -- and to run those
22 centers in our community.

23 The concept is great. And it will work. But we need to
24 open more doors to the nonprofits. Thank you.

1 MR. SALINAS: Thank you.

2 MR. JONES: Thank you, sir.

3 (Applause.)

4 MR. JONES: Mr. Lopez.

5 MR. LOPEZ: Thank you, Mr. Chairman. Good morning,
6 board members.

7 MR. JONES: Good morning.

8 MR. LOPEZ: Good morning, Ruth.

9 MS. CEDILLO: Good morning.

10 MR. LOPEZ: My name is Trini Lopez. I am a city
11 councilman for the City of Socorro. And I really want to
12 congratulate the people of the county that has come here before you
13 to express their concerns, opinions, and complaints that they
14 might -- that they would have.

15 As well as they are having problems, the City of Socorro
16 is confronting a big problem, because I guess about 80 percent of the
17 population of Socorro is living in housing in colonias. And I want
18 just you to remember that even though we are incorporated city, we
19 are also facing the same needs.

20 That's -- you might remember, we have been having some
21 problems and initially, some funding had been granted to us here in
22 Socorro. But those problems are hardly over.

23 And I am asking you -- we don't expect that will this
24 year, but in the future, any obligation that we going to be sending

1 to you for consideration, to really look into that in [indiscernible]
2 way, because as I said before, the citizens of Socorro are in
3 tremendous need of services. And some of those persons are over 60,
4 because they have been in Socorro since, I don't know -- the '70s, in
5 those colonias.

6 And Socorro, because they're the biggest city outside of
7 the city limits of El Paso, is where people started going up to to
8 form communities -- communities, I think, is the wrong way to name
9 colonias, because there are subdivisions with the same kind of people
10 that have been living in cities.

11 So I do disagree with the designation of colonias as
12 [indiscernible] these subdivisions, because we all are coming from
13 big cities. I used to live in El Paso as well. I think most of the
14 people here -- they moved -- we all moved to those areas looking for
15 a better life, and just to get part of the American dream, to have a
16 home.

17 So please, in the future, that you are going to be
18 receiving more obligations for funds. Consider the City of Socorro,
19 that we are also facing the same needs.

20 I would like to say our staff of special [indiscernible]
21 are here, and they are working very closely with -- I don't know,
22 what's the newest -- assistant -- Carmen? Carmen.

23 MS. CEDILLO: Carmen.

24 MR. LOPEZ: Yes, I'm sorry. So please, keep us in mind,

1 and welcome to El Paso. And good luck on your way back. Thank you
2 very much.

3 MR. JONES: Thank you. Mr. Mercado?

4 MR. MERCADO: Good morning, Commissioners, and Ruth.

5 MS. CEDILLO: Good morning.

6 MR. MERCADO: My name is Juan Rodrigo Mercado, with
7 Community Development. I would like to provide the board with some
8 of the activities that Community has done, and especially thank
9 [indiscernible] for all of her help. And we are working now with
10 ORCA through CDBG.

11 The funding now has transferred from TDHCA to ORCA for
12 infrastructure projects. And the county, for the last 27 years --
13 and I've been with it five years -- 99 percent of our funding has
14 gone for infrastructure.

15 What we need is more money. Some of the estimates for
16 putting in water into the Hueco Tanks area -- it's the only estimates
17 I've done, and that's without the water, just the infrastructure, are
18 over \$400 million for 300 families.

19 So the funding we get is around half a million on --
20 through CDBG coming through our [indiscernible] construction, and
21 300,000 through our CDBG program. And we get another half million
22 and up to \$1 million through ETA and CETA.

23 MR. JONES: Sir, before you go on, I would like to say,
24 we agree with you. What we need is more money, too.

1 MR. MERCADO: Exactly. That's what I wanted to ask.

2 MR. JONES: As this board and this department has
3 consistently told the Legislature.

4 MR. MERCADO: Thank you, sir. And that's what I -- I
5 want to agree with you.

6 MR. JONES: But I -- an I can assure you we will
7 continue to. Thank you.

8 MR. MERCADO: Thank you.

9 MR. JONES: I didn't mean to interrupt.

10 MR. MERCADO: No, I was just thinking that the board
11 should not come way that we are not trying to be attentive, for the
12 people that we are not attentive.

13 The City of El Paso is the one who gives us the water.
14 And the county has no water, so -- or no water district with water.
15 So it's going to be very difficult for us to do those types of
16 projects. But I wanted the board to make sure that we have spent
17 most of our money providing that.

18 Now, the self-help center legislation only allows us to
19 work in five colonia areas. And usually -- and it's not contiguous
20 in a very tight area. The same legislation does not allow us to
21 appropriate those dollars directly to communities, but we don't mind
22 sharing all the resources -- or the resources we have with
23 surrounding communities, or any other nonprofit that would like to
24 work with us.

1 So that's my basic comment. And if there are any
2 questions, I would be glad to share those.

3 MR. SALINAS: Are you -- get your funding through the
4 urban county designation, or do you compete with the CDBG program.

5 MR. MERCADO: We compete, sir. We're not an urban
6 county.

7 MR. SALINAS: You still haven't been an urban county, as
8 big as this county is?

9 MR. MERCADO: As big as this county is, we can't, and
10 that's why we struggle sometimes.

11 MR. SALINAS: That is a problem.

12 MS. CEDILLO: Rod, the other clarification is that the
13 funds cannot go directly to the nonprofits because they are CDBG
14 funds, and it's required that they go to units of local government,
15 so that's why they go to the county.

16 And even though there was a lot of discussion during the
17 Legislature, because of the Federal legislation, the department has
18 been unable to provide those funds directly to the nonprofits.

19 MR. MERCADO: You want to tell them in Spanish?

20 MS. CEDILLO: [Speaking Spanish.]

21 MR. MERCADO: One more thing. I would like to thank
22 Daniel Solis for speaking up on behalf of the colonias. He also
23 appeared in the children of the colonias and did a very good
24 presentation there.

1 Mr. Solis understands our situation. He's -- he has
2 enough information and educational background and experience on this
3 that he sees those obstacles not as obstacles, as a -- just as
4 another step that we have to go through to get to where we need to
5 be.

6 And he's been following those steps. He gets impatient.
7 So do we. But we're in this business to help, or else we'd get out
8 of it. Thank you.

9 MR. SALINAS: I was going to tell you that I think the
10 first thing -- [speaking Spanish.]

11 MR. MERCADO: [Speaking Spanish.]

12 MR. SALINAS: We became county -- urban county
13 designation in 1988 by Senator Phil Gramm. [Speaking Spanish.]

14 MR. MERCADO: [Speaking Spanish.] We have tried to get
15 the designation of an entitlement county or an urban county. But we
16 have not been able to do so. Ever since I have started five years
17 ago, we have tried, and we can't get, so it's going to possibly take
18 legislation or --

19 MR. SALINAS: Well, we have some small cities like
20 Socorro that has population you can use. I think that there's not
21 being an effort. I think the effort should be put there, and make
22 the application again, and talk to Senator Phil Gramm and Senator
23 Hutchison to be able to get these things through so they can get some
24 federal monies directly from Washington, through your El Paso County.

1 MR. MERCADO: Commissioner's court [indiscernible].
2 Like I said, we have a -- and that's one of our agenda items, for --

3 MR. SALINAS: Maybe these people need to get together
4 with the senators. I mean, that works. It worked in our county.
5 You go around the elected officials. Apparently, they don't care.

6 You know, I saw some stuff yesterday that developers are
7 still building in the rural areas here. And we're trying to stop it.

8 I think the counties should take the initiative as far as stopping
9 those developers for those colonias without water.

10 MR. MERCADO: On March 5, we are having a session on how
11 to address that -- and that's sponsored by the County Attorney's
12 office -- to prosecute or to go for some sort of a legislation. The
13 problem with legislation, it doesn't allow for any administration.
14 And we can't administer that much work at this time.

15 MR. SALINAS: Well, the last lawsuit the Attorney
16 General won was in Hidalgo County to a developer for not giving those
17 people their warranty deeds. There were the title -- what is it?
18 The warranty deeds, the -- MR. MERCADO: Contract-to-deed
19 conversions?

20 MR. SALINAS: Yes.

21 MR. MERCADO: To warranty the --

22 MR. SALINAS: Those people did not give those people a
23 warranty deeds And they failed to record that warranty deed in 30
24 days. And I don't know if -- I mean, we're in the same state. And

1 the Attorney General won an awardance of \$137,000 that the developer
2 had to pay in 30 days to be able to get out of the jam and be able to
3 put all of those people on warranty deeds.

4 so we're talking about the same state of Texas. And I
5 think the elected officials that we have in South Texas have done
6 that. I mean, that's their priority right now. Anybody that has a
7 title that is not a warranty deed is -- all they have to do is go to
8 the Attorney General's office and they get them prosecuted.

9 I mean, that's the law that we have over there. I mean,
10 I think it can work here, too, if you all have a way of funding a
11 task force.

12 MR. MERCADO: We have found when contracts of deed --
13 contract conversion came in, that a lot of the developers started
14 selling under a warranty deed, but at the same interest rate. So all
15 we did was just change the name.

16 MR. SALINAS: But they started --

17 MR. MERCADO: But the exploitation was the same.

18 MR. SALINAS: They kept selling at the same rate --

19 MR. MERCADO: Yes.

20 MR. SALINAS: -- but without water and without septic
21 tanks, and without sewer.

22 MR. MERCADO: Right. The colonia legislation allows
23 right now people to sell five acres or ten acre tracts without water.
24 And so that's where people move to.

1 MR. SALINAS: Well, I think the County of El Paso needs
2 to pass an ordinance that they're not going to sell those five acres
3 without water. I mean, why are they doing that?

4 MR. MERCADO: It would be against state law for us to do
5 so.

6 MR. SALINAS: No, no. It's not against state law. We
7 have it up there. Over there, it's one house to one dwelling, which
8 is ten acres, five acres, 100 acres, or 1,000 acres. You can't have
9 that anymore. One house to one dwelling, period.

10 And I don't know why -- I think the Attorney General
11 needs to come in and talk to some of these people here, because it is
12 against the law to have two houses in half an acre if it's not
13 recorded.

14 MR. MERCADO: We found that many families are
15 subdividing larger lots. Of 434 septic tank violations, 300 of them
16 cannot be resolved because they are subdivisions of family
17 subdivisions that colonias --

18 MR. SALINAS: Oh, yes.

19 MR. MERCADO: -- or the developers are the families.

20 MR. JONES: Thank you, sir. I appreciate it. All right.

21 MS. CEDILLO: Thank you.

22 MR. JONES: I think I've hit everybody. Yes, sir?

23 MR. LOPEZ: I'm the mayor pro tem of the City of
24 Socorro. I just spoke a while back.

1 MR. JONES: Yes.

2 MR. LOPEZ: Just getting back -- going back to the
3 mayor. In Socorro four years ago, I did stop the colonia
4 subdivisions that we had down there. Right now working together with
5 the Chamber of Commerce here in El Paso County and you all, we're
6 going to be bringing 2,000 homes to Socorro.

7 Now, I have a sense that you, Mayor, are saying that the
8 politicians are not doing enough, but we are. We are doing -- and if
9 the county would go to this urban -- try to go and change it to an
10 urban county, by all means, I'll be their number-one supporter; we
11 can get those millions of dollars directly to the county.

12 And yes, as a matter of fact, I just told
13 [indiscernible] -- we sent a letter to the Attorney General and to
14 the county commissioners down there in Fort Hancock so we can try to
15 address and expedite this responsibility that we have toward these
16 people down here.

17 I hope the other members that are here, that are closely
18 related to the elected officials will do the same thing: Send those
19 letters to the Attorney General so we can start getting those county
20 commissioners down there in Hudspeth County off their behinds and
21 start working.

22 Again, thank you and welcome. And again, thank you for
23 all -- everything you have done for the City of Socorro.

24 MR. JONES: Thank you. And that, I believe, closes our

1 public comment.

2 Ruth, would you help me say one thing?

3 MS. CEDILLO: Sure.

4 MR. JONES: I would just like to thank Mr. Solis and all
5 his friends that were here. Because of their involvement, they make
6 this state a better place, and are making this state a better place.

7 And I hope you all see this meeting as one step in the process.

8 MR. SOLIS: I want to thank you. [Speaking Spanish.]

9 I would like to thank especially the Office of Colonia
10 Initiatives, Mr. Romero Carillo, and his staff here, that without
11 their help and the technical assistance that we have had from them,
12 we would not be able to be here with you and even question your own
13 programs, because they open themselves up, and they help us as much
14 as they possibly can. Thank you very much for your assistance.

15 (Applause.)

16 MS. CEDILLO: [Speaking Spanish.]

17 MR. JONES: I think we've completed the items on our
18 agenda. Does anybody have anything else? Yes, oh, excuse me.
19 Executive Director Report. Did I miss that?

20 MS. CEDILLO: On our agenda we have the Ex Parte
21 communication rule of -- I just want to mention that that will not be
22 handled at this meeting, but we will have it at the March meeting.

23 MR. JONES: Thank you.

24 MS. CEDILLO: Thank you.

1 MR. JONES: I'm sorry, we -- I apologize. I think you
2 can't -- any -- yes?

3 MS. ANDERSON: Mr. Chairman, I'm --

4 MR. JONES: Certainly.

5 MS. ANDERSON: I want to add my thanks to all of yours,
6 to the City of El Paso and the County of El Paso, and all of you all
7 that are here, and the staff that came with us. We have really
8 enjoyed our visit and our time in El Paso, and we've learned a lot
9 from each of you this morning. And I appreciate that opportunity.

10 MR. JONES: Thank you.

11 MR. CONINE: One more thing, Mike. I'd like to tell the
12 board that we're going to have a press conference tomorrow at two
13 o'clock at the Governor's office at the Capitol, announcing Edwina
14 Carrington as our new Executive Director, and hope that any of you
15 that happen to be in Austin tomorrow are welcome to come by at two
16 o'clock. I will be there. And we look forward again to her
17 leadership.

18 MR. JONES: Anything else?

19 MS. ANDERSON: Mr. Chairman, I move we adjourn.

20 MR. SALINAS: Second.

21 MR. JONES: All in favor of the motion, please say aye.

22 (Chorus of ayes.)

23 MR. JONES: We're adjourned.

24 (Whereupon, at 11:15 a.m., the meeting of the board was

1 concluded.)

