

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

BOARD MEETING

10:30 a.m.
Monday,
July 29, 2002

Capitol Extension Auditorium
1400 North Congress
Austin, Texas 78701

PRESENT:

Michael Jones, Chairman
Vidal Gonzalez
C. Kent Conine
Beth Anderson
Norberto Salinas

STAFF:

Brooke Boston
Tom Gouris
Robert Onion
Delores Groneck
Edwina Carrington

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1
2 CHAIRMAN JONES: I call to order the board
3 meeting of the Texas Department of Housing and Community
4 Affairs for July 29, 2002. And our first order of
5 business will be the determination of the quorum. Ms.
6 Anderson?

7 MS. ANDERSON: Here.

8 CHAIRMAN JONES: Mr. Bogany is absent. Mr.
9 Conine?

10 MR. CONINE: Here.

11 CHAIRMAN JONES: Mr. Gonzalez?

12 MR. GONZALEZ: Here.

13 CHAIRMAN JONES: Mayor Salinas?

14 MR. SALINAS: Here.

15 CHAIRMAN JONES: And Mr. Jones is here. We do
16 have a quorum. Our next order of business will be to ask
17 for public comment. If you haven't already done so, we
18 would request that you fill out a witness affirmation form
19 and give it to Delores. And she is right in here -- over
20 here on the right side of the stage.

21 You have, pursuant to our rules, the
22 opportunity to either talk now, if you would care to do
23 so. Or you will have an opportunity to talk at the time
24 the agenda item is presented by the staff members.
25 And can everybody hear? I think they can. Good.

1 All right. The first person I have is Mr. Tom
2 Utter, representing Mayor Lloyd Neal. Mr. Utter? Thank
3 you.

4 MR. UTTER: Mr. Chairman, thank you. I am here
5 to present a statement that I believe has been presented
6 to you all from Mayor Lloyd Neal, City of Corpus Christi.
7 And I'll read his statement.

8 "Chairman Jones, members of the board, Ms.
9 Carrington and other members of the staff, as Ms.
10 Carrington knows, I had every intention of appearing here
11 before you today to personally express both my strong
12 support and the support of the City of Corpus Christi for
13 the Holly Park Apartment project, your department number
14 02107.

15 "Unfortunately, I had emergency surgery last
16 week that prevents me from appearing before you today.
17 And I'd ask Mr. Tom Utter to provide my statement to you.

18 I was extremely pleased to learn that Holly Park
19 Apartment project was being recommended by your staff for
20 the Low Income Housing Tax Credit. The city has strongly
21 supported this project for a number of years.

22 "The City of Corpus Christi has an extremely
23 aggressive housing program that has resulted in
24 approximately \$120,000,000 of housing assistance from all
25 sources over the last five years.

1 "Our local program, however, can only be truly
2 successful when we maximize all available resources,
3 including the Low Income Housing Tax Credit for which
4 Holly Park Apartments is before you today.

5 "Corpus Christi has tremendous housing needs
6 for our lower-income citizens, particularly two and three-
7 bedroom apartments. The proposed project consists of 172
8 units made up entirely of two and three-bedroom units, all
9 of which are for families between 40 and 60 percent of
10 median income.

11 "Also, very importantly, nine units are
12 reserved for households with handicapped or
13 developmentally disabled individuals, an additional and
14 important need in Corpus Christi.

15 "The location is in an area the City Council
16 has, by resolution, declared a development and
17 redevelopment area. It is a perfect infill project with
18 all of immediately surrounding land compatibly occupied.
19 It lies on a major bus route, and is only a few blocks
20 from South Padre Island Drive, our major business corridor
21 where both shopping and jobs are available.

22 "To reiterate, I'm very disappointed I was
23 unable to appear before you today, but please be assured
24 of my strongest support of the project. I deeply
25 appreciate the staff's recommendation and solicit your

1 concurrence and approval.

2 "In closing, I want to extend an invitation to
3 the board to hold one of your board meetings in Corpus
4 Christi. I understand the board travels across the state
5 from time to time, holding meetings in various cities. To
6 the best of my knowledge, the board has never visited the
7 Coastal Bend area.

8 "As mayor, I would look forward to welcoming
9 you to Corpus Christi and assisting you with your meeting.

10 I'd be very happy to provide either our council chamber
11 or one of our large meeting rooms at our convention center
12 for your use. Respectfully submitted, Samuel L. Neal,
13 Mayor, City of Corpus Christi. Thank you.

14 CHAIRMAN JONES: Thank you so much. And please
15 convey to the mayor our thanks for the message, and also
16 for the invitation. Thank you.

17 MR. UTTER: Thank you very much. Thanks.

18 CHAIRMAN JONES: And the next I have is Mr.
19 Isaac Matthews.

20 MR. MATTHEWS: Good morning.

21 CHAIRMAN JONES: Good morning.

22 MR. MATTHEWS: To the board, staff members, my
23 name is Isaac Matthews. My wife, Vera, and I are
24 principals of I.V. Enterprises, Incorporated, which is the
25 sponsor of a tax credit application for the Bay Forest

1 Ranch project in La Porte, TDHCA Number 02081.

2 After developing a financially successful
3 business, we decided that we wanted to share this success
4 with our community. The focus of our interest was Acres
5 Homes [phonetic] in the Houston area, which is a
6 depressed, primarily African-American community.

7 After a discussion with Mr. Ethan Garcia, our
8 consultant, we decided that we would like to develop a
9 quality affordable housing project on a tract of land that
10 we owned in Acres Homes.

11 Due to our lack of experience in multifamily
12 housing development, Mr. Garcia introduced us to John
13 Heddick [phonetic] and Barry Kahn of Heddick-Kahn
14 Development.

15 We asked them if they would be willing to come
16 aboard as a part of our development team, bringing with
17 them the expertise and financial strength needed for
18 successful development. Our company, I.V. Enterprises,
19 sponsored a tax credit application for a project called
20 Tidwell Estates in Acres Homes.

21 After several successful attempts to obtain a
22 tax credit allocation, credits was finally awarded in
23 1999. As we went through the financing process, our
24 lenders and investors requested the Heddick-Kahn take a
25 more active role in the project, to provide guarantees and

1 other necessary expertise.

2 Consequently, Heddick-Kahn became a limited
3 partner, with I.V. Enterprise being the sole general
4 partner and co-developer. This project was successfully
5 completed, and is one of the few tax credit projects with
6 on-site daycare, a community center, with their projects
7 has been recommended to the board as allocated tax
8 credits. And it also has an educational program, such as
9 basic computer, GED, English as a second language, and
10 Spanish as a second language.

11 These programs are designed to improve the
12 lives and future potential of our residents. With the
13 successful Tidwell Estates experience, our company
14 sponsored another tax credit application in 2001,
15 Fountains at Tidwell.

16 This project received an allocation of tax
17 credit because it's now under construction. Once again,
18 our lenders and investors asked that Heddick-Kahn been
19 involved with the project as a limited partner, with our
20 company being the sole general partner and developer.

21 However, this time our company is taking a much
22 greater role, and Heddick-Kahn is taking a lesser role
23 because of their experience we gained in our first
24 transaction. TDHCA's goal of allowing experienced for-
25 profit developers to mentor and provide capacity building

1 for HUBS like ours, is truly being met.

2 This year, our company sponsored a tax credit
3 application for the Bay Forest Ranch project in La Porte,
4 my boyhood hometown. Again, my interest was to improve
5 housing opportunities for the lower-income residents in my
6 former community, which has a severe shortage of quality
7 affordable housing, particularly for minority residents.

8 With the success of our two prior projects, we
9 kept our same development team intact. The involvement of
10 Heddick-Kahn as a limited partner gives our lenders and
11 investors comfort and helps our company to continue to
12 develop its expertise.

13 We are pleased that this project has been
14 recommended to the board for an allocation of tax credits.

15 Now, in years past, Heddick-Kahn also sponsored a tax
16 credit application this year. Their project has also been
17 recommended to the board for an allocation of tax credits.

18 It has been suggested that because of the
19 involvement of Heddick-Kahn in both projects, an
20 allocation of tax credits to each project would violate
21 the QAP rule, that no more than \$1.6 million of tax credit
22 can be awarded to any applicant or related party.

23 This is not true. Heddick-Kahn has a very
24 different role in these two projects. The involvement of
25 Heddick-Kahn in our various projects has evolved over

1 time, and has not recently been put together to allow
2 Heddick-Kahn to avoid the \$1.6 million cap.

3 Nonetheless, we understand the difficulty that
4 the board and staff go through in making tax credit
5 allocations. We realize the interpretation of the \$1.6
6 million rule cap can be debated and applied as being right
7 and wrong can take forever. And we certainly do not want
8 a dark shadow cast on the Heddick-Kahn company because of
9 their relationship with our company.

10 And I.V. Enterprise do not want to be a logjam
11 in a process that we know must move on rapidly and in a
12 smooth manner. Therefore, respectfully, we would like to,
13 at this time withdraw application number 02081, and we
14 hope that you all will consider this much-needed project
15 at a future time. Thank you.

16 CHAIRMAN JONES: Thank you, sir. At the board
17 member's pleasure, we have many requests to speak. And we
18 have tried to avoid having time limits. But today, in
19 order to have a -- I think a reasonable meeting, we may
20 need time limits for speakers. And the Chair would
21 suggest three minutes.

22 We do have the discretion to set time limits
23 when we have to. The Chair would suggest three minutes,
24 and would impose that three-minute time limit, unless some
25 board member has an objection to that. And feel free to

1 object.

2 Hearing none, we'll try to keep to a three-
3 minute time limit. And again, I apologize to all of you
4 who are here for that. But we just have so many people
5 that want to speak. And I think to get through today,
6 we're going to have to have that requirement. Mr. Barry
7 Kahn?

8 MR. KAHN: I will pass.

9 CHAIRMAN JONES: Okay. Now, does this mean you
10 would like to speak when the agenda item comes up? Or you
11 just don't care to speak? Thank you, sir.

12 Mr. Najera.

13 MR. NAJERA: Manny Najera.

14 CHAIRMAN JONES: Manny Najera. State
15 Representative Manny Najera. Hi. Thank you, sir.

16 MR. NAJERA: Good morning.

17 CHAIRMAN JONES: I'm sorry.

18 MR. NAJERA: That's all right. It's been
19 called all kinds of things. I did notice that you put the
20 three-minute limitation right before a politician came up.
21 But that's all right. That's been done to me --

22 CHAIRMAN JONES: I'll say right now. I just
23 think it went up to six.

24 MR. NAJERA: Do you realize that I'm on the
25 Urban Affairs Committee? Is that it?

1 CHAIRMAN JONES: Twelve. Is 12 okay? Do you
2 need more than an hour and a half?

3 MR. NAJERA: I do. Thank you very much for the
4 opportunity to come before you. Good morning, Chairman.
5 Good morning, members.

6 CHAIRMAN JONES: Good morning.

7 MR. NAJERA: And I'm here to support the Region
8 10. I am from El Paso. I represent the people from El
9 Paso. Not all of it.

10 But I do represent the east side of El Paso.
11 And I'm here to give them my support, even though one time
12 I went to provide my support at one of the TxDOT meetings,
13 and Chairman Johnson -- he told me right after I spoke.
14 He says, Well, you do realize that when state
15 representatives speak on behalf of a project, we kill the
16 project. So I hope you don't do that.

17 But you know, we need forward money. We need
18 homes -- affordable housing in El Paso right now. This is
19 not something that, you know, in five years -- in ten
20 years. We actually have people that need their first-time
21 homes.

22 And I'm sure that holds true for everybody.
23 But I'm here representing my constituency. And because of
24 that, I'm asking you that, you know, you -- however you
25 can, you help us out.

1 And I do want to thank you, though, for what
2 you have done. We have not received everything that we
3 asked for. And I think that's pretty standard. However,
4 what we have received, we do want to thank you for it.
5 But we do -- the good old word, however, you know --
6 however, we are asking you to take a look at providing us
7 with some more assistance.

8 We're not here as a handout. We're here to be
9 able to help the people that need our help. And for that,
10 I thank you very much.

11 CHAIRMAN JONES: Representative, I would say we
12 had an opportunity a few months ago to have a board
13 meeting in El Paso, and met a number of your constituents.

14 And it was really, I think, a fruitful board meeting that
15 we all enjoyed. Mayor Salinas has just gotten back -- oh,
16 excuse me. I'm looking the wrong way. The good mayor has
17 just gotten back from El Paso. He was telling me about
18 spending three days there.

19 MR. NAJERA: Three days. That's wonderful.

20 CHAIRMAN JONES: And I think making some
21 progress there. So we certainly are interested.

22 MR. NAJERA: Thank you.

23 CHAIRMAN JONES: And we certainly are aware of
24 the needs. And we thank you so much for being here.

25 MR. NAJERA: Thank you. And you're always

1 welcome in El Paso.

2 CHAIRMAN JONES: Thank you, sir.

3 MR. NAJERA: Thank you all.

4 CHAIRMAN JONES: The next speaker we have, and
5 I will try not to butcher this name, is Paula Campbell
6 from Representative Gidding's office. Can I say Campbell?

7 MS. CAMPBELL: Good morning, Mr. Chairman and
8 board members.

9 CHAIRMAN JONES: Good morning.

10 MS. CAMPBELL: I'm here to read a statement
11 from Representative Giddings. She is on legislative
12 travel right now, so she asked me to read her letter to
13 you.

14 "Dear Chairman Jones and members, one of the
15 applicants for the current round of funding is the Sphinx
16 at Murdeaux. This project is located in the district
17 which I have the opportunity to represent in the Texas
18 House of Representatives.

19 "I am currently on legislative travel.
20 However, this issue was brought to my attention by my
21 staff after a visit from the developers of the project in
22 question. I therefore ask that you shed some light on
23 this matter.

24 "It appears that the Sphinx project was
25 recommended on the initial recommended list with a score

1 of 153. However, the latest list of recommendations did
2 not include this project. I am interested in knowing if
3 this is the first time this has happened. If it is not
4 the first time, then how many times in the past has this
5 occurred?

6 "I do acknowledge and understand that a number
7 score is only one of the measurement elements. The
8 initial recommended list document from the Agency
9 indicated that the Sphinx project did score high enough to
10 warrant recommendation from the staff. But the second
11 list did not.

12 "Did you not realize this before you placed it
13 on the first list of recommended projects? Additionally,
14 there are other projects on the current list, which was
15 distributed to developers on last week that scored less
16 than Sphinx.

17 "Secondly, after reviewing the supporting
18 documents for the round of funding, I noted that there is
19 a project in Fort Worth that is being placed on the
20 recommended list in anticipation of a court order.

21 "Do we place any project on the recommended
22 list if a suit is filed? If not, why in this case have we
23 committed some error or violated some rule of law? If
24 not, why would we expect such action from the Court?

25 "Unfortunately, I am again this week on

1 legislative travel and seeking answers from a distance.
2 This is, however, a matter of concern for me. It is very
3 difficult to explain the actions of the agency to someone
4 else if I am unable to understand them.

5 "Hopefully, this is the time we have not only
6 rules, but practices that are objective and not
7 subjective. Upon my return, I would appreciate -- I would
8 be appreciative for a briefing to discuss the Agency's
9 policies and practices in this area.

10 "Chairman and members, yours is a difficult
11 task, and I am appreciative to you for your time and
12 service. Sincerely, Helen Giddings."

13 CHAIRMAN JONES: Thank you, ma'am.

14 MS. CAMPBELL: You're welcome.

15 CHAIRMAN JONES: And please thank the
16 representative.

17 MS. CAMPBELL: All right.

18 CHAIRMAN JONES: Ms. Margaret Gomez? Ms.
19 Gomez? Travis County Commissioner? Ms. Gomez.

20 (No response.)

21 CHAIRMAN JONES: Mr. Robert Burchfield.

22 MR. BURCHFIELD: I'll stay under an hour and a
23 half for sure. My name is Rob Burchfield. I'm from
24 Houston, Texas. And I'd like to take just a second. I've
25 been involved in this program since 1994, done several

1 projects, been honored to do that.

2 And I'd just like to comment very briefly that
3 I think that what has happened in the last two, two-and-a-
4 half years, bringing us out of the valley of the shadow
5 of -- this board and the last board and this particular
6 staff -- bringing professionalism back to housing in the
7 state of Texas is something that I'm proud to say I'm
8 involved with.

9 And I'd like everyone else who is to thank you
10 with their hands. Thank you for what you've done. Thank
11 you. I think it needed to be said.

12 I come this morning for disaster relief. It's
13 something that is a situation that's not currently
14 available to staff in terms of how to deal with. You very
15 graciously gave us an award for Las Villas de Merida
16 Apartments. This is to be on the west side of San
17 Antonio.

18 We have closed our construction loan. We have
19 closed our permanent. We have closed our equity. We are
20 essentially under construction. Four days prior to our
21 closing, our friends at Fannie Mae decided that they could
22 not find anybody to do anything about a four-bedroom unit
23 on the west side of San Antonio.

24 In fact, nobody in anybody's language seemed to
25 know the word "four-bedroom," except, *No aqui*. In their

1 infinite wisdom, they decided that they would then take
2 that as their masthead, and reduce our loan by an amazing
3 amount. It put us in a position where, as a developer, we
4 had to decide between our commitments to the community, to
5 the state, to ourselves, to our mission in housing, and a
6 development fee.

7 And essentially, we made the decision to go
8 forward. We are proud that we did, without 80 percent of
9 our development fee, I might add. But in the beginning,
10 we made a request for \$75,000 more tax credits than were
11 awarded.

12 So it has occurred to me that in a circumstance
13 like this, I know the board has entertained situations
14 where a project says to you, We can't make it because we
15 have been so damaged in the regular market. And our
16 market right now is affected by 9-11. It's affected by
17 stock market, all of those things. You know, those things
18 happen.

19 But when you get a situation like this, that is
20 so devastating, that perhaps maybe disaster relief is in
21 order. And that's what I'm here to at least bring up as
22 an issue, as a concept, and ask for.

23 I've always been known to be very bashful in my
24 life. So the way to do that, when you see something
25 happen like this, is to say, We're going forward. We'll

1 make this happen.

2 But I've seen surprises in the world of
3 development. I had General Electric call me and say,
4 We're not going to go forward with your project, Mr.
5 Burchfield, until you get the oil well off your property.

6 Well, that turned out to be a stolen water hydrant, and
7 it delayed us for 60 days. But these things happen.
8 Crazy things happen in the world of development.

9 And so when you take it -- a situation like
10 this and bring it down to this point, there ought to be,
11 perhaps, some way to ask the professional group here to
12 say this disaster is enough for there to be the request of
13 some relief. I'm making that request as a way in which
14 to say, I think there might ought to be a mechanism to
15 analyze these sorts of things.

16 And I thank you for listening today. And
17 again, thank you, thank you again for the professional
18 way in which you -- the Texas Department of Housing is now
19 handling these applications. We are proud again to be
20 Texans. Thank you.

21 CHAIRMAN JONES: Thank you, sir. Any
22 questions? I'm sorry. Thank you, sir.

23 Mr. Robert Voelker.

24 MR. VOELKER: I'll pass until it's time for my
25 agenda item.

1 CHAIRMAN JONES: Thank you, sir.

2 Mr. Michael -- and I'm going to butcher this
3 one. Maida?

4 MR. MAIDA: Right on the number. So thank you
5 very much.

6 CHAIRMAN JONES: Okay.

7 MR. MAIDA: Usually it is, but I'd like to pass
8 until the agenda item comes up.

9 CHAIRMAN JONES: Thank you, sir.

10 Mr. Brian Cogburn?

11 MR. COGBURN: May I pass until the agenda item
12 comes up?

13 CHAIRMAN JONES: Yes, sir.

14 Ms. Antoinette Jackson.

15 MS. JACKSON: I'd like to pass until the agenda
16 item comes up.

17 CHAIRMAN JONES: Ms. Sheila McNeil.

18 MS. MCNEIL: Thank you, and Good morning,
19 Chairman Jones --

20 CHAIRMAN JONES: Good morning.

21 MS. MCNEIL: -- members of the board, and
22 staff. My name is Sheila McNeil, and I am the council
23 aide for Councilman John Sanders, City of San Antonio,
24 District 2. And he regrets that he is unable to be here
25 today.

1 But I am here on his behalf, respectfully
2 requesting that you reconsider the Vista at Casa Verde
3 project, project number 02041 .

4 This project is very important to the City of
5 San Antonio, in that it is in an area -- it would be
6 located in an area that has historically been neglected.
7 And it has the full support of the City of San Antonio, in
8 that it has been -- that they have committed \$1 million to
9 this project.

10 We are grateful that you have given us this
11 opportunity to come. We thank you for -- if you will
12 reconsider this project. And on behalf of the Councilman
13 Sanders, if he could be here, he would be grateful to you
14 for this opportunity to speak to you. So we just request
15 that you reconsider this project. Thank you again.

16 CHAIRMAN JONES: Thank you so much. And thank
17 him for the message.

18 Mr. Tim Johnson.

19 MR. JOHNSON: That's an easy one there to
20 remember.

21 CHAIRMAN JONES: Thank you. I appreciate it.
22 I need all the help I can get.

23 MR. JOHNSON: Hi. I am here today to speak on
24 behalf of really three or four projects. I am
25 representing Tierra del Sol Housing Corporation and the

1 Marvelous Light Corporation, which are two nonprofits
2 developing in low-income housing in Region 10.

3 We've appeared before the June meeting to
4 discuss or request consideration for possible forward
5 commitments for these nonprofit projects. Currently, the
6 two nonprofits I represent have submitted four separate
7 projects. They are small projects in the El Paso area.

8 And when the new list came out, and we thank
9 the staff for this, we had one of the projects involved,
10 the Geronimo Trails, which was a small project, was on the
11 recommended list, and we appreciate that.

12 So I am really here to advocate for the
13 possibility of forward commitments for the other three
14 projects, or some of the other three projects, two of
15 which are -- one of which, the Mountainside Townhomes,
16 which is located in the City of El Paso, but is in a
17 blighted area. And then two of the others, Mission Del
18 Valle and Rancho Del Valle, which are located in the town
19 of Socorro outside of El Paso.

20 And what we discussed in your last meeting was
21 the critical need to try to provide -- bring housing to
22 the colonias developments, or close to the colonias
23 developments as you had talked about in your earlier
24 meeting in El Paso, Texas.

25 At this point, just what I'd like to go through

1 is that we're -- these projects, particularly Mission Del
2 Valle and Rancho Del Valle, are small projects located --
3 that would meet the goal of bringing housing closer to the
4 colonias projects in the town of Socorro.

5 Right now, there is -- just rough numbers,
6 there is \$5,700,000 available in forward commitments, none
7 of which seem to be even remotely allocated to these
8 colonias project, or trying to serve the colonias
9 projects. They all seem to be concentrated in large
10 projects in the city.

11 We don't -- we understand that these people
12 need housing, too. And what we would just ask is to --
13 your consideration for allocating some of this forward
14 commitment money to the small projects. That would allow
15 you to still serve the larger city projects and needs.

16 We have a 16-unit project and a 32-unit project
17 that would serve the immediate housing needs of these
18 colonias, which is badly -- this is badly needed. And
19 anyways, we would just ask for your consideration in
20 reviewing your forward commitments, that maybe these
21 projects could be funded this year, and again, still meet
22 your goals of serving the cities as well. Thank you very
23 much.

24 CHAIRMAN JONES: Thank you, sir.

25 MR. SALINAS: Didn't we make a motion to

1 approve some of them the last meeting, some forward
2 commitments for two small projects, before we left the
3 meeting the last time?

4 CHAIRMAN JONES: Edwina, do you want to address
5 that?

6 MS. CARRINGTON: Mayor, what you instructed us
7 to do at the last board meeting was to underwrite those
8 transactions. They had not been underwritten, and they
9 were not on either the recommended list or the forward
10 commitment list, which you will remember, the board took
11 no action on the forward commitment list.

12 And so staff has done as board requested, and
13 we have underwritten those transactions. However, it did
14 not change the scores, or it did not change the status of
15 the transactions.

16 MR. SALINAS: Okay.

17 MR. JOHNSON: I think -- and Ms. Carrington,
18 just correct me if I'm wrong. I think staff was under the
19 impression that they don't have the discretion to -- that
20 the discretion to actually move these projects into the
21 forward list rests with the board and not with the staff
22 itself.

23 And so now that they are underwritten, they
24 can -- we can hopefully get the board's recommendation to
25 move those over to the forward commitment round as -- and

1 thank you very much.

2 CHAIRMAN JONES: Do you want to comment any
3 further?

4 MS. CARRINGTON: No.

5 CHAIRMAN JONES: Mr. Sam Brewster.

6 MR. BREWSTER: Good morning, and thank you for
7 giving me the opportunity to address you.

8 CHAIRMAN JONES: Thank you, sir.

9 MR. BREWSTER: My name is Sam Brewster, and I'm
10 a city representative and resident of the City of Socorro,
11 Texas, which is in El Paso County.

12 I am here on behalf of the people of Socorro to
13 support Development 02063, which is Rancho Del Valle
14 Townhomes, Ltd., which consists of 32 units of two, three
15 and four-bedroom units, and 02064, Mission Del Valle
16 Townhomes, Ltd., which consists of 16 four-bedroom units.

17 And all of these units are located in the City of
18 Socorro, Texas.

19 The City of Socorro consists of many low and
20 very low-income families who are in need of affordable
21 housing. They have asked me to ask you for your help, to
22 see that they can get the housing that they desperately
23 need. Each of these developments has handicapped and
24 visually impaired units. These units are located near the
25 colonias and will probably help to eliminate the spread of

1 more colonias.

2 I thank you for your time, and the hope that
3 you will take into consideration the appeal by the
4 citizens of Socorro. Thank you.

5 CHAIRMAN JONES: Thank you, sir.

6 Mr. Ike Monty.

7 MR. MONTY: Good morning, board. My name is
8 Ike Monty. I'm here just to echo what the constituents
9 have already said. We have several small deals in Region
10 10 that have been underwritten. Historically, we have
11 developed small deals in El Paso County.

12 What we're requesting is that El Paso be
13 considered in the forward commitment decision, if you
14 will, and point out that there is approximately a little
15 over 1,000 units of tax credit units in El Paso.

16 Historically, until the geographic
17 distribution, we have been a little underrepresented. So
18 we would just respectfully request that you consider us
19 for possibility of the forward pool. Thank you very much.

20 CHAIRMAN JONES: Thank you, sir.

21 Mr. Terry Irion.

22 MR. IRION: Mr. Chairman, members of the board,
23 my name is Terry Irion. I'm representing several property
24 owners adjacent to the Pleasant Valley Courtyards project.
25 We are asking that the board deem this to be

1 inappropriate at this time. The site plan for this
2 project proposes an incompatible land use under local
3 zoning ordinances.

4 The property -- and you're getting a map
5 distributed to you right now. The area highlighted in
6 yellow is the approximate 12.2-acre tract. The tract is
7 divided through the middle, through that narrow point, by
8 a creek. The creek is considered under local ordinances
9 of the City of Austin as a critical environmental feature,
10 or a critical water-quality zone.

11 The project, as it's laid out, does not take
12 into consideration the appropriate setbacks from this
13 critical water-quality zone. The north tract, which is
14 the piece up at the top of the page, where the designation
15 LO is located -- that's zoned Local Office. You cannot
16 put an apartment project in an office zoning district.

17 It is highly unlikely that that property will
18 ever get rezoned for multifamily use for three reasons.
19 One, there is opposition from the neighborhood
20 association. Number two, the neighborhood associations
21 are in the process of developing a neighborhood plan,
22 which is due to roll out this fall, which is going to
23 recommend that it be down-zoned to single-family
24 residential.

25 Immediately south of that north tract, you'll

1 see a piece of property that's zoned SF-2. That property
2 was zoned for multifamily development until earlier this
3 year, when the planning commission urged it to be down-
4 zoned to single-family.

5 So this project is going against the trend,
6 which is to reduce the amount of multifamily in this area,
7 and encourage the development of single-family
8 development.

9 The project is too dense. The project also
10 proposes a bridge crossing between the north tract and the
11 south tract, which is not permitted under local
12 development ordinances. So there are a lot of practical
13 problems with the plan that is submitted, and it is highly
14 unlikely that all of the regulatory constraints can ever
15 be overcome to develop this project. I'll be happy to
16 answer any questions you might have.

17 CHAIRMAN JONES: Any questions?

18 MR. SALINAS: What's the name of the project?

19 MR. IRION: Pleasant Valley Courtyards.

20 MR. SALINAS: And has it been approved by the
21 City of Austin?

22 MR. IRION: It has not. And it will require
23 zoning and it will require a lot of other approvals.

24 MR. SALINAS: Yes, that -- it wouldn't happen
25 if it doesn't get approved by them.

1 MR. IRION: I'm sorry?

2 MR. SALINAS: It will not happen if it doesn't
3 get approved by them.

4 MR. IRION: That is correct.

5 MR. SALINAS: So I think the buck stops there
6 at City Hall.

7 MR. IRION: Okay.

8 CHAIRMAN JONES: Thank you, sir. Any further
9 questions? Thank you.

10 Mr. Stephen Brandt.

11 MR. BRANDT: Mr. Chairman, at this time I'll
12 pass for the agenda items.

13 CHAIRMAN JONES: Mr. Bill Fisher.

14 MR. FISHER: Same thing. We'll wait for the
15 agenda item.

16 CHAIRMAN JONES: Mr. John Delgado.

17 MR. DELGADO: I'll pass as well.

18 CHAIRMAN JONES: Dr. Mickey Ukoha.

19 MR. OKOHA: Mr. Chairman, I'll pass.

20 CHAIRMAN JONES: Mr. Joe Agumadu?

21 MR. AGUMADU: I'll wait for later.

22 CHAIRMAN JONES: Thank you.

23 Mr. Oji?

24 MR. OJI: Oji.

25 CHAIRMAN JONES: Oji. Excuse me.

1 MR. OJI: Mr. Chairman, I'll wait for the
2 agenda item.

3 CHAIRMAN JONES: Thank you.

4 Ms. Diana Kinlaw?

5 MS. KINLAW: I'll wait until the agenda item.

6 CHAIRMAN JONES: Mr. Jesse Alcala?

7 MR. ALCALA: I'll wait until the agenda item,
8 sir.

9 CHAIRMAN JONES: Mr. Manuel Macias.

10 MR. MACIAS: Macias. I'll wait until the
11 agenda item.

12 CHAIRMAN JONES: Thank you, sir.

13 Mr. Manuel Garza.

14 MR. GARZA: I'll wait for the agenda item.

15 CHAIRMAN JONES: Mr. Kelly White? Mr. White?

16 MS. WHITE: I'll wait for the agenda item.

17 CHAIRMAN JONES: Oh, I'm sorry. Ms. Cynthia
18 Bast?

19 MS. BAST: I'll be speaking on it when we get
20 to the agenda item.

21 CHAIRMAN JONES: Thank you. Mr. Bill Skeen.

22 MR. SKEEN: I'll wait for the agenda item.

23 CHAIRMAN JONES: Mr. William Lee.

24 MR. LEE: I'll wait for the agenda item, Mr.
25 Chairman.

1 CHAIRMAN JONES: Mr. Alfred Moran?

2 MR. MORAN: Mr. Chairman.

3 CHAIRMAN JONES: Thank you.

4 MR. MORAN: I'll speak. Thank you.

5 CHAIRMAN JONES: Good morning, sir. We
6 appreciate it.

7 MR. MORAN: Okay. Good morning, Mr. Chairman,
8 members of the board. My name is Alfred C. Moran. I'm an
9 attorney representing Pampa Gardens, Limited, the sponsor
10 of Pampa Gardens Apartments, TDHCA Number 02115.

11 This matter comes before you on an appeal from
12 a staff decision removing the application from further
13 consideration. While the project would have provided much
14 needed affordable housing in rural Texas, upon further
15 consideration, we have decided to withdraw our appeal at
16 this time. And we want to thank you and your staff for
17 your courtesy and professionalism. Thank you.

18 CHAIRMAN JONES: Thank you, sir.

19 Ms. Laura Van Dyck.

20 MS. VAN DYCK: I pass till the agenda item.

21 CHAIRMAN JONES: Thank you.

22 Mr. Michael Landford.

23 MR. LANDFORD: The same.

24 CHAIRMAN JONES: Mr. Jay Stewart.

25 MR. STEWART: I'll wait for the agenda item.

1 CHAIRMAN JONES: Yes, there's -- yes, there's
2 a development in Killeen. And somebody from the JDP Group
3 would like to speak. And I'm sorry. We can't read your
4 name.

5 VOICE: Jimmy Irwin.

6 CHAIRMAN JONES: Okay. So he does not wish to
7 speak?

8 CHAIRMAN JONES: Okay. He would like to speak
9 at the -- possibly. Maybe, maybe not. Who knows?

10 VOICE: If he shows up.

11 CHAIRMAN JONES: If he comes, he might like to
12 speak. Maybe not. It just all depends. Yes, I guess. I
13 understand.

14 Mr. Ignacio Grillo.

15 MR. GRILLO: Yes. I'll speak.

16 CHAIRMAN JONES: Oh, thank you. We're starting
17 to feel lonely up here.

18 MR. GRILLO: Good morning to the board. Mr.
19 Chairman, I want to thank you very much for the
20 opportunity to speak before you today. I'd like to begin
21 by thanking Ms. Carrington and the department staff for
22 all of their diligent efforts. It's a difficult,
23 difficult prospect. And we appreciate everything that
24 they do.

25 I'd like to thank the board for the decision

1 that you took at the last meeting in requesting that our
2 project, which is project number 02123 in Region 6, be
3 sent to Underwriting. Our project did underwrite at the
4 same score that we had requested.

5 And in light of today's development of Mr.
6 Matthews withdrawing his application 02081 from Region 6,
7 and in consideration of the dollar amount available in
8 Region 6, we respectfully request consideration for an
9 allocation or for forward commitment. Thank you very
10 much.

11 CHAIRMAN JONES: Thank you, sir.

12 Mayor Bob Young. Mayor Young.

13 MR. YOUNG: Good morning.

14 CHAIRMAN JONES: Good morning.

15 MR. YOUNG: I'm the mayor of the City of Cedar
16 Park, Bob Young. And I come before you today to again
17 voice my strong support for your project 02128, the Cedar
18 Point Retirement Apartments.

19 This need for our senior citizens in our city
20 has not been addressed, and has been a very difficult
21 issue, and has always been a priority among those involved
22 in the city, the city council, and our citizens.

23 It has remained a number-one priority, and I
24 expect it will for some time to come. We need these
25 projects in our city, as opposed to other surrounding

1 metropolitan areas like Austin or Georgetown or Round
2 Rock. We need those in Cedar Park so that our seniors can
3 stay home and be provided a place to live.

4 We are asking, as an appeal, for TDHCA to
5 consider a forward commitment for our project so that we
6 can move forward and provide this much-needed project in
7 our city.

8 I would appreciate your consideration for
9 project 2128, and I'll keep my remarks very brief, and
10 conclude with thank you.

11 CHAIRMAN JONES: Thank you, sir. Thank you,
12 Mayor Young.

13 Mayor Duprey.

14 MR. DUPREY: That's -- I'm mayor pro tem of
15 Cedar Park. I'm here with our mayor today. And thank you
16 ladies and gentlemen for your time and your service. I'm
17 not jealous of the decisions you have to make. There
18 isn't an undeserving project in the bunch.

19 But there is no place like Cedar Park, no place
20 like Cedar Park that's grown so much so fast. It's the
21 fastest-growing city in the fastest-growing county. And
22 the number of senior citizens has grown along with that
23 growth.

24 We've had a 600 percent growth or so in the
25 '90s. And the senior citizens have the Cedar Point

1 Retirement Apartments, number 02128, to look forward to in
2 their future, I hope. There is nothing like it in Cedar
3 Park. The citizens -- I'm looking to be a senior citizen
4 myself. I'm looking forward to a place like this myself.

5 It will be a first for our town. Now they'd
6 have to go into Austin to get a similar facility. And the
7 mayor and I like this thing so much, that we -- although
8 we're uncompensated council folks, we're here for free on
9 our own time coming to ask for your support for this
10 project. Thank you for your time.

11 CHAIRMAN JONES: Thank you for being here. We
12 appreciate the effort.

13 Mr. Darrell Jack.

14 MR. JACK: If I could save the time for the
15 agenda item?

16 CHAIRMAN JONES: Certainly. Mr. Fred Odanga.

17 MR. ODANGA: Good morning, Chairman, board
18 members. Thank you for giving the opportunity to address
19 you this morning. My name is Fred Odanga, one of the
20 general partners of project number 2133, Ryans Crossing
21 Townhomes and Villas in Selma, Texas.

22 We filed an appeal to the department early on
23 this month, which was denied. We then filed an appeal to
24 the board, which I believe you should have a copy of it.
25 We felt that the department gave us guidelines in putting

1 our petition together, which we followed.

2 And during the course of the preparation of our
3 application, it became apparent that they had changed the
4 rules of the game, which was not conveyed to us. So we
5 felt that we're being punished for a rule that was changed
6 and was not communicated to us.

7 For this, I would like to call up my
8 consultant, Mr. Darrell Jack, who can elaborate on some of
9 our complaints.

10 Darrell?

11 CHAIRMAN JONES: This is Mr. Jack. Mr. Jack?

12 MR. JACK: Thank you. Board members, my name
13 is Darrell Jack. And my firm is Apartment Market Data.

14 We do a great deal of research and data gathering around
15 the state of Texas, and we were brought in at the last
16 moment on this particular project to evaluate the state's
17 underwriting of the operating expenses of the project.

18 If I might, I do have a letter that shows you
19 our analysis. Basically, as I went through the state's
20 underwriting, we saw that this project was underwritten
21 with operating expenses of \$3,900 a unit. Being that over
22 13 years I've operated apartment projects throughout the
23 state of Texas, and San Antonio being in my backyard, we
24 have a particular finger on the pulse of San Antonio.

25 We went through several particular comps and

1 supplied the additional data to the state. What we found
2 is that the operating expenses pro formaed by the
3 developer were adequate for the San Antonio apartment
4 market.

5 In fact, the \$3,900 a unit that the state used
6 to underwrite was well in excess of what IREM [phonetic]
7 reports for any major city within the state of Texas.
8 That's Houston, Dallas, Austin, San Antonio. Also,
9 looking at a second source, the Urban Land Institute,
10 we're still well below the \$3,900 a unit.

11 Respectfully, I submit that the operating costs
12 in San Antonio are much closer to 3,000 to \$3,100 a unit,
13 and we have comp information that does support that
14 information.

15 As such, I think that a review of this project
16 would probably adjust the points allocated to this
17 particular project, and raise it back up to one of the top
18 positions within Region 8-A. You know, the -- this is not
19 only the -- it's not the only project throughout the state
20 that I'll be commenting about operating expenses to today.

21 Particular concern is that it appears that the
22 underwriting department uses price per square foot, rather
23 than a per-unit expense. And it's debatable as to what
24 methodology is correct.

25 But what I will tell you is that in these

1 particular units, tax credit units typically tend to be
2 much larger, because you're dealing with a -- sometimes
3 three and four-bedroom units that aren't seen in the
4 market.

5 Applying a price per square foot really doesn't
6 give you a reasonable test of accuracy of what it costs to
7 operate. You still have the same number of refrigerators,
8 the same number of toilets, typically. It doesn't cost
9 any more to market a 180-unit project of smaller units
10 than it costs to market a project of 180 larger units.

11 You know, typically, you see differences in
12 utility expense, garbage removal, things like that. We
13 have accounted for that in the analysis that we did. And
14 I think that while I don't agree with the line item totals
15 that the developer pro formaed, the overall price per unit
16 of the project does fall within acceptable guidelines for
17 the San Antonio area.

18 And I would suggest that the developer come
19 back, realign the pro forma budget, but that it is
20 adequate for the needs of this particular project. And if
21 I could leave you with our analysis.

22 CHAIRMAN JONES: Thank you, sir. Thank you,
23 Mr. Jack.

24 MR. JACK: Thank you.

25 CHAIRMAN JONES: I notice that Senator

1 Barrientos came in.

2 Senator Barrientos, we're taking public
3 comment. Would you like to speak to us?

4 MR. BARRIENTOS: May it please the board, Mr.
5 Chairman.

6 CHAIRMAN JONES: Thank you, sir.

7 MR. BARRIENTOS: Thank you for this
8 opportunity. I know you have a long and important agenda,
9 so I'm going to be brief. During the application process,
10 I wrote several letters of support for projects I thought
11 had outstanding merits, such as those which provided
12 specially affordable rents, housing targeting the elderly,
13 or transitional housing for victims of domestic violence.

14 So in general, I try to focus my efforts on
15 helping those who I believe need it the most. I'm here
16 today to urge your consideration, among others, of the
17 Pleasant Valley Courtyards, located in Southeast Austin.

18 I have provided a letter to your staff that
19 echoes my comments. I have also included in your
20 materials -- there should be two letters of support for
21 projects located in the district which I represent that
22 were sent to you last week.

23 Members, I appreciate your consideration you
24 give to all of the projects in the state and those, of
25 course, in the district which I represent throughout the

1 greater Austin area. Despite the downturn in the economy
2 and real estate market, Austin continues to have a defined
3 need for especially affordable rental units. And this
4 program helps provide them.

5 I thank you for the service to our state of
6 Texas, ladies and gentlemen. Thank you very much.

7 CHAIRMAN JONES: Thank you, sir. Thank you for
8 your help. I also noticed that Representative Carter is
9 here.

10 Representative Carter, we want to thank you for
11 the use of the room. It's my understanding we wouldn't
12 have it but for you. So thank you so much. And we are
13 taking public comment. Do you have any words of wisdom
14 for us?

15 MR. CARTER: Well, probably not any wisdom, so
16 I'll just do it from here.

17 CHAIRMAN JONES: You sure may.

18 MR. CARTER: The -- I'm very pleased with the
19 progress that we're making in the affordable housing
20 process in Texas.

21 And I think it's very important that the
22 national mayors -- we've got a National Association of
23 Mayors has declared that affordable housing is a number-
24 one priority in cities across the country, and certainly
25 that's true in Texas.

1 And so hopefully, the cities will start doing
2 more planning in order to make affordable housing
3 available to the citizens in their communities. And if
4 they -- and we have set in motion to the legislation we
5 passed last session and whatnot, that -- and more money in
6 the pot, that cities can do this now.

7 So we're in the process now of trying to get
8 these regional coordinators put together so they can work
9 closer with the cities so that we will be able to start
10 this process at the city level. And then it will come
11 through the channels.

12 And then maybe we can help them on some very
13 worthy projects through the Governor's office. So you all
14 do a great job. And keep up the good work.

15 CHAIRMAN JONES: Thank you, sir. Appreciate
16 your help.

17 Our next forum is from Mr. Kurt Kehoe.

18 MR. KEHOE: Mr. Chairman, I'll delay for the
19 agenda.

20 CHAIRMAN JONES: Okay. And those are all the
21 witness affirmation forms I have. If I haven't called
22 your name, then I don't have a form from you. So I assume
23 I've gotten everybody. I see no objections. And so with
24 the exceptions of those who are going to speak at the time
25 of the agenda item, I will close our time period for

1 public comment.

2 I would like to, at this point in time, take an
3 opportunity to introduce some of the people we have with
4 us.

5 Mr. Morales from the Speaker's office, it's
6 always good to have you. Thank you for being here and
7 helping us.

8 We have Julie Street from the Urban Affairs
9 Committee. Ms. Street. Okay. All right. Thank you for
10 being here.

11 We have Ms. Stacey Gunkel from the Lieutenant
12 Governor's office. Excuse me. Oh, there, there. I see.
13 All right.

14 Mr. Bobby Gerash from the Speaker's office.
15 Gerash? And we have Marcelo -- help me with this one.
16 Guevarra with the Sunset Commission.

17 MR. GUEVARRA: Guevarra.

18 CHAIRMAN JONES: Guevarra. She said it, I
19 didn't. Yes. She's getting me in all kinds of trouble
20 already with the Sunset Commission because she's telling
21 me the wrong name in my ear. Golly. They even have
22 written it out for us, and we still can't get it right.

23 I tell you what, I can't say a name for the
24 life of me.

25 VOICE: Where'd you go to school? Baylor?

1 CHAIRMAN JONES: Yes. That's what they say.
2 Well, with that, we'll close our time for public comment
3 and turn our attention to the first item on the agenda.

4 And I do want to say this, Mr. Conine.

5 I've heard from everyone what a wonderful
6 meeting we had last time when I was gone, and you were
7 the chair of the meeting. I'm sure everybody says that to
8 me quite pointedly, wanting me to get the message. But I
9 will say this.

10 The message means nothing, because everybody
11 knows you run every meeting whether I'm here or not, Mr.
12 Conine. So it makes no difference.

13 MR. CONINE: Thank you.

14 CHAIRMAN JONES: With that, I will turn the
15 board's attention to Item 1 of the agenda.

16 MR. CONINE: Move for approval of the minutes
17 for June 13 and June 24.

18 MR. SALINAS: Second.

19 CHAIRMAN JONES: And we have a motion made and
20 seconded. Any discussion, questions, or comments?
21 Hearing none, I assume we're ready to vote. All in favor
22 of the motion, please say aye.

23 (A chorus of ayes.)

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

1 (No response.)

2 CHAIRMAN JONES: The motion carries. And at
3 this time, I would like to turn our attention, with the
4 board's permission, to Item 2 of the agenda, and that
5 would come under Mr. Conine's direction.

6 Mr. Conine.

7 MR. CONINE: Mr. Chairman, Item 2(a) will be a
8 report from Bill Dally, I presume, to give our third-
9 quarter investment report.

10 MR. DALLY: Good morning, Mr. Chairman, board
11 members, Ms. Carrington.

12 CHAIRMAN JONES: Good morning.

13 MR. DALLY: Today I'm requesting your
14 acceptance of the third-quarter investment report. I'm
15 going to go -- just touch on the highlights. Overall --
16 this is under Tab 2(a) in your book.

17 Overall, the portfolio decreased by about \$51
18 million this last quarter. That's due, in large measure,
19 to the maturities in the single-family mortgage side,
20 those things paying off and stuff. And also, we had some
21 paydowns in the multifamily portfolio, some partial
22 paydowns.

23 The portfolio as a whole is made up of 62
24 percent mortgage-backed securities, 29 percent are either
25 guaranteed investment contracts or investment agreements.

1 Four percent are repurchase agreements. And 5 percent
2 others. Those are Treasuries and T-bills and stuff.

3 We had purchases in this last quarter of \$30
4 million in mortgage-backed securities. So those were the
5 loans that were made over this last quarter and turned
6 into securities. Those had rates ranging from 4.95 to
7 6.45 as the pass-through rate.

8 The market value of the portfolio as a whole
9 did decrease by about \$2.6 million. That is in large
10 measure due to just the overall shrinkage of the
11 portfolio. However, I would point out that the market
12 value as of May 31 is still \$4 million more than the PAR
13 or carrying value.

14 Mortgage rates this quarter versus last quarter
15 are roughly the same, at about 6.8 percent. The last
16 thing I want to bring to your attention is despite the
17 fluctuations in the market, the key thing about this
18 portfolio is that these sets of mortgages and investments
19 are there and in place, and will make the debt service,
20 and eventually pay off the debt that's related to them.
21 And that's all in place.

22 There is also a detail behind this of all of
23 its investments. And right now I'd entertain questions if
24 you have any.

25 MS. ANDERSON: I move approval, Mr. Chairman.

1 MR. CONINE: Second.

2 CHAIRMAN JONES: We have a motion made and
3 seconded. Further discussion, question or comments?
4 Hearing none, I assume we're ready to vote. All in favor
5 of the motion, say aye.

6 (A chorus of ayes.)

7 CHAIRMAN JONES: All opposed, nay?

8 (No response.)

9 CHAIRMAN JONES: The motion carries.

10 MR. DALLY: Thank you.

11 MR. CONINE: Next, Item B, approval of the
12 extension of the origination period for Program 55.

13 Mr. Johnson?

14 MS. ANDERSON: Byron will be B, C, and D.

15 MR. CONINE: B, C, and D?

16 MS. ANDERSON: Okay.

17 MR. JOHNSON: Good morning.

18 CHAIRMAN JONES: Good morning.

19 MR. JOHNSON: Here to request authorization to
20 extend the origination period for Program 55. We started
21 out with \$64 million in lendable proceeds. We're down to
22 about 500,000 -- \$600,000, and we need to extend the
23 origination period so that we can go ahead and get that
24 out the door.

25 We can't permit the lenders to originate that

1 until we extend the origination period. And we're pretty
2 certain they can move it out.

3 MR. CONINE: Mr. Chairman, I so move for
4 approval of Item B.

5 CHAIRMAN JONES: Is there a second?

6 MR. SALINAS: Second.

7 CHAIRMAN JONES: The motion has been made and
8 seconded. Questions, comments? Hearing none, I assume
9 we're ready to vote.

10 Mr. Conine?

11 MR. CONINE: Do we need a resolution number
12 with this in the motion? Resolution 02-036. Is that
13 correct?

14 MR. JOHNSON: Yes.

15 CHAIRMAN JONES: So included in your motion.
16 Further questions or comments?

17 (No response.)

18 CHAIRMAN JONES: Hearing none, I assume we're
19 ready to vote. All in favor of the motion, please say
20 Aye.

21 (A chorus of ayes.)

22 CHAIRMAN JONES: All opposed, nay.

23 (No response.)

24 CHAIRMAN JONES: Motion carries.

25 MR. CONINE: Item C. Do you want to go ahead

1 and handle that, Mr. Johnson?

2 MR. JOHNSON: Thank you. We are in the process
3 of structuring our next single-family revenue bond
4 transaction. As you may recall, in April we took down a
5 part of our annual volume cap allocation from the Bond
6 Review Board. That amount was \$32,750,000.

7 We now wish to go back to the Bond Review Board
8 to request the balance of the volume cap, which will equal
9 \$117,762,826. And we anticipate issuing a pricing bonds
10 in September, and closing in October.

11 MR. CONINE: Mr. Chairman, we also have
12 Resolution 02-035 in regards to this particular motion.
13 And I move for approval.

14 VOICE: Second.

15 CHAIRMAN JONES: We have a motion made and
16 seconded. Any questions, comments? Hearing none, I
17 assume we're ready to vote. All in favor of the motion,
18 please say aye.

19 (A chorus of ayes.)

20 CHAIRMAN JONES: All opposed to the motion,
21 please say nay.

22 (No response.)

23 CHAIRMAN JONES: The motion carries.

24 MR. CONINE: Item D, Byron.

25 MR. JOHNSON: Yes. Thank you. Back in late

1 August of last year, you authorized us to take a look at
2 issuing junior lien mortgage revenue bonds. We found that
3 that transaction was feasible, and issued the bonds in
4 March of this year.

5 At that time, we recommended certain uses for
6 the bond proceeds. Those uses were the bootstrap program,
7 downpayment assistance, the cost of issuance,
8 preservation, statewide architectural barrier removal
9 program, transitional housing, and we left a little bit
10 over just in case we needed money for something that came
11 up.

12 About three or four months have passed, and
13 we've determined that, I guess, a couple of those programs
14 we cannot use the funds for because of restrictions from
15 the bond indenture. So we're coming back to request that
16 we revise the uses of the bond proceeds.

17 What we are recommending is that we de-
18 obligate, not de-allocate, the funds from the
19 architectural barrier removal program, which equals \$1
20 million, and from the transitional housing PILOT Programs,
21 which was equal to \$1-1/2 million.

22 Now, we're requesting that we instead allocate
23 the funds to, I guess, a home demonstration funding
24 project that will be discussed in further detail after I
25 finish speaking. We'll request \$2 million for that

1 project or that use. And those funds will be used to
2 preserve multifamily units already being used for
3 affordable housing.

4 By reallocating the funds to that purpose, we
5 would address HOME, multifamily tax credits, rural and
6 preservation initiatives in one blow. And further, the
7 funds would be available. And the projects are ready for
8 funding almost immediately after this is approved.

9 The second new program we're recommending for
10 use with the bond proceeds is a Section 8 home ownership
11 voucher program. This program is under development, but
12 we anticipate having something for you in about 60 days.

13 These funds would be used in conjunction with
14 Section 8 rental vouchers, which PHH can designate to be
15 used for home ownership. So we're requesting that a
16 million dollars be allocated to that purpose.

17 So to sum up, we want to take the money from
18 SABRE and transitional housing and transfer it to
19 Preservation and Section 8 home ownership vouchers.

20 MR. CONINE: Mr. Chairman, I move that we
21 accept staff recommendation on Item D.

22 MR. JOHNSON: Second.

23 CHAIRMAN JONES: Motion's been made and
24 seconded.

25 Excuse me, Mr. Conine?

1 MR. CONINE: I do have a question or two.

2 CHAIRMAN JONES: Yes, sir. Please.

3 MR. CONINE: How did we get from deciding
4 months ago that the transitional housing and the
5 architectural barrier housing was a bona fide use of the
6 funds, yet several months later we decide it's not?

7 MR. JOHNSON: We're supposed to use the funds
8 for program uses for housing directly related to the
9 construction or renovation or creation of affordable
10 housing.

11 In connection with the transitional housing and
12 the SABRE program, we determined that, I guess, a third
13 party was required to administer the funds in terms of
14 inspections and other soft costs associated with, I guess,
15 constructing or improving a home to meet the standards or
16 requirements for barrier removal.

17 Those soft fund dollars cannot be funded
18 through the junior lien program. Therefore, we would have
19 to attach other department funds for that purpose, and we
20 really don't have other funds.

21 MR. CONINE: Did we not know that before we
22 issued the bonds originally, or what --

23 MR. JOHNSON: We --

24 MR. CONINE: Did AG issue an opinion, or how
25 did that happen? Just -- I'm just not necessarily

1 concerned. I just want to figure out where the flaw in
2 the process was originally.

3 MR. JOHNSON: We stated that we had funds
4 available, needed to determine what projects were most
5 feasible or highly required. And we requested permission
6 to allocate the funds to those purposes. And then we
7 conducted the due diligence to determine whether or not it
8 was was feasible, and whether we could use the funds for
9 that purpose.

10 MR. CONINE: So we did that after the board
11 gave you your authorization?

12 MR. JOHNSON: Yes.

13 MR. CONINE: Just curious about the projects
14 we're getting ready to look at once we reallocate this.
15 Were they in -- under a different funding program and
16 we're shifting them over to this one now, if we make this
17 decision?

18 MR. JOHNSON: The first group of four projects
19 were, I believe, in HOME and Tax Credits. And I can't
20 explain the details. Robert Onion will be up momentarily
21 to explain the details associated with that funding.

22 But there was an issue with funding through
23 HOME. And these funds are pretty much unrestricted,
24 except for, well, one of the restrictions was we can't use
25 it for soft costs. But they're pretty much unrestricted.

1 And we thought that this would be the best use for the
2 funds.

3 The second item is in due diligence. And we're
4 going to try to make it work. But if we can't, we'll come
5 back and request another -- or suggest another
6 recommendation.

7 MR. CONINE: Got it.

8 MS. ANDERSON: Well, may I ask a question?

9 CHAIRMAN JONES: Ms. Anderson, surely.

10 MS. ANDERSON: If we're in due diligence on the
11 Section 8 Homeowner's program, we don't really -- so we
12 don't have a definitive answer on that. Might it not make
13 more sense to just allocate that into a "to-be-determined
14 bucket" so that we don't do what we've just done and have
15 to come back to the board and say, Oh, we didn't clear due
16 diligence again?

17 MR. JOHNSON: I guess it depends on how far out
18 on a limb I want to go. So I'll say I'll stay close to
19 the tree trunk. And if you want to transfer it to "to be
20 determined" until we -- you know, we define that we can
21 indeed use it for Section 8, we can do that. But it's at
22 your pleasure, at your option.

23 MR. CONINE: Maybe we can do that subject, too,
24 Ms. Anderson.

25 MS. ANDERSON: That would be fine, Mr. Conine.

1 That sounds like a great idea.

2 MR. CONINE: All right. If I can, I'll amend
3 the motion then, on the Section 8 Home ownership Voucher
4 piece, the subject to the due diligence that staff's
5 doing. And if it doesn't pass the due diligence process,
6 then we can put it in a contingency bucket to be
7 determined later.

8 MR. JOHNSON: Okay.

9 MR. CONINE: That was -- I just amended my
10 motion.

11 CHAIRMAN JONES: I understand. And this is --

12 MR. SALINAS: I amend my second.

13 CHAIRMAN JONES: Okay. And the second is so
14 amended. So we have -- we now have a motion on the floor
15 that has been seconded. Further questions or comments?
16 Ms. Anderson?

17 MS. ANDERSON: May I ask one other question?

18 CHAIRMAN JONES: Certainly.

19 MR. SALINAS: I realize that Mr. Onion is
20 supposed to speak on the next agenda item. But I'd like
21 to understand what he's going to say before I vote on this
22 motion. So is there way we could --

23 CHAIRMAN JONES: Mr. Onion? We could just ask
24 him to comment, answer your question.

25 MR. ONION: Robert Onion, Director of

1 Multifamily Finance. First thing to clear up is
2 originally under this junior lien program, there was 2
3 million allocated towards preservation. The next agenda
4 item will use the original 2 million.

5 This here is an additional request for an
6 additional \$2 million, because we have a number of
7 applications after posting a NOFA, that -- so we're
8 oversubscribed. We have more requests than we have money.
9 And so that's the reason why we're allocating the second
10 2 million. So just to clarify that --

11 MS. ANDERSON: That answers my question.

12 MR. ONION: Okay.

13 MS. ANDERSON: Thank you.

14 CHAIRMAN JONES: Any further questions or
15 comments? Hearing none, then I assume we're ready to vote
16 on the motion. Any questions, comments? Hearing none, I
17 assume we're ready to vote. All in favor of the motion,
18 please say aye.

19 (A chorus of ayes.)

20 CHAIRMAN JONES: All opposed, nay.

21 (No response.)

22 CHAIRMAN JONES: The motion carries. The
23 motion carries. Thank you.

24 MR. JOHNSON: Thank you.

25 CHAIRMAN JONES: Finally, Item 2(e), which

1 would be approval of the loans to be made under the
2 Multifamily Preservation Incentive Program. I assume that
3 Mr. Onion will do that?

4 MS. ANDERSON: Yes.

5 MR. ONION: Thank you. Just to give you an
6 overview, these applicants on these four applications
7 applied for tax credits. They, at the same time, applied
8 for HOME funds to fill the gap.

9 They are currently on the recommended-to-be-
10 approved for tax credits. What we did -- because the HOME
11 funds -- the cycle -- the funds were not available. They
12 have not gone out for a NOFA. What we wanted to do was
13 tie the funds together so that it could immediately get
14 done.

15 We saw that we had \$2 million in the
16 preservation funds. This certainly falls under that
17 category. And so what we're doing is substituting what
18 would be a HOME application for preservation. And
19 we're -- staff is willing to recommend the \$2 million be
20 approved on these transactions. And of course, it's
21 contingent upon them receiving tax credits.

22 The -- in the write-up itself, I do show that
23 these funds will be in the form of a second lien. What I
24 would suggest is that the -- if the board would consider
25 approving that. I'm not happy with the second lien. I

1 think we can do better than that. But what I would like
2 to do is have the board approve it at that.

3 And I could go back and negotiate with Rural
4 Rental Development to come up with something better than a
5 second lien position.

6 MR. SALINAS: Don't you really have to have a
7 first lien?

8 MR. ONION: Pardon me?

9 MR. SALINAS: Don't you really have to have a
10 first lien on HOME programs?

11 MR. ONION: No, that's not necessary. And
12 certainly with the preservation funds under the junior
13 lien program, there's a lot of flexibility. It's more of
14 a business decision. There are two instances where our
15 funds are higher than the principal balance of Rural
16 Rental Development. In that particular case, since we are
17 providing new funds, I would like to suggest that we have
18 a first lien.

19 On those other ones where the funds are less
20 than the principal balance of Rural Rental Development, at
21 the very least a parity lien. So those are the things
22 that I need to go back and negotiate with RD. We've had
23 these transactions about two weeks. And I have talked to
24 Gene Pavlik. But we haven't gotten the confirmation at
25 this point.

1 MR. CONINE: Mr. Chairman, I move for approval
2 of Item 2(e).

3 CHAIRMAN JONES: We have a motion. Is there a
4 second?

5 MS. ANDERSON: Second.

6 CHAIRMAN JONES: Motion's been made and
7 seconded. Further discussion? Questions? Comments?

8 (No response.)

9 CHAIRMAN JONES: Hearing none, I assume we're
10 ready to vote. All in favor of the motion, please say
11 aye.

12 (A chorus of ayes.)

13 CHAIRMAN JONES: All opposed to the motion,
14 please say nay.

15 (No response.)

16 CHAIRMAN JONES: The motion carries.

17 MR. ONION: Thank you.

18 CHAIRMAN JONES: With the approval of the
19 board, I then would suggest that we turn our attention to
20 Item 5 of the agenda, and ask Mr. Gouris -- Tom? There he
21 is. Front row. Front row and center. That's right.
22 Exactly.

23 Read your mind. Tom, how are you today?

24 MR. GOURIS: Great.

25 CHAIRMAN JONES: Good.

1 MR. GOURIS: Tom Gouris, Director of Credit
2 Underwriting, presenting the tax credit 4 percent
3 recommendation for Eagle Ridge Apartments, File Number
4 01462.

5 The applicant requested \$565,207 in credits.
6 We're recommending 565,035. The slight reduction is due
7 to a minor adjustment to the eligible basis. It's a
8 straightforward bond transaction with 4 percent credits.
9 We're not the issuer. We're only allocating the tax
10 credits. And we recommend that allocation.

11 MR. CONINE: Move for approval.

12 MR. SALINAS: Second.

13 CHAIRMAN JONES: We have a motion made and
14 seconded. Further questions, comments?

15 (No response.)

16 CHAIRMAN JONES: Hearing none, I assume we're
17 ready to vote. All in favor of the motion, please say
18 aye.

19 (A chorus of ayes.)

20 CHAIRMAN JONES: All opposed, nay.

21 (No response.)

22 CHAIRMAN JONES: The motion carries. Thank
23 you.

24 MR. GOURIS: Thank you.

25 CHAIRMAN JONES: With that, and also again,

1 with the board's approval, I would like to ask that we go
2 into Executive Session.

3 In order that the people in attendance might
4 know what we plan to do, I imagine the board will be in
5 Executive Session for some time. It would be impossible
6 to state with any precision exactly how long that will be.

7 Thereafter, I believe we will take a lunch
8 break, subject to what the board wants to do. And my
9 guess will be that we will be back in session sometime
10 between 1:00 and 1:30. That's about as good as I can do
11 as far as predicting things for you.

12 With that, on this day, July 29, 2002, at a
13 regular board meeting of the Texas Department of Housing
14 and Community Affairs held in Austin, Texas, the Board of
15 Directors adjourned into a closed Executive Session as
16 evidenced by the following:

17 Announcement by presiding officer: The Board
18 of Directors will begin its Executive Session today, July
19 29, at 11:52 a.m. The subject matter of this Executive
20 Session deliberation is as follows:

21 Number 1, Litigation and Anticipated
22 Litigation, Potential or Threatened, under Section 551.071
23 and 551.103, Texas Government Code, Litigation Exception.

24 1) Sheltering Arms, Community Affairs Program
25 Recipient -- excuse me. Excuse me. We are trying to make

1 a record here. Just a second. Sheltering Arms, Community
2 Affairs Program Recipient, and

3 Number 2, Century Pacific Equity Corporation
4 versus Texas Department of Housing and Community Affairs,
5 53rd Judicial District Court of Travis County. Number 2,
6 Consultation with Attorney, Pursuant to Section 551.0712,
7 Texas Government Code.

8 Number 3, Discussion of any item listed on the
9 board meeting agenda of even date. With that, we will go
10 in Executive Session.

11 (Whereupon, at 11:52 a.m., the hearing was
12 adjourned, to reconvene this same day, Monday, July 29,
13 2002, at 1:30 p.m.)

A F T E R N O O N S E S S I O N

(2:09 p.m.)

CHAIRMAN JONES: I now call back to order the Meeting of the Board of Directors of the Texas Department of Housing and Community Affairs for July 29, 2002.

The Board of Directors met in Executive Session. The subject matter of this Executive Session deliberation was as follows:

Litigation and Anticipated Litigation, Potential or Threatened, under Section 551.071 and 551.103, the Texas Government Code, Litigation Exception, Number 1, Sheltering Arms, Community Affairs Program Recipient, and Number 2, Century Pacific Corporation versus Texas Department of Housing and Community Affairs, 53rd Judicial District Court of Travis County, Texas. Action taken, none.

Number 2, Consultation with Attorney, Pursuant to Section 551.0712, Texas Government Code. Action taken, none.

Number 3, Discussion of any item listed on the board meeting agenda of even date. Action taken, none.

The Board of Directors has completed its Executive Session of the Texas Department of Housing and Community Affairs on July 29, 2002, at 2:10 p.m. I hereby certify that that agenda of the Executive Session of the

1 Texas Department of Housing and Community Affairs was
2 properly authorize pursuant to Section 551.103 of the
3 Texas Government Code posted in the Secretary of State's
4 office seven days prior to the meeting, pursuant to
5 Section 551.044 of the Texas Government Code; that all
6 members of the Board of Directors were present, with the
7 exception of Mr. Shadrick Bogany, and that this is a true
8 and correct record of the proceedings pursuant to the
9 Texas Open Meetings Act, Chapter 551, Texas Government
10 Code as amended. Signed by myself, Michael E. Jones,
11 Chair.

12 And with that, I will turn us back to our
13 agenda. And the first agenda item -- or the next agenda
14 item we have is Item 3, which is the presentation,
15 discussion and possible action on appeals to the board for
16 the Low Income Housing Tax Credit applicants on
17 application matters as follows.

18 And what I would like to do is first take
19 public comments with regard to these appeals, and do them,
20 I believe, in the order in which they come up on our
21 agenda. And the first person to speak would be Mr. Robert
22 Voelker.

23 MR. VOELKER: Good afternoon, Mr. Chair and
24 members of the board. My name is Robert Voelker. And I'm
25 here to discuss our appeal on the Eagle's Landing

1 Apartment project, number 02015.

2 I'm going to make this real short. The only
3 reason I filed an appeal is to protect our interest, I
4 guess, in that we're on the recommended list for a forward
5 allocation. There is really no reason to hear our appeal,
6 to the extent that we're going to get an allocation.

7 That being said, since I know there are some
8 other appeals that could potentially move, I guess all I
9 really have to say about our appeal is I'm hoping that
10 what I set forth for you in writing is detailed enough for
11 you to understand the issues that were presented. And if
12 you have any questions, I'm happy to answer them.

13 CHAIRMAN JONES: Thank you, sir.

14 The next speaker will be Mr. Michael Maida.

15 MR. MAIDA: Maida.

16 CHAIRMAN JONES: Maida. Excuse me. I'm sorry.

17 MR. MAIDA: If I could, I want to personally
18 comment just a little bit. I have handed these out as
19 part of my comments earlier. And they were attached.

20 And since we were discussing the three-minute
21 time limit, I'd actually move it along fairly quickly --

22 CHAIRMAN JONES: Thank you.

23 MR. MAIDA: -- for the court's indulgence, if
24 you would, or the board's indulgence.

25 CHAIRMAN JONES: Court. Yes. Geez. Don't --

1 MR. MAIDA: Yes. Don't mention court right
2 now.

3 CHAIRMAN JONES: Yes, you're insulting at least
4 five of the six members.

5 MR. MAIDA: Good afternoon.

6 CHAIRMAN JONES: Good afternoon.

7 MR. MAIDA: Thank you. My name is Mike Maida.
8 I'm appearing on behalf of Ensenada de la Palma,
9 application number 02023. Essentially, what we're
10 addressing today is really two fundamental issues,
11 principally dealing with underwriting concerns.

12 In this case, the applicant is contending that
13 the department engaged an analysis that needs to take into
14 effect the quality of construction that's going down in
15 Brownsville, Texas, where this application is located, as
16 well as the current market conditions as they exist today.

17 The applicant is also contending that there
18 are certain construction costs listed in the application
19 that are in fact appropriate, based on design features.
20 And the department has approved the similar developments
21 that have been done by this applicant in this year. And
22 so really, it's a cost -- in essence, it's a cost-per-foot
23 issue.

24 What occurred, to give you some quick
25 background, is that the underwriter, in its analysis -- or

1 his analysis, stated the applicant's construction costs
2 were excessive, and should be reduce by \$676,000. Excuse
3 me. In reaching this conclusion, there is a regional
4 multiplier, .82, that was used. And in addition, there
5 was an inflation factor that was used, et cetera.

6 Under the rules on the QAP, it states that in
7 looking at deals, you consider the average cost. And
8 those average costs, however, should -- and it's based on
9 the Marshall and Swift Residential Cost Handbook. And
10 that the rule further states that if the development
11 contains amenities not included within the average cost
12 standard, the department will take into consideration
13 costs of those amenities.

14 And that's really, in part, what we're here
15 about. We have a number of features in this particular
16 application. And I'm going to give you a few just off the
17 top of my head.

18 By way of example, there is a SEER rating of
19 12. The actual Marshall and Swift book says 10. The
20 walls that we're building are nine feet high. The typical
21 average is eight feet, et cetera.

22 And so we actually went back, and that's what
23 these comments and the grids go to. And using the
24 Marshall and Swift handbook, went back and then one by
25 one, went through all of those items and said, Okay, look.

1 According to the book, where are we, and what does that
2 turn into?

3 And if you will take a look at the Marshall and
4 Swift grid that we have, that talks about average costs
5 quality design, there is a dollar figure on the back that
6 says that our total construction costs per the Marshall
7 and Swift book should be \$5,667,673.

8 Our actual direct costs per in our application
9 was \$5,804,000. And so there is a difference of about 2
10 percent. Now, the rules contemplate some sort of
11 tolerance leeway of up to 5 percent. So it is our
12 contention that in using the Marshall and Swift book, our
13 ranges are, in fact, in line.

14 I'm not going to sit here and tell you
15 that's -- it's clearly at odds with that underwriter has
16 suggested in the underwriter's analysis. So I'm not --
17 I'm just sitting here saying that when we went back and we
18 went through it, this is what we concluded.

19 And I think maybe part of the, if you will,
20 the -- I can't say "problem," but at least something for
21 consideration as we went through the underwriter's
22 analysis, we weren't able to tell, quite frankly, where
23 some of these numbers were coming from.

24 And so maybe that's where we just have some
25 either agreement, fundamental disagreement, maybe some

1 things that we're looking at, you know, just differently,
2 or were, were not taken into consideration.

3 So in essence, that said, that's part of the
4 underwriting issue that we have today. The other piece on
5 the underwriting analysis is that in analyzing the
6 project, the underwriter used 8 percent as the lending
7 rate and a syndication rate of .79.

8 Current conditions -- now, mind you, these
9 applications were submitted many, many months ago. The
10 conditions as they exist today for this client generate a
11 syndication rate of .81 and a market rate of 7.07 percent.

12 I know that there is a provision that talks
13 about adjusting the underwriting analysis based on a
14 change in information. Reality is, is these figures are
15 static of necessity, simply because movement of interest
16 rates, et cetera. And as a result, where we are today, we
17 cash flow out better than we did at the time of original
18 submission of the application.

19 So that said, that addresses the -- at least
20 the underwriting aspect of what I'm here discussing today.

21 CHAIRMAN JONES: Thank you, sir.

22 MR. CONINE: Now, we -- we're not going to take
23 action on the --

24 CHAIRMAN JONES: We were going to take public
25 comment first, and then take action. But if you want to

1 do them one at a time, we can certainly do that too.

2 MR. MAIDA: And if there are questions, I'll be
3 glad to --

4 MR. CONINE: Now, I'm going to forget what the
5 issues are, I'm afraid --

6 CHAIRMAN JONES: Okay.

7 MR. CONINE: -- if we don't get staff's
8 response immediately after the public comment.

9 CHAIRMAN JONES: Okay. Fine. We can certainly
10 do that.

11 MR. CONINE: That would be helpful, I think.

12 CHAIRMAN JONES: So we're into two. So please
13 take the first two.

14 MR. GOURIS: Tom Gouris, Director of Credit
15 Underwriting for Texas Department of Housing and Community
16 Affairs. The first transaction, Eagles Landing -- I guess
17 he didn't really identify his appeal issues in his oral
18 testimony. As I understand, however, as I understand his
19 appeals is contingent on whether or not he gets a forward
20 commitment or not.

21 Without having his written testimony in front
22 of me, I don't have the issues for the --

23 CHAIRMAN JONES: I think we understand that
24 one.

25 MR. GOURIS: Okay.

1 CHAIRMAN JONES: Let's move to the next one.

2 MR. GOURIS: Okay. Thank you. On this
3 transaction, we would have evaluated nine-foot ceilings
4 and the other amenity sets had we been aware of them, had
5 they been clearly identified. And that's very possible
6 that some of them may have been identified.

7 The key point on that transaction is, however,
8 that had we come up with the additional \$700,000 or
9 \$780,000 in costs to agree with their costs, it would only
10 have created an even larger gap. And even with our lower
11 costs in that transaction, they weren't going to be able
12 to satisfy the gap with the debt that they've proposed.

13 Clearly, if they had proposed a lower interest
14 rate and a higher syndication rate, a lot of that gap
15 could have been absorbed. But that wasn't the information
16 that was available to us from the underwriter.

17 MR. CONINE: So you took the -- let me ask a
18 question.

19 MR. GOURIS: You may.

20 MR. CONINE: You took the syndication rate and
21 the rate on the debt as what they submitted to you?

22 MR. GOURIS: Based on the commitment letters
23 that they had provided, yes, sir.

24 MR. CONINE: Okay. All right.

25 CHAIRMAN JONES: Does the board now want to act

1 on the first two? Or do you want to wait to the end to
2 entertain motions?

3 MR. SALINAS: Do you have a recommendation on
4 the whole bunch?

5 MR. CONINE: No. I think what -- the staff's
6 already denied -- my understanding --

7 MR. SALINAS: Right.

8 MR. CONINE: The staff's already denied.

9 MR. MAIDA: If I could just generally make one
10 quick point.

11 CHAIRMAN JONES: Sure.

12 MR. MAIDA: Just to address something in
13 general.

14 CHAIRMAN JONES: Okay. Thank you.

15 MR. MAIDA: I certainly appreciate and
16 understand the difficulty associated with underwriting,
17 because they are static issues. And I'm mindful of the
18 comments. We chatted for a couple of brief seconds.

19 And I appreciate the concern that if you have
20 something that's originally listed in the application,
21 you're saying you have different information. At what
22 point do you stop in the process?

23 What I personally run into, though, is the
24 corollary, to me is equally true in that if you submit an
25 application at eight and rates are 10 percent by the time

1 you get to vote, are we then saying we're going to use
2 what the applicant submitted with the original
3 application?

4 And so part of why I'm really here today is to
5 question, How do we do this on a realistic going
6 forward -- on a going-forward basis, given that you have
7 market fluctuations?

8 I mean, one consideration that I have had was
9 that if you were using the debt service rate, and then as
10 long as rates were within the allowable debt service you
11 were fine.

12 But I think part of this really does beg the
13 question that merely because we had a rate that was
14 higher, because it was accurate at the time, and there is
15 currently a lower rate today with market conditions, the
16 applicant's otherwise being penalized because they're
17 benefitting from the market as it exists today.

18 That's again, just by way of comment. I don't
19 know how you address that concern. I just think it's a
20 fair one to open up.

21 CHAIRMAN JONES: Uh-huh. Thank you.

22 MR. MAIDA: Anyway, thank you, sir.

23 CHAIRMAN JONES: I appreciate it.

24 MR. CONINE: Tom, does -- if he used the debt
25 service amount, the gross amount, using some extrapolation

1 of current debt, would he have enough to cover the gap?

2 MR. GOURIS: If he used the debt service that
3 he's proposed?

4 MR. CONINE: Yes, the debt service coverage --
5 the actual number that's in his pro forma.

6 MR. GOURIS: Using the --

7 MR. CONINE: And he used a 7 percent debt on
8 it, instead of eight, or something like that?

9 MR. GOURIS: I'm sorry. I haven't run that
10 analysis. But --

11 MR. CONINE: Did his commitment allow for
12 downside on interest rate adjustment? Or was it fixed at
13 eight?

14 MR. GOURIS: To my -- I don't have the
15 specific -- that specific issue in my head. But
16 typically, they're fixed at the rate.

17 MR. MAIDA: Does that allow for a change
18 downside? Accordingly, the applicants aren't allowed for
19 a change of potential downside. Probably floated in that
20 place; quite frankly, it wouldn't surprise me if it did
21 [phonetic].

22 MR. GOURIS: And oftentimes that is the case.
23 There are adjustments made. And we know that going into
24 the underwriting process, that there are going to be
25 adjustments made to the syndication rate and to the loan

1 rate.

2 The problem is, we have to deal with the
3 information we have at the time to judge everyone with
4 that same set of variables or constraints.

5 MR. CONINE: So you're consistent with
6 everybody else relative to his question about how do we do
7 this, go -- everybody else got the same treatment?

8 MR. GOURIS: Everybody else had the same
9 opportunity to provide a commitment letter that reflected
10 what the terms of the transaction to the best of their
11 knowledge.

12 CHAIRMAN JONES: Okay. Now, just as a matter
13 of housekeeping, I'm moving forward. Do I assume that
14 what we want to do then is let each person speak to their
15 agenda item, and then let the staff speak?

16 MR. CONINE: Yes.

17 CHAIRMAN JONES: And then we will handle all
18 the appeals at the end by way of motion? Or do we want to
19 make the motions as we go?

20 MR. CONINE: Last month's meeting, we made a
21 motion as we went.

22 CHAIRMAN JONES: Okay. Then why don't we make
23 motions as we go, then, if anybody has one. Nobody has
24 any motions?

25 (No response.)

1 CHAIRMAN JONES: Okay. Did you?

2 MS. ANDERSON: So you're -- so last month we
3 did them item by item?

4 MR. CONINE: Item by item.

5 MS. ANDERSON: Right.

6 MR. CONINE: Right.

7 CHAIRMAN JONES: Okay.

8 MR. SALINAS: What's the recommendation on the
9 staff on those two questions?

10 CHAIRMAN JONES: Of course, the staff --

11 MS. ANDERSON: We denied them.

12 CHAIRMAN JONES: The staff --

13 MR. CONINE: We denied.

14 CHAIRMAN JONES: We denied the appeal.

15 MS. ANDERSON: Mr. Chairman --

16 CHAIRMAN JONES: Uh-huh.

17 MS. ANDERSON: -- I think this can always die
18 for lack of a second, but I move to deny the appeals on
19 Eagles Point and Ensenada de la Palma.

20 CHAIRMAN JONES: Okay.

21 MR. SALINAS: Second.

22 CHAIRMAN JONES: Motion's been made and
23 seconded. Any further questions, discussion? Hearing
24 none, I assume we're ready to vote. All in favor of the
25 motion, please say aye.

1 (A chorus of ayes.)

2 CHAIRMAN JONES: All opposed, nay.

3 (No response.)

4 CHAIRMAN JONES: The motion carries.

5 We will again be, with regard to project number
6 02028, Ms. Antoinette Jackson.

7 Ms. Jackson?

8 MR. CONINE: Region 6.

9 CHAIRMAN JONES: Huh?

10 MR. CONINE: Region 6. You're looking on your
11 list somewhere.

12 CHAIRMAN JONES: That's Cricket -- Hi.

13 MS. JACKSON: Hi.

14 CHAIRMAN JONES: How are you today?

15 MS. JACKSON: I'm doing fine. How are you
16 doing, Mr. Chairman?

17 CHAIRMAN JONES: Good to see you.

18 MS. JACKSON: Good afternoon, everyone.

19 CHAIRMAN JONES: Good afternoon.

20 MS. JACKSON: I'm here, as you know, to speak
21 on behalf of Cricket Hollow Townhomes. Our appeal is to
22 ask for the reinstatement of the eight points which were
23 removed for the low-income targeting points.

24 Our concern is that we have been told that
25 these points were removed because the QAP has

1 distinguished between tenant-based and project-based HAP,
2 which is what we had used for our subsidy.

3 However, our contention is that the QAP does
4 not distinguish between tenant-based and project-based HAP
5 contracts. Further, it was indicated in our response --
6 in our initial appeal from the Executive Director, that
7 the QAP requires us to confirm that those -- that the HAP
8 contract has been awarded by HUD.

9 And this is not, again, something that the QAP
10 speaks to. It is silent to the issue of tenant-based
11 versus project-based HAP contracts. It is silent on the
12 issue of whether or not HUD has to actually confirm or has
13 to approve that HAP contract before the allocation is
14 awarded.

15 The QAP only specifically states in one
16 instance, and that is with HOME funds, where there has to
17 be a confirmation or a commitment that has been awarded
18 prior to the allocation. And it indicates specifically
19 that in the case of HOME funds, that you must have that
20 commitment 30 days prior to the allocation.

21 However, it is silent in all other matters,
22 particularly as it relates to the subsidy. So our
23 contention again is that we have provided proper subsidy
24 to show that we have layered. We have shown that we will
25 have the set-aside by having our HAP contract.

1 We have shown the support of the Montgomery
2 County Housing Authority and the state senator, State
3 Senator Staples, whose letter I have provided to you
4 today. And so we would like to ask for reconsideration of
5 the award.

6 CHAIRMAN JONES: Brooke?

7 MS. BOSTON: In this particular case, staff
8 doesn't dispute that we did receive a letter from the
9 Housing Authority. The problem, from our perspective, is
10 that tenant-based assistance follows the tenant, not the
11 project.

12 And we have no way of confirming that the
13 subsidy that they're referring to will be able to stay
14 with the project for the life of the project, or even for
15 an initial period of years.

16 We understand that the Housing Authority is
17 going to encourage people to go there. But tenant-based
18 assistance can go wherever the tenant wants it to go. And
19 so we don't feel like we can underwrite that as a subsidy.

20 CHAIRMAN JONES: This would appear to me to be
21 a rule that you all would have to apply consistently
22 across the board all the time. Right?

23 MS. BOSTON: And we did for every applicant.
24 If they had tenant-based, we did not accept it.

25 CHAIRMAN JONES: And we've been doing it this

1 same way for years?

2 MS. BOSTON: For years?

3 CHAIRMAN JONES: Excuse me?

4 MS. BOSTON: It's the first year where we've
5 been accepting subsidy for the low-income targeting
6 points. So there is not quite a precedent in years prior.

7 But definitely through this whole cycle, we have treated
8 tenant-based contracts exactly the same.

9 CHAIRMAN JONES: And you all think the law is
10 clear on this point?

11 MS. BOSTON: We definitely don't feel like it's
12 an acceptable subsidy.

13 MR. CONINE: It's the law.

14 CHAIRMAN JONES: Yes. Okay.

15 MS. BOSTON: I agree with her that the QAP does
16 not address the difference between tenant-based and
17 project-based. But we also feel like the QAP is clear,
18 that there has to be a project-related subsidy that brings
19 money into the project. And we don't see that -- the
20 money coming into a tenant qualifies us bringing money to
21 the project.

22 CHAIRMAN JONES: Thank you, ma'am.

23 MR. CONINE: Move for denial.

24 MS. ANDERSON: Second.

25 CHAIRMAN JONES: We have a motion made and

1 seconded. Further discussion, questions, comments? All
2 in favor of the motion, please say aye.

3 (A chorus of ayes.)

4 CHAIRMAN JONES: All opposed, nay.

5 (No response.)

6 CHAIRMAN JONES: The motion carries.

7 Next, Mr. Stephen Brandt. Well, we -- the next
8 person we had that wants to speak is on 02074. So that
9 means we would be able to let staff present to us --

10 MR. CONINE: 031 --

11 CHAIRMAN JONES: -- 031, 032 and 033. Did
12 you --

13 MR. GOURIS: I believe we received a letter on
14 the 26th of July from Mr. Owen Smith regarding the 02031,
15 02033 and 02032. And I believe he's withdrawing his
16 appeal for two of those projects. Those would be 031 and
17 033.

18 CHAIRMAN JONES: Okay. And what about 032?

19 MR. GOURIS: And 032, he has indicated an
20 interest in continuing discussions about those. And I
21 know Mr. George Littlejohn is here on behalf of the
22 applicant to speak, perhaps.

23 MR. LITTLEJOHN: I'd like to speak to that.

24 CHAIRMAN JONES: Okay. You haven't signed a
25 witness affirmation form, though, have you sir?

1 MR. LITTLEJOHN: No, I have not.

2 CHAIRMAN JONES: Okay. You would need to do
3 that to speak.

4 Delores, would you get one for me?

5 If you would, come to the podium. That's okay.
6 You can go ahead and speak and then sign it later.

7 MR. LITTLEJOHN: In the letter that Tom is
8 referencing, Mr. Smith has indicated that the applicants
9 who are on Pueblo de Paz and La Estrella have asked him to
10 withdraw the appeal.

11 As far as Padre De Vida, he has asked our firm
12 to prepare a response to his denial of the appeal at the
13 director level, but not in the case of continuing the
14 appeal process, but continuing to maintain an underwriting
15 or a dialogue with the underwriting department to continue
16 improvement in underwriting deals in the Valley.

17 So effectively, all three appeals are done.

18 CHAIRMAN JONES: Thank you, sir.

19 MR. LITTLEJOHN: Okay.

20 CHAIRMAN JONES: I appreciate that. The Chair
21 would entertain any motions anybody wants to make.

22 MR. CONINE: Move to deny.

23 CHAIRMAN JONES: Is there a second?

24 MS. ANDERSON: Second.

25 CHAIRMAN JONES: Motion's been made and

1 seconded. Further discussion, questions, or comments?
2 Hearing none, I assume we're ready to vote. All in favor
3 of the motion, please say aye.

4 (A chorus of ayes.)

5 CHAIRMAN JONES: All opposed, nay.

6 (No response.)

7 CHAIRMAN JONES: The motion carries. We then
8 will turn our attention to project 02074, Mr. Stephen
9 Brandt.

10 MR. FISHER: Mr. Chairman, I'm here as a
11 resource witness for the project.

12 CHAIRMAN JONES: Okay. Are you Mr. Fisher?

13 MR. FISHER: I am Mr. Fisher.

14 CHAIRMAN JONES: Oh, you're Mr. Fisher. I'm
15 sorry.

16 MR. FISHER: Right. My name is Bill Fisher.
17 I'm here on behalf of the applicants Brian and Cheryl
18 Potashnik. I think our appeal is a little different than
19 everybody else's because we're not appealing any points.

20 Now, if you turn to page 3 of the current
21 awards list, you'll see Arbor Woods is the highest-scoring
22 project in Region 3, although it was not recommended by
23 Underwriting.

24 If I may, I would like to first establish the
25 amount of support that we have from the City of Dallas for

1 this particular project. I'd like to read two letters
2 into the record and reference a third one. This first
3 letter is from the Mayor of the City of Dallas, Laura
4 Miller.

5 "Ms. Carrington, regarding Arbor Woods. On
6 behalf of the City of Dallas, I would like to express my
7 strong support for the above-referenced project, and ask
8 that you consider recommending this project to your board
9 for an allocation of tax credits.

10 "This development will serve a critical need
11 for high-quality affordable housing in Dallas by providing
12 housing for a mixed-income population. Arbor Woods would
13 complement the redevelopment that is currently taking
14 place in this West Dallas area that includes multifamily
15 as well as single-family housing.

16 "It is important to the long-term success of
17 this redevelopment effort for the city to leverage federal
18 funds, and to encourage participation of quality
19 developers who have proven track records. The developer
20 of the proposed development is someone who has done
21 unbelievably high-quality affordable housing in the City
22 of Dallas. I recommend the developer with no hesitation.

23 "I am very supportive of the goals and
24 objectives of the TDHCA and the Tax Credit program. And
25 thank you for giving your strong consideration to funding

1 this important development."

2 The next one is a letter from the Dallas
3 Housing Authority, who is the largest property owner in
4 this area of Dallas. It's addressed to the applicant.

5 "The Housing Authority of the City of Dallas
6 understands that you are applying for tax credits for the
7 above-referenced project with the TDHCA for the
8 construction of a multifamily housing development in West
9 Dallas, Lake West.

10 "The Lake West area once held the nation's
11 largest concentration of low-rise public housing units in
12 the nation. In 1993, DHA began developing a master plan
13 for the revitalization of this area. To date, the DHA has
14 spent approximately \$90 million to build a multipurpose
15 center and new multifamily units that resemble private-
16 sector housing.

17 "In addition, Dallas-area Habitat for Humanity
18 and KB Homes are building over 300 single-family homes in
19 the Lake West area. Your proposed development will
20 continue our revitalization efforts and provide units with
21 rents that are affordable to families earning 50 percent
22 of area median income.

23 "The consolidated plan for the City of Dallas
24 states the need for additional affordable housing units in
25 the City of Dallas, the Dallas Housing Authority currently

1 has over 12,000 families on its waiting list. The Arbor
2 Woods Apartment Community will offer housing opportunity
3 for any one of the 7,000 families on DHA's Section 8
4 waiting list.

5 "We applaud your efforts to provide affordable
6 housing. And thank you for your commitment to the Lake
7 West community." In addition, I won't read it in, but
8 I'll reference in your pack the city councilman in our
9 area, Ed Oakley, also wrote a letter of support
10 specifically for this development.

11 The issue associated with our appeal I think
12 really comes down to two simple issues. The amount of
13 time it will take in order to go through the voluntary
14 cleanup program with the TNRCC and the costs associated
15 with the -- what is essentially a cut-and-fill process for
16 removing a portion of the topsoil that has some lead
17 contamination in it associated with, in essence, somebody
18 importing bad fill.

19 We have done a complete Phase 3 study, and we
20 have provided a great deal of supplemental information to
21 Underwriting. And I think the issues now in the record,
22 including a notebook that I've provided for the department
23 and for all the board members, is clear on a couple of
24 issues.

25 We know what the standard of cleanup is going

1 to be. We know the amount of time that it will take under
2 the TNRCC's rules for those to be approved, and we have
3 quantified in three or four different ways the exact cost
4 it will take.

5 We have provided the department with a fixed-
6 price contract to quantify the costs within the same
7 ranges that the two third-party consultants have
8 confirmed. The reason I have Mr. Brandt here is he's one
9 of the environmental consultants who will be happy to
10 confirm what we've said in our appeal, which is the time
11 lines are actually fairly finite.

12 There is a three to six-month process here for
13 the voluntary cleanup program to be approved and completed
14 for this development, which allows us to proceed with
15 building permits, all well within the department's current
16 time lines for an allocation for the current year. I
17 want to make sure the board is aware that because the
18 department is doing a forward commitment in the City of
19 Dallas, even their own underwriting report said the time
20 issues aren't relevant if we're going to do a forward
21 commitment in this region.

22 As I mentioned, the cost issues have been
23 quantified in two specific ways. We've provided a fixed-
24 price turnkey contract that brings the project in within
25 the cost guidelines.

1 And we've supplemented that with a letter from
2 the actual subcontractor who will do the work, which is
3 Maskey Environmental [phonetic], who has agreed to a price
4 of slightly under \$500,000, which is well within the
5 amounts indicated on the low end of the ranges by our
6 consultant, and brings the development well within the
7 underwriting criteria so that we would not in some way
8 affect our low-income targeting points.

9 Now, with that said, I'll be happy to answer
10 any questions, or I'll have Mr. Brandt available to answer
11 any questions.

12 CHAIRMAN JONES: Thank you, sir. I appreciate
13 it.

14 Tom?

15 MR. GOURIS: I agree as well. Mr. Fisher, I
16 agree that we did receive a lot of information about the
17 environmental issues surrounding this project subsequent
18 to the application deadline.

19 Typically, underwriting allows for a
20 significant amount of that -- well, not -- allows for some
21 dialogue for clarifying information. The couple of issues
22 here are that the clarifying information is more than just
23 clarifying.

24 It was really a Phase 3 analysis. And even in
25 that Phase 3 analysis that arrived after the application

1 deadline, there is a lot of language in there that would
2 suggest to us that there is a lot of uncertainty about the
3 timing.

4 At one point, the environment analysts
5 indicated that it would be three to six months to get to a
6 point where they could make a recommendation to TNRCC, and
7 then it may take six to nine months from that point to get
8 approval.

9 He also laid out three scenarios for the
10 remediation and indicated to us that depending on the
11 outcome of the first three to six months, it would
12 determine, and TNRCC would determine, which level of
13 cleanup would be required.

14 And he indicated -- he did indicate that the
15 lower level of cleanup is what he anticipates. However,
16 he laid out a higher level of cleanup that was potentially
17 possible. And that level of cleanup would render the
18 transaction considerably less feasible, in the tune of
19 about \$950,000 worth of cleanup plus fill costs after
20 that.

21 And at that level, the project would lose
22 points because of the deferred developer fee exceeding 50
23 percent, and therefore, drop lower on the list.

24 We actually didn't recommend the project
25 because of the earlier environmental that was received,

1 that indicated cleanup costs up to \$2 million. And at
2 that more worst-case scenario, the project wouldn't be
3 feasible at all.

4 CHAIRMAN JONES: Thank you.

5 MR. CONINE: The -- so the reason we turned it
6 down was because of the high costs at the original
7 application time? Supposed high costs and the long period
8 of time it was going to take?

9 MR. GOURIS: Correct.

10 MR. CONINE: But you've been provided some
11 additional information since then --

12 MR. GOURIS: Correct.

13 MR. CONINE: -- that is thick --

14 MR. GOURIS: Correct.

15 MR. CONINE: And have you had a chance to look
16 at it?

17 MR. GOURIS: Yes.

18 MR. CONINE: And what is that telling you about
19 your original suggestion?

20 MR. GOURIS: That it may in fact be feasible,
21 but even at the outside of the realm of likely possible
22 cleanup levels, the transaction would become feasible, but
23 it would not maintain a deferred developer fee of below 50
24 percent. Therefore, it would lose all it's deep-rent
25 targeting points.

1 MR. CONINE: So using the newly plugged-in
2 numbers, it still exceeds 50 percent on a deferred
3 development fee?

4 MR. GOURIS: Yes, sir. If you use the worst-
5 case scenario of the most recent information provided.
6 Now, they've subsequently provided a fixed-price contract,
7 one of which was from a related party, and the other which
8 I don't know if they have the capacity to do the cleanup.

9 But if you rely on the Phase 3 environmental
10 and the information that was provided by the environmental
11 engineer on the subject, that's the conclusion that you
12 would reach.

13 MS. ANDERSON: Mr. Chairman, may I ask a
14 question?

15 CHAIRMAN JONES: Surely.

16 MS. ANDERSON: What does the QAP say about
17 taking this additional information after the application
18 deadline?

19 MR. GOURIS: It's relatively clear that new
20 information isn't allowed. Clarifying information when
21 there is a discrepancy is information that my staff has
22 asked for.

23 This would seem to me to go beyond clarifying
24 information, though it was information that, at least at
25 one point, we did ask, because we wanted to know what the

1 situation was, and they continued to work with the Phase
2 3, and continued to be very helpful in providing
3 additional information.

4 MR. SALINAS: What kind of site did you have
5 there to create the testing of TNRCC before?

6 MR. GOURIS: I believe the site was a lead --
7 has lead contamination based on a battery factory, I
8 think, that was nearby, that had disposed some of their --
9 a considerable amount of --

10 MR. FISHER: The neighbors dumping old battery
11 cases on the property.

12 MR. GOURIS: Oh.

13 MR. FISHER: It wasn't the site of a facility
14 that created the contamination.

15 MR. GOURIS: Right. And there are -- you know,
16 hopefully we will move forward and clean the property up,
17 and hopefully, we'll be able to get it in the future.

18 MR. FISHER: They say that it needs to be
19 cleaned up.

20 MR. GOURIS: Yes. I think everyone agrees that
21 it needs to be cleaned up.

22 MR. SALINAS: Well, let the authorities know
23 that.

24 MR. FISHER: Actually, it's interesting because
25 this area of West Dallas is very famous. The old lead

1 smelter in Dallas was over there. And actually the TNRCC
2 has represented to our representatives that the entire
3 area is clean.

4 This whole area has gone through a great deal
5 of remediation over the years, and it's actually
6 considered to be one of the more desirable areas to
7 develop, because the remediation process, as it's executed
8 here in Texas, assures a very high quality of the site,
9 which actually appears to lenders and investors,
10 surprisingly.

11 If I can comment just real quick about the
12 post-application process of information. All we did was
13 follow the exact time lines that were recommended in the
14 report. So we got a Phase 1 that said do a Phase 2. The
15 department asked for a Phase 2; we did a Phase 2. After a
16 Phase 2, said do a Phase 3. We did a Phase 3, submitted
17 the Phase 3 information.

18 In their defense, one of the time lines letters
19 is a little bit confusing. And I think what they did
20 originally, as I said in my appeal, was added two time
21 lines together. But I do think the record is really just
22 crystal clear today, and well within the required time
23 lines.

24 The cost is a half a million dollars, which
25 brings the developer fee in well under 50 percent. And

1 the time lines to execute can be done under the current
2 allocation time lines for a 2002 commitment. Now, I think
3 Tom will admit, Underwriting even wrote in their report,
4 if we're going to give them a forward commitment, timing
5 is not an issue.

6 So we're really just down to costs, because
7 they're recommending a forward on a lower-scoring project,
8 which I don't think will be -- I don't see how the board
9 can turn us down for time, and then give a forward
10 allocation to a lower-scoring project, that the forward
11 allocation itself would solve the time problem.

12 So we're down to a cost issue. And we do have
13 two fixed-price estimates in here. I would ask the board
14 to recommend our project, put it on the approved list, and
15 perhaps make a condition of carryover, that we provide you
16 a bonded, fixed-price contract at this half a million
17 dollars, plus the cost of filler less, as a condition of
18 meeting carryover, because we can do it.

19 MR. CONINE: Tom, if that happened -- if he --
20 if the costs come in as he says they're going to come in,
21 then Underwriting would have approved the project?

22 MR. GOURIS: Yes.

23 MR. CONINE: The thing that bothers me about
24 this one is it scored just off the charts. I mean, only
25 one or two other projects in this whole submission that

1 scored any higher. And I don't know, I guess we're
2 talking about some stuff that came after the application
3 deadline, but still meets within the criteria.

4 MR. GOURIS: Yes. And one of the other points
5 about it, it could come in at half a million dollars. And
6 they could provide a fixed-price contract for that. There
7 is still no guarantee that TNRCC would approve that level
8 of cleanup.

9 I mean, that's still up to TNRCC to approve,
10 and that contractor would then be stuck with that fixed-
11 price contract to do a higher level of cleanup for the
12 half-million dollars that they proposed.

13 So there's still no certainty that that's the
14 level of cleanup that's going to be required.

15 MR. CONINE: Do we have some --

16 MR. FISHER: I've got the -- the TNRCC standard
17 for cleanup of lead is published on their website. It's
18 the 500 level. It was discussed on all of the reports.
19 It's discussed in the follow-up letter. There is no
20 mystery of any kind. It's a regulatory standard that you
21 can get out on the web, of what the cleanup standard is.

22 And there is no question about it, and we've
23 got the -- both consultants to confirm that for
24 Underwriting, and there is no mystery about the standard.

25 There is no mystery about the costs. And there certainly

1 is no mystery about the time lines. As you can imagine,
2 like this agency, TNRCC has its own time lines for
3 responding.

4 And any implication their decision by the
5 Underwriting department that somehow this would take a 15-
6 month process is inconsistent with the TNRCC's own rules,
7 and just a misunderstanding or misinterpretation of the
8 information provided.

9 MR. SALINAS: But who pays the costs to clean
10 it up?

11 MR. FISHER: We do. It's not eligible basis.
12 It comes out of -- in essence, affects our developer fee,
13 because the cost of cleanup is not considered eligible
14 basis. I think Tom will confirm this. And as a result,
15 there is no tax credits allocated, and we must carry that
16 cost. And we're doing so, basically, through a deferred
17 developer fee.

18 And let's be honest. We get two public
19 purposes here. We build affordable housing, and we clean
20 up a minor problem in the area, all at the same time.

21 CHAIRMAN JONES: All right. Do we have a
22 motion or further questions?

23 MR. SALINAS: I do have a problem with TNRCC.
24 We've seen that happen, and it created a lot of problems
25 for it, especially if people know that there is something

1 wrong there. And then they go see an attorney, and then
2 you're up -- everybody's up a creek.

3 The reason I'll tell you that is because we're
4 going through it in City of Mission.

5 CHAIRMAN JONES: Do you have a resolution?

6 MR. SALINAS: We have 3,000 lawsuits.

7 MR. FISHER: Mr. Mayor, the resolution of the
8 TNRCC's BCP program gives this project a letter which
9 alleviates it from any potential liabilities or
10 suggesting. That's what the BC program does. They give
11 you a letter and we have no liability for environmental
12 issues on site or with any neighbors as a result of that
13 process.

14 CHAIRMAN JONES: Board members, do we have a
15 motion or any further questions?

16 MR. CONINE: I'm going to make a motion that we
17 grant the appeal, but not slot them anywhere in here until
18 later on this afternoon.

19 CHAIRMAN JONES: We have a motion. Is there a
20 second?

21 MS. ANDERSON: I'll second that.

22 CHAIRMAN JONES: Okay. The motion has been
23 made and seconded. Further discussion, questions,
24 comments? Hearing none, I assume we're ready to vote on
25 the motion. All in favor of the motion, please say aye.

1 (A chorus of ayes.)

2 CHAIRMAN JONES: All opposed to the motion,
3 please say nay.

4 MR. SALINAS: Aye -- nay.

5 CHAIRMAN JONES: Okay. Unless somebody tells
6 me different, the Chair heard three ayes and one nay. So
7 the motion carries. Did I hear right? Okay. I think I
8 heard right. Okay. The motion carries.

9 Then we'll move to appeal number 02078, Mr.
10 Oji?

11 MR. OJI: Oji.

12 CHAIRMAN JONES: Oji. I'm sorry. I apologize.
13 Oji.

14 MS. ANDERSON: We're messing up the names good
15 today, aren't we?

16 CHAIRMAN JONES: Yes, it's a tough day. Mr.
17 Oji, I think you have two other speakers too with you. Is
18 that correct?

19 MR. OJI: Yes, but they'll probably yield to
20 me.

21 CHAIRMAN JONES: Okay. I was just going to let
22 you introduce them.

23 MR. OJI: Mr. Chairman, my name is Jay Oji.
24 I'm the applicant for 02078, Sphinx at Murdeaux in Dallas,
25 Texas. We are appealing the denial of eight points for

1 the project for de-targeting -- one of the things what
2 I've done here was just to give you a visual presentation
3 on a spreadsheet, to give you an idea of what we are up
4 against here.

5 Our project scored 153 points, but we were
6 denied eight points for obtaining \$158,000 to subsidize
7 the provision of about 30 units set aside at a 30 percent
8 of the area median income.

9 One of the things we have done here was just to
10 give a comparative analysis of a similar project in
11 Dallas, which has obtained a reservation, TDHCA number
12 2149, that scored 157 points.

13 So for the record, let me just, you know, make
14 it clear that the QAP clearly suggested that even if you
15 don't need additional funding to temper the cost of the
16 development, you must still have to provide a letter from
17 a nonprofit stating that you are going to get a loan to
18 subsidize the number of units.

19 We obtained the letter from a church, a
20 community church for \$158,000 to subsidize our
21 development. The only difference here is that the church
22 requested that we set aside two units for them. If you
23 compare this to the other projects in Dallas, they
24 obtained \$150,000. For \$150,000 they set aside for 56
25 units. They obtained eight points.

1 We were denied eight points. The department's
2 position is that \$158,000 that we obtained from the church
3 was only for two units. We have clarified this issue with
4 them several times. And we kept asking them to reconsider
5 this issue, but they have failed to do that.

6 It's amazing to me how \$158,000 obtained for
7 subsidizing 30 units can translate into subsidy for only
8 two units; whereas, most of the applications in Dallas or
9 in Texas this year average about \$2,600 a unit in subsidy.

10 The project got 2,679 per unit and received
11 eight points. We got 5,267 a unit. We got denied eight
12 points. Not only that, the \$158,000 for the subsidy is
13 supposed to equal to like \$70,000 per unit. We have
14 talked to the -- to staff who have sent letters. And
15 nobody wants to hear from us.

16 Further, if you go to the next page, if this
17 point was denied eight points, but if you go to the second
18 page of the handout, you will clearly see that the
19 underwriting of this project included the same units that
20 we were denied points.

21 So I don't understand how you can deny
22 points -- eight points for targeting 30 units at 30
23 percent, and turn around and underwrite and recommend a
24 project for credits using the same points that you have
25 also denied.

1 My point here, Mr. Chairman, is had we received
2 the eight points that was due our application, we would be
3 the highest-scoring project in Dallas. And I'm here just
4 to protest this point. However, I'm also here to preserve
5 what we have.

6 I do understand that we have a recommendation
7 for a forward commitment, but I just want to make sure
8 that the board understands that we are the highest-scoring
9 project in Dallas, Texas. We were denied eight points.
10 And that's not fair.

11 So if you have any questions, then I will like
12 the board to go ahead and find a way and reinstate the
13 points. And I would like to hear -- be -- and if you have
14 any questions for me to answer on it.

15 Also, Mr. Chairman, if you look at the exhibit
16 that I showed, this project received overwhelming support,
17 you know, from the mayor of Dallas, from the state rep,
18 from the city councilperson, from the Senator Royce West,
19 and six other -- the community leaders.

20 In fact, on the other hand, other projects in
21 the area didn't even get any kind of support.

22 CHAIRMAN JONES: Thank you, sir.

23 MR. OJI: Yes.

24 CHAIRMAN JONES: Any questions?

25 MR. CONINE: I'd like to hear a response --

1 CHAIRMAN JONES: Sure.

2 MR. CONINE: -- on the eight points.

3 CHAIRMAN JONES: Is there anybody else that
4 would like to speak with regard to this project? Okay.
5 Thank you, sir. Yes, sir?

6 MR. CONINE: Tom, or Brooke?

7 CHAIRMAN JONES: You can have a seat. You can
8 have a seat. If they need any questions, they'll ask you.

9 Yes. Yes, ma'am.

10 MS. BOSTON: Staff definitely doesn't question
11 the level of support we've seen coming through.

12 CHAIRMAN JONES: Sure.

13 MS. BOSTON: We've been quite impressed with
14 that. There are a couple of points in my response. The
15 first is, as you know, we can't consider new information.

16 So Mr. Oji's references to new information and asking
17 staff to reconsider, obviously, except for through the
18 appeals process, we couldn't consider.

19 Likewise, the letter from Jubilee Church -- if
20 I could read it, because it's very explicit. It says,
21 "Based on the information you have provided us, I am happy
22 to report that we are able to offer you a commitment for
23 permanent financing for the development of two units to be
24 set aside for tenants at or below 30 percent of AMGI."

25 It then goes into the terms. "And as the QAP,"

1 and I'm reading directly from it, says, "the evidence of
2 commitment of funds specifies the amount of funds
3 committed, terms of the commitment, and the number of
4 units targeted at the AMGI level."

5 From the staff perspective, we have to go
6 exactly with what has been given to us. We don't compare
7 it to other deals in the same region, or other deals that
8 have come in in terms of subsidy per unit. We read the
9 commitment letter and go with that.

10 CHAIRMAN JONES: Any questions?

11 MR. SALINAS: They scored awful high. 153.

12 MS. BOSTON: Uh-huh.

13 MR. SALINAS: Why -- then why is -- what's the
14 difference here between the other ones in the same range
15 and -- with a score of 122?

16 MS. BOSTON: Why the --

17 MR. SALINAS: Why were they --

18 MS. BOSTON: Why is the scoring differential
19 between them and other people?

20 MR. SALINAS: Yes, and they're higher, and they
21 should have been considered.

22 MS. BOSTON: Well --

23 MR. CONINE: They were at-risk, and rural and
24 nonprofit, I think.

25 MS. BOSTON: Right. It's different --

1 MR. SALINAS: You're not really doing it
2 because of the profitability [phonetic] of it?

3 MS. BOSTON: Right. Every other deal in the
4 region that scored -- the only two general set-aside
5 developments that got a recommendation to you all that
6 were general set-asides, scored higher.

7 MR. SALINAS: Okay.

8 MS. BOSTON: And then as you go down that list,
9 you have the nonprofit set-aside, the at-risk set-aside,
10 the rural set-aside. And they do score lower because they
11 compete in their own set-aside.

12 MR. SALINAS: It's their own -- you say he goes
13 down eight points.

14 MS. BOSTON: He did.

15 MR. SALINAS: Why was that?

16 MS. BOSTON: He went down eight points because
17 we don't -- staff, in our review for the points, did
18 not -- well, the subsidy letter that I was referring to,
19 we did give him points for having two units of subsidy.
20 And he got credit for that.

21 But he in his application had asked for 30
22 units at 30 percent of AMGI, but there wasn't a subsidy
23 commitment to go along with that. Or that we interpreted
24 in our reading of the letter, which I read to you all, as
25 being for the whole 30 units.

1 CHAIRMAN JONES: Any further questions?

2 MS. BOSTON: Thanks.

3 CHAIRMAN JONES: I think we understand. Thank
4 you. Any further questions either of staff or Mister --
5 Okay. Do we have a -- any action, board members? Any
6 motions?

7 MR. SALINAS: So you're suggesting that -- deny
8 that? Your recommendation?

9 MS. BOSTON: In our initial appeal response
10 from Ms. Carrington, staff did deny the appeal. So
11 staff's recommendation was a denial.

12 MR. SALINAS: I move for denial.

13 MS. ANDERSON: Second.

14 CHAIRMAN JONES: The motion's been made and
15 seconded. Further discussion, questions, comments?
16 Hearing none, I assume we're ready to vote. All in favor
17 of the motion, please say aye.

18 (A chorus of ayes.)

19 CHAIRMAN JONES: All opposed, nay.

20 (No response.)

21 CHAIRMAN JONES: The motion carries. I'll then
22 turn our attention to the next item we have public comment
23 on, which is project number 2086, Ms. Diana Kinlaw.

24 MS. KINLAW: Since we are satisfied with the
25 recommendation staff is making on our behalf, we will

1 defer to staff's opinion in this issue, but request that
2 it be considered in next year's QAP.

3 CHAIRMAN JONES: Thank you, ma'am.

4 Do we have a motion?

5 MR. CONINE: Move for acceptance of staff
6 recommendation. Or denial.

7 CHAIRMAN JONES: Yes.

8 MS. BOSTON: Staff denied the appeal.

9 MR. CONINE: Now, wait a minute. Are they --
10 give me their project number.

11 MS. CARRINGTON: They got 02086.

12 MS. BOSTON: They still made it on the
13 recommendation list.

14 MR. CONINE: Isn't this the issue -- is this
15 the one where we had the 501(c)(3) issue?

16 MS. CARRINGTON: Yes. There were actually two
17 issues, the 501(c)(3), which we did not restore the points
18 on. But also the use of HUB 6 funds, where they had lost
19 five points on that. And those points were restored
20 because they could indicate to us that indeed there were
21 HUB 6 funds in the transaction.

22 MR. CONINE: So that bumped them up a freckle
23 or you?

24 MS. CARRINGTON: That bumped them up. Correct.

25 MR. CONINE: Okay.

1 CHAIRMAN JONES: Do we have a motion?

2 MR. CONINE: I guess to deny the appeal.

3 CHAIRMAN JONES: Okay. Do we have a second to
4 the motion?

5 MS. ANDERSON: Second.

6 CHAIRMAN JONES: Motion's been made and
7 seconded. Any questions or comments? Hearing none, I
8 assume we're ready to vote. All in favor of the motion,
9 please say aye.

10 (A chorus of ayes.)

11 CHAIRMAN JONES: All opposed, nay.

12 (No response.)

13 CHAIRMAN JONES: The motion carries. We then
14 turn to item 0287. And we have several people that would
15 like to speak on this. Is there any individual that's
16 going to kind of take the lead for us on this? This is
17 the El Capitan Apartments. I'll kind of let you all go in
18 whatever order you want to go in.

19 MR. ALCALA: Mr. Chair, board members. Good
20 afternoon.

21 CHAIRMAN JONES: Good afternoon.

22 MR. ALCALA: My name is Jesse Alcala. I'm the
23 chair of Edgewood Housing and Economic Development
24 Committee on the west side of San Antonio.

25 The Edgewood School District, in an effort to

1 support housing, established a standing committee. This
2 committee is community driven, and has achieved success in
3 attracting quality housing to Edgewood's low-income
4 community.

5 Edgewood supports the idea of nonprofit housing
6 development, and is currently lending its support to a
7 nonprofit structure. Your support for El Capitan
8 Apartments, TEA number 02087, will certainly contribute
9 and strengthen our low-income families in Edgewood.

10 Please restore a point that was taken from us
11 from this project, and please fund the El Capitan
12 Apartments. The point was taken away because it was
13 written on Edgewood letterhead.

14 Since this committee is sponsored by the
15 school, we -- this committee as yet doesn't have its own
16 letterhead. So our -- that's the only reason that the
17 point was taken away.

18 So please support this project and see if you
19 can fund it, because it was just an error on our part, and
20 communication has happened in several instances. Instead,
21 we've got dozens of community efforts. And this committee
22 is driven by that, including cops from San Antonio,
23 Memorial Neighborhood Associations.

24 But since the school district is in full
25 support of this project, our committee was the one that

1 sent the letterhead.

2 CHAIRMAN JONES: Thank you, sir. Yes, sir?

3 MR. GARZA: Good afternoon. My name is Manuel
4 Garza. And I'm here representing the Edgewood
5 Neighborhood Association. And to add to Mr. Alcala's
6 comments, the effort to get El Capitan Apartments
7 established and built in Edgewood is definitely community
8 driven.

9 Our association, you know, the Edgewood
10 Neighborhood Association, was the first neighborhood
11 association established in Edgewood. And from there the
12 Memorial Neighborhood Association -- the numerous other
13 associations also took place.

14 But our efforts have been more -- you know, we
15 have conducted our association in a town hall-type
16 atmosphere, and bringing partnerships into the area to get
17 new jobs -- projects accomplished.

18 We started with -- in the census tract for the
19 association began in -- Census Tract 1606. And what we
20 did there was, you know, bring the community together to
21 get infrastructure implementation and street improvements
22 and drainage done through the City of San Antonio.

23 And that took an effort of over, you know, 20
24 years to actually get it accomplished. But we got it
25 accomplished. And from there, we -- you know, once we got

1 that done, we partnered with other associations throughout
2 the state of Texas in establishing the Border Low Income
3 Housing Coalition, which again, look at the areas of
4 concern that our residents live in along the border to
5 establish the colonias program under the state of Texas.

6 So our association has been involved for many
7 years and not only in Edgewood, but throughout the state.

8 And so we feel that, you know, that the denial of one
9 point because the perception that it's not community
10 driven is not accurately depicted, or was accurately given
11 to -- from staff to you. But we feel that, you know, this
12 could correct that.

13 There's other things that we have done, you
14 know, once we established the community -- the Housing
15 Community Economic Development Committee through the
16 school district. We have brought players, such as the San
17 Antonio Housing Authority, Habitat for Humanity, the San
18 Antonio Housing Trust, and A Nuevos Horizontes, which is a
19 private developer, San Antonio Housing Alternative, to do
20 housing in Edgewood.

21 We had created over 500 housing units, which is
22 on the record now when I came to speak to you all before
23 at one of the previous meetings. So again, I ask that you
24 reinstate that point that was lost, and please provide the
25 funding for this project. Thank you.

1 CHAIRMAN JONES: Thank you, sir. Yes, sir.

2 MR. MACIAS: Good afternoon.

3 CHAIRMAN JONES: Good afternoon.

4 MR. MACIAS: And for the record, my name is
5 Manuel Macias. I'm the Executive Director for the San
6 Antonio Development Agency. We are the urban renewal
7 agency for the City of San Antonio. And our role is
8 basically to act like a catalyst for affordable housing.

9 We look at potential for land development. And
10 we don't actually do any construction, but we look at the
11 land acquisition portion of these, and what our role would
12 be as far as affordable housing and other developments.

13 There is a very, very great need in San
14 Antonio, and particularly on the west side of San Antonio
15 for affordable housing. The El Capitan project is located
16 in a qualified census tract. The San Antonio Development
17 Agency is working with the City of San Antonio.

18 We are looking at doing a parade of homes in
19 that vicinity because of the lack of affordable housing,
20 and the school district is actually losing students
21 because of a lack of affordable housing in the area.

22 As was pointed out earlier, the Edgewood School
23 District acts as a resource to bring groups together to
24 provide for affordable housing in their area. In this
25 instance, there was a letter written on their letterhead.

1 But the gist behind the letter was community driven.

2 And I don't know what the rules and regulations
3 state. And I know it's very competitive. But if you look
4 at the intent is to get community support for this
5 project, it certainly is there. Although it is one point,
6 I think it's a very critical point because actually we're
7 in a three-way tie. And one point, which we feel that we
8 deserve, would put us ahead of two other projects.

9 Again, please consider reinstating that point.

10 I think the intent behind the community initiative is
11 there. Just maybe the submittal wasn't there because the
12 school acts as a resource to bring these kids together.
13 And it was just simply easier to put it on their
14 letterhead. But the community support is there. Thank
15 you.

16 CHAIRMAN JONES: Thank you, sir.

17 Brooke, are you going to tell him about the
18 letterhead rule? Tell us about the letterhead rule.

19 MS. BOSTON: Basically, we do not -- and in all
20 of our scorings throughout the whole cycle, we did not
21 allow support points from an educational institution,
22 which a school district would qualify as.

23 And I don't have a problem with the letterhead.
24 The problem is that nowhere in the letter did it ever say
25 that they were writing on behalf of anyone besides who the

1 letterhead is from.

2 The whole -- I mean, it's on Edgewood School
3 District's letterhead. And then throughout, it continues
4 to speak as though it's the school district. And it's
5 signed by the Board of School Trustees and the
6 Superintendent of Education.

7 So from the perspective of a staff member
8 scoring this, they would have no reason to believe it was
9 anything but a school district. So they didn't get the
10 point for scoring, because we don't have the information
11 that they were presenting.

12 CHAIRMAN JONES: I understand the issue. Thank
13 you.

14 Any questions, comments, board members? Do we
15 have a motion?

16 MR. SALINAS: At that point, it would mean
17 what?

18 MR. CONINE: They just -- they're ahead of
19 those in the --

20 MS. BOSTON: For looking at the list the way it
21 is now, as recommended, it wouldn't move them up for
22 recommendation right now. I'm guessing that their intent
23 is that if we create a priority waiting list at the next
24 board meeting, they would be the next in their region, if
25 we were to go to a general set-aside deal. So they're

1 probably trying to protect that ranking.

2 MR. SALINAS: Who was the one that saw that
3 letterhead?

4 MS. BOSTON: Who saw it?

5 MR. SALINAS: Yes. Would there be anything
6 wrong with them calling them and telling them that this
7 is not the --

8 MS. BOSTON: Well, and actually that's a good
9 question. When we're doing scoring, unlike threshold or
10 underwriting, where we're allowed to get some clarifying
11 information, with scoring, we go purely by what's been
12 given to us, and we do not get clarification. You are --
13 a score is based purely on the merits of what you
14 submitted at the day of application deadline.

15 So in this case, we had to go based on exactly
16 what we had before us, which was a letter that didn't
17 refer to any other entity that was community driven. But
18 that is actually an area of the QAP we're looking at
19 changing for next year.

20 MR. SALINAS: Which will put them on the
21 waiting list if we would accept --

22 MS. BOSTON: I couldn't probably say for sure
23 exactly how the waiting list will come out for the next
24 meeting. I mean, they definitely would then be the next
25 highest scoring general set-aside development in that

1 region.

2 MR. CONINE: Were those -- no, that's not a
3 fair question. Never mind.

4 MS. BOSTON: Yes.

5 MR. SALINAS: Just one point that I'll make
6 real clear. And because of a letterhead, you know, we
7 just talked about TNRCC a few minutes ago, and that it got
8 that bumped up. One point would not make the -- would not
9 get accepted to that, but they'd be put on the waiting
10 list in the future.

11 MS. ANDERSON: Mr. Chairman --

12 MR. SALINAS: If the -- anybody was -- I could
13 understand if it was about five points or eight points.
14 But one point because of a letterhead would be --

15 CHAIRMAN JONES: Ms. Anderson?

16 MS. ANDERSON: Yes, I -- as much as I
17 understand the school district's being distressed about
18 this, I mean, I think we have to adhere to the -- I mean,
19 we're, as a board, working very hard in our steps --
20 working very hard to be consistent with regard to the QAP.

21 And the QAP is very clear that you look at the
22 application the way it comes in the door the first time.

23 The TNRCC issue on the previous thing is an
24 underwriting issue. It's not an original application
25 thing, which puts it in a different category, for me,

1 anyway. So on that basis, I move to deny the appeal.

2 MR. CONINE: Second.

3 CHAIRMAN JONES: Okay. Motion's been made and
4 seconded. Further discussion, questions or comments?

5 Hearing none, I assume we're ready to vote. All in favor
6 of the motion, please say aye.

7 (A chorus of ayes.)

8 CHAIRMAN JONES: All opposed, nay.

9 MR. SALINAS: Nay.

10 CHAIRMAN JONES: They ayes have it. Motion
11 carries. We will then move to project number 02166 --
12 116. I'm sorry. And we have several people that would
13 like to speak on that. I'll call on Mr. Stewart first.
14 And you want to let us know how you want to move forward?

15 MR. STEWART: Yes, sir, Mr. Chairman. I'll
16 speak for the applicant. Good afternoon, Mr. Chairman,
17 board members. My name is Jay Stewart. I'm an attorney
18 here in Austin. I represent Lankford Interests. They are
19 the applicant of the Killeen Stone Ranch Apartment Homes,
20 TDHCA number 02116. It's 128 units, nonprofit, elderly
21 set-aside in Killeen.

22 A little history is important to understand
23 this project. In 1999, this applicant filed for and
24 received a tax credit grant for the Veranda Apartments,
25 which was an elderly set-aside nonprofit. And in 2001,

1 they completed construction.

2 This development is very close in proximity to
3 the Stone Ranch, the one, the subject of this appeal.
4 There are 204 people on a waiting list for the Veranda,
5 who have been qualified to go into this facility.

6 There are no other elderly developments in
7 Killeen, Texas. We've calculated it will take 41 years
8 before the last person on the waiting list could move into
9 the Veranda if no other elderly set-aside developments are
10 available in Killeen.

11 MR. CONINE: Take that long for them to die
12 off?

13 MR. STEWART: Hope there will be some new ones,
14 but -- this application scored 143 points, which is the
15 highest nonprofit score in Region 7, and the third-highest
16 nonprofit score in the state.

17 The amount of tax credits per unit is
18 calculated by the applicant as \$4,225. And that is the
19 lowest new construction per-unit tax credit request in
20 this state. It's very efficient use of tax credits.

21 This development did not pass underwriting for
22 primarily two issues, operating expenses and construction
23 costs. In accordance with 49.7 of the QAP, the department
24 must use -- two condition precedents before you decide
25 whether a project is economically feasible or not. The

1 first one is to go by the guidelines that are set forth in
2 49.8, which are the underwriting guidelines. However,
3 there is a second problem to this. And the department
4 must take into account the development's total development
5 costs, the actual expenses, the actual operating costs of
6 the facility, and the developer's sources of financing and
7 a few other things.

8 So we don't stop just at the analysis of 49.8.

9 We have to go back to 49.7 and look at the second part.
10 Use the underwriting guidelines plus the actual
11 information and the development's total costs before you
12 can determine if an application meets underwriting.

13 You've got a project on the ground, operating
14 100 percent occupancy. This applicant, in the
15 application, patterned its operating expenses on that
16 development. The construction costs were patterned on
17 that development. Right there in Killeen, very recent in
18 time, good hard numbers to look at.

19 The expenses, as calculated by the underwriting
20 staff, were as -- they considered statewide agency
21 database, data from the Institute for Real Estate
22 Management, and 2001 Annual Statewide Expense Data. Not
23 debating that the underwriter should not consider that
24 information. I believe they are required under 49.8 to
25 look at that kind of overall information. It's important.

1 If there hadn't been a facility -- hadn't been
2 a development in Killeen before, how are you going to know
3 how much it really costs without using this kind of data?

4 However, in this situation, we have a development on the
5 ground that gives you the actual numbers.

6 In consideration of the construction costs, the
7 staff, correctly, considered the Marshall and Swift
8 Residential Cost Handbook information. However, the QAP
9 goes forward and says, Don't just look at the book and do
10 a graph, as someone was discussing before. Submit actual
11 costs. And then we will look at those two things together
12 and make a determination.

13 In this situation, the -- unfortunately for
14 this applicant, the staff chose to stay with the
15 statewide, generically created information, as opposed to
16 looking at hard data that's available for this project in
17 Killeen.

18 And on that basis, if you take the operating
19 expenses and the construction costs, you do create a gap
20 that can challenge the economic feasibility of the
21 project.

22 What we're here today is to ask for a
23 consideration of the actual costs in Killeen and of this
24 sister project. We believe that if you use even -- in Ms.
25 Carrington's response to the appeal, there was a average

1 operating expenses of all the local developments in the
2 area, which were not elderly, were single family. That
3 still was even below what the operating expenses were for
4 the applicant as proposed in his application.

5 This is a subjective issue. The information
6 that the QAP requires the staff to utilize in the
7 underwriting is objective. However, when you put the two
8 together as required by 49.7, you have a subjective
9 determination. And we come before you to use hard numbers
10 on this and approve this application through underwriting.

11 I have some folks here that worked on this
12 project, Mr. Jimmy Irwin of JDP Construction, Ed Denny of
13 Key Bank, Laura Van Dyck of Greater Coastal Management,
14 the property management company that's presently managing
15 the Veranda, the sister development, and Tim Kemper, the
16 CPA.

17 These people -- and of course, the developer
18 himself, are available for any questions. But we'd urge
19 you to look beyond the generic, statewide information, and
20 look hard at this -- that this project makes sense.

21 We're not talking about developing a golf
22 course in Lajitas here. We are talking about putting in a
23 project fairly close to an existing project that works and
24 has got an incredible waiting list. There is a need in
25 Killeen. Please approve this. Thank you. I'm available

1 for any questions.

2 CHAIRMAN JONES: Thank you, sir.

3 Any questions, comments?

4 MR. CONINE: Can I hear Tom's response?

5 CHAIRMAN JONES: I bet you can.

6 Tom?

7 MR. GOURIS: When we evaluated this
8 transaction, we looked at the -- as the gentleman
9 indicated, we looked at a number of issues. We looked at
10 the statewide database. We looked at the IREM Region 6
11 figures. We also looked at a local average, which
12 included the Veranda, and we looked at the Veranda alone.

13 And when you go down the list of items on a
14 one-by-one basis, you kind of have to look and see, well,
15 what's -- you may have to make a judgment call on each
16 line item to determine what's the realistic -- what's the
17 most realistic number?

18 If you look at the totals, you can see that the
19 TDHCA total database is around 3,166. The IREM Region 6
20 is 3,124. The local average is 3,053. And we came up
21 with the number of 3,159.

22 If you look down the list at which ones we
23 chose, we chose to use the Veranda-only figures on two of
24 the line items, the local average on two of the line
25 items, and our database figures on three of the items.

1 Two of those that we used for the statewide database, our
2 figure is actually less than what the applicant had
3 indicated. So we went with the lower number, which was
4 the statewide database number.

5 So we have to look at all of those things laid
6 out in front of you. And in Ms. Carrington's response, as
7 the gentleman indicated, we have laid that out for them
8 and showed them where we got those figures from.

9 You know, I understand that they've indicated
10 that they are running the Veranda at 2,800 a unit.
11 That just, on a gut feel, you know, would tell you
12 something, too. But that's not the bottom line here. The
13 bottom line here is each line item. And that's how we
14 drove that figure.

15 CHAIRMAN JONES: Questions?

16 MR. SALINAS: What's the recommendation? Is to
17 deny?

18 MR. GOURIS: The recommendation is to deny.

19 MR. SALINAS: So move.

20 CHAIRMAN JONES: Okay. We have a motion. Is
21 there a second?

22 MR. CONINE: Second.

23 CHAIRMAN JONES: Okay. Motion's been made and
24 seconded. Further questions, comments for --

25 MR. CONINE: I can understand the operating

1 cost discrepancy, because you want to build in a little
2 fluff factor just to make you feel better.

3 On the construction side, though, I have a hard
4 time understanding how a project just being built in the
5 neighborhood across the street wherever this first one was
6 a year ago -- a couple of years ago at \$51 a square foot,
7 how you thought it would take \$57.93, or 58 bucks, to do
8 this one.

9 What -- can you go through some rationale
10 there?

11 MR. GOURIS: Sure. A large part of that issue
12 is going to be -- is going to come up with two things.
13 And that is Marshall and Swift looking at the multipliers
14 that we'd use for that.

15 We'd use an Austin multiplier, which might be a
16 little bit higher than what Killeen would normally -- what
17 would -- might be higher than what Killeen would say.

18 And the second issue on that is that Marshall
19 and Swift includes a fairly sizeable elderly multiplier
20 that we include in all elderly projects. I'll tell you,
21 though, statewide, you know, it's a interesting situation,
22 because oftentimes we're -- the concern is that we haven't
23 provided enough costs for the transaction.

24 And it's an interesting situation when we apply
25 the same set of standards and the same process in a

1 situation where we end up with a cost that's higher than
2 what the applicant is telling us.

3 The fact that he had just completed that
4 construction of an 88-unit transaction is something for us
5 to take into consideration. However this is 128 units.
6 It's two years later. You know, costs have gone up.
7 Costs will continue to go up.

8 MR. CONINE: Well, I -- we seem to run into
9 this habitually when we have a second phase, or a project
10 right across the street, when you have the same architect,
11 same developer and so forth. And in the future, I'd like
12 to see if we can figure out how to make Underwriting feel
13 a little more comfortable with those sorts of things --

14
15 MR. GOURIS: Absolutely.

16 MR. CONINE: -- because I think they are a
17 special-case situations. They're not Marshall and Swift
18 situations, because the experience is just there. And
19 granted, if it's -- there isn't a whole lot of inflation
20 around this economy right now, so that -- we need to work
21 on that a little bit.

22 MR. GOURIS: Yes, sir.

23 CHAIRMAN JONES: Further questions?

24 MR. STEWART: One quick point, Mr. Chairman?

25 CHAIRMAN JONES: Sure.

1 MR. STEWART: On the elderly aspect, where you
2 add 5 percent to the Marshall and Swift, that's
3 contemplating putting in elevators. Well, this is a
4 single-story development.

5 So you're trying -- you're still trying to make
6 this generic template work on every situation. And we
7 believe we did -- we put the actual cost of -- it's going
8 to build this project together. Thank you, Mr. Chair.

9 CHAIRMAN JONES: Further questions, comments?
10 We had a motion on the floor. Are we ready to vote?
11 Hearing nothing, I assume we are. All in favor of the
12 motion, please say aye.

13 (A chorus of ayes.)

14 CHAIRMAN JONES: All opposed, nay.

15 MR. CONINE: Nay.

16 CHAIRMAN JONES: The motion carries. I believe
17 that will then complete --

18 MR. CONINE: Ryans.

19 CHAIRMAN JONES: No, we have one more. 02133.
20 02133, Ryans Crossing. I don't think we have any
21 speakers as to -- is there a motion with regard to that?

22 MR. CONINE: Move to deny.

23 CHAIRMAN JONES: Okay.

24 MR. SALINAS: Second.

25 CHAIRMAN JONES: We have a motion made and

1 seconded. Questions, comments, discussion? Hearing none,
2 I assume we're ready to vote. All in favor of the motion,
3 please say aye.

4 (A chorus of ayes.)

5 CHAIRMAN JONES: All opposed, nay.

6 (No response.)

7 CHAIRMAN JONES: The motion carries. All
8 right. Again, we then have the next one is Grove Place.
9 And I think we have some people that would like to speak
10 as to Grove Place.

11 MR. CONINE: We don't have anything on this in
12 our book? No.

13 CHAIRMAN JONES: Apparently not. Apparently
14 these are -- these came in later.

15 MR. CONINE: How could they come in later?

16 CHAIRMAN JONES: I would have to let Edwina --
17 Ms. Carrington, could you address that for us?

18 MS. CARRINGTON: They were filed at five
19 o'clock on -- they were filed timely, but it was the day
20 that the board books went on the website.

21 So Brooke -- okay, Brooke?

22 MR. CONINE: I thought the deadline was last
23 month.

24 MS. CARRINGTON: It did.

25 MR. CONINE: We're going to get there.

1 MS. BOSTON: Right. There were several appeals
2 that came in within -- the requirement is that the
3 appeals have to be heard -- we have to have received them
4 by the board's secretary at one of two different times.

5 The first is seven days before the board
6 meeting. And we're also required by another part of
7 legislation to have our board book up seven days before.
8 Which puts Delores in quite a conundrum each seven-day
9 period, because appellants had until five o'clock business
10 day seven days before to get it in, but we also had to
11 have it up on the web. So the people who did theirs in
12 the last hour or two of the day went up as an addendum,
13 which are Birch Wood, Pampa --

14 MR. CONINE: Okay.

15 MS. BOSTON: Then also for Grove Place, there
16 was also a requirement that allows them to turn in an
17 appeal up to three days before the board meeting, which
18 would have been Friday, if they have received an answer
19 from Ms. Carrington on their appeal to her after the
20 seven-day mark, which was the case in their situation.
21 So they were all timely filed.

22 MR. CONINE: Right.

23 MS. ANDERSON: Got all that?

24 MR. CONINE: I thought we had the 30-day two-
25 week response as a standard.

1 MS. BOSTON: I wish.

2 MR. CONINE: That's not a standard. Okay.

3 CHAIRMAN JONES: Trust Brooke. She knows what
4 she's doing.

5 MR. CONINE: Okay. She knows her stuff.

6 CHAIRMAN JONES: Golly. Ms. White?

7 MS. WHITE: Trust me. We were doing appeals
8 all last week. Trust me. So Brooke knows.

9 CHAIRMAN JONES: Ms. White?

10 MS. WHITE: Good afternoon, Mr. Chairman, board
11 members, Ms. Carrington and staff. My name is Kelly
12 White, Ms. Kelly White. I am the Executive Director of
13 Safe Place Domestic Violence and Sexual Assault Survival
14 Center, which is the general partner in Grove Place
15 Partners, Limited.

16 Since its founding in 1978, Safe Place has
17 helped literally thousands -- tens of thousands of victims
18 of domestic violence to rebuild their lives, generally,
19 single women with several young children.

20 In the year 2000, the Texas Department of
21 Public Safety reported a total of 175,282 incidents of
22 family violence. In that same year, the Texas Council on
23 Family Violence reported that a total of 27,620 adults and
24 children received emergency shelter services for family
25 violence. And these are most often young mothers facing

1 impossible choices.

2 They can stay and live in an abusive home,
3 where both she and her child may be seriously injured or
4 even killed, or they can live in extreme poverty, and
5 perhaps become homeless.

6 Safe Place has been working hard to create
7 opportunities for these families, and what we know is that
8 safe, long-term affordable housing is simply the most
9 critical piece of the formula.

10 We want to do more, but we need your help in
11 order to do that. Our application for tax credits for
12 Grove Place Apartments was not recommended for tax credits
13 by Underwriting. Bill Lee, our development partner, will
14 discuss the reasons why we believe the underwriting
15 recommendation is incorrect.

16 But first, I want to take a moment to describe
17 for you the most important aspects of our application.
18 From the beginning, our team has tried our hardest to plan
19 a community that meets this department's highest
20 priorities, while also meeting the needs of our community.

21 We've done that by providing appropriate types
22 of rental housing for households that have difficulty
23 finding suitable, affordable rental housing. Victims of
24 domestic violence and sexual assault fall into this
25 category. Grove Place will provide those families

1 affordable housing that simply does not exist in Austin
2 today.

3 And we've done that by reaching the greatest
4 number of the lowest-income residents. Our application
5 provides more units for residents at 30 percent of area
6 median family income than all but two other applications
7 in this year's competition.

8 We've done that by maximizing the utilization
9 of the available tax credit amount. At \$5,308 of tax
10 credits per tax credit units, Grove Place has the fourth-
11 lowest per-unit request for credits in the nonprofit set-
12 aside, and the fourth-lowest request per unit in Region 7.

13 And we've done that by encouraging the participation of
14 nonprofit organizations.

15 Since its founding in the mid-1970s, Safe Place
16 has been a core institution in Travis County. Today, Safe
17 Place provides a continuum of services from temporary
18 shelter to counseling, to childcare, to job training. And
19 we are looked to for leadership from across the state and
20 the nation.

21 Other domestic violence and sexual assault
22 programs are already talking to us, and hoping to emulate
23 this program if we are successful. A more respected and
24 able nonprofit partner than Safe Place could simply not be
25 found. We are proud of the community we have planned, and

1 the ability of our team to meet the department's
2 objectives.

3 We are also blessed with strong support from a
4 broad base. This project has been endorsed by the
5 neighborhood groups, ADAPT of Texas, dozens of our fellow
6 social service agencies, and members of the Austin
7 Legislative delegation, including Congressman Doggett,
8 Senator Barrientos, Representatives Maxey, Dukes, Kitchen,
9 and Naishtat.

10 Mayor Garcia has also written to express his
11 strong support, and the Travis County Commissioners
12 unanimously passed a resolution of support. And we are
13 ready to build. We lack only the financing.

14 Grove Place has an approved site plan. We have
15 proper zoning. And because of its affordability, Grove
16 Place has been certified by the City of Austin as a
17 preferred development project eligible for expedited
18 approvals and fee waivers.

19 Throughout the application process, the TDHCA
20 staff has been both diligent and helpful. We really are
21 very appreciative of how wonderful they have been.

22 We believe, however, that the justifications
23 for denial included in the credit underwriting analysis
24 are not applicable. I hope that you will listen carefully
25 to Bill Lee's presentation and award tax credits to this

1 wonderful application. Thank you.

2 CHAIRMAN JONES: Thank you.

3 MR. LEE: Good afternoon, Mr. Chairman, board
4 members, Ms. Carrington and staff. My name is Bill Lee.
5 I'm a principal of Takoha [phonetic] Partners, the
6 developer for Grove Place Apartments.

7 And first, I would like to echo Kelly's thanks
8 to the staff for their help throughout the process. And I
9 would like to apologize publicly to Brooke for driving her
10 absolutely crazy.

11 Our appeal to reverse underwriting decisions
12 relating to Grove Place Apartments is to reverse an
13 underwriting decision relating to Grove Place Apartments
14 that has been denied.

15 The denial was based on an assertion made by
16 staff in a letter we received on July 25 through the
17 department to Kelly regarding our appeal of the decision
18 by Underwriting not to recommend Grove Place for an
19 allocation. My testimony will refute that assertion.

20 In this letter, staff states the applicant's
21 grounds for appeal must be based on information contained
22 in the original application and additional documentation
23 filed with the original application.

24 Staff goes on to say Safe Place's plan to form
25 an affiliated entity to act as general partner, and that

1 this entity would be organized as a CHDO was not
2 identified in the original application, nor did the
3 application indicate Safe Place's intent to replace itself
4 with this new entity as general partner.

5 This is incorrect. Attached in your appeal
6 package is a copy of resolutions for the board of
7 directors of the Travis County Domestic Violence and
8 Sexual Assault Center, Safe Place, which was included in
9 Exhibit 105 of our original application filed on March 1
10 of this year.

11 In paragraph G of that resolution, Safe Place's
12 plan to create a new affiliated general partner that would
13 be organized as a CHDO, is clearly described and fully
14 disclosed. Grove Place Partners, G.P., Inc., is the
15 entity that has been formed for the purposes of being the
16 general partner.

17 Safe Place will control it. Its current board
18 of members is comprised of Safe Place board members, each
19 of whom was identified in the appropriate section of our
20 original application. As stated on our appeal letter,
21 nonprofits with other extensive activities regularly form
22 single-purpose entities when they participate in tax
23 credit projects.

24 And it is not uncommon for these new entities
25 to be formed and substituted after the award of tax

1 credits. Having refuted the reason for the denial of our
2 appeal of Underwriting's decision not to recommend Grove
3 Place, we would like to address the claims made in the
4 credit underwriting analysis, which are the basis for that
5 decision not to recommend.

6 Page 7 of the credit underwriting analysis
7 included the following statements: "No evidence of the
8 CHDO status was provided. Safe Place has formed a new
9 nonprofit entity, Grove Place Partners, Inc., to replace
10 Safe Place as general partner.

11 "The fact remains that a CHDO designation has
12 not been received, and therefore, the property tax
13 exemption is uncertain." Staff concludes with this
14 statement. "Primarily to the -- due to the difference in
15 operating expenses, most notably the CHDO tax exemption,
16 the underwriters estimated debt service coverage is
17 significantly less than the program minimum standard."

18 On page 9 of the credit underwriting analysis,
19 staff states, "If the proposed CHDO status of the general
20 partner were granted, and the subsequent property tax
21 exemption achieved, it would appear that this
22 infeasibility conclusion could be removed."

23 The problem taken by staff on page 7 is
24 incorrect. The Texas Tax Code and subsequent appeals
25 court ruling clearly state that the receipt of a CHDO

1 certificate or designation is not necessary to qualify for
2 a property tax exemption. The only requirement to qualify
3 for property tax exemption is for the entity to be
4 organized as a CHDO.

5 Our appeal of Underwriting's decision, which
6 you have a copy of, clearly documents that Grove Place
7 Partners, Inc., is organized as a CHDO, and will qualify
8 for the property tax exemption. The department's denial
9 of our appeal does not contest that position.

10 Based on these facts, and on staff's
11 representative on page 9 of the credit underwriting
12 analysis, stating that with CHDO status and property tax
13 exemption, it would appear the infeasibility conclusion
14 could be removed.

15 We respectfully ask that you overturn
16 Underwriting's decision not to recommend. We also ask
17 that you support the position of the tax credit staff
18 included on page 4 of your board book, supporting an award
19 for tax credits, based on Grove Place's high score in a
20 statewide nonprofit set-aside. Thank you.

21 CHAIRMAN JONES: Thank you, sir. Is there
22 anyone else from your group that likes to --

23 MR. LEE: No.

24 CHAIRMAN JONES: Okay. All right. Tom, I
25 thought he drove Brooke crazy.

1 MR. GOURIS: He did.

2 MS. CARRINGTON: That's why Tom's up there.

3 CHAIRMAN JONES: Is that why Tom's up there?
4 Brooke, you're totally nuts, huh?

5 MR. GOURIS: This is a very difficult issue for
6 Underwriting, because it's a project that has a lot of
7 merit. However, as of the last date that we have, the new
8 general partner still has not received its tax-exempt
9 status from the IRS. And that's a key component of being
10 a qualified CHDO.

11 So in essence, the new GP didn't exist at the
12 time that the application was made, could have existed but
13 didn't, doesn't actually have it's nonprofit designation
14 by the IRS, and therefore, doesn't give us a lot of
15 assurance that they --

16 CHAIRMAN JONES: It's a rule, right? Is that
17 what you're saying?

18 MR. GOURIS: It would be difficult -- if --

19 MR. SALINAS: You have no choice.

20 MR. GOURIS: -- any applicant indicated that
21 they were going to form a nonprofit that was going to be
22 CHDO designated; any applicant could do that. And we'd
23 have to say, as long as they told us they were going to do
24 that, we'd have to accept that basically.

25 And it's a difficult thing because, you know,

1 it's not unbelievable to consider that they may, in fact,
2 get their CHDO designation at some point down the road.
3 But today they don't have their IRS 501(c)(3) status.

4 MS. ANDERSON: Is this a parallel situation to
5 Refugio Street in San Antonio? Is it the same situation?

6 Where we didn't give back those points? Or is it a
7 different situation?

8 MR. GOURIS: Different situation.

9 MS. CARRINGTON: Different situation.

10 MS. ANDERSON: Okay. Thank you.

11 MR. GOURIS: Different organization structure.

12 MR. CONINE: But isn't Safe Place already a
13 501(c)(3)?

14 MR. GOURIS: They are, but they are not a CHDO.

15 MR. CONINE: But they're not a CHDO.

16 MR. GOURIS: And if they were a CHDO, they
17 could have used that CHDO designation to -- I don't
18 believe they -- I don't know. But they're not a CHDO.
19 They could have used that potentially.

20 MR. SALINAS: That's why we --

21 MR. GOURIS: Without that CHDO designation,
22 they -- I think they would agree that the project -- well,
23 they may not agree. But from our perspective, that's a
24 significant -- it wouldn't underwrite without the CHDO.

25 MR. CONINE: But you went ahead and underwrote

1 it because we asked you to last time --

2 MR. GOURIS: Yes, sir.

3 MR. CONINE: -- is what it looks like to me.

4 And this -- would the CHDO status on the to-be-formed
5 nonprofit gain them any points in the scoring system? I
6 don't think it does. This is just an underwriting issue.

7 MR. GOURIS: I don't believe so.

8 MS. BOSTON: Right. But if they were found to
9 be acceptably underwritten --

10 MR. GOURIS: Yes.

11 MS. BOSTON: -- or they were recommended by
12 Underwriting as opposed to not recommended, they would
13 have been at the top for recommendation, because we needed
14 to do another nonprofit deal --

15 MR. GOURIS: Right.

16 MS. BOSTON: And it would have been them, if
17 but for the not-recommended status.

18 MR. LEE: Mr. Chairman, can I comment a second?

19 CHAIRMAN JONES: Yes.

20 MR. LEE: While Mr. Gouris is right, we have
21 not received a 501(c)(3) determination letter from the
22 IRS, the appeals court ruling to the Texas Tax Code do not
23 require this. They specifically say if you are organized
24 as a nonprofit, under the laws of the state of Texas, then
25 you qualify for the property-tax exemption, and there is

1 no qualification.

2 The 501(c)(3) status determination is in
3 process and will happen. It is not a requirement that is
4 required either under the law, or under the findings of
5 the appeal court.

6 CHAIRMAN JONES: Thank you, sir.

7 MR. CONINE: Could you answer that? I mean, is
8 there a place in our QAP, forgetting the law for a
9 minute -- is there a place in the QAP that requires the
10 IRS's admission, if you will, of a tax-free status of
11 the --

12 MR. GOURIS: No, the QAP is relatively silent
13 on this whole issue. It's an issue of feasibility. And
14 it may be an issue of timing feasibility more than it is
15 ultimate feasibility.

16 MR. CONINE: Well, since you underwrote this
17 thing, did you underwrite it with property taxes or
18 without property taxes?

19 MR. GOURIS: We provided two alternatives, one
20 with property taxes, as it would be now. And that was a
21 infeasible -- we would conclude it infeasible, that
22 project would be infeasible that way.

23 If we alternatively accept the position that
24 they may be able to get a CHDO exemption somewhere down
25 the line, then we underwrote it and provided a

1 recommendation -- alternative recommendation for that
2 scenario.

3 CHAIRMAN JONES: Further questions, comments?

4 MR. CONINE: This is a tough one. I'm going
5 to move that we accept the appeal subject to getting
6 confirmation of the IRS tax-free status for the to-be-
7 formed entity.

8 MR. SALINAS: Second.

9 CHAIRMAN JONES: Just as by way of discussion
10 on the motion?

11 MR. GOURIS: I have no comments.

12 CHAIRMAN JONES: We have a motion?

13 MS. ANDERSON: I have a comment. You have a
14 motion and a second?

15 CHAIRMAN JONES: Yes.

16 MS. ANDERSON: Right?

17 CHAIRMAN JONES: Time for comments.

18 Ms. Anderson?

19 MS. ANDERSON: You know, I'm -- I've said this
20 in other board meetings. I'm just very uncomfortable with
21 woulda coulda shoulda oughta, think, will, you know, kind
22 of situations.

23 And we were working very hard for all of the
24 people in this room and your colleagues across the state
25 to have a transparent and consistent process. And you

1 know, I know it isn't the perfect process. We're going to
2 try to make it better when we go through the QAP revisions
3 this year.

4 But -- so I -- I guess we're ready to vote.
5 But I just have to be on record. I'm not comfortable with
6 this.

7 MR. SALINAS: Yes.

8 MR. CONINE: Well, I'm -- well, correct me if
9 I'm wrong, but I think Mr. Lee stated that there wasn't
10 anyplace in the QAP that said they had to have the form
11 from the IRS.

12 MS. ANDERSON: We had a process that we've
13 asked our staff to follow. And so I'm not comfortable
14 when we choose not to do that.

15 CHAIRMAN JONES: I would just echo Ms.
16 Anderson's comments, this is just debate on the motion.
17 But my concern is this. There has got to be a snapshot in
18 time -- a point in time where consistently you're
19 evaluating all these things.

20 Now, I -- and to me, the easiest way to tell
21 whether, you know, certain provisions are made, is when
22 the IRS issues the appropriate documentation. And I think
23 to -- I just think we're opening a Pandora's box.

24 MR. CONINE: But if the IRS form is not
25 required by state law to get the property tax exemption,

1 which he clearly stated, and I think we've had proved to
2 us on numerous occasions, the fact that the newly formed
3 general partnership nonprofit entity being a CHDO was in
4 the organizational books and minutes and articles of
5 incorporation should be enough for us. I don't know why
6 it is not.

7 CHAIRMAN JONES: Well --

8 MR. CONINE: And that's what I'm trying to get
9 out of Mr. Gouris.

10 MR. GOURIS: Those things weren't provided in
11 the application, though, that the entity things exist at
12 the time the application was made.

13 MR. CONINE: Edwina, didn't you say that you
14 knew, based -- or didn't he say that he knew that it was
15 organized as a CHDO in his original application also on
16 schedule?

17 MR. GOURIS: There was a comment in one of the
18 narratives that -- I'm sorry, in the resolution, that
19 indicated that they -- if they received that kind of
20 allocation, they would form a nonprofit -- a new nonprofit
21 to be a CHDO. But the application for that entity wasn't
22 in the package.

23 CHAIRMAN JONES: And that's clearly what he
24 read to us.

25 MS. ANDERSON: Right.

1 CHAIRMAN JONES: I mean, when he read it to us,
2 we were going to go do it, and we told you all we were
3 going to go do it.

4 MR. GOURIS: Right.

5 CHAIRMAN JONES: And now we've done it. And my
6 point is not that it's good, bad, or indifferent. It's
7 just that, you know, this is an appeal of Underwriting's
8 decision. And I understand how they've reached the
9 conclusion they reached, based upon the snapshot they had
10 to look at.

11 But having said that, we have a motion on the
12 floor, and it has been seconded. Any further comments on
13 the motion? Hearing none, are we ready to vote? I
14 assume we are. All in favor of the motion, please say
15 aye.

16 (A chorus of ayes.)

17 CHAIRMAN JONES: All opposed to the motion, say
18 nay.

19 MS. ANDERSON: Nay.

20 CHAIRMAN JONES: The motion carries. All
21 right.

22 MR. SALINAS: We have to remember, subject to
23 the CHDO.

24 CHAIRMAN JONES: Yes.

25 MR. SALINAS: I would suggest you all just

1 hurry it up and -- because you really don't have any
2 package yet, anything --

3 CHAIRMAN JONES: All right.

4 MR. CONINE: Now what do we do, Coach?

5 MR. SALINAS: Now what do we do?

6 CHAIRMAN JONES: Okay. Now, wait, wait. We're
7 not through with the appeals. We're still on item --

8 MR. CONINE: Oh, we've got another one?

9 CHAIRMAN JONES: Yes, we have --

10 MR. CONINE: How many more we got?

11 CHAIRMAN JONES: Yes. I don't know, because I
12 don't -- they haven't given them to me. I'm reading them
13 off.

14 MR. CONINE: Mr. Chairman --

15 CHAIRMAN JONES: The Birch Wood appeal. Is
16 anybody here to speak on the Birch Wood appeal? Anyone
17 here to speak on the Birch Wood appeal? Hearing nobody
18 being here to speak on it, is there a motion with regard
19 to the Birch Wood appeal?

20 Mr. Gouris, would you like to speak on it,
21 since nobody's saying anything?

22 MR. CONINE: Move to deny.

23 CHAIRMAN JONES: Okay. We have a motion to be
24 denied.

25 MR. SALINAS: Second.

1 CHAIRMAN JONES: Motion's been made and
2 seconded. Further discussion on the motion? Hearing
3 none, I assume we're ready to vote. All in favor of the
4 motion, please say aye.

5 (A chorus of ayes.)

6 CHAIRMAN JONES: All opposed, nay.

7 (No response.)

8 CHAIRMAN JONES: The motion carries. I believe
9 the Pampa Gardens appeal has been withdrawn. So I don't
10 think there are any other appeals. Is that true? Okay.

11 We then are ready to move to Item 4 on the
12 agenda. And the witness affirmation forms I have for Item
13 4, the first one is Ms. Gomez.

14 Ms. Gomez. Margaret Gomez. Okay. I don't see
15 anybody. We'll go to the next one. That may conclude --
16 are there any other witness affirmation forms?

17 MS. ANDERSON: One or two more.

18 CHAIRMAN JONES: Okay. Mr. Mullin [phonetic]?

19 MR. SALINAS: Oh, yes, him. Mr. McMullin.
20 Thomas McMullin. I'm sorry.

21 CHAIRMAN JONES: Thomas McMullin?

22 MR. CONINE: There he is.

23 MR. MCMULLIN: Mr. Chairman, there's only two
24 more.

25 CHAIRMAN JONES: Excuse me?

1 MR. MCMULLIN: I'll pass if there is nobody
2 else here.

3 CHAIRMAN JONES: There is a Mr. Kehoe and a Mr.
4 Delgado, is what I've got. Okay. Pass.

5 MR. MCMULLIN: I'll pass.

6 CHAIRMAN JONES: Mr. Kurt Kehoe.

7 MR. SALINAS: Which one is that?

8 MR. CONINE: Madison Point, Region 3, I think.

9 MR. KEHOE: Good afternoon, Chairman Jones,
10 board members, thank you for allowing me to speak. My
11 name is Kurt Kehoe. I'm here to speak about Madison Point
12 Apartments in Dallas, Texas.

13 I have a letter of support written by local
14 residents that I'd like to read into the record. The
15 letter is addressed to TDHCA, and is signed by 30
16 residents local to the proposed community.

17 It begins, "The following signatures below
18 represent those people in favor of the apartment
19 development at the above location in Dallas, Texas, known
20 as Madison Point.

21 "We are residents in the Glendale Heights
22 subdivision and the surrounding area on the east side of
23 Interstate 35 across the freeway from the proposed
24 development.

25 "Many of us have lived in this area for quite

1 some time, and have seen a major decline in the
2 neighborhood over the years. We have seen major retail
3 establishments close down over the years and needless to
4 say, we are concerned.

5 "It is time for our part of town to be
6 revitalized. And we feel that this development will
7 enhance the area and be a good start. Please let this
8 letter and the signatures below represent our expression
9 of support for the Madison Point Apartment development."

10 Again, there are 30 signatures with the
11 addresses attached to this letter. We did have several
12 meetings and correspondence with the local homeowners in
13 this area to ensure that they were kept up to date on what
14 our proposed development was. We answered their
15 questions, and we feel like we've done a good job of
16 giving information to them. Thank you.

17 CHAIRMAN JONES: Thank you, sir.

18 Any questions? All right.

19 Mr. John Delgado? Mr. Delgado?

20 MR. DELGADO: Good afternoon, Chairman, members
21 of the board. My name is John Delgado. I'm a senior
22 assistant to City Councilman Enrique Martin, the City of
23 San Antonio, city council district 4.

24 We are in opposition to the Heatherwilde
25 Estates, project number 02075. We contest that this

1 project has serious flaws. Its proceedings have not been
2 consistent with our proceedings in city council district
3 4.

4 They have not contacted three neighborhood
5 associations. Those neighborhood associations are the
6 Southwest Community Association, the Pace Neighborhood
7 Association, or the Indian Creek/Hidden Cove Neighborhood
8 Associations.

9 An application was submitted for rezoning
10 January 2002. As of today, that zoning request has not
11 been heard by the zoning commission. It is our
12 contestance [sic] that once this request does come before
13 the City of San Antonio Zoning Commission, that it be
14 denied on the basis that they have not worked with the
15 neighborhood associations.

16 We are prepared at the city council to deny
17 this request as well. And lastly, we do support projects
18 in Region 8A. We do support Villas at Costa Verde. And
19 we do support in the way they have managed their request.

20 That project has worked with the developers.

21 Excuse me, the developers have worked with
22 those neighborhood associations. They have worked with
23 that city councilman for that area. They have worked with
24 the City of San Antonio, and they have worked with other
25 residents that do not fall within those boundaries.

1 So at this time, we strongly recommend that you
2 pull this project, Heatherwilde Estates. Heatherwilde
3 Estates, project number 02075. Thank you.

4 CHAIRMAN JONES: Okay. All right. I think we
5 had another person that wanted so speak. Mr. Johnson?
6 No? Okay.

7 MR. CONINE: The Heatherwilde Estates, or
8 something --

9 CHAIRMAN JONES: All right.

10 MR. CONINE: -- it's been recommended, he said,
11 before.

12 CHAIRMAN JONES: That seems to be everybody
13 that filled out a witness affirmation.

14 MR. SALINAS: On this last one, are you going
15 to pull it, or --

16 MS. CARRINGTON: No, sir. We are recommending
17 it --

18 MR. SALINAS: It's getting so it doesn't
19 have --

20 MS. CARRINGTON: Tom, do you want to address
21 that? Heatherwilde Estates?

22 MR. CONINE: Heatherwilde Estates?

23 MS. CARRINGTON: It's our highest-scoring
24 transaction in Region 8A in San Antonio.

25 MR. GOURIS: And it's subject to rezoning.

1 MS. CARRINGTON: Well, there were several we
2 talked about today.

3 MR. SALINAS: Subject to rezoning and --

4 MR. GOURIS: There are several that are subject
5 to rezoning. Yes. It's allowed in the QAP, to not have
6 the proper zoning, as long as they have applied for
7 rezoning.

8 MR. SALINAS: Okay. Thank you.

9 MR. DELGADO: Again, they have applied, but
10 they will not receive their rezoning. They are currently
11 industrial. I want to -- they will not receive the
12 multifamily -25 [phonetic] designation.

13 MR. SALINAS: So if you don't give them that,
14 then --

15 MR. DELGADO: The project is essentially dead.
16 And that's why we ask you at this moment to go ahead and
17 pull this request and fund maybe another project, instead
18 of continuing to fund this project, and go into the
19 procedure of reallocating this money at a later point in
20 time.

21 CHAIRMAN JONES: Thank you, sir.

22 All right. Yes, sir. Somebody else filled
23 out --

24 MR. CHAPA: Can I speak on behalf of the
25 project, sir? I'm the chairman of the sponsoring

1 organization.

2 CHAIRMAN JONES: Yes, sir.

3 Go ahead. You'll be our last speaker, then.
4 And then I'd ask that you fill out a witness affirmation
5 form.

6 MR. CHAPA: I represent the Bexar County
7 Housing Authority, who is the sponsor. We are appointed
8 by the commissioners of the entire Bexar County. The
9 commissioners work very closely with the city council on
10 all of these projects. They are appraised of what's going
11 on.

12 Our representatives have talked with Hidden
13 Cove and Indian Creek Neighborhood Associations. And they
14 seem to be in agreement that this is needed -- much needed
15 out there. There has been less than 4 percent housing
16 built out there within the last ten years. It's very much
17 needed.

18 The application -- formal application for
19 zoning has been submitted. Nobody can stand here and
20 speak for ten zoning commissioners and say it will not be
21 approved, you know. I mean, he can say that maybe his
22 representative might be against it. But that
23 representative on the zoning commission is not here.

24 We have talked to him, and they said they have
25 no reservations, or they're not against this project. The

1 only thing they said is that we meet with those
2 neighborhood organizations, of which we have approached
3 them, or we have talked to them. And they have no -- from
4 our standpoint, they have no aversion towards this
5 project.

6 It's one of the highest-scoring projects. It
7 is the highest-scoring project in the region. And we urge
8 you to approve this project. Thank you very much, sir.

9 CHAIRMAN JONES: Thank you, sir. All right.
10 At this time, I believe we have called on everybody that's
11 filled out a witness affirmation form. And if you, sir,
12 would fill out yours, we'd appreciate it. And we will end
13 public comment.

14 We will then turn our attention to, I believe
15 it's Item number 4 on the agenda.

16 Ms. Carrington, does staff have its
17 recommendation?

18 MR. CONINE: Can we take a five -- ten-minute
19 break?

20 CHAIRMAN JONES: Certainly.

21 MS. ANDERSON: Yes.

22 CHAIRMAN JONES: Okay. Yes. We will take a
23 five-minute break. Thank you.

24 (Whereupon, a short recess was taken.)

25 CHAIRMAN JONES: I call the meeting back to

1 order. And after scaring her to death, we will then turn
2 over to Ms. Carrington Item 4 on our agenda, which are
3 your recommendations.

4 MS. CARRINGTON: Thank you, Mr. Jones. I'm
5 glad that wasn't directed at me. We are going to -- I'm
6 going to take Executive Director's privilege here for just
7 a few minutes. Brooke's presentation is getting bumped.

8 I know you all have really gotten to where you
9 look forward to that presentation on an annual basis,
10 about the Regional Allocation formula and how many credits
11 go into each region, and how many applications we had,
12 although we are going to skip that today.

13 (Applause.)

14 MR. CONINE: Don't clap yet.

15 CHAIRMAN JONES: Ms. Carrington's great
16 objection. We're not finished.

17 MS. CARRINGTON: However, I did tell the Chair
18 that I felt like I had a few things that I wanted to say
19 to the group this afternoon. And that is, we really want
20 to thank you all for your participation in this round of
21 our tax credits.

22 We process -- we actually had about 143 final
23 applications we processed. We had competing
24 applications -- 128 applications. Those of you all who
25 have been TDHCA watchers and participators know that this

1 is the first round of credits that we've allocated under
2 our new legislation, which is affectionately called Senate
3 Bill 322.

4 And Senate Bill 322 put a substantial number of
5 requirements on staff, made a substantial number of
6 changes in the way that we administer our Low Income
7 Housing Tax Credit Program. Those of you who participated
8 know about that.

9 We had a preapplication process, you know, that
10 all of the information that we have is posted on the
11 website, that we have a scoring log, that underwriting
12 reports are on the website. You know also that we have an
13 appeals process for the first time. And I think as you
14 all have heard today, I think there is some timing issues
15 related to the appeals process.

16 I wish I had a dollar for every time staff told
17 me, Next year in the QAP we're going to fix that. And
18 there are many things that have been unclear that we
19 really have been struggling with in the QAP.

20 I want to compliment the staff. I think the
21 staff has done an absolutely exemplary job --

22 (Applause.)

23 MS. CARRINGTON: -- in struggling with and
24 complying with what's in Senate Bill 322. It was our
25 first time out, and many of you all attended our forums on

1 Friday morning, and we had eight of those over eight
2 weeks. And many of you all helped us out as we were
3 struggling through with some of those issues, some of
4 those interpretations, some of those determinations.

5 What I believe that we can tell -- what I know
6 that we can tell you all today, and as the board members
7 have asked the questions, have we treated everyone the
8 same? The answer to that is, to the best of our ability,
9 we have interpreted the QAP the same for everyone.

10 And I think you all pretty much acknowledged
11 that, because as we've gotten letters in from you on
12 appeals, what you've said is, you know, We think your
13 underwriting is wrong. Or we think your point scoring is
14 incorrect. But we basically haven't had a lot of personal
15 attacks.

16 It's basically, we disagree with your
17 interpretation. We don't necessarily disagree with you.
18 I think that's very important for us.

19 The last two or three things that I want to
20 mention: As you all know, basically Senate Bill 322 says
21 that we will score, and that we will award applications
22 and priorities and set-asides by the highest-scoring
23 transactions.

24 There are a few factors that the board can use
25 as discretionary factors. And those factors are serving

1 more low-income families for fewer credits, serving more
2 low-income families for a longer period of time, looking
3 at allocating credits among different entities, or as many
4 different entities as possible, which we address pretty
5 well in the \$1.6 million rule, and also, looking at
6 applications that are consistent with local needs and that
7 are part of a preservation or revitalization plan.

8 So we have underwritten and scored, based on
9 what we believe our mission and our mandate is. And those
10 are the recommendations that we are bringing to the board
11 today.

12 CHAIRMAN JONES: Thank you, Ms. Carrington.
13 And I guess I then would turn to you or to Brooke for
14 those recommendations?

15 MS. CARRINGTON: I will read the
16 recommendations --

17 CHAIRMAN JONES: Thank you.

18 MS. CARRINGTON: -- into the record. I will be
19 reading the recommendations by the region and by the --
20 the number of the project, and the amount of credits it's
21 recommended by Underwriting.

22 The first region I'll be reading is Region
23 number 1. Application 02029, recommended credit about
24 \$1,050,826. Application 02022, \$333,177. Application
25 02159, credit amount \$161,815.

1 Application 02157, recommended credit amount
2 \$104,374. Application 02150, recommended credit amount
3 \$113,155. And that completes the recommendations for
4 Region Number 1.

5 For an explanation that only Brooke can give,
6 the next region on your list and my list is Region 10.
7 Something about what the computer will or will not do.

8 Right, Brooke?

9 MR. CONINE: Or where she went to school on
10 that.

11 CHAIRMAN JONES: Where'd you go to school?

12 MS. BOSTON: Florida State.

13 MS. CARRINGTON: Region 10. 02051, recommended
14 credit amount \$228,465. Application 02053, \$624,635.
15 Application 02052, \$618,843. Application 02068, \$216,491.
16 Application 02061, \$160,173. Application 02036,
17 \$394,662. That completes the recommendations for Region
18 10.

19 Region 2, 02046, recommended credit amount
20 \$53,565. 02047, credit amount \$21,842. 02044, \$409,727.
21 02073, recommended credit amount of \$774,967.

22 However, this transaction would need to be
23 split between '02 and -- well, a forward commitment for
24 '03, because the way the list stands right now, there
25 would be insufficient credits in the '02 round to make the

1 full allocation. So out of the '02 allocation, the amount
2 would be \$555,029. Application 02148, credit amount
3 \$545,899. That completes the recommendations for Region
4 2.

5 Region 3, Application 02149, credit amount \$1,
6 053,119. Application 02083, \$679,272. Application 02034,
7 \$781,495. Application 02097, \$288,644. Application
8 02091, \$544,106. Application 02021, \$425,426.

9 Application 02158, credit \$151,278.
10 Application 02008, \$378,365. 02006, \$638,488. 02002,
11 \$385,791. That completes the recommended allocations for
12 Region 3.

13 Region 4, 02045, \$373,692. 02030, \$1,047,330.
14 Application number 02110, \$744,356. Application number
15 02071, \$61,052. Application number 02156, \$275,871.
16 Application number 02072, \$86,940. And that completes the
17 recommendations for Region 4.

18 Region 5, Application number 02174, credit
19 allocation \$719,168. Application number 02112, allocation
20 \$762,000. Application number 02175, \$473,198. That
21 completes the recommendations for Region 5.

22 Region 6, 02147, credit allocation \$1,084,340.
23 Application number 02119, credit allocation \$1,085,628.
24 Application number 02099, credit allocation \$616,304.
25 Application number 02080, credit allocation \$936,382.

1 Application number 02120, credit allocation \$366,177.

2 Application 02151, credit allocation \$968,058.

3 Application number 02020, credit allocation

4 \$466,434. Application number 02019, \$374,963.

5 Application number 02161, \$96,390. Application number

6 02163, \$93,636. Application number 02162, \$91,616.

7 Application number 02160, \$63,915. Application 02010,

8 \$610,346. That completes the recommendations for Region

9 6.

10 Region 7, Application number 02073, \$1,027,062.

11 Application 02042, \$448,615. Application 02027,

12 \$369,601. Application 02004, \$355,436. Application

13 02005, \$441,453. Application 02001, \$356,005. That

14 completes the recommendations for Region 7.

15 Region 8A, 02075, recommended credit amount

16 \$1,068,403. Application number 02092, \$610,106.

17 Application number 02086, \$774,562. Application number

18 02093, \$300,006. Application 02094, \$456,769.

19 Application 02009, \$917,770. That completes the

20 recommendations for Region 8A.

21 Region 8B, Application number 02043, credit

22 recommended amount of \$777,472. Application number 02011,

23 \$416,498. Application 02103, \$899,933. Application

24 02076, \$864,275. Application 02037, \$565,712.

25 Application 02107, \$888,921. Application 02033, \$862,724.

1 Application number 02153, \$55,529. Application
2 02154, \$61,645. Application 02007, credit allocation
3 \$563,846. Application 02003, credit allocation \$885,689.
4 That completes the recommendations for Region 8B.

5 Region 9, Application number 02079, credit
6 allocation \$925,169. Application 02104, credit allocation
7 \$821,462.

8 Mr. Chairman, that completes the staff's
9 recommendations for the 2002 allocation awards.

10 CHAIRMAN JONES: Mr. Conine, do you have a --

11 MR. CONINE: No, I think I'm okay with it.

12 CHAIRMAN JONES: Okay. All right.

13 MS. CARRINGTON: Brooke is giving me the high
14 sign. I must have left something out.

15 MR. CONINE: Well, there is probably a number
16 or two. Yes, sure. I mean, he's running the meeting.

17 MS. BOSTON: There were two that got read in
18 wrong, which is two out of all that many. But I want to
19 make sure the record actually reflects --

20 CHAIRMAN JONES: You mean you don't want to
21 fire your boss over it?

22 MS. BOSTON: I love my boss.

23 CHAIRMAN JONES: Isn't it nice? She says
24 that's okay.

25 MR. CONINE: I thought I -- go ahead.

1 MS. BOSTON: I just wanted to make sure the
2 record actually reflected the corrected amounts, so later
3 if someone reads it --

4 MS. CARRINGTON: Thank you.

5 MS. BOSTON: -- it's right. In Region 2, there
6 was a project that you -- there -- it was read in as 02073
7 being for \$774,967. And the project number is actually
8 02070.

9 And then in Region 8A, project 02092, the
10 amount was read in as \$610,000-something. And the amount
11 is actually \$640,106.

12 MS. CARRINGTON: Yes. Thank you for listening,
13 Brooke.

14 MR. CONINE: And am I to assume that the July
15 26 list we're looking at is correct everywhere, so that if
16 she misread something somewhere else, that we could refer
17 to this list and it govern, so that when we make the
18 motion, we'll --

19 MS. CARRINGTON: Yes.

20 MR. CONINE: -- take care of it that way?

21 MS. CARRINGTON: Yes, and she was right also.

22 MR. CONINE: I just wanted to make sure there
23 wasn't a mistake on here.

24 CHAIRMAN JONES: All right. Okay. We have
25 staff recommendations.

1 MR. CONINE: Move for approval.

2 MR. SALINAS: Second.

3 CHAIRMAN JONES: We have a motion that they be
4 approved, and a second. Comments, discussion?

5 MR. CONINE: Mr. Chairman, I would like to make
6 one amendment to my own motion, if I might.

7 CHAIRMAN JONES: Please do.

8 MR. CONINE: Based on testimony we have heard
9 here today, and some evidence of local needs, I think, in
10 the community, I'd like to take off of the Region 7
11 approved list 02073, and replace it with 02100, which is
12 the Grove Place Apartment deal, again, subject to the
13 previous motion of granting their appeal.

14 And furthermore, I think that would -- I'm not
15 sure of the math, Brooke. You may help me on that. But
16 that may -- the math may then take care of the Woodview
17 project that has a split allocation. I don't know if
18 there's enough differential there to cover it or not, but
19 I think it would be, or get close. And if there's not, we
20 can still leave it to '03.

21 And finally, I'd like to amend the staff
22 recommendation. I know we also have 2003 forward
23 commitments on this list, and she only read off the 2002
24 awards. I'd like to recommend that this board not make
25 any recommendations on the 2003 forward commitment list

1 until next month, at our meeting next month, so that some
2 of this other stuff that we know of, that we think is
3 going to shake out, might shake out between now and then,
4 and help clarify some of our decision as to not only the
5 forward application list, or the forward commitment list,
6 but also the waiting list that we're going to develop
7 next month.

8 MS. ANDERSON: May I ask a question of
9 clarification?

10 MR. CONINE: Sure.

11 MS. ANDERSON: Do you mean the -- when you say
12 next month, to mean the August 8 meeting, or the September
13 meeting?

14 MR. CONINE: Well, from what I'm hearing, we
15 may have to have two meetings in August. So either one of
16 the two meetings next month. And I think we can do that.
17 And I think the QAP allows the discretion to be able to
18 do that.

19 MS. ANDERSON: Okay. Thanks.

20 MR. CONINE: So I'd amend my motion -- or the
21 motion on the floor to do those two things.

22 CHAIRMAN JONES: Okay. So what we have on the
23 floor right now is a motion to amend. And is there a
24 second to the motion to amend?

25 MR. SALINAS: Is that the same one that --

1 MR. CONINE: That we take this one off and put
2 that one on. The one that --

3 MR. SALINAS: This one.

4 MS. BOSTON: It would free up that money.

5 MR. SALINAS: It would?

6 MS. BOSTON: We would --

7 MR. CONINE: It would.

8 MR. SALINAS: I second your motion.

9 CHAIRMAN JONES: Okay. The motion to amend has
10 been made and seconded. Now, is that being done pursuant
11 to discretionary provision?

12 MR. CONINE: Local needs assessment.

13 CHAIRMAN JONES: Okay. Just want to make sure
14 you're referencing exactly why it was being done. It's
15 due to your evaluation of local needs assessments.
16 Correct?

17 MR. CONINE: Correct.

18 CHAIRMAN JONES: Thank you. Further discussion
19 on the motion to amend which has been made and seconded?
20 Questions, comments?

21 MR. HERRERA: Mr. Chair, I'd like to speak to
22 that.

23 CHAIRMAN JONES: I'm sorry, sir. The time for
24 public comment has been closed. I apologize. Further
25 comments? I'm going to reverse myself on that. If you'd

1 like to speak on that, please come down and do so. If
2 you'd please state your name for the record, sir.

3 MR. HERRERA: My name is Carlos Herrera. I'm
4 the developer sponsoring this project. With all due
5 respect to the board and everybody here, I don't know what
6 testimony was heard. I heard a senator speak from his
7 district.

8 I have all the support of all the elected
9 officials in this city, the mayor, the state reps, the --
10 everybody. I'm the highest-scoring project. I worked
11 very hard. I went through two different appeals,
12 succeeded there, and maintained my status as a top-rated
13 project in this district.

14 And I don't see what one person coming out of
15 nowhere, who doesn't even live or represent the people and
16 the groups that I met with in that district -- I have met
17 with the citizens there. They do have some concerns. In
18 fact, they would anywhere else where we have pending
19 zoning.

20 I'm working through that now as we speak. So I
21 don't understand what the justification would be to knock
22 out the highest-rated project in this region, Region 7,
23 Austin, Texas.

24 CHAIRMAN JONES: Thank you, sir.

25 Any further questions or comments?

1 MR. SALINAS: How would we be able to
2 accommodate both here in the region? We would have to
3 get --

4 MR. CONINE: Well, we've still got the
5 forwards to deal with for next year. And there may be
6 some other stuff happen over a short period of time --
7 that would --

8 MR. SALINAS: He would still keep --

9 MR. CONINE: -- some others drop out.

10 MR. SALINAS: He would still keep some over at
11 Pleasant Valley. We're not really knocking him off
12 completely, are we?

13 MR. CONINE: No, he's still eligible for the
14 forward list.

15 MR. SALINAS: Yes.

16 CHAIRMAN JONES: All right. Any further
17 questions or comments? Yes, ma'am.

18 MS. ANDERSON: I have a comment.

19 MR. SALINAS: You don't agree with him?

20 CHAIRMAN JONES: Yes.

21 MR. SALINAS: You don't agree, if he would
22 still be there for --

23 CHAIRMAN JONES: Yes.

24 MS. ANDERSON: Are we voting on a main motion,
25 or are we voting on an amendment?

1 CHAIRMAN JONES: We're voting on an amendment.

2 MS. ANDERSON: Okay. I have a comment on the
3 amendment.

4 CHAIRMAN JONES: Sure. Please.

5 MS. ANDERSON: You know, I take -- learned a
6 ton from Kent Conine, take a lot of leadership from him.
7 But I have to say, with regard to the amendment that we
8 have a very high-scoring project. There were some
9 comments made today about its zoning.

10 But it is not the only project on this list
11 that does not have its zoning completed. And that's not a
12 requirement in the QAP for moving forward.

13 And because we're not making our forward
14 commitments today, we would retain the flexibility to fund
15 Grove Place or any other project under a forward
16 commitment that had, you know, some sound principles
17 behind it. So I in this case, am going to -- am not going
18 to vote for the amendment because of the -- because the
19 Pleasant Valley project scored so much higher at the
20 outset.

21 CHAIRMAN JONES: Thank you. Any further
22 comments, questions?

23 Yes? Mayor Salinas.

24 MR. SALINAS: Well, I did the second on the
25 amendment, right?

1 CHAIRMAN JONES: Right.

2 MR. SALINAS: I would like to withdraw that
3 second.

4 CHAIRMAN JONES: Okay.

5 MR. SALINAS: I'm sorry.

6 MR. CONINE: Fading fast.

7 MR. SALINAS: I'm sorry.

8 CHAIRMAN JONES: You had it there for a little
9 bit.

10 MR. CONINE: Fading fast.

11 CHAIRMAN JONES: Okay.

12 MR. SALINAS: I'm sorry, but I just really
13 think that -- I think both projects are good projects.
14 And I think they'll get funded, both get their tax credits
15 funded. I think Beth is right, that we're taking it away
16 from the high scorer.

17 CHAIRMAN JONES: Okay. We have a motion in on
18 the floor that's not been seconded. Is there a second to
19 the motion to amend?

20 Hearing none, I believe the motion dies for
21 lack of a second, which would go back to the original
22 motion, which was to approve the recommendations of staff.

23 MS. ANDERSON: Has that motion been --

24 CHAIRMAN JONES: And that motion was seconded.

25 MR. SALINAS: I seconded that. Yes.

1 CHAIRMAN JONES: Are there any further motions
2 to amend? Not anticipating any, but that's generally the
3 way we've handled these. I hear no further motions to
4 amend.

5 Hearing none, I then would ask for questions,
6 comments, discussion, or debate on the motion to approve
7 staff's recommendations. Hearing none, I assume we're
8 ready to vote. Am I right? All in favor of the motion,
9 please say aye.

10 (A chorus of ayes.)

11 CHAIRMAN JONES: All opposed, nay.

12 (No response.)

13 CHAIRMAN JONES: The motion carries. All
14 right. What's next? Okay. All right. Excuse me. If I
15 could ask everybody to come to order. Excuse me. We're
16 not through with our meeting.

17 Yes, we're trying. We have no Executive
18 Director's Report. So I think our agenda is completed.
19 There is one thing, though, I would like for Ms.
20 Carrington to comment on if I could. And that is about
21 our upcoming board meetings.

22 MS. CARRINGTON: We will have one, and perhaps
23 two board meetings in August. And what the QAP and the
24 legislation requires us to do is allocate the commitments
25 for 2002 by July 31 of this year.

1 We will be recommending a list of developments
2 for forward commitments. We will also be prioritizing
3 transactions for the waiting list. And those will be
4 items that the board will consider at their -- at one of
5 the meetings in August.

6 CHAIRMAN JONES: And currently we're scheduled
7 for August 8.

8 MS. CARRINGTON: Currently we're scheduled for
9 August 8, and then very possibly a meeting very late in
10 the month.

11 CHAIRMAN JONES: Okay. Thank you. I just
12 wanted to do that for the board members' sake. With that,
13 I'll entertain a motion to adjourn.

14 MS. ANDERSON: So moved.

15 MR. SALINAS: Second.

16 CHAIRMAN JONES: Okay. And before staff
17 leaves, be sure to help Delores. She desperately needs
18 your help. You cannot go. Okay. All in favor of
19 adjourning, say aye.

20 (A chorus of ayes.)

21 CHAIRMAN JONES: The motion carries. Meeting
22 adjourned.

23 (Whereupon, at 4:46 p.m., the meeting was
24 concluded.)

C E R T I F I C A T E

1
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3 MEETING OF: Texas Department of Housing and Community
4 Affairs, Public Hearing on All Programs

5 LOCATION: Austin, Texas

6 DATE: July 29, 2002

7 I do hereby certify that the foregoing pages,
8 numbers 1 through 173, inclusive, are the true, accurate,
9 and complete transcript prepared from the verbal recording
10 made by electronic recording by Sunny Peer before the
11 Texas Department of Housing and Community Affairs.

08/05/02

(Transcriber) (Date)

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