

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

BOARD MEETING

1:30 p.m.
Thursday,
August 29, 2002

Capitol Extension Auditorium
1400 North Congress
Austin, Texas 78701

PRESENT:

TDHCA BOARD:

Michael Jones, Chairman
C. Kent Conine, Vice Chairman
Vidal Gonzalez
Elizabeth Anderson
Norberto Salinas
Shadrick Bogany

TDHCA STAFF:

Edwina Carrington, Executive Director
Tom Gouris
Robert Onion
Delores Groneck
Bill Dally
Lucille Spillar
David Burrell
Keith Hoffpauir
Sarah Anderson

I N D E X

<u>AGENDA</u>	<u>PAGE</u>
CALL TO ORDER, ROLL CALL	5
CERTIFICATION OF QUORUM	5
PUBLIC COMMENT	5
ITEM 1: Presentation, Discussion and Possible Approval of Minutes of Board Meetings of July 29, 2002, and August 8, 2002	23
ITEM 2: Presentation, Discussion on Sunset Advisory Commission Review's Schedule	25
ITEM 3: Presentation, Discussion and Possible Approval of Financial Items:	27
a) Operating Budget for FY2002-03 for the Texas Department of Housing and Community Affairs	
b) Operating Budget for FY2002-03 for the Housing Finance Division for the Texas Department of Housing and Community Affairs	
c) Amended and Restated Resolutions Pulled. No. 02-42 for Clarkridge Villas Apartments, Dallas, Texas and No. 02-43 for Wheatland Villas Apartments, Dallas, Texas to Lower the Interest Rate from 7 percent to 6.75 percent and Other Related Matters	
ITEM 4: Presentation, Discussion and Possible Approval of Programmatic Items:	
a) Housing Trust Fund Capacity Building Recommendations	40
b) Report on Findings of Home Mortgage Credit Characteristics of Underserved Areas: A State of Texas Market Study	66

ITEM 5:	Presentation, Discussion and Possible Issuance of Low Income Housing Tax Credit Items:	
a)	Selection of Hawkins, Delafield and Wood as Tax Credit Counsel	67
b)	Increase of Tax Credit Allocation for Pleasant Valley Villas	69
c)	Issuance of Four Percent (4%) Determination Notice to Tax Exempt Bond Transaction Known as Emerald Bay Apartments With Houston Housing Finance Corporation as Issuer	86
d)	Request for Second Extension to Close the Construction Loan for #01152, Parkway Senior Apartments	92
REPORT ITEMS		None
Executive Directors Report		
EXECUTIVE SESSION		94
ADJOURN		96

<u>SPEAKER:</u>	<u>PAGE</u>
Jonas Schwartz	6
Edward Willard, Jr.	9
Susan Maxwell	10
Ron Cranston	13
J.T. Templeton	15
Karen Greeben	15
Richard Miller	15
Albert Metz	15
Wayne Spawn	15
Felix Briones, Jr.	16
Freddy Gonzalez	17
Jennifer McPhail	18
David Danenfelzer	41
Robert J. Martinez	46
Madlyn Bowen	50

P R O C E E D I N G S

1
2 CHAIRMAN JONES: I now call to order the board
3 meeting of the Texas Department of Housing and Community
4 Affairs for August 29, 2002, our first order of business
5 being the determination of the quorum. Ms. Beth Anderson?

6 MS. ANDERSON: Here.

7 CHAIRMAN JONES: Mr. Bogany?

8 MR. BOGANY: Here.

9 CHAIRMAN JONES: Mr. Conine?

10 MR. CONINE: Here.

11 CHAIRMAN JONES: Mr. Gonzalez?

12 MR. GONZALEZ: Here.

13 CHAIRMAN JONES: Mr. Salinas -- who is absent
14 at this point.

15 CHAIRMAN JONES: Mr. Jones is here. So the
16 Chair is here. And we do have a quorum. We have five
17 members present.

18 Our next order of business is public comment.
19 And before that, I need to thank Steve Ogden for
20 sponsoring this room for us. And we appreciate that so
21 much, and his office.

22 Our next order of business is public comment.
23 And I have been told --

24 Mr. Schwartz, I have been told whatever I do,
25 to make sure you speak first. So I am following that

1 instruction. It's so nice of you to be here with us.

2 MR. SCHWARTZ: Good afternoon. Thank you, Mr.
3 Chair. I am closing on a new house this afternoon.

4 (Applause.)

5 MR. SCHWARTZ: I'm very excited.

6 MR. CONINE: Is it a new house, or just new to
7 you?

8 MR. SCHWARTZ: New to me.

9 MR. CONINE: Okay.

10 MR. SCHWARTZ: My name is Jonas Schwartz. And
11 I work for Advocacy Incorporated. And I am here this
12 afternoon on behalf of the Disability Advisory Committee
13 for the department.

14 My comments will focus on the principle of
15 integrated housing for people with disabilities as it
16 relates to the capacity-building initiative through the
17 Housing Trust Fund, which you all will be approving today.

18 Over the last two months, it has come to the
19 Advisory Committee's attention that the department is
20 struggling with the implementation of the principle of
21 integrated housing in the different programs.

22 The department's current low income housing
23 plan calls for integrated housing for people with
24 disabilities, and states that segregated activities will
25 not be supported.

1 This is an excellent policy, and it is in line
2 with federal leadership regarding implementation of the
3 Olmsted [phonetic] Supreme Court decision, and it was also
4 supported by the State of Texas in the Senate Bill 367,
5 which was passed last section. And that's our state's
6 response to the Supreme Court decision.

7 As always, the devil is in the details. For
8 example, is a project integrated if it mixes people with
9 disabilities in with people who are elderly? Since the
10 policy was developed to promote community inclusion of
11 people with disabilities, our answer is that segregating
12 two special needs groups together does not constitute
13 integration.

14 Another question concerns the percentage of
15 units in a development that can be set aside for people
16 with disabilities without violating segregation -- the
17 segregation rule, and what percentage are we talking
18 about? Are we talking about 5 percent of the units? Are
19 we talking about 50 percent of the units?

20 The Disability Advisory Committee has embarked
21 on a process to develop such a definition in time for the
22 public hearing on the 2003 State of Texas Low Income
23 Housing Plan and Annual Report in early fall.

24 And here are kind of the process that we've
25 undertaken to try to help with the development of a

1 definition that staff can use to clearly determine whether
2 applicants in the different programs who are applying for
3 funding are complying with your current policy of not
4 developing segregated housing.

5 The first thing we've done is develop a survey
6 about this issue, on what is integrated housing. And we
7 have distributed it to developers and to the disability
8 community and other interested parties to determine what
9 people's ideas are around integrated housing.

10 The other thing that we're going -- and that's
11 in process. The other thing that we're going to do is
12 interview some key informants. And we have identified
13 people whose input would be critical on this issue.

14 We want to draft a detailed definition and
15 submit it to department staff for inclusion in the 2003
16 State of Texas Low Income Housing Plan and Annual Report.
17 And as part of the process, the department does public
18 hearings on this Low Income Housing plan. And so that
19 definition will be available for people to comment on
20 during the public hearings that you all will be holding in
21 October and November.

22 Once we've got -- the hearings are over and
23 we've gotten all of the input, then we will develop, or
24 refine, our draft definition and submit it to you all for
25 your consideration and possible adoption for the future.

1 I -- for -- there are -- you're going to be
2 talking about and voting on the capacity-building
3 initiatives later today at this board meeting. And the
4 great thing about capacity-building initiatives is that
5 you have applicants who have land control, but they have
6 not yet built or constructed their units.

7 So there is time for more applications to be
8 made to the development. The Disability Advisory
9 Committee would like to request that the board direct the
10 applicants to modify their proposal to allow for
11 integrated housing.

12 This means the housing units developed through
13 this initiative would offer housing to people with
14 disabilities and other special needs populations, that
15 provides for integration into the general population.
16 Thank you for your time and attention. Could I answer any
17 questions?

18 CHAIRMAN JONES: Thank you, Mr. Schwartz.
19 Thank you so much for being here, and good luck.

20 Mr. Edward Willard, I believe. Mr. Willard?

21 MS. SPILLAR: I can bring the mike.

22 CHAIRMAN JONES: That might be easier.

23 MR. WILLARD: Good afternoon. Today I speak,
24 not as an advocate for disability rights; rather, I speak
25 for this forum as a person with a disability. The term

1 "integration" has been [indiscernible] with disability
2 cannot agree on what integration means.

3 However, it is clear in my mind as to what
4 segregation is. Segregation is telling a group of
5 individuals, You are not welcome in society; you are
6 broken and must be fixed. This proposed project in San
7 Antonio is a segregated facility for persons with
8 disabilities.

9 Personally, I find this proposed project
10 offensive, and would ask this board to think about the
11 message you would be given Texans with disabilities if you
12 approve the proposal.

13 CHAIRMAN JONES: Thank you, sir.

14 Mr. David Danenfelzer.

15 MR. DANENFELZER: I'd actually like to speak
16 after the item is introduced.

17 CHAIRMAN JONES: Okay. Ms. Susan Maxwell.

18 MS. MAXWELL: Hello. I'm Susan Maxwell. I
19 represent the Texas Council for Developmental
20 Disabilities. And I would like to maybe remind you of DD
21 Council and what we're about.

22 We're establishing federal law under the
23 Developmental Disabilities Assistance Bill of Rights Act.

24 And the council consists of a 30-member board that's
25 appointed by the Governor.

1 Our mission is to encourage policy change so
2 that people with disabilities have opportunities to be
3 fully included in their communities and exercise control
4 in their own lives.

5 Consistent with federal law, our council
6 members is represented 60 percent by people with
7 disabilities or family members with people with
8 disabilities. And the rest are from agencies who serve
9 people with disabilities. And today I'm offering these
10 comments on the council's behalf.

11 As you know, there is a great and unmet need
12 for decent, affordable, accessible housing for people with
13 disabilities. These people often depend on SSI and Social
14 Security disability, and therefore, are the lowest of the
15 low income. And we are glad that TDHCA is serving this
16 group of people.

17 However, that project in San Antonio concerns
18 us in that there is not a mix into the regular population
19 of people with disabilities. That we are putting -- the
20 way the project is written, the two special groups put
21 together -- and in our mind, that does not look like a
22 full integration.

23 We urge this department -- we urge you to
24 establish a policy that clearly says that all projects
25 would be developed with an integrated setting for people

1 with disabilities. People with disabilities want to live
2 in the regular community. They want to be with their
3 nondisabled peers. They don't want to be in segregated
4 communities.

5 There are some advantages for being in an
6 integrated community on a practical level, in that there
7 is something called natural supports. That means, when
8 you have a neighbor and the neighbor is sick, you bring
9 him a pot of chicken soup. And that natural support
10 occurs when you have an integrated setting.

11 There is other reasons. Sometimes people with
12 disabilities have families, and therefore, they don't want
13 to live with the elderly; they want to live with other
14 people who have children that will be sharing the same
15 playground.

16 In sum, I'd just like to finish by saying that
17 projects that would put elderly and people with
18 disabilities together is like no more integrated than
19 putting two different racial groups together. Thank you
20 for hearing our comments.

21 CHAIRMAN JONES: Thank you.

22 MS. MAXWELL: If there is any questions?

23 CHAIRMAN JONES: Thank you so much.

24 MS. MAXWELL: Sure.

25 CHAIRMAN JONES: Mr. Martinez? Mr. Robert

1 Martinez?

2 MR. MARTINEZ: I defer till the presentation.

3 CHAIRMAN JONES: Mr. Cranston?

4 MR. CRANSTON: Now?

5 CHAIRMAN JONES: Yes.

6 MR. CRANSTON: My name is Ron Cranston. I'm
7 with ADAPT of Texas. And I'm an organizer for the
8 community-based Attendants Services Network. One of the
9 very important things about -- and as Ms. Maxwell had
10 mentioned, is natural supports, and the -- it's very
11 important that when you consider funding, that we have the
12 ability to recruit attendants within a very close
13 proximity of where we live. I'm speaking "we" as folks
14 with disabilities.

15 It's -- right now, we're in a crisis of
16 recruitment of attendants. And they are vital to our
17 everyday functioning. To be able to recruit attendants
18 near and in the community that we live is -- it's
19 tantamount to making sure that you're living, say, in a
20 school district that, you know, you're living near the
21 school district that your child goes to school.

22 It's just a -- it makes it all -- makes all the
23 difference in the world as to being able to get up in the
24 morning, get dressed, be on your way, do the things that
25 you have to do.

1 If you have -- and many of us who have
2 families, as she said, rely on the fact that our families
3 are with us and supply some of those natural supports,
4 along with our neighbors and our -- and other folks that
5 are nearby.

6 Any time that folks with disabilities come
7 into a segregation situation, the natural support system
8 is damaged in terms of attendant recruitment, the natural
9 things like getting -- sometimes getting your groceries,
10 or having some help that wouldn't normally be the types of
11 help that you would get through maybe even in an attendant
12 program.

13 These are so important, I can't express enough
14 how much integration in the policy of the Texas Department
15 of Housing and Community Affairs and the funding that is
16 given to the properties that are being developed, or in
17 existence, need to be integrated. Thank you very much.

18 And if you have any questions, of course, ask me.

19 CHAIRMAN JONES: Thank you, sir.

20 Mr. Johnson.

21 MR. JOHNSON: I'll pass. No comment.

22 CHAIRMAN JONES: You don't care to state?
23 Okay. Thank you, sir.

24 Mr. Templeton? Yes, sir. You can bring the
25 microphone here to Mr. Templeton.

1 MR. TEMPLETON: Thank you for allowing me to
2 speak today. We don't want segregation in our community
3 as [indiscernible]. We don't want that. And we want that
4 to be our homes. Thank you.

5 CHAIRMAN JONES: Thank you, sir.

6 Ms. Karen Greeben.

7 MS. GREEBEN: Thank you. I [indiscernible] and
8 I want to give my support [indiscernible] I can't only
9 begin [indiscernible]. Thank you.

10 CHAIRMAN JONES: Thank you. Mr. Richard
11 Miller.

12 MR. MILLER: [indiscernible]

13 CHAIRMAN JONES: Thank you, sir. Mr. Albert
14 Metz.

15 MR. METZ: Here I am. Yes, my name is Albert
16 Metz. I also would like to tell you [indiscernible] that
17 you're going to [indiscernible] we [indiscernible].

18 CHAIRMAN JONES: Thank you, sir.

19 Mr. Spawn?

20 MR. SPAWN: I'm Wayne Spawn. [indiscernible] I
21 have to say I live in San Antonio with old people, and
22 people with disabilities. I think that they
23 [indiscernible] because I live in my own home. But we've
24 got all types of people.

25 So we are finally -- the people -- old people,

1 all type people need to go. The type of law -- there
2 ought to be a law that people live in a community so we
3 could get attendants and people who don't live too far
4 away, to help us get out in the morning and put us to bed.

5 There's people who come way out, all the way.
6 It's hard to keep the people. They -- I did that. I did
7 the -- I go all the community -- I will say that all
8 people living together -- I want to see all kind of people
9 living together. Thank you.

10 CHAIRMAN JONES: Thank you, sir.

11 Mr. Briones? Yes, Ma'am? Mr. Briones.

12 Excuse me.

13 MR. BRIONES: Good afternoon. My name is Felix
14 Briones. I'm also a member of ADAPT. And I'd like to
15 affirm our position on integrated and not segregated
16 housing.

17 It seems like everybody feels a lot better when
18 you're integrated, where you've got like every -- all
19 kind of different people around you. And that's the way I
20 think it ought to be. It makes everybody feel a lot
21 better.

22 If you segregate people, it's like saying,
23 Well, we're going to put the whites on one side, the
24 blacks on one side. But if we keep everybody together,
25 that's -- you know, that's the melting pot of the United

1 States.

2 So we need to kind of keep the housing
3 together, the housing net, so we need more integrated, not
4 segregated housing. And Gig 'em, Aggies.

5 CHAIRMAN JONES: That won't happen. It's a
6 brave man to do that today.

7 Mr. Gonzalez.

8 MR. GONZALEZ: Mr. Chairman, I did want to
9 remind you, the Governor is an Aggie.

10 VOICE: You're talking to a Baylor mayor here.

11 CHAIRMAN JONES: I bet he's not talking about
12 [indiscernible]. He'll miss the election cycle there.
13 Yes, sir?

14 MR. GONZALEZ: Hello. My name is Freddy
15 Gonzalez. I'm also a member of ADAPT. I'm here because
16 I'm here for a personal nature. Okay. I believe that --
17 I can't believe in segregation, because I believe that
18 integration is more contemporary to what people need to
19 learn, because I have a personal experience.

20 This past weekend I went to the Cher concert.
21 And I was permitted to go first, not first, but I was in
22 front of the line, because it was -- since I'm disabled.
23 And they let us go first so we can seat ourself first.

24 And another person who worked there, he decided
25 to -- said that I use my disability to my advantage. He

1 says that I'm -- I can walk, and I can -- and I don't need
2 a walker, and I'm not disabled, and that I'm faking my
3 injury.

4 The thing is, segregation is just bad. People
5 need to learn that people with disability are at different
6 levels of their disability, you know. Thank you.

7 CHAIRMAN JONES: Thank you, sir.

8 Ms. McPhail?

9 MS. MCPHAIL: No.

10 CHAIRMAN JONES: Did I say that wrong?

11 MS. MCPHAIL: It's Jennifer McPhail.

12 CHAIRMAN JONES: Excuse me.

13 MS. MCPHAIL: But you're close. Thank you. My
14 name is Jennifer McPhail. And I'm also an organizer with
15 ADAPT of Texas. And I have some written comments here for
16 you that I wanted to turn in to you.

17 Yes, and I'm going to make my testimony a
18 little bit more personal than just what's here in written
19 form. You have the responsibility of providing
20 affordable, accessible and integrated housing.

21 You took on that responsibility and embraced
22 it; the responsibility to provide housing that is just for
23 everyone in the community. You took on that
24 responsibility and you affirmed it by saying that you
25 would not fund housing that was segregated.

1 Now, you also have the most integrated setting
2 mandate that you have to follow. There are certain things
3 that you have to do as an agency to ensure justice.
4 Justice has never been a matter of convenience for
5 providers of housing, for providers of attendant care, for
6 providers of jobs. It's not about what's convenient for
7 the ruling class, but what's just for all.

8 If it was a matter of convenience, they'd still
9 be segregating people based on color, based on gender,
10 based on sexual preference. You would never allow that to
11 happen. So why are we still talking here today about how
12 important it is not to segregate me.

13 You've heard about the natural supports that we
14 need when we live in the community. But what about the
15 natural supports that we are? What about the fact that I
16 babysit my neighbors in my housing complex when their
17 families have to go to work, and I have time where I'm off
18 from work myself.

19 What about the times that I take the chicken
20 soup to my elderly neighbor that lives next door to me?
21 What about the Christmas presents that I exchange with my
22 neighbors? What about our families knowing each other?

23 All that would have been gone had we not been
24 in integrated housing. The cost of segregation is way too
25 high to calculate. There was once a time when it was an

1 odd occurrence to see another person with a disability in
2 the grocery store.

3 When I was a little kid, I used to be elated
4 when I saw another person in a wheelchair, because I
5 didn't know how many of us existed. I didn't realize that
6 there were more people out there just like me. Now, you
7 see people with disabilities everywhere.

8 Compared to what it was way back then, it's a
9 lot different. You run into people all over the community
10 doing different, diverse things. We're not all the same.

11 We don't all want to live together. I have a lot of
12 disabled friends. But I don't want to live with them.

13 I have a lot of members of my family that are
14 disabled. But I don't want to have to live with them
15 either. So just like anybody else, not everybody wants to
16 be smushed up in a group together. It's just common
17 sense. It's just to provide innovative housing. It's the
18 right thing to do. And sometimes, the right thing to do
19 takes a great deal of courage.

20 A lot of the people that are sitting in the
21 front row of this room today have been jailed for their
22 beliefs, have faced bomb threats, death threats from all
23 over, just to be part of the community.

24 We didn't do all those things so that you could
25 then pass a policy or allow a project to exist that would

1 segregate us. There are a lot of people still in this
2 state who have to crawl up and down stairs every single
3 day when they go to work or to the grocery store.

4 There are a lot of people just like me. I was
5 19 years old before I could enter the bathroom and
6 transfer myself to a toilet by myself. Nineteen. What do
7 you think that cost me physically to have to wait until it
8 was convenient for other people to help me in the
9 restroom? What do you think that cost?

10 Do you think it's cheaper for me to have to go
11 to the emergency room when I get a bladder infection
12 because I couldn't get in my own bathroom? Or is it right
13 to say let's make accessible housing, and make it
14 integrated, so that we can correct the mistakes that we've
15 made in the past, so that we can live and work toward a
16 better future for all of Texas.

17 I'd like to believe that we can correct the
18 fact that Texas used to segregate other minorities. We
19 have the right -- we have the chance to do what's right.
20 We have the chance for Texas to lead the way. Don't ruin
21 it by caving in to pressure from folks in San Antonio or
22 anywhere else. Thank you.

23 CHAIRMAN JONES: Thank you. Any questions?
24 I'm sure I'm not the first to say you're very eloquent,
25 very eloquent. Thank you.

1 That concludes, then, all of the people I have
2 that would like to speak to the board that have filled out
3 witness affirmation forms. Is there anyone else that
4 would like to speak to the board? Yes?

5 MS. BOWEN: I have my [indiscernible] item
6 number four, so I can address the issues a little more
7 clearly?

8 CHAIRMAN JONES: Yes, you do. If you want to
9 speak to the board, you need to fill out a witness
10 affirmation form. Do you care to speak now?

11 MS. BOWEN: I'll speak later.

12 CHAIRMAN JONES: Okay.

13 MS. BOWEN: Yes, sir.

14 CHAIRMAN JONES: Anyone else, though, care to
15 speak to the board? Okay. Then we will reserve your time
16 to speak to the board when agenda item number four comes
17 up. Mr. Martinez also desires to speak to the board when
18 agenda item number four comes up. And I believe Mr.
19 Danenfelzer also wants to speak to the board when agenda
20 item number four comes up.

21 With regard to anyone else, then, the time for
22 public comment will close, and those will be the
23 individuals that have reserved the right to speak at the
24 time the agenda items come up. And public comment does at
25 this time now close.

1 With that, we will turn to the next item on our
2 agenda, which I think is the approval of the minutes of
3 the board for -- which is the minutes of the meetings of
4 July 29, 2002, and August 8, 2002.

5 MR. CONINE: Do we have August 8 in the book in
6 here?

7 MS. CARRINGTON: Yes, they're both here.

8 MR. CONINE: Is it in the book? Okay. I'll
9 move for July 29 and August 8's minutes approval.

10 MR. GONZALEZ: Second.

11 CHAIRMAN JONES: The motion's made and
12 seconded. Any discussion?

13 MS. ANDERSON: I have one, what I believe is a
14 correction, Mr. Chairman.

15 CHAIRMAN JONES: Thank you.

16 MS. ANDERSON: On the August 8 minutes, on --
17 oh, boy. Two, four, six, eight, ten. Toward the top of
18 page 10 where it talks about testimony by Robert Kelly
19 with Hunt Building Corporation. I remember this well,
20 because I made this motion. This is where we were -- we
21 approved issuance of determination notices.

22 But we -- but this was subject to underwriting
23 staff working with applicant to verify cost of additional
24 information. I think it was that -- that condition of
25 that motion only applied to the Shady Oaks Development,

1 and not to these Pleasant Valley Villas and Eagles
2 Landing.

3 And so I would ask -- and I -- where is Tom
4 Gouris?

5 MR. CONINE: He left.

6 MS. CARRINGTON: He was here, but --

7 MS. ANDERSON: He -- okay. Well, anyway, it
8 was someone -- it was one of his team members, I think, on
9 underwriting, or maybe someone on Brooke's team that had
10 the conversation with me. So I'd just ask that we clarify
11 that portion of the minutes.

12 MR. CONINE: Maker of the motion accepts that
13 amendment.

14 CHAIRMAN JONES: Okay. So we have a motion on
15 the floor to approve this as they've been amended by Ms.
16 Anderson's comments. And that motion's been made and
17 seconded. So that motion is the one we'll currently be
18 voting on. Any discussion?

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

21 (A chorus of ayes.)

22 CHAIRMAN JONES: All opposed to the motion,
23 please say nay.

24 (No response.)

25 CHAIRMAN JONES: The motion carries.

1 At this time, I would also like to recognize a
2 few people that we have with us. We have Mr. Morales with
3 the Speaker's Office. Thank you for being here. We love
4 to work with you. Ms. Julie Street from the House Urban
5 Affairs Committee. Julie? Hi. How are you?

6 MR. CONINE: The lady in pink.

7 CHAIRMAN JONES: Stacey Gunkel, the Lieutenant
8 Governor's Office. Hi, Stacey. And Marcelo Guevara with
9 the Sunset Advisory Committee.

10 MR. CONINE: Here he is.

11 CHAIRMAN JONES: Hi, how are you. Watching us
12 closely, right? All right. Glad to have you. Thanks so
13 much for being here.

14 MS. CARRINGTON: And I've learned how to
15 pronounce his name since last month.

16 CHAIRMAN JONES: All right. Well, please do.

17 MS. CARRINGTON: Guevara.

18 CHAIRMAN JONES: Guevara.

19 MS. CARRINGTON: Guevara.

20 CHAIRMAN JONES: Okay. I'm going to take
21 lessons. All right. Thank you so much for being here.
22 If you'll next turn to item two of the agenda, which is
23 Presentation, Discussion on Sunset Advisory Commission
24 Review's Schedule. Okay.

25 MS. CARRINGTON: Thank you, Mr. Jones. It is

1 indeed that time again. And we have actually been
2 preparing, of course over the last year since the last
3 legislative session, for what we've provided for the board
4 today for your all's information, and hopefully for your
5 attendance at some of these meetings, is our schedule of
6 what's coming up.

7 The first substantial event for us was the
8 draft report on August 21 of the House Committee on Urban
9 Affairs, that made recommendations on continuation of the
10 activities of TDHCA. And a copy of that draft report is
11 included in your packet for your information.

12 The Urban Affairs Committee will meet on
13 September 17, and it is on that day -- Julie says around
14 about that date. I know Chairman Carter was trying to get
15 the 17th -- it is around that date that they will take
16 action on the recommendations.

17 There were four charges on the House Committee
18 of Urban Affairs over this interim, two of them
19 specifically relating to some activities of TDHCA. On
20 September 5, one week from today, Marcelo and four other
21 staff members from the Sunset Advisory Commission will be
22 in our office for about three hours reviewing their
23 process with us first, and then providing for a staff
24 presentation on the implementation of Senate Bill 322.

25 We anticipate that to be about a two-and-a-half

1 to three-hour meeting. In late September, although it
2 sounds like now it may be about the middle of September,
3 the Sunset staff will actually be in our office working
4 with us, probably over a two to three, or a three or four-
5 day period, looking at activities records verifying what
6 we are reporting on our Senate Bill 322 activities and
7 accomplishments.

8 And our hearings are scheduled for December 10
9 and 11 at the Capitol here in Austin, to actually have our
10 hearings in front of the Sunset Advisory Committee,
11 scheduled the 10th and the 11th, and the legislative
12 session will convene on January 14. And we will then be
13 looking at legislation for TDHCA.

14 CHAIRMAN JONES: Thank you. Any questions,
15 comments. Very good. We'll move to Item 3 of the agenda.
16 Mr. Conine?

17 MR. CONINE: Thank you, Mr. Chairman. Item
18 3(a) will be the Presentation, of the Operating Budget for
19 Fiscal Year '02 and '03 by Mr. Bill Dally.

20 Good afternoon.

21 MR. DALLY: Thank you, Mr. Conine, Mr.
22 Chairman, board members, Ms. Carrington. You'll find
23 under Tab 3(a) the department's operating budget for
24 fiscal year 2003.

25 Before we get to the details of that, I want to

1 just lay a little bit of background. Out of Senate Bill
2 322, we had some changes to the department, and the budget
3 that I brought to you last August for 2002 included the
4 community development block grant. It also included the
5 local government services.

6 Manufactured housing was still part -- was
7 still a division with the department, but it was still
8 within that budget. And that entire budget was \$31
9 million.

10 If you'll open up to, I think it's page 2, it's
11 past the organizational chart. Which, by the way, this
12 organizational chart is a representation of TDHCA's
13 organization to date, without the manufactured housing
14 division.

15 We are currently undergoing a reorganization,
16 and because of that, I will be bringing back an amended
17 budget to you, probably sometime in the early fall. But
18 this represents the 235-and-a-half employees that are with
19 the department today in our current configuration. And
20 the budget is organized under these various groups.

21 The -- just so I can clarify exactly where the
22 fiscal year '03 budget is, it's in that 5th column, but
23 let me walk you across on this page 2.

24 That first column is our budget, the \$31
25 million down at the bottom. And that, as I say, included

1 an organization of 374 FTEs. That next column is where we
2 take effect on taking out the community development block
3 grant and local grant services. And we actually ended up,
4 through the course of this year, transferring 51 FTEs to
5 that new agency.

6 The third column is our manufactured housing
7 division. And they represent 87-and-a-half direct FTEs.
8 That gets you to our fourth column. But what we've done
9 is actually given you an adjusted fiscal year '02 budget.

10 It represents 235-and-a-half FTEs.

11 The fifth column is the budget that we'll bring
12 to you today for adoption. And the bottom line on that is
13 \$20,572,094.

14 There is then a -- the column next to that
15 shows the dollar variance between the fourth column, the
16 '02 adjusted budget and the fiscal year '03 budget.
17 You'll notice, bottom line, that we're -- we reduced
18 \$739,341. That is in large measure due to some of the
19 capital projects that we had last year.

20 We had a loan servicing in our central database
21 project. We both had large ticket items in last year's
22 capital budget. This year, they're not there. So that's
23 why it's down \$676,000 going in to '03.

24 MR. CONINE: Could you explain, just briefly,
25 why the capital outlay budget is in the same grouping with

1 the operating expense budget for those of us who are not
2 familiar with government accounting? Why isn't it below
3 the line. Because most capital budgets are, you know, not
4 off balance sheet, but they're somewhere else.

5 MR. DALLY: It is part and parcel with our
6 appropriations. Let me back up a second. This operating
7 budget is a subset of our General Appropriations Act. And
8 this is year 2 of the LAR that we did in August 2000.
9 That was in '02/'03. And capital budget is part of our
10 General Appropriations Act. And it has always
11 historically been part of this operating budget. So
12 it's -- we're following state practice --

13 MR. CONINE: Okay.

14 MR. DALLY: -- on that.

15 MR. CONINE: Thank you.

16 MR. DALLY: This year we did have -- we do
17 have -- did have a separate budget for the manufactured
18 housing division. I brought that to their board, and they
19 approved on Monday of this week. As part of that budget,
20 there is a memorandum of understanding, where we actually
21 share certain support groups.

22 That would include internal audit, the
23 Government communications, the information systems, and
24 the financial services there at --

25 This process -- or let me back up and say this

1 process of this budget was developed by soliciting from
2 each of the managers and directors in these various
3 programs what their needs would be in this coming year.

4 It probably won't surprise you to find out that
5 they actually came in with requests that were more than we
6 had in the way of financing, because we are still under
7 the limits that we had in our General Appropriations Act
8 for that second year. So we have to make this fit within
9 that.

10 And this budget does. But I did have to go
11 back, and in some instances I met with Ms. Carrington, and
12 we discussed those things that I told her weren't going to
13 fit, and kind of made some decisions and choices. And so
14 this has been pared down.

15 That draft budget was then redistributed to
16 directors for them to look at again, and in some
17 instances, we made some minor adjustments between groups,
18 but we still had to work against the same bottom line.

19 Like I say, due to reorganization we will be
20 bringing you back an amended budget later in the fall. I
21 think we're -- I think bottom line, we're still working
22 with the same deck. It's going to be reshuffled a little
23 bit.

24 So you'll see the groupings of the organization
25 will be different, but we'll still have 235-and-a-half

1 FTEs, and about \$20-and-a-half million in budget.

2 The next page breaks -- it takes the same
3 budget in over in that fifth column, but it shows the
4 impact on each of the divisions within the department. It
5 also, in the far column, shows some of those divisions and
6 the ones that actually lost FTEs. And you'll note that in
7 most instances, divisions have -- their budget shrunk from
8 the two years. And that's largely due to the shift in
9 FTEs.

10 There are two exceptions, in the Community
11 Affairs division, their budget actually increases \$312,000
12 this year. That's due to a capital project that they will
13 have, their weatherization assistance program, which is
14 going to be coming on in this year.

15 The other is the HOME -- in the housing
16 programs division, the HOME program had an increase in
17 FTEs. And they also have an increase in their
18 professional fees. They're going to have some review of a
19 compliance manual in this current year.

20 Down at the bottom of this page 3 is a listing
21 of the methods of finance, which are general revenue,
22 federal funds, appropriated receipts, interagency
23 contracts, and earned federal funds.

24 The -- all of those revenue streams are some
25 certain, I will say, maybe an exception of general

1 revenue. But until we get a message that we need to cut
2 back 5 percent or so, we have that amount, so to speak, in
3 the bank.

4 The amount -- in addition to that, the one line
5 item where we don't have all the funds in the bank is
6 appropriated receipts. Those are our housing fees that we
7 collect for the Tax Credit program, for the Multifamily
8 Bonds, for Single Family.

9 We are going to begin this year with a fund
10 balance of \$3.7 million in appropriated receipts. So if
11 you take that total, we're going to begin the year with at
12 least 60 percent of the funds for this budget. However,
13 the remaining 40 percent, or 8.1 million, will be the fees
14 that we need to collect for our -- out of our housing
15 fees.

16 Our current projection on those is \$8.6
17 million this coming year. So that doesn't give a very
18 wide margin of coverage. We'll stop here, and if there
19 are some questions that you board members may have on
20 this.

21 MS. ANDERSON: I have a couple of questions.

22 MR. DALLY: Okay.

23 MS. ANDERSON: Bill, in the line items -- you
24 know, the line items for professional fees and
25 registration fees that were for the large operating --

1 large-ish operating increases are in this budget, perhaps
2 they're offset by some of the declines of some other
3 places --

4 (Pause.)

5 MR. DALLY: It also includes a budget for legal
6 fees, the department's audit fees. We have an outsourced
7 contract in the compliance area that we've had for three
8 or four years, where they actually do some of our
9 compliance testing in the RTC program.

10 MS. ANDERSON: I was trying to understand
11 where the increase is. It's a 10 percent increase. Was
12 that just because everybody raised their fees across the
13 board, or is there something new we're doing, or --
14 because we're already doing the IS consultants for the
15 central database, and we're already doing the outsourced
16 compliance. And so is the change -- the new spending is
17 in the weatherization program?

18 MR. DALLY: That is correct.

19 MS. ANDERSON: Okay. Thanks.

20 MR. DALLY: That is correct.

21 MS. ANDERSON: And then in registration fees?

22 MR. DALLY: That, I'm drawing a blank on, what
23 that \$20,000 increase is.

24 MS. ANDERSON: It's a \$120,000 increase.
25 There's a 35 percent increase, so that got my attention.

1 MR. DALLY: Wait, well --

2 MS. ANDERSON: Is -- can somebody else help me
3 out with that?

4 MR. DALLY: I've got from 338, which was our
5 last year's budget, to 358.

6 MS. ANDERSON: Oh, I'm sorry. Am I -- wait,
7 I'm looking at the August 5 version.

8 MS. CARRINGTON: Twenty-one percent increase.

9 MS. ANDERSON: I'm looking at the August 5
10 document I got, not the -- you're right.

11 MR. DALLY: Oh, I'm --

12 MS. ANDERSON: I'm sorry. Well, we have an
13 August 5, and then we --

14 MR. DALLY: That was a first draft, and I
15 apologize.

16 MS. ANDERSON: Okay. I'm sorry. I --

17 MR. DALLY: This is a second and final draft.

18 MS. ANDERSON: I'm looking at the wrong one.
19 I'm with you.

20 MS. ANDERSON: In terms of the -- having just
21 been out to Montana to a meeting, in terms of the
22 membership fees, what do you know about what we pay the
23 National Association of State Housing Agencies, what that
24 annual -- is that kind of the major membership fee that we
25 have?

1 MR. DALLY: It's one of them. I think we've
2 got some other associations and fees that we're part of.

3 MS. ANDERSON: That are about that size? Okay.
4 Well, I can probably get that online, but I --

5 MR. CONINE: Are the homebuilders in there, do
6 you know?

7 MR. DALLY: No.

8 MR. CONINE: Just thought I'd ask. Thought I'd
9 ask.

10 MS. ANDERSON: Okay. Thank you very much. I
11 think that's -- and then the last question is, so then on
12 the next page, under the "general revenue," that is the
13 state-appropriated amount, because -- and that's -- we
14 have in the bank because of the two-year budget cycle?

15 MR. DALLY: Barring a letter coming and
16 saying --

17 MS. ANDERSON: Right.

18 MR. DALLY: -- you need to trim that back 5
19 percent --

20 MS. ANDERSON: Okay.

21 MR. DALLY: -- because of the shortfall.

22 MS. ANDERSON: Right.

23 MR. DALLY: Now, the discussion of the
24 shortfall I've heard, there's been a discussion about, I
25 think, future needs come '04-'05, which is going to be the

1 LARs, and our request that we'll be bringing in this fall.

2 MS. ANDERSON: Right.

3 MR. DALLY: I haven't heard, or we haven't seen
4 letter or correspondence to say you need to trim back, you
5 know, [indiscernible] we're short.

6 MS. ANDERSON: Because we have a revenue
7 shortfall now. Okay.

8 MR. DALLY: Right.

9 MS. ANDERSON: And then -- okay. And so then
10 we'll see a legislative appropriation request for future
11 years sometime from you --

12 MR. DALLY: September.

13 MS. ANDERSON: Okay.

14 MR. DALLY: September 12.

15 MS. ANDERSON: Okay. Thanks. I appreciate all
16 your work on this.

17 MR. DALLY: You bet.

18 CHAIRMAN JONES: Other questions? Do we have a
19 motion?

20 MR. GONZALEZ: I move to approve.

21 MR. CONINE: There is a motion for approval, I
22 guess, and I'll second.

23 CHAIRMAN JONES: All right. We have a motion
24 made and seconded. Discussion, questions, comments?

25 (No response.)

1 CHAIRMAN JONES: Hearing none, are we ready to
2 vote?

3 (No response.)

4 CHAIRMAN JONES: All in favor of the motion,
5 please say aye.

6 (A chorus of ayes.)

7 CHAIRMAN JONES: All opposed, nay?

8 (No response.)

9 CHAIRMAN JONES: The motion carries.

10 MR. CONINE: Mr. Dally, are you going to do the
11 operating budget for the Housing Finance Division?

12 MR. DALLY: Yes, that should be the last --

13 MR. CONINE: You're raising your hand before
14 that. Is there a problem with that one?

15 MR. DALLY: No, no, no. No. No. That's what
16 I was trying to get a motion on. If you'll go to the last
17 page of that particular budget, it will be titled Housing
18 Finance Budget. And in the far right-hand, below that
19 column of figures is \$11,859,726. That represents our
20 fees and local funds that offer support to the department.

21 What it does is it then breaks down all of the
22 various divisions that receive an allocation of those
23 funds. And then down at the bottom you'll see the source
24 of funds. Any questions?

25 This is just a subset of that original budget,

1 but it's constituted to show the local funds per se, and
2 it's been a --

3 MR. CONINE: Did you squeeze that bond
4 administration group, get all the fees out of there you
5 could on expense items?

6 MR. DALLY: I'm not through with them.

7 MR. CONINE: Okay. There's a small group of
8 them sitting in the back. I just thought I'd --

9 MR. DALLY: I'm not through with them. But we
10 have had discussions.

11 MR. CONINE: Move for approval, Mr. Chairman.

12 MS. ANDERSON: Second.

13 CHAIRMAN JONES: Motion's made and seconded.
14 Questions, comments, discussion?

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.

23 MR. DALLY: Thank you.

24 MS. ANDERSON: Thank you, Bill.

25 CHAIRMAN JONES: Mr. Conine, 3(c).

1 MR. CONINE: Excuse me.

2 MS. ANDERSON: I think we're --

3 MR. CONINE: Is this Mr. Onion going to do this
4 one?

5 MS. CARRINGTON: Item 3(c) has been pulled this
6 morning.

7 MR. CONINE: Pulled. Oh.

8 CHAIRMAN JONES: I have an individual here who
9 would like to speak on Item 3(c). Mr. Jeff Spicer.

10 MR. CONINE: It just got pulled. We don't have
11 an Item 3(c).

12 CHAIRMAN JONES: Okay. All right. We will
13 then turn to Item 4 on the agenda.

14 Mr. Bogany.

15 MR. BOGANY: Presentation and discussion and
16 Possible Approval of Programmatic Items.

17 Keith Hoffpauir is going to come up and talk about the
18 Housing Trust Fund capacity-building recommendations.

19 MS. CARRINGTON: Keith, do you want to come on
20 up and do the overview, then.

21 MR. HOFFPAUIR: Thank you, Mr. Bogany. Good
22 afternoon, Mr. Chairman --

23 CHAIRMAN JONES: Good afternoon.

24 MR. HOFFPAUIR: -- board members, Ms.
25 Carrington. My name is Keith Hoffpauir. I'm the manager

1 for the Housing Trust Fund program. And this afternoon we
2 are bringing to you our recommendations for our 2002
3 capacity-building program.

4 I'll give you a brief overview of the cycle,
5 and be happy to answer any questions and any other comment
6 that was wanting to be made.

7 We published our notice of funding availability
8 on March 15. We received 57 proposals competing for
9 \$558,000 in funding in a statewide competition. Of those
10 57, we were able to recommend 17 for funding before all
11 funding was exhausted.

12 If these recommendations are approved, it will
13 provide 17 organizations opportunity to build our capacity
14 for the development of affordable housing, and potentially
15 result in the development of 437 units of affordable
16 housing.

17 I'll be happy to provide or read into the
18 record the list of recommendations if you wish. I think
19 we have those in the --

20 CHAIRMAN JONES: We have two people that
21 like -- I mean, three people that would like to speak on
22 this.

23 Mr. Danenfelzer.

24 MR. DANENFELZER: I have a small thing that I'd
25 like to get to.

1 MR. CONINE: She's gone.

2 CHAIRMAN JONES: Just give it to me, I'll take
3 care of it. Thank you.

4 MR. DANENFELZER: I'm here today representing
5 the Enterprise Foundation. For those of you in the
6 audience and the board who are not familiar with us, we
7 are a national nonprofit corporation. We work throughout
8 the state of Texas, both in rural and urban areas. And we
9 provide support to nonprofit community development
10 organizations in housing, economic development and job
11 growth.

12 I'm here today, and I thank the board for
13 allowing me to give my comments today on Item 4 of the
14 agenda on the Housing Trust Fund's capacity-building
15 awards.

16 Unfortunately, my job brings me in a lot of
17 great places. Unfortunately, I meet a lot of great people
18 and I work with them. And I guess I shouldn't say
19 unfortunately. Those are good things.

20 But unfortunately today, some of my comments
21 are going to hurt some of the groups I work with, but
22 they'll also help other groups that I do work with as
23 well, throughout the state of Texas.

24 In fact, yesterday I was out in West Texas. I
25 was driving down an FM highway. And I had come to I-20,

1 and realized I needed to get onto the highway, and I did
2 so. I drove down the access road, entered on, and I sped
3 up to traffic, and set my speedometer to 70 miles an hour.

4 At no time during this did I see a speed limit sign for
5 70 miles an hour. But I knew that the law was 70 miles an
6 hour on state highways, and that's what I set my
7 speedometer for.

8 My point today is that this board received an
9 agenda earlier this month, on the 8th of August. It had a
10 list of organizations which were recommended for funding
11 under the capacity-building program. That list was, I
12 believe, very equally and equitably distributed throughout
13 the state of Texas.

14 It was partly based on the regional allocation
15 plan, which has been approved and passed by this board.
16 And it was also based on rules and regulations of the
17 State of Texas and the state administration --
18 administrative code that governed the administration of
19 the Housing Trust Fund.

20 And it's these points that I'd really like to
21 focus on today. My first one, and in the packet that
22 you'll get -- I actually haven't given you a copy of this.

23 But under the Texas Government Code, Chapter 2306.203,
24 are rules regarding the administration of the Housing
25 Trust Fund.

1 Paragraph 5, notes that "the board will attempt
2 to allocate funds to achieve a broad, geographical
3 distribution with a special emphasis on equitably serving
4 rural and nonmetropolitan areas."

5 In the Texas Administrative Code, Chapter 51 --
6 Rule 51.5, paragraph A, it says that, "Funds shall be
7 allocated to achieve a broad geographical distribution,
8 taking into account the number and percentage of low, very
9 low, and extremely low-income persons and families in
10 different geographical areas of this state."

11 Item E under the same chapter and rule mentions
12 that "The Department shall utilize its best efforts to
13 apply at least 50 percent of the Housing Trust Funds
14 allocated each funding cycle to nonmetropolitan areas of
15 the state."

16 Chapter 51, Rule 51.10, under Item B, Section
17 5, says that -- and this is the Housing Trust Fund Rules
18 Criteria for Funding, to be specific.

19 Under Housing Needs, which is a criteria for
20 funding programs, the geographical area of the state to be
21 served, and the extent to which there is a need for safe,
22 decent and affordable housing in this area, is to be
23 considered under Housing Trust Fund criterias.

24 Under the same Section B, but Number 15, "There
25 should be a geographical balance in the distribution or

1 allocation of Housing Trust Funds, based to the extent
2 which the project will contribute to achieving a fair and
3 equitable geographic distribution of Housing Trust Funds."

4 This is the law. This is what we live by.
5 This is why when we get on the highway, whether we see a
6 speeding sign, or speed-limit sign or not, we set our
7 speedometers to 70. As you can see in the next -- the
8 last two pages of the handout I gave you, the first -- the
9 second-to-last page had geographic distribution on a map
10 that was presented to the board on August 8.

11 And it does show that this was an equal
12 distribution of Housing Trust Fund monies. All but one
13 region within the state received an allocation. And of
14 this, there were 14 counties represented, and I believe
15 five, possibly only four of the organizations which were
16 awarded were in rural areas, or designated rural areas by
17 the U.S. Department of Agriculture.

18 Under the current map, which is the last page
19 of this presentation, you can see that four regions now
20 have been eliminated from the distribution of these funds.

21 This is nearly 100 counties within the state of Texas
22 which have been eliminated from access to Housing Trust
23 Funds.

24 Instead of 14 counties dispersed throughout the
25 state, eleven counties, and possibly ten counties are now

1 represented. And I believe that the Texas Government Code
2 and the Texas Administrative Code really kind of need to
3 be pointed out at this point. I think the board needs to
4 take this into consideration before making its judgment on
5 the recommendations here today.

6 I do apologize, and I feel bad for those
7 organizations which will lose funding if you decide to go
8 back to the previous recommendations. However, it must be
9 said, this is the law. This is the rule, and this is why
10 we set our speedometers at 70 miles an hour.

11 So I hope that the board will take this into
12 consideration before making its judgment. I thank you for
13 allowing me to present today. If you have any questions,
14 you're free to ask.

15 CHAIRMAN JONES: Thank you, sir.

16 Mr. Martinez?

17 MR. MARTINEZ: Thank you, Mr. Chairman, board
18 members, Ms. Carrington. My name is Robert Martinez. I'm
19 the executive director for the COIL, Center on Independent
20 Living Community Development Corporation. And our
21 proposal is being recommended for \$35,000 funding for the
22 capacity-building fund. And I want to thank all of the
23 board members and the staff of TDHCA who have worked with
24 us, and who have recommended us for this particular
25 funding.

1 And I want to let you know that we are a small
2 nonprofit in San Antonio that is doing its part, working
3 with persons with disabilities, doing its part to help the
4 State of Texas implement the Olmsted decision. And it is
5 very disheartening to hear all the comments against our
6 proposal and what we're doing in San Antonio. But I take
7 it lightly, because that's what I need to do.

8 I am the executive director. And not only do I
9 allow my staff, as well as myself and my board to bask in
10 the glory of our victories and our successes, but I also
11 have to roll with the punches.

12 Now, and -- really, some of the comments that
13 were made against what we're doing in San Antonio, I'm not
14 too sure if I really understand or not. But I need to
15 make these comments.

16 When I was growing up in a Hispanic
17 neighborhood, we were all basically the same. Young and
18 old, we were Hispanic. We were light Hispanics, dark
19 Hispanics. We had Hispanics with accents, and those
20 without. We had Hispanics that were educated and those
21 that were not educated.

22 But do you know what? We all lived together,
23 and we all had a good time. It was fun. I enjoyed my
24 childhood, my upbringing. Today I live in a neighborhood
25 where there are Hispanics, there are Caucasians, there are

1 African-Americans, and there are some people from
2 different countries all living together, old, young,
3 educated, noneducated, accents and otherwise.

4 And do you know what? We're all having a good
5 time. We all enjoy living together. I don't see anything
6 wrong with it. Ms. Maxwell's comment about the elderly
7 and the disabled living together is no different than two
8 races living together.

9 I really don't understand that comment, because
10 I live in a community, as I said, where there are many
11 races living together. And do you know what? It's great.

12 CHAIRMAN JONES: Mr. Martinez, I'd kind of like
13 to direct your attention to --

14 MR. MARTINEZ: Sure.

15 CHAIRMAN JONES: I think what I heard them
16 saying was that they believe, as I believe you probably
17 believe too, that you know, disabled people should be
18 integrated into the community like anyone else. And I'm
19 sure you agree with that.

20 MR. MARTINEZ: Right.

21 CHAIRMAN JONES: And for some reason, with
22 regard to your particular endeavor, they think that's not
23 the case. And could you respond to that particular issue?

24 MR. MARTINEZ: Sure. And you know, again, they
25 only know what they've been told.

1 CHAIRMAN JONES: Sure.

2 MR. MARTINEZ: My -- as far as I understand it,
3 my proposal has not been made public record. If it has,
4 then you know, I'm in error. So they only have a certain
5 amount of information that they received from a particular
6 individual that is -- I know is very against what we do in
7 San Antonio.

8 My project in San Antonio is going to be -- is
9 integrated into the community. It's in a neighborhood on
10 the south side of town. The houses that we have built
11 look like all the other houses in the neighborhood. It is
12 near transportation. It's near community shopping
13 centers. They are fully accessible. So -- and they will
14 be made available to anybody who wants to live in our
15 projects. So I don't -- so they are going to be
16 integrated.

17 They are not -- it's not a project where it's
18 going to be 100 percent for the disabled. My projects
19 that I am going -- that current project and the ones that
20 we have in future plans are going to be that way.

21 There is no way in the world that I could allow
22 or have 100 percent of people with disabilities living in
23 my project. I need to have market rate units so that
24 other people can come in and make it economically feasible
25 for our organization.

1 Now, if people's idea about integration is to
2 have one house here, one house there, one house over here
3 and one over here, okay, spread throughout the City of San
4 Antonio, then yes, I could probably do that if the ADAPT
5 agency would help me foot the bill, if they want to fund
6 us, then fine.

7 If UCP of Texas would like to help with the
8 funding of that, then fine. Otherwise, because of funding
9 restrictions, we have to do what we do. Thank you.

10 CHAIRMAN JONES: Thank you, sir. We have one
11 more speaker, Ms. Bowen.

12 MS. BOWEN: And thank you very much for
13 allowing me to add my name at the tail end there. I work
14 with the Center of Independent Living. There are
15 basically three divisions. The organization has been
16 working with providing services to people with
17 disabilities in the City of San Antonio for over 15 years.

18 The three different divisions are employment,
19 helping people get back into the workplace. And there is
20 rehab technology to allow them to do that. There is also
21 an independent living program. Some -- the majority of
22 the clientele have been disabled from birth, and actually
23 need some life skills or education training to help get
24 them integrated into the community.

25 And then the third division, which just came on

1 last year, is the Housing Division. There are two
2 separate projects that we are asking for Housing Trust
3 Fund support, two separate projects.

4 The first one is the Southside project. It is
5 18 units, small CDC, small projects. It's only 18 units.

6 Fifty [phonetic] percent, contractually, are obligated to
7 be rented to people with disabilities. And the other ones
8 are open.

9 And we have targeted -- yes, we have targeted
10 seniors to come into those units. We have 63 people on
11 the waiting list who want to live in those projects. Two
12 of them are not disabled. I explained that the houses are
13 fully accessible. It's a beautiful project. We want to
14 live there anyway.

15 I said, If we get down to number 63 and
16 everybody else doesn't qualify, you can live there.
17 So our projects are not segregated to the point where we
18 would turn people away who are not physically disabled.

19 The second project, which makes up 20 of the 38
20 units that we were funded for, is in Cambridgeville. It's
21 20 units. We've got upper story, and we've got lower-
22 story units.

23 All the lower-story units are -- our ground-
24 floor units are 100 percent accessible, roll-in showers,
25 roll-under sinks. About 50 percent of the project. Of

1 course, we would never turn down a disabled person who
2 wanted to live on the second floor, but for the most part,
3 we do expect that they would be on the ground floor,
4 because we know we cannot turn away people who are
5 disabled and not let them live in our project.

6 So that's about a 50 percent mix. And it is
7 four separate structures in an already established
8 apartment complex with over 100-and-some units. That's
9 our definition of integration. So I don't think what
10 we're here today about is what's segregated or what's not,
11 or what's integrated or what's not. It's just our
12 definition of that.

13 And the definition has not even been put into
14 writing yet. And I know that during the 2003, they hope
15 to get everything together, and we'll all be here for
16 public comment. But it wasn't in place.

17 So I want to thank staff for following their
18 own rules, and looking at their definition of what was
19 available during the proposal, and that's just property
20 that's not 100 percent set aside for people with
21 disabilities.

22 Both of our projects met that criteria. We
23 invite any of the people who don't have the full knowledge
24 or want to see a copy of the proposal, give us your name
25 and address, we'll send it to you. Or come visit the

1 project. And on a personal level, I've been working and
2 writing applications to the state.

3 And I want to commend you on your visibility
4 policy. It's absolutely wonderful for any federal funds
5 that are going to a project that it needs to be at least
6 visible, even if it is single-family housing.

7 I work with neighborhood housing services in
8 the City of San Antonio, and Emily [indiscernible] with
9 the Enterprise Foundation brought us that information when
10 you passed your ordinance, and even before it is mandatory
11 in the City of San Antonio -- or other [phonetic]
12 operations of that organization, and even though it wasn't
13 financially feasible the first year, we went ahead and
14 made all of our production visible.

15 So we want to congratulate you on doing that,
16 and getting that down to us in the City of San Antonio,
17 and Emily Thuss [phonetic] from the Enterprise Foundation
18 for making that possible.

19 And I want to thank COIL for being extremely
20 brave. We are taking everything that we learned here back
21 to our board today. And when we do our strategic planning
22 sessions, and we'll -- we've gotten so much good
23 information from Jean and from Ann on our future projects.

24 And we're going to do what's financially and what's
25 feasibly possible to get as many disabled people as we

1 can, because that's our issue.

2 We don't have enough disabled units in San
3 Antonio. You may have them in Austin. We don't have them
4 in San Antonio. And my last note, I'm not an expert on
5 segregation. Okay? But I think it has to do with choice.

6 It has to do with making choices available and having
7 somebody not tell you where you can't live.

8 It has to do with being able to go to an
9 apartment complex and, say, not being turned down because
10 you are in a special category. Thank you very much.

11 CHAIRMAN JONES: Thank you. Are we done with
12 public comment?

13 MR. CONINE: Yes.

14 MR. BOGANY: I'd like to get Ann to give us an
15 overview in regards to the Texas Government Code,
16 2306.203, whether or not we are in violation.

17 CHAIRMAN JONES: Let's back up for a minute
18 here.

19 MR. CONINE: Shad, can we -- could we hear from
20 Keith first, and kind of hear, you know, how those maps
21 got changed, and then kind of go from there?

22 MS. CARRINGTON: Yes, actually, if I can just
23 interject.

24 MR. CONINE: Sure.

25 MS. CARRINGTON: I think obviously what we

1 have is two issues going on, board members. The first one
2 we have is of the 17 applications that we are recommending
3 to you all today, one of them, the Center for Independent
4 Living in San Antonio -- the comments had been made that
5 this is segregated housing, not integrated housing.

6 And to just kind of pull the board back, in our
7 current state Low Income Housing plan, what we way is that
8 we encourage and support, and it is the policy of the
9 board to fund projects that are providing integrated
10 housing. There really is no definition of integrated
11 housing in the state Low Income Housing plan.

12 So as we looked at the applications of the 57
13 that Keith talked about, what was real clear to us was
14 that any application that said they were going to be
15 serving persons that were 100 percent -- a person with
16 disabilities, 100 percent of those units would go to
17 persons with disabilities.

18 But obviously, that did not meet the
19 requirement, the policy that TDHCA had adopted. What we
20 had with the COIL situation is two different populations
21 identified, and that is the disabled population and the
22 elderly population, which are the two populations that
23 this nonprofit group provides housing for.

24 And certainly, we had a debate among staff
25 about this particular transaction, but felt that it was

1 within our policy, and did not violate the policy of
2 providing integrated housing. So that certainly is one
3 issue that's on the table this afternoon.

4 The other is absolutely correct in that at the
5 board meeting in -- at the August board meeting -- early
6 August board meeting, where we had made Housing Trust Fund
7 recommendations that you actually awarded trust funds out
8 of two of those three activities, and on our capacity-
9 building which are the ones that you all are looking for
10 today, we did pull those based on some comments from the
11 public, and took another look at those.

12 And that is the second issue that's actually on
13 the table. Initially, the recommendations were that you
14 all saw in August. Those recommendations were going to be
15 per state service region. And as you all know, we have
16 eleven of those.

17 One of them didn't receive any applications at
18 all, so we would have never been 100 percent allocating
19 them on the state service regions. And what you all see
20 today is applications that the recommendations are being
21 recommended on a statewide basis, I think which actually
22 gets us seven out of the eleven regions of having
23 allocations, as opposed to ten out of the eleven, so then
24 an explanation of why those recommendations were modified.

25 MR. HOFFPAUIR: With regard to the latter

1 issue, as to why the recommendations were modified, Ms.
2 Carrington is correct. After we published our initial
3 list of recommendations for the August 8 board meeting, we
4 received criticism from some of the applicants, stating
5 that the recommendations were not in line with the
6 language of the NOFA that was published.

7 And we went back. We took a look at that. We
8 felt that that criticism was fair and accurate. The way
9 the NOFA was published was that it was a statewide
10 competition without any regional component made part of
11 the NOFA or the application.

12 Based on that fact, we felt that the right
13 thing to do was to go back and rank those applications
14 without any regional component based on their score first,
15 and then on the number of projected units that they were
16 going to produce.

17 We felt that was consistent with what we had
18 published originally, and that was to why that decision
19 was made.

20 MR. CONINE: So are we to assume that the -- in
21 the original August 8 map, that some of the projects that
22 staff had initially recommended did not score 100?

23 MR. HOFFPAUIR: Yes, sir. That is correct.

24 MR. CONINE: And that when you went back and
25 looked at the NOFA, and it had basically disregard for

1 geographic regions, there were other 100-scored
2 applications that then crept to the top?

3 MR. HOFFPAUIR: That is correct.

4 MR. CONINE: And if I look at the -- where is
5 that little -- oh, it's here. In the Administrative Code
6 regulating the use of the Housing Trust Fund, or whatever,
7 it calls for -- I think it calls for geographic. Or it
8 just says, Where there's a need, which I guess --

9 MS. CARRINGTON: [indiscernible] and best
10 effort, so --

11 MR. CONINE: And of course, you know, I guess I
12 have the basic problem that this is relating to the entire
13 trust fund, not just the capacity-building issues. So I'm
14 sure some of the geography issues and so forth can be met
15 under other uses of the Housing Trust Fund.

16 MS. CARRINGTON: And the other two allocations
17 of trust fund, which you approved in early August were
18 indeed done on a regional allocation formula basis.

19 MR. CONINE: Well, let me ask then a question
20 that we don't have the information on. Is that -- in the
21 second -- if we combine the second map with the first two
22 we did last -- earlier this month, are we going to get
23 this regional allocation that we need in every region?

24 MR. HOFFPAUIR: I'm not sure I understand the
25 question. But we will get some geographic distribution,

1 because we're making award recommendations for seven of
2 the eleven regions.

3 MR. CONINE: The other two uses of the fund
4 that we approved earlier this last month?

5 MR. HOFFPAUIR: Yes, sir.

6 MR. CONINE: The Region II and Region IX and
7 Region IV have money going into those regions as well, out
8 of those two areas?

9 MR. HOFFPAUIR: I'd have to go back and look at
10 the dispersion. But I can tell you this. The two funding
11 activities that we provided recommendations to you for
12 previously, which were the development funding and the
13 State Energy Conservation Office, energy efficiency
14 funding --

15 MR. CONINE: Right.

16 MR. HOFFPAUIR: -- both of those funding
17 activities are processed through the regional allocation
18 formula.

19 MR. CONINE: And they touched all ten regions,
20 or eleven regions?

21 MR. HOFFPAUIR: All eleven regions had funding
22 available for competition.

23 MR. CONINE: Okay. That's what I was looking
24 for.

25 MS. ANDERSON: But that doesn't mean -- I think

1 we're asking about the awards, not what was available for
2 competition, because didn't one of those things just get
3 awarded, the two grantees out of the whole state?

4 MS. CARRINGTON: Yes.

5 MS. ANDERSON: Do you understand what --

6 MR. CONINE: The --

7 MS. ANDERSON: The question is --

8 MR. HOFFPAUIR: The predevelopment, yes.

9 MS. ANDERSON: Right.

10 MR. HOFFPAUIR: That was the predevelopment
11 accounting.

12 MS. ANDERSON: I think what Mr. Conine is
13 asking, and what I -- if he's not, what I'm asking, is
14 when you look at where -- the regions where those other
15 things we approved three weeks ago are, are they in
16 regions that would -- that are at shortfall, if you'd just
17 look at the -- what you proposed for us to approve today?

18 MR. HOFFPAUIR: There are regions in some --
19 there are awards going through some of those areas. I
20 don't have the map from our development of --

21 MS. ANDERSON: So therefore, we don't know what
22 the Housing Trust Fund dollars, as a whole, when you take
23 all the three subsections, would come out with a fair
24 allocation in the aggregate?

25 MS. CARRINGTON: I think that's correct. We do

1 not have the information with us right now. Now, we can
2 potentially get it for you. Well, we can definitely get
3 it for you before the board meeting is over --

4 MR. SALINAS: I would think that that would be a
5 [indiscernible] thing.

6 MS. CARRINGTON: -- if you all would like us to
7 do that.

8 MR. CONINE: Certainly.

9 MR. HOFFPAUIR: I also wanted to point out
10 quickly, that based on the way the state Low Income
11 Housing plan is approved, the only two activities that go
12 through the regional allocation formula are our
13 development and our energy-efficiency funding.

14 Our predevelopment administrative selection and
15 our capacity-building program do not pass through that
16 formula. One of the primary reasons is the small level of
17 funding that's available in those activities, and the fact
18 that they are more service-oriented programs.

19 MS. ANDERSON: Well, you still are making
20 enough grants that you can spread it out region to region,
21 though. I mean, I understand they're not big dollar
22 amounts, but --

23 MR. HOFFPAUIR: Yes.

24 MS. ANDERSON: So you're saying right now in
25 the Low Income Housing Annual Report does not require us

1 to use the regional allocation formula for the capacity-
2 building component?

3 MR. HOFFPAUIR: Yes, ma'am. That is correct.

4 MS. ANDERSON: Okay.

5 MR. SALINAS: But how about their concerns
6 about the Center of Independent Living? How do you
7 recommend? Their concerns that the body -- that's not
8 working?

9 MR. HOFFPAUIR: First of all, I would like to
10 say that I appreciate the comments that have been made
11 today on this issue. It -- integrated housing has been an
12 issue that we are all struggling with to find a
13 definition. And I'm looking forward to a definition being
14 created through our advocate committee, and giving us some
15 guidance as to, you know, what we can begin working from.

16 What we had to work from in this activity was
17 the language that was currently contained in the Low
18 Income Housing plan that said we would not fund 100
19 percent. It is just clearly a project that is not serving
20 100 percent, and at this point, I can tell you that I am
21 hopeful that the definition that is created will address
22 this in a way that makes everyone happy.

23 MS. ANDERSON: And reduces the ambiguity.

24 MR. HOFFPAUIR: Right.

25 MR. CONINE: Mr. Chairman, I move for approval

1 of Item 4(a).

2 MS. ANDERSON: Second.

3 CHAIRMAN JONES: Motion's been made and
4 seconded. Any further questions, comments, discussions?

5 (No response.)

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

9 (A chorus of ayes.)

10 CHAIRMAN JONES: All opposed, nay?

11 (No response.)

12 CHAIRMAN JONES: The motion carries. We will
13 then turn back to Mr. Bogany.

14 MR. BOGANY: We've got a report on Findings of
15 Home Mortgage Credit Characteristics of Underserved Areas
16 in the State of Texas Market Study. And I'm going to turn
17 it over to Ms. Sarah Anderson.

18 MS. S. ANDERSON: Thank you, Mr. Bogany.

19 Tab 4(b) of your workbook does have the results of the
20 HOME Mortgage Credit Characteristics of Underserved Areas.

21 CHAIRMAN JONES: Uh-huh.

22 MS. S. ANDERSON: And this is a study -- this
23 is a report that was completed by our Housing Resource
24 Center. It was a study that was mandated by Senate Bill
25 322, which said that we would look at the underserved

1 economic and geographic submarkets of the state.

2 The board may remember that about three months
3 ago -- three or four months ago, that you all approved a
4 methodology as the first step to getting this market study
5 completed. Then once the market study -- once the
6 methodology was completed, we went about doing the market
7 study, doing the analysis.

8 Then the draft of that was actually -- was put
9 out for public comment. And what you have today is
10 reflected with actually a couple of public comment periods
11 on this particular study.

12 This is a study that is due to the Bond Review
13 Board, and we need to turn it into the Bond Review Board
14 by August 31, which is basically tomorrow. And the idea
15 behind the study is to assist TDHCA as we move forward
16 with designing products for our Single-family -- primarily
17 for our Single-family Mortgage Revenue Bond Program, to
18 look to give us assistance to design products that would
19 better serve the economic and geographic submarkets of the
20 state, of underserved areas of the state.

21 And what we're asking for from the board today
22 is basically acceptance of the study.

23 MR. BOGANY: Mr. Chairman?

24 CHAIRMAN JONES: Yes.

25 MR. BOGANY: I would like to so move that

1 [indiscernible] study.

2 CHAIRMAN JONES: I'm sure I'd like to stay up
3 all night and rewrite it fully.

4 MR. CONINE: Second.

5 CHAIRMAN JONES: Motion's been made and
6 seconded. Mr. Conine -- we'll try to get him to speak up.

7 MR. CONINE: Hello.

8 CHAIRMAN JONES: Any questions, comments,
9 discussion?

10 (No response.)

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

14 (A chorus of ayes.)

15 CHAIRMAN JONES: All opposed, nay?

16 (No response.)

17 CHAIRMAN JONES: The motion carries.

18 MS. CARRINGTON: Mr. Jones, if I might?

19 CHAIRMAN JONES: Yes, Ms. Carrington, please.

20 MS. CARRINGTON: I would really like to
21 compliment Sarah Anderson and Brenda Hull [phonetic]. We
22 brought Brenda in to do the study for us. They have
23 accomplished really a very Herculean task in a three-month
24 period of time, with the amount of data that they've
25 looked at and the enormity of this study.

1 Our draft study has gotten really already very
2 good reviews from a variety of folks who are looking at
3 these issues around the state, and looking at using some
4 of the information in this plan in the upcoming
5 legislative session. So I just want to acknowledge them.

6 And uh-oh --

7 MS. ANDERSON: Can I acknowledge one more
8 person real quickly.

9 CHAIRMAN JONES: No, we can only do two.

10 MS. ANDERSON: One more. Well, Alyssa
11 Carpenter [phonetic] also on my staff.

12 MS. CARRINGTON: Who is actually part of our
13 staff.

14 MS. ANDERSON: Really, the two of them did all
15 the work.

16 MS. CARRINGTON: Thank you, both.

17 MS. ANDERSON: I was just the quarterback.

18 MS. CARRINGTON: Yes.

19 MS. ANDERSON: You did a great job.

20 MS. CARRINGTON: Thank you. Thank you, Sarah.

21 CHAIRMAN JONES: I love it when you use those
22 big words like Herculean.

23 MS. CARRINGTON: Herculean. It's --

24 CHAIRMAN JONES: It's cool

25 MS. CARRINGTON: Doesn't that -- you know --

1 well, you know one thing Sarah told you she feels very
2 good at this morning, remember, in the training? Was
3 publishing plans.

4 CHAIRMAN JONES: Ms. Carrington, Item --

5 MS. ANDERSON: I'm fine.

6 MS. CARRINGTON: In -- earlier this year, in
7 May of this year, we published an RFP for outside counsel
8 services, our tax counsel for the department. We received
9 two proposals, one from Hawkins, Delafield and Wood, who
10 is our current outside counsel for purposes of tax credit
11 issues. They are based in Washington, D.C.

12 The other proposal was from McBeth and
13 Associates. And McBeth and Associates is in Dallas. And
14 based on the experience and the qualifications, we are
15 recommending Hawkins, Delafield and Wood for continued
16 representation with the department for outside issues
17 related to the Low Income Housing Tax Credit Program.

18 What we are asking the board to approve today
19 would be a one-year agreement with Hawkins, Delafield and
20 Wood, with an opportunity to extend that for a second
21 year.

22 And the reason I had asked to put this caveat
23 on the agreement with them was that I think that we --
24 that I want to take a look at the services that we're
25 requesting of Hawkins, Delafield and Wood, and see perhaps

1 in the future if we can't divide some of those services
2 up, and perhaps use Texas tax counsel for some of the
3 services. And then when it seems appropriate, to have
4 someone in Washington who is very close to what's going on
5 legislatively, that it would make sense to use counsel in
6 D.C.

7 MR. BOGANY: Mr. Chairman?

8 CHAIRMAN JONES: Yes?

9 MR. BOGANY: I recommend that we approve.

10 CHAIRMAN JONES: We have a motion. Is there --

11 MR. CONINE: Second.

12 CHAIRMAN JONES: Motion's made and seconded. I
13 would note that there is a huge difference in hourly
14 rates. There is a -- we need to figure out a way to do
15 what you're suggesting [indiscernible].

16 Further questions, comments, discussion?

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: The motion carries.

25 It's amazing what the going rate is these days.

1 Do you want to move to Washington?

2 Ms. Carrington?

3 MS. CARRINGTON: Mr. Jones.

4 CHAIRMAN JONES: The legal profession thanks
5 you.

6 MR. CONINE: Next time.

7 MS. CARRINGTON: Item 5(b)?

8 CHAIRMAN JONES: Yes.

9 MS. CARRINGTON: Thank you, Mr. Jones. This
10 the Request for an Increase in a Tax Credit Allocation for
11 Pleasant Valley Villas.

12 This is behind Tab 5(b) in your book. This
13 property is to be located in Austin. The board took
14 action on it in August, the -- our early August meeting,
15 where you approved the issuance of the 4 percent credits
16 on this transaction.

17 What has been determined since the time the
18 board took action is that this particular property is
19 located in a qualified census tract, a QCT, and does
20 entitle them to a boost in the Tax Credit allocation
21 amount.

22 So what we are recommending to the board
23 because of this discovery that it is located in a QCT,
24 would be an annual tax credit recommendation amount of
25 \$1,137,274, which is an increase.

1 MR. CONINE: What was our previous number?

2 MS. CARRINGTON: The previous number was
3 \$882,512.

4 MR. BOGANY: Mr. Chairman, I recommend approve.

5 CHAIRMAN JONES: We have a motion that it be
6 approved.

7 MR. GONZALEZ: Second.

8 CHAIRMAN JONES: Seconded.

9 MS. ANDERSON: Can --

10 CHAIRMAN JONES: Yes, ma'am?

11 MS. ANDERSON: Can I ask you, how come we
12 didn't know it was in a qualified census tract before,
13 or --

14 MR. CONINE: Or something.

15 MS. ANDERSON: What am I not understanding
16 about that?

17 MS. CARRINGTON: They didn't -- it's my
18 understanding that it was not included in the application.

19 And once the application had been submitted to TDHCA and
20 had been approved by the board on the 8th of August, they
21 then did discover that they were located in a qualified
22 census tract. So it was information that came to us and
23 to you all after the board took action on it on August 8.

24 MR. CONINE: So staff didn't realize that
25 through the application process?

1 MS. CARRINGTON: No.

2 MR. CONINE: As far as you're aware?

3 MS. CARRINGTON: As far as I'm aware.

4 David, do you --

5 MR. BURRELL: There was some question as to
6 whether or not it was actually located in the qualified
7 census tract. So those [indiscernible] he didn't want
8 that in the qualified census tract, but they did. And
9 then after they received the letter from the city during
10 the early part of July, they also went to the recommended
11 [indiscernible] certification [indiscernible] to
12 [indiscernible].

13 MR. CONINE: Mr. Chairman, I -- you know, I
14 have spoken up about this issue previously regarding,
15 especially the sensitive issue of tax credits and the
16 applications being complete, thorough, and all that kind
17 of good stuff. And I just have a problem with going back
18 to the well once again after something has been approved,
19 through the fault of, obviously, the applicant in this
20 case.

21 MS. CARRINGTON: Correct.

22 MR. CONINE: So --

23 MR. SALINAS: This way, the QAP --

24 MR. CONINE: -- I speak against the motion, I
25 guess.

1 MR. SALINAS: That's why the QAP has to be
2 corrected, right? We talked about it. Remember?

3 MR. CONINE: And in this case, it's just a
4 faulty application.

5 MR. SALINAS: Yes.

6 MR. SPICER: If I could speak to the subject
7 [indiscernible].

8 CHAIRMAN JONES: You Mr. Spicer?

9 MR. SPICER: Yes, I am.

10 CHAIRMAN JONES: Yes. Could you come --

11 MR. SPICER: Members of the board, the issue at
12 hand is not actually a faulty application. We knew that
13 there was a possibility that it was in a census tract.
14 However, your own statements didn't show that. You
15 produced a list of qualified census tracts. However, due
16 to the new list, it was not on the list.

17 It was previously a qualified census tract, but
18 it was not on the new list. We went and -- had to go to
19 HUD, clarify the list, make sure it was it -- it was.
20 Look at the census and demographic data and go about
21 proving that it was in the list.

22 And I feel it was appropriate without specific
23 proof. As you know in these bond transactions, we have a
24 limited time to put in the initial application, in fact,
25 three days for your Volume I. So we did not have

1 sufficient time to prove within that period that, indeed,
2 it was in a qualified census tract.

3 When we did receive proof, we submitted that
4 proof. But we didn't think it was, you know, appropriate
5 to submit an application that said we are in a qualified
6 census tract when indeed we do not have proof of that.

7 When we did find out that we do have proof --
8 we could provide proof that we were in a qualified census
9 tract, we did so. That's all we're asking for.

10 CHAIRMAN JONES: Do I understand right? What
11 you're saying is based upon some information we gave you,
12 you then had -- that was incorrect --

13 MR. SPICER: Correct.

14 CHAIRMAN JONES: Is that right? Is that what
15 happened?

16 MR. SPICER: There is a published list, and the
17 qualified census tract that's in the list does not exist
18 on the map.

19 CHAIRMAN JONES: So it's our fault?

20 MS. CARRINGTON: The maps changed.

21 MR. SPICER: The maps change over time.

22 MR. CONINE: Because of the 2000 census? And
23 we had an old map? We --

24 CHAIRMAN JONES: Well, if you would come to the
25 microphone. State your name for the record, please, Tom.

1 MR. GOURIS: Tom Gouris, Director of Credit
2 Underwriting. Not that I'm the --

3 MS. CARRINGTON: Keeper of the list.

4 MR. GOURIS: I'm not the authority on this, but
5 my understanding is that the list that was published in
6 the documentation was current at the time it was
7 published.

8 It's been in the process of being revised, and
9 I understand that they've got documentation to say, Yes,
10 in fact, this tract will be in the QCT.

11 CHAIRMAN JONES: Well, here's what I'm asking.
12 If I'm Mr. Spicer, and I'm filling out the application,
13 are there resources I can go to to look at, to know
14 whether or not my tract is in that area? Or did we mess
15 up by somehow providing the wrong map?

16 MR. GOURIS: No, I think we provided the
17 information that was current at the time that we provided
18 it.

19 CHAIRMAN JONES: Okay.

20 MR. GOURIS: It -- I think he's -- they've been
21 working on showing --

22 MS. CARRINGTON: So the map changed since the
23 August 5 --

24 MR. GOURIS: Yes.

25 MS. CARRINGTON: -- when you submitted the

1 application, till today?

2 MR. SPICER: Well --

3 MR. GOURIS: Not on August 5, but we --

4 MR. SPICER: We initially submitted the
5 application right when we got the allocation. So that's
6 roughly 120 days ago. And the map at the time, we
7 believed was incorrect. We went about providing
8 documentation that it was correct, and therefore, proving
9 that it wasn't a QCT.

10 The letter we got was from the City of Austin,
11 who then concurred with us. But although it wasn't on the
12 list that they had of -- as a QCT, that it was indeed a
13 QCT.

14 MS. CARRINGTON: So you started working on this
15 application 120 days ago, but you didn't have that letter
16 from the City of Austin before August 1, when this thing
17 was put in the board book for August 8?

18 MR. SPICER: We had confirmation from Austin,
19 but we did not have a letter at that point in time, I
20 believe. And then we had to wait for a subsequent letter
21 from our tax person to make sure that they would actually
22 be eligible, based on that letter.

23 MR. CONINE: Mr. Gouris, did the project
24 underwrite under the old tax credit allocation amount that
25 they had for it?

1 MR. GOURIS: Yes, it did.

2 MR. CONINE: So are we getting a corresponding
3 reduction in private activity bonds issued on this project
4 if we increase the tax credit amount?

5 MR. GOURIS: No.

6 MR. CONINE: Then I would, again, encourage --
7 well, I would again register my disapproval of the motion
8 on the floor.

9 CHAIRMAN JONES: You've got me really confused,
10 Tom. I mean, I'm trying to understand what you're telling
11 me. Are you telling me that, okay, we had these bad maps
12 out there, or they're not current maps. And there is
13 nothing we can do about it. So when you fill it out, and
14 would somebody else like to speak to this issue?

15 MR. GOURIS: I just think there was a time
16 delay.

17 CHAIRMAN JONES: David, would you like to speak
18 to this issue?

19 MR. BURRELL: Yes.

20 MS. CARRINGTON: I just asked David to come up
21 in case there was anything additional, but --

22 CHAIRMAN JONES: Okay.

23 MR. GOURIS: I just think there was a time
24 delay. The --

25 CHAIRMAN JONES: But was the information in the

1 public domain, wherever it may have been, of what the
2 correct map should have been?

3 MR. GOURIS: I believe at the time that that
4 information -- that we put that information out -- the
5 department put the information out, it was correct.

6 That the obligation to determine or to
7 substantiate that it's in a QCT resides with the
8 applicant. In their application, they didn't claim --
9 I -- we didn't find that they claimed a QCT, so we didn't
10 go back and double-check to see if it was or wasn't or
11 shouldn't have been.

12 CHAIRMAN JONES: And was there information in
13 the public domain at that time, that if they had gone and
14 gotten, they could have supplied it to make that claim?
15 And I'm asking you, Tom.

16 MR. GOURIS: I don't know who is -- I don't
17 know who is the master keeper of the QCT designation. I
18 know that when we can verify that information, we publish
19 it for -- to assist developers in recognizing which areas
20 are in the QCT.

21 CHAIRMAN JONES: Thank you.

22 MR. GOURIS: Sorry for the confusion.

23 MR. BOGANY: Mr. Chairman, just kind of on the
24 census tract, you know, we're constantly seeing data
25 reduced by the Census Bureau. And I -- this is not the

1 first instance I've seen where something wasn't in the
2 census tract, and I -- not on a housing issue on a much
3 smaller scale, and applications were made.

4 And later, we find because they had switched
5 the census tract now, some census tracts are not in the
6 low-income census tract, where others before were not, and
7 that some now are.

8 I would vote in favor of this deal simply
9 because there has been a lot of confusion with the census
10 tract, no different than a flood map one day showing that
11 you're in a flood zone in Houston, and next week, it comes
12 out that you're now in a flood zone where it wasn't a week
13 ago.

14 And I just think that I would be in favor of
15 voting for this.

16 CHAIRMAN JONES: Edwina, can I ask you a
17 question?

18 MS. CARRINGTON: Yes, sir.

19 CHAIRMAN JONES: What would you do if somebody
20 with the opposite had transpired? Like somebody was in,
21 but now they're not in anymore? Do we then take credits
22 away from them?

23 MS. CARRINGTON: Yes, we would.

24 CHAIRMAN JONES: Okay.

25 MS. CARRINGTON: Because they would not be

1 eligible for them. And that's --

2 CHAIRMAN JONES: So even though they were at
3 the time they filed the application, and even though we
4 awarded it, because the map subsequently comes out and is
5 redrawn, we're going to take those credits away from them?

6 MS. CARRINGTON: I think it would depend on at
7 what point in the process it was determined that they were
8 no longer in a QCT.

9 MR. SALINAS: Have you been approved by the
10 zoning in the City of Austin?

11 MR. SPICER: Yes, we have.

12 MR. SALINAS: The whole --

13 MR. SPICER: The whole project has been
14 approved by the city.

15 MR. SALINAS: The whole project? Both sides of
16 the creek, or --

17 MR. SPICER: Say that again? Yes.

18 MR. SALINAS: Both sides?

19 MR. SPICER: Correct.

20 MR. CONINE: Edwina --

21 MR. SALINAS: Because once you find out that
22 you had -- the last time you were not approved by the
23 zoning, yet. Right?

24 MR. SPICER: We had -- we were approved last --
25 earlier in August. But after the board meeting here.

1 MR. SALINAS: After the board meeting?

2 MR. SPICER: Right.

3 MR. SALINAS: Because you were not approved
4 before.

5 MR. SPICER: We were not approved before, but
6 we had been approved subsequently. Yes.

7 MR. SALINAS: See, that's the thing.

8 MR. CONINE: Edwina, do I understand that --
9 and I want to throw out some rough maps, so forgive me.
10 But is staff recommending that we increase tax credits on
11 this project, which would basically increase the sources
12 of funds for this project in the general area of \$2-and-a-
13 half million, and still keep the same bond amount, so that
14 the net funding for this project goes up by \$2-and-a-half
15 million. There is no -- is staff recommending that?

16 MS. CARRINGTON: I'd like to verify what the
17 original allocation amount was. When we look at what's
18 behind 5(b), it says, "Applicant request, 882,512."

19 MR. CONINE: Right.

20 MS. CARRINGTON: And then we see what's being
21 recommended today, which is the \$1,137,274 --

22 MR. CONINE: Right.

23 MS. CARRINGTON: -- with a note down at the
24 bottom of why that was being recommended -- or why that
25 amount is being recommended. What I think we need to

1 verify, Mr. Conine, is what was the amount that the board
2 did approve at the August 8 board meeting? Was it indeed
3 the 882,512, or was it some number other than that? And
4 if it was the 882,512, then you are correct in your --

5 MR. CONINE: I got a hunch that Mr. Gouris will
6 probably know, or be able to pull it out. Mr. Burrell, do
7 you got it?

8 MR. BURRELL: The amount the board actually
9 approved was 874,026 --

10

11 MR. CONINE: Yes.

12 MR. BURRELL: -- which was the eligible basis
13 amount.

14 MR. SPICER: That's why we need to keep on --
15 that's why we approved this one.

16 MR. CONINE: So again, my question is, how can
17 we -- if we have a underwritten project at that point in
18 time with debt and equity, and now we're going to give
19 more equity over here, and we don't reduce debt by some
20 two-and-a-half, \$3 million, whatever the number really is,
21 I'm wondering if staff is recommending that, or if we just
22 haven't seen it through to that particular --

23 MR. GOURIS: There was a significant deferred
24 developer fee in the original structure.

25 MR. CONINE: Right.

1 MR. GOURIS: It was something in the order of,
2 I want to say, \$2 million.

3 MR. CONINE: Right.

4 MR. GOURIS: Two-point-something million
5 dollars.

6 MR. CONINE: Right.

7 MR. GOURIS: This additional credit will reduce
8 that deferred developer fee, so that more of that fee will
9 be able to be paid up front.

10 MS. CARRINGTON: Yes.

11 MR. SPICER: If I could say, there is also a
12 significant taxable tail on the deal, which is -- which
13 has subsequently been reduced by a million-four.

14 MR. BURRELL: The -- excuse me.

15 CHAIRMAN JONES: Yes, sir?

16 MR. BURRELL: The deferred developer fee at the
17 time was 2,634,000. And by going this route, the deferred
18 developer fee would be reduced to an estimated 1.7
19 million.

20 MR. CONINE: I wonder how that is when you have
21 an extra \$2-and-a-half million. The tax credits --

22 MR. BURRELL: Because --

23 MR. CONINE: If we're increasing tax credits by
24 300,000 bucks, which over ten years is 3 million, and you
25 sell those for 80 cents, I get roughly \$2-and-a-half

1 million more in proceeds.

2 MR. BURRELL: Uh-huh.

3 MR. CONINE: That's a rough calculation. Did
4 I miss something?

5 MR. GOURIS: Yes, well I think --

6 MR. CONINE: What did I miss?

7 MR. GOURIS: The -- that figure that Mr.
8 Burrell just referred to was what the developer
9 anticipated the deferred developer fee. When we ran
10 through our numbers, we anticipated original deferred
11 developer at 3.8, almost \$3.9 million.

12 MR. CONINE: Yes.

13 MR. GOURIS: And now we're at 1.7.

14 MR. CONINE: Okay. So there is the two-and-a-
15 half.

16 MR. GOURIS: Yes. The 2.1.

17 MR. CONINE: Okay.

18 CHAIRMAN JONES: All right. We have a motion
19 on the floor. I believe it's been seconded that Item
20 5(b), the recommendation of staff, be approved. Do we
21 have further debate and discussion? Any further
22 questions?

23 MS. ANDERSON: Let me ask one other question.

24 CHAIRMAN JONES: Certainly.

25 MS. ANDERSON: Since I'm still -- I'm still --

1 I can't say this very much longer, but I'm still kind of
2 new to -- I don't remember being asked to vote on anything
3 like this before.

4 Tom, in your experience, do -- does this -- are
5 there other reasons that these deals come back to us for
6 increase in tax credit requests, or has this reason been
7 used before?

8 MR. GOURIS: Not -- I mean, not specifically.
9 And we have one request with regard to QCT that we may see
10 next month --

11 MS. ANDERSON: Okay.

12 MR. GOURIS: -- that is similar. But this is
13 rather unique in that had we known this information a
14 week, two weeks earlier, we would have recommended what
15 we're recommending today. And they haven't instructed the
16 project. They haven't -- you know, they haven't gone
17 forward, other than with -- you know, they haven't spent a
18 whole -- they haven't started building the project yet.

19 MS. ANDERSON: Okay. Thanks.

20 CHAIRMAN JONES: Thank you.

21 Mr. Burrell?

22 MR. BURRELL: I will say, when we presented
23 this back at the August 8 meeting, I did tell you all that
24 we'd probably be bringing this back. The City of Austin
25 had given the certification letter July 1.

1 However, the developer also had to get his
2 letter from the CPA firm. And they got it and they gave
3 us notification in less than a seven-day period. And
4 therefore, we had already published our original
5 recommendation.

6 And because this is a -- tied into a bond deal,
7 they only have so much time. So they were trying to make
8 sure they had at least part of the deal working, and that
9 they could come back later, if necessary. And if we had
10 it a few days earlier, we would have made this
11 recommendation the first time around.

12 CHAIRMAN JONES: Thank you. We have a motion
13 now on the floor that has been seconded at the
14 recommendation of staff regarding Item 5(b) be approved.
15 Further discussion? Further questions?

16 (No response.)

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

20 (Chorus of ayes.)

21 CHAIRMAN JONES: All opposed to the motion,
22 please say Nay.

23 (Chorus of nays.)

24 CHAIRMAN JONES: I believe the nays carry. But
25 if anybody thinks the Chairman has called it wrong, I'll

1 be happy to have it voted. Okay. The motion does not
2 pass.

3 Item 5(c) -- Ms. Carrington?

4 MS. CARRINGTON: Thank you, Mr. Chairman.

5 This item is a new allocation -- a new request to the
6 department for the issuance of a 4 percent determination
7 notice for a property to be located in Houston, Mineral
8 Creek Limited Partnership. It -- the issuer on this
9 transaction is the Houston Housing Finance Corporation.

10 So what TDHCA would be doing will be issuing
11 the 4 percent tax credits on this particular transaction.

12 In the first box, you will see that the applicant did
13 request \$835,349 in tax credits on this transaction.

14 However, after underwriting the transaction, we
15 have determined that the eligible basis amount on this
16 transaction is 851,068. So staff's recommendation is the
17 amount of the tax credits. And it was adjusted because of
18 the eligible basis on this particular transaction.

19 And Tom, do you have anything else you would
20 like to add on this particular transaction? Tom will be
21 there to answer any questions that you all have.

22 CHAIRMAN JONES: Thank you.

23 MR. BOGANY: Mr. Chairman, I recommend
24 approval.

25 CHAIRMAN JONES: There's a motion that the

1 recommendation be approved. Is there a second?

2 MS. ANDERSON: Second.

3 CHAIRMAN JONES: First and second. The motion
4 has been made and seconded. Questions, comments,
5 discussion?

6 MR. CONINE: I'd like to offer an amendment to
7 the motion, that we reduce the tax credit amount down to
8 the original applicant request of \$835,349.

9 MR. BOGANY: Before I can accept that, I'd like
10 to hear Tom's view on that.

11 MR. GOURIS: Thank you. That is the amount --
12 I believe that's the amount that they requested. The
13 reason for the difference is the underwriting guidelines
14 require us to use the -- an underwriting rate instead of
15 the actual applicable percentage. It gives them a little
16 bit of a cushion. It was designed to do that.

17 This applicant didn't ask for credits based on
18 the underwriting rate, which is a little bit higher. It's
19 3.67. Instead, they asked for the credit based on the
20 actual -- or something closer to the actual 3.54.

21 That's the difference. This transaction --

22 MR. CONINE: Will it work either way?

23 MR. GOURIS: Yes, sir.

24 MR. CONINE: Thank you.

25 MR. GOURIS: Yes, sir.

1 CHAIRMAN JONES: Philosophically, Tom, you
2 know, we turned a lot of people down for tax credits, even
3 if they had really good -- and it seems to me like to sit
4 here and have people, you know, start giving people more
5 than they're asking for when a lot of other people we tell
6 they can't have what they ask for. And we've looked them
7 in the eye and told them that we also think they have
8 great developments. I mean, policy-wise, how do we jibe
9 that?

10 MR. GOURIS: Well, we've told them that that's
11 what we would do. That we would adjust that, because that
12 number changes every month.

13 And we had indicated to them that we would be
14 adjusting that in their favor, or against them if that
15 were the case. And we apply that consistently. That's
16 the only piece that we would change if we're using their
17 numbers.

18 MR. CONINE: Well, if that's the case, we
19 could adjust it by the time we issue the commitment
20 letter. We can just keep adjusting it ad infinitum.

21 MR. GOURIS: Well, we could, but that's not
22 what we say we're going to do.

23 MR. CONINE: Right.

24 MR. GOURIS: So this is -- we're just following
25 what we say we're going to do. And we could, and I will

1 take it under advisement that we should change our
2 methodology there, so that we only -- we don't adjust
3 their request.

4 MR. CONINE: We had that discussion earlier
5 today.

6 MR. GOURIS: Yes. We receive a lot of concern
7 and criticism that we aren't allocating enough funds. And
8 we are trying to --

9 MS. ANDERSON: On the 4 percent deals.

10 MR. GOURIS: Which is what --

11 MS. ANDERSON: Yes, which is what this is.

12 MR. GOURIS: -- this is.

13 MS. ANDERSON: Yes.

14 MR. GOURIS: And we're just --

15 MS. ANDERSON: And I remember where this came
16 in.

17 MR. GOURIS: -- trying to show we're doing --
18 following the letter of what we said we'd do.

19 MR. BOGANY: Tom, I have a question for you.
20 And I guess I'm looking for consistency. We've done this
21 before, where an applicant requested an amount --

22 MR. GOURIS: Yes.

23 MR. BOGANY: -- and when you did your
24 adjustments, you adjusted out and gave the applicant the
25 amount that they wanted?

1 MR. GOURIS: Yes, we have.

2 CHAIRMAN JONES: Do you accept the amendment,
3 Mr. Bogany?

4 MR. BOGANY: No, I do not.

5 CHAIRMAN JONES: Okay. Is this a motion to
6 amend, Mr. Conine?

7 MR. CONINE: Motion to amend.

8 CHAIRMAN JONES: Okay. We have a motion to
9 amend. Is the motion to amend --

10 MS. ANDERSON: Second.

11 CHAIRMAN JONES: Okay. The motion to amend has
12 been made and has been seconded. Now, we will have the
13 discussion on the motion to amend. Any further discussion
14 on the motion to amend?

15 MR. BOGANY: Would you explain, Mr. Chairman,
16 what the motion to amend is?

17 CHAIRMAN JONES: I'll let Mr. Conine take that.

18 MR. CONINE: To take the recommended staff
19 amount back down to the applicant request of \$835,349.

20 MR. BOGANY: The only question I have is that
21 its consistency. We've done this before for other
22 projects. I think we need to stay consistent. And I can
23 only see this as being consistent versus picking on this
24 particular project. If we'd never done it before, I would
25 agree with Mr. Conine twofold.

1 MR. CONINE: Well, I think the correct answer,
2 if my recollection is correct, is that we've done it both
3 ways.

4 MR. GOURIS: That is correct.

5 MR. CONINE: We've gone back to the applicant
6 request on the individual merits of the case, and we've
7 increased them probably, years ago. We hadn't done much
8 of that recently, but we have increased some in the past,
9 and I will admit to that. But here more recently, we've
10 stuck to the letter of the law relative to applicant
11 requests.

12 CHAIRMAN JONES: Further discussion?

13 MR. BOGANY: In the way that we vote, so to
14 make sure that we vote in the right way, a vote yes is in
15 favor of Mr. Conine's motion. A vote no is against his
16 motion?

17 CHAIRMAN JONES: That is correct. And do you
18 want to amend your motion as he suggested, could you vote
19 yes? If you do not want to amend the motion, you would
20 vote no.

21 Okay. Further discussions and comments on the
22 motion to amend?

23 (No response.)

24 CHAIRMAN JONES: Hearing none, I assume we're
25 ready to vote. And again, we are voting on the motion to

1 amend. All in favor of the motion to amend, please say
2 Aye.

3 (Chorus of ayes.)

4 CHAIRMAN JONES: All opposed, Nay?

5 MR. BOGANY: Nay.

6 CHAIRMAN JONES: The motion to amend carries.
7 We then will turn our attention back to the original
8 motion as it has now been amended, and we'll talk about it
9 any further. Does anybody have anything else that they
10 want to say? Questions, comments, discussion?

11 MR. CONINE: Rock and roll.

12 CHAIRMAN JONES: Hearing none, I assume we're
13 ready to vote. All in favor of the motion as amended,
14 please say Aye.

15 (Chorus of ayes.)

16 CHAIRMAN JONES: All opposed, Nay.

17 MR. BOGANY: Nay.

18 CHAIRMAN JONES: The motion carries. Ms.
19 Carrington, 5(d).

20 MS. CARRINGTON: Thank you, Mr. Chairman. The
21 last item on your agenda is a request for an extension on
22 a construction loan. This is a 2001 tax credit
23 allocation. It's a senior's property to be located in
24 Pasadena. It is a HUD-insured transaction.

25 And because of delays with HUD and some

1 requirements from HUD of the equity payments all coming in
2 at one time, there has been a substantial amount of
3 negotiation that's been required in getting the project --
4 the proposed project to this point.

5 Their current deadline for closing of
6 construction loan is September 12. What they are
7 requesting is a new deadline, 30 days, of October 12 of
8 this year. And the developer has completed other tax
9 credit developments in the past, and staff is recommending
10 that this 30-day extension be approved.

11 MR. CONINE: Move for approval.

12 MS. ANDERSON: Second.

13 CHAIRMAN JONES: Motion made and seconded. Is
14 there any discussion, 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 (Chorus of ayes.)

20 CHAIRMAN JONES: All opposed, Nay.

21 (No response.)

22 CHAIRMAN JONES: The motion carries. We
23 then -- do we have anything in the Director's report,
24 or --

25 MS. CARRINGTON: No, sir, we don't.

1 CHAIRMAN JONES: We don't? Congratulations.
2 All right. I think then we're going to go into Executive
3 Session.

4 VOICE: Hallelujah.

5 MS. CARRINGTON: Yes, sir.

6 CHAIRMAN JONES: Okay. We will now move into
7 Executive Session. On this day, August 29, 2002, at a
8 regular board meeting of the Texas Department of Housing
9 and Community Affairs held in Austin, Texas, the board of
10 directors adjourned into a closed Executive Session as
11 evidenced by the following. The board of directors began
12 its Executive Session today, August 29, at 3:45 p.m.

13 The second matter of this Executive Session is
14 litigating -- an anticipated litigation, Cause Number GN-
15 202219, Century Pacific Equity Corporation versus Texas
16 Department of Housing and Community Affairs. Number two,
17 consultation with Attorney, pursuant to Section
18 551.071(2), Government Code.

19 Number three, Personnel Matters, Discussion and
20 Possible Approval of Performance Evaluation for Internal
21 Auditor Under Section 551.074, Texas Government Code, and
22 Number Four, Discussion of any item listed on the board
23 meeting agenda of this date. And with that, we will go
24 into Executive Session.

25 (Whereupon, a short recess was taken.)

1 CHAIRMAN JONES: I'll call the meeting back to
2 order. The Executive Session has concluded. The subject
3 matter of the Executive Session was as follows:

4 Litigation and Anticipation of Litigation,
5 Cause Number GN-202219, Century Pacific Equity Corporation
6 versus Texas Department of Housing and Community Affairs,
7 53rd Judicial Court of Travis County, Texas. Action
8 taken, none.

9 Consultation with attorney pursuant to Section
10 551.071(2), Texas Government Code. Action taken, none.

11 Personnel Matters, Discussion and Possible
12 Approval of Performance Evaluation for the Independent
13 Auditor Under Section 551.074, Texas Government Code,
14 action taken, none.

15 MS. ANDERSON: I think it was the Internal
16 Auditor, not the independent auditor.

17 CHAIRMAN JONES: Okay. Internal auditor.
18 Number Four, Discussion of any item listed on the board
19 meeting agenda of this date. Action taken, none. The
20 board of directors has completed the Executive Session of
21 the Texas Department of Housing and Community Affairs on
22 August 29, 2002 at 4:07 p.m. I hereby certify this agenda
23 of the Executive Session of the Texas Department of
24 Housing and Community Affairs was properly authorized
25 pursuant to Section 551.103 of the Texas Government Code

1 posted at Secretary of State's office seven days prior to
2 the meeting, pursuant to Section 551.044, Texas Government
3 Code, that all members of the board were present, and
4 that this is a true and correct copy of the proceedings
5 pursuant to the Texas Open Meeting Act. Signed by myself,
6 Michael E. Jones, Chair.

7 Is there a motion that we adjourn?

8 MR. SALINAS: So moved.

9 MR. GONZALEZ: Second.

10 CHAIRMAN JONES: The motion has been made and
11 seconded we adjourn. Any discussion?

12 (No response.)

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

16 (Chorus of ayes.)

17 CHAIRMAN JONES: The motion carries. Thank you
18 very much.

19 (Whereupon, at 4:10 p.m., the meeting was
20 concluded.)

C E R T I F I C A T E

1
2
3
4
5
6
7
8
9
10
11

MEETING OF: Texas Department of Housing and Community
Affairs Board

LOCATION: Austin, Texas

DATE: August 29, 2002

I do hereby certify that the foregoing pages,
numbers 1 through 97, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Penny Bynum before the
Texas Department of Housing and Community Affairs.

09/05/02

(Transcriber) (Date)

On the Record Reporting, Inc.
3307 Northland, Suite 315
Austin, Texas 78731