

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

Capitol Auditorium
Capitol Extension
1100 Congress Avenue
Austin, Texas

Monday,
June 28, 2010
9:40 a.m.

MEMBERS:

C. KENT CONINE, Chair
GLORIA RAY
LESLIE BINGHAM ESCAREÑO
TOM H. GANN
LOWELL KEIG

MICHAEL GERBER, Executive Director

A G E N D A

| | <u>PAGE</u> |
|--|-------------|
| CALL TO ORDER, ROLL CALL CERTIFICATION OF QUORUM | 8 |
| PUBLIC COMMENT | 8 |
| CONSENT AGENDA | |
| ITEM 1: Approval of the following items presented in the Board materials: | 52 |
| <i>Executive</i> | |
| a) Presentation, discussion, and possible approval of Board minute summary for May 13, 2010 | -- |
| <i>Multifamily Division Items - Housing Tax Credit Program</i> | |
| b) Presentation, discussion, and possible approval Of Housing Tax Credit extensions | -- |
| c) Presentation, discussion, and possible approval of Trustees for the Multifamily Mortgage Revenue Bond transactions | -- |
| d) Presentation, discussion, and possible approval of Senior Managing, Co-Senior Managing, Co- Managing and/or Remarketing Agent Investment Banking Firms for Multifamily Mortgage Revenue Bond transactions | -- |
| e) Presentation, discussion, and possible approval of Housing Tax Credit amendments | -- |
| <i>HOME</i> | |
| f) Presentation, discussion, and possible approval of the 2009 Single Family Owner-Occupied Housing Assistance, Tenant-Based Rental Assistance, and Homebuyer Assistance Programs Award Recommendations | -- |
| g) Presentation, discussion, and possible approval of the Owner-Occupied Housing Assistance Program for Disaster Relief Award recommendation | -- |
| h) Presentation, discussion, and possible approval of the 2010 Rental Housing Development (RHD) Program Award recommendation | -- |

Community Affairs

- I) Presentation, discussion, and possible approval of Emergency Shelter Grant Program (ESGP) awards in accordance with the resolution adopted by the TDHCA Governing Board on May 12, 2010 --
- j) Presentation, discussion, and possible approval of the Section 8 Program 2011 Annual Public Housing Agency (PHA) Plan --
- k) Presentation, discussion, and possible approval of the Section Program Housing Choice Voucher Administrative Plan --
- l) Presentation, discussion and possible authorization to release a Request for Application for provision of services for the Comprehensive Energy Assistance Program (CEAP) and Weatherization Assistance Program (WAP) in the geographic area currently served by Community Action Program Inc. 54

Housing Trust Fund

- m) Presentation, discussion, and possible approval of the 2010-2011 Housing Trust Fund (HTF) Affordable Housing Match Program NOFA Award recommendations --
- n) Presentation, discussion, and possible approval of the 2010-2011 Housing Trust Fund (HTF) Rural Housing Expansion Program NOFA Award recommendation and authorization to release NOFA on open cycle basis as needed --
- o) Presentation, discussion, and possible approval of the use of available additional funds from Housing Trust Fund --

Housing Resource Center

- p) Presentation, discussion, and possible approval of the Agency Strategic Plan for fiscal years 2011-2015 --
- q) Presentation, discussion, and possible approval to submit an application to the US Department of Housing and Urban Development for rental assistance vouchers for non-elderly persons with disabilities --

- r) Presentation, discussion, and possible approval of a Request for Proposals (RFP) for a comprehensive analysis of rural and farmworker housing and approval for further edits as recommended by the Texas Comptroller of Public Accounts --

Texas Homeownership

- s) Presentation, discussion, and possible approval of a Participating Lender List for single family Mortgage Revenue Bond (MRB) Program(s) --

Rules

- t) Presentation, discussion, and possible approval to publish a proposed amendment to 10 TAC Chapter 5, Subchapter H, Section 8 Housing Choice Voucher Program, §5.801, Project Access Initiative, for public comment in the *Texas Register* --

ACTION ITEMS

ITEM 2: Executive 71

- a) Presentation, discussion, and ratification of the Conciliation Agreement between Texas Low Income Housing Information Service, Texas Appleseed, the State of Texas by and through the Texas Department of Housing and Community Affairs (TDHCA) and the Texas Department of Rural Affairs (TDRA)

ITEM 3: Appeals 73

- a) Presentation, discussion, and possible action on Multifamily Program Appeals
- b) Presentation, discussion, and possible action for Tax Credit Assistance Program appeals
- c) Presentation, discussion, and possible action for Exchange Program appeals
- d) Presentation, discussion, and possible action for HOME Program appeals
- e) Presentation, discussion, and possible action

for Underwriting appeals

- f) Presentation, discussion, and possible action for Housing Trust Fund Program appeals

ITEM 4: Bond Finance

- a) Presentation, discussion, and possible approval of Resolution No. 10-025 authorizing application to the Texas Bond Review Board for reservation of 2010 single family private activity bond authority and approve Resolution No. 10-028 authorizing application to the Texas Bond Review Board to receive unexpended HERA single family private activity from other issuers 73
- b) Presentation, discussion, and possible approval of No. 10-026 authorizing a range of mortgage interest rates under the First Time Homebuyer Program 78
- c) Presentation, discussion, and possible approval of Resolution No. 10-027 authorizing the Department to enter into a backup warehouse agreement to be used in conjunction with the Department's First Time Homebuyer Program 79

ITEM 5: Tax Credit Assistant Program 81

- a) Presentation, discussion, and possible approval of a revision to the Tax Credit Assistance Program (TCAP) Policy Supplement with regard to the 75 percent federal expenditure deadline of February 16, 2011

ITEM 6: Rules 84

- a) Presentation, discussion, and possible approval to publish the proposed repeal of 10 TAC Chapter 53, HOME Investment Partnership Program, and a draft of proposed new 10 TAC Chapter 53, HOME Program rule for comment in the *Texas Register*

ITEM 7: Disaster Recovery

- a) Approve Extension under CDBG Contract #706001 related to Rita Round I for Houston-Galveston Area Council of Governments contract to expire August 31, 2010 94

| | |
|---|-----|
| b) Approve Action Plan modification for submission to HUD for Ike/Dolly to correctly reflect Rental Program funds in the amount of \$188 million | 96 |
| c) Presentation, discussion, and possible action to ratify a contract with a consulting firm, as coordinated through the Governor's Office, to perform an interim analysis of impediments to fair housing | 98 |
| d) Disaster Recovery Division's status report on CDBG and FEMA AHPP contracts administered by TDHCA, including update on Ike/Dolly Round II | 101 |
| ITEM 8: Neighborhood Stabilization Program | 105 |
| a) Presentation, discussion, and possible approval of a resolution authorizing emergency action by the Director as necessary for execution of the Neighborhood Stabilization Program | |
| ITEM 9: Multifamily Division Items - Housing Tax Credit | |
| a) Presentation, discussion, and possible approval to issue a list of approved applications (as of June 21) for Housing Tax Credits (HTC) in accordance with §2306.6724(e) of Texas Government Code | 111 |
| b) Presentation and discussion of the status of applications awarded Housing Tax Credit Exchange Funds and possible action for an extension of deadlines for the Housing Tax Credit Exchange Program | 127 |
| ITEM 10: ARRA Accountability and Oversight | 138 |
| a) Status report on the implementation of the American Recovery and Reinvestment Act of 2009 (Recovery Act) | |
| REPORT ITEMS | 151 |
| 1. TDHCA outreach activities, May 2010 | |
| 2. Report on homes considered and reviewed by the | |

Executive Director for costs exceeding the accessibility cap of \$15,000

3. Report on homes considered and reviewed by the Executive Director for costs exceeding the elevation cap of \$30,000

4. Report on homes considered and reviewed by the Executive Director for services for municipal requirements that exceed the established cap of \$10,000

| | |
|-------------------|-----|
| EXECUTIVE SESSION | 152 |
| OPEN SESSION | 153 |
| ADJOURN | 153 |

P R O C E E D I N G S

MR. CONINE: Good morning. How is everybody doing on a hot summer day? Good to be here. This is the June 28 meeting -- Board meeting of the Texas Department of Housing and Community Affairs. I will call the roll, see if we've got enough folks here this morning.

Leslie Bingham?

MS. BINGHAM-ESCARREÑO: Here.

MR. CONINE: Kent Conine's here.

Tom Gann?

MR. GANN: Here.

MR. CONINE: Lowell Keig?

MR. KEIG: Here.

MR. CONINE: Juan Muñoz not here.

Gloria Ray?

MS. RAY: Here.

MR. CONINE: We've got five here, and that's enough to get going.

Remind everyone here that we do take public comment, both now before the meeting starts and/or during a particular agenda item that you may want to speak on. If you haven't signed a witness affirmation form and you want to speak before the Board, please do so.

I have a few that we will get started with here

first. The first speaker is Joe Morris.

Joe?

MR. MORRIS: Good morning, Chairman --

MR. CONINE: Good morning.

MR. MORRIS: -- Conine and members of the Board.

My name is Joe Morris and I'm the Chief of Staff for Senator Jeff Wentworth, representing the 25th Senatorial District, including Comal County and the city of Schertz, Texas. Senator Wentworth sends his greetings and regrets he cannot be with all of you today, but asked me to say a few words on his behalf in support of a project proposed for construction in his district.

I am aware that Representative Kuempel came before you at your May 12 Board meeting in support of the same project Senator Wentworth asked me to speak about today. Since Mr. Kuempel was far more entertaining than I am, my remarks will be brief.

In today's economy, affordable housing is hard to come by, especially for seniors. When complete, Ashton Senior Village Apartments will be a 176-unit apartment community for seniors with incomes at or below 60 percent of the area's median income.

On February 12 of this year, Senator Wentworth sent a letter to your Executive Director, Michael Gerber,

and if I may, I would like to read a copy of that letter into the record this morning. I brought extra copies that I believe have been handed out to you all.

It's addressed to Mr. Michael Gerber, Executive Director of Texas Department of Housing and Community Affairs.

"Dear Mr. Gerber, I am in writing in support of the Tax Credit application submitted by DDC Ashton, Limited for the construction of Ashton Senior Village Apartments, a 176-unit apartment community for senior citizens in Schertz, Texas.

"This development will fund a facility that is for tenants with incomes at or below 60 percent of the area's median income. In addition, they will incorporate a major solar component into the complex to reduce the environmental impact of the apartments.

"I ask that you give careful consideration to Ashton Senior Village Apartments and their worthwhile efforts to provide affordable housing for senior citizens of Schertz, Texas. Sincerely, Jeff Wentworth."

This project continues to enjoy the full support of Senator Wentworth, particularly in light of the fact that on February 2, 2010, the city of Schertz passed a resolution in support of this project, and approved the applicant's application for the tax credits and HOME funds from the Texas Department of Housing and Community Affairs.

Senator Wentworth asks that you give this much needed project your most thoughtful consideration. Thank you for your time and attention.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you. Appreciate you being here.

MR. MORRIS: Yes, sir.

MR. GERBER: Thanks for being here, Joe.

MR. CONINE: David Medina?

MR. MEDINA: Good morning, Mr. Chairman and members for the Board. My name is David Medina, Jr. I'm a City Council member for District 5 in the city of San Antonio, and I'm here this morning to speak with you, and speak on behalf, and advocate for a project that's within my community, which is The Terrace at Haven for Hope, which would be an affordable housing project which would basically support community resident citizens that transition to be able to go from affordable housing onto market housing, market rent housing.

The Haven for Hope is a project in the city of San Antonio, in my community, that I'm extremely in support of. Many of the community members from my district have come out in support of it as well. Everyone now from the

Neighborhood Association president and their board all the way up to former City Council members and the business community as well in order to support this project to be able to help those in the city of San Antonio who at times may have fallen on a difficult situation and they are homeless.

And come from all walks of life and are trying to get back on their feet, to be productive citizens once again in the community. There's a lot of good hard-working people in the community, the residents of San Antonio.

But I believe that this project is one worthy of tax credits in order to be able to continue in the vision and the plan and the effort to be able to help and support those within the community that want to be able to change their lives. And this facility, the Haven for Hope, is helping to make that transition.

But this project here, the affordable housing aspect of it, this particular section would be something that would help those who are in between the situation where they've gone from being homeless to trying to get back out in the community, to be productive citizens, but need some affordable housing.

But also open to those residents that are in the neighborhood already, who may be living with other relatives but are looking to get some housing of their own so that they

can make that transition to get back out to the market rate housing and eventually into their own home, or their house, to be able to live the American dream as a resident and a citizen here in this wonderful state of Texas and this wonderful country that we live in, including back home in San Antonio, on the west side of San Antonio.

So once again, I'm here to speak with you, and speak in support of this project and ask you for your consideration, to take a look at this and to support it in the future because it's something that I believe is a worthy project in order to continue helping in the lives of those from all walks of life, various ages, that are trying to improve their life and make a change within the community.

So once again, I just want to ask you for your consideration and your support in this greatly, as a Council member from District 5 in the city of San Antonio. And just to let you know, once again, that there's many people, from all different walks of life, whether it's former elected officials, neighborhood presidents, precinct chairman -- or chairwoman, as well as your average resident constituent who lives in the community that wants to be able to see a chance in our neighborhood, and I believe this would be a great opportunity to be able to make that change. Thank you.

MR. CONINE: Thank you, Councilman Medina.

Any questions?

MR. GERBER: Mr. Chairman, if I could just ask --

MR. CONINE: Mr. Gerber.

MR. GERBER: Haven for Hope is an extraordinary integrated program serving some of our most vulnerable citizens, and it's really becoming a national model. It's pretty extraordinary when a community -- when community leadership comes together the way it has in San Antonio, and I know you've been --

MR. MEDINA: Yes, sir.

MR. GERBER: -- right in the middle of that. Can you talk a little bit about that, because it's not come easy, but it's -- I've been on the campus a number of times and it's one that we would like to see, you know, replicated in other communities. It's just a tremendous example, and maybe talk about -- a little bit about the vision behind Haven for Hope and what this aspect of it will mean.

MR. MEDINA: Yes, sir. Most certainly. You know, the Haven for Hope was a vision and a project that came to life actually a few years back. And Mr. Greehey, Bill Greehey, and also former Councilwoman Patti Radle, and former Mayor, Phil Hardberger at the time, had basically worked in unity to be able to bring this to pass and other -- many other

council members, the City Council, and many people from the business community are in support of it as well.

This facility is a model for the future. To be able to basically set an example for any other city that may want to try to duplicate this, or make this facility over in their city to be able to help the homeless. And you have various non-profits from St. Vincent de Paul to the Sam's Ministry, to various organizations, the Food Bank, and different community organizations that are basically coming together and working together under one roof to be able to provide these services for the residents that are there on campus.

My office, for District 5, it totally, completely in support of it. I am extremely in support of it. Growing up in the district, I've had relatives or had close friends who at times may have been homeless, and they're good, hard working people, but just fell on hard times. And this campus, this facility is something that can help them to get back on their feet.

It's just amazing to see all the support from such a broad spectrum. Everyone from business leaders to education -- leaders in education, to the non-profits, as well as, you know, residents from the Neighborhood Association who are there in support of it, because ultimately this campus,

this facility is something that really is helping to make transition in people's lives.

I go out on a regular basis and tour the facility, but I'd also like to say that I have meetings there as well with the Haven for Hope, and basically they have conference rooms there, and I've been able to hold community meetings there.

Just recently we had a rate structure change, a rate increase from SAWS, and we were able to host a community meeting there in the conference room to be able to inform the residents and come of the leaders in their ministries and churches on the specifics on that change.

And it was a great opportunity. The Haven always has their doors open for the community, and for anyone there who may need help and they can help with that, but at the same time the community leaders can direct people there when they need to get some assistance for their constituents.

And without a shadow of a doubt, I know that this campus and this facility is something that is a model. It's a campus that is, I believe, still in the very early stages as to how great the impact can be in the city of San Antonio and for the surrounding Bexar Country area as well.

So I'm extremely grateful and happy for this -- success of this campus, but it's all because of a

lot of people coming together to work in support, with a common vision and goal to be able to help those who really in great need right now, especially during a down economy, during a recession, when times are very difficult, and many people are facing financial situations right now that they may have never faced in their life time.

So I'm very grateful for it, and I'll go ahead --

MR. GERBER: Appreciate your --

MR. MEDINA: -- and wrap up --

MR. GERBER: -- leadership.

MR. MEDINA: -- my comments.

MR. GERBER: That's tremendous. Thank you.

MR. MEDINA: Thank you.

MR. CONINE: Any other questions?

(No response.)

MR. CONINE: Thank you, sir.

MR. MEDINA: Thank you.

MR. CONINE: Paul DaGama?

MR. DaGAMA: Yes, ladies and gentlemen. I am a minister and a resident at Haven for Hope. And there is a scripture that states, I know the plans I have for you, plans for good and not evil, plans for hope and the future. And I have seen that since coming to Haven for Hope.

I've seen people come to that facility down turned

faces, expecting to run into the same difficulties and false promises that they've run into, the abandonment, the -- being used and abused. And in a short period for time, in a matter of 24 to 48 hours, I watch that change and see these bright smiling faces as they begin to realize that these people are truly very different.

The staff at Haven for Hope, every single one of them I've run into, as I tell people, I've not found a clinker in the bunch. They all have the same spirit which comes from above. And I think these people can be trusted with all of your support because I've seen what they're doing, I've seen where their hearts are at.

Matter of fact, if you'll indulge me for a moment, I'd like all those that are supporting The Terrace at Haven to stand up if they would.

MR. GERBER: Appreciate you being here.

MR. CONINE: Thank you for you being here.

(General applause.)

MR. DaGAMA: And I think the next stage that they have planned, which is The Terrace, is something -- like the Councilman stated, is something that will keep that hope alive and keep that going so that they can eventually get to a point of having that hope of having, you know, their home maybe someday.

And I know that everybody there -- the one comment I keep hearing from people mainly is that they are grateful.

I keep hearing that comment when they're talking to people, that they're grateful for what these people are doing, and the heart of the those people. Thank you.

MR. CONINE: Thank you very much.

Any questions of the witness?

(No response.)

MR. CONINE: Thank you very much.

George Block?

MR. BLOCK: Chairman, can I pass out some handouts?

MR. CONINE: If you'll hand them to Michelle down here, she'll be glad to help you.

MR. BLOCK: Thank you, Mr. Chairman. My name is George Block. I'm the interim President and CEO of Haven for Hope. And after all those kind words from our City Councilman and from Pastor Paul, I'm going to keep it real short.

Our message is two points. Our members needs this. Our members need their first step into market rate housing. Our members need that first step off our campus into the American dream of your own apartment, your own home. And our community needs this. Our neighborhood needs this.

Affordable housing is at a premium everywhere in the United States, and nowhere more than the west side of San Antonio. It's important to our neighborhood to have more opportunities for affordable housing. It's important for our members to have that first step into market rate housing.

The Terraces at Haven for Hope will provide both opportunities, that first step for our members, and affordable housing for our neighborhoods. Thank you for your consideration, and thank you for your service the Texas.

MR. CONINE: Thank you.

Any questions of the witness?

(No response.)

MR. CONINE: Appreciate you being here today.

John Henneberger?

MR. GERBER: Mr. Chairman, while John's walking up, I'd like to also just, again, thank the folks from Haven for Hope. It's hard to get up early on a Monday morning and appreciate everyone coming out here. And I know Don Jones, with Representative Menendez's office, was here as well, and appreciate Representative Menendez's passion about Haven for Hope.

I would mention to the Board that Haven for Hope as been a key investment made by the state of Texas. It's one of eight projects and programs that were part of -- through

a special appropriation of \$20 million to our eight largest cities for various services and construction of expanded homeless services in those cities.

And in the case of San Antonio, the city leadership there was unanimous in providing their many millions of dollars to Haven for Hope to continue the construction of those parts of this program that will most serve those most in need. And The Terrace for Haven for Hope, as I understand it, will be sort of the next step for those who have completed the Haven for Hope transition program and are able to sustain a more stable living environment with supportive services.

And so, again, I just want to thank you all for being here.

MR. CONINE: Mr. Henneberger?

MR. HENNEBERGER: Good morning. My name is John Henneberger. I'm the Co-Director of the Texas Low Income Housing Information Service, and I'm here on Item 1(j), which is the public housing plan that the Department will be -- that the Board is being asked to approve to submit to the US Department of Housing and Urban Development.

I've been here on a number of occasions to raise the concern that the federal statute requires there to be a resident of public housing or Section 8 on the Board of Directors of any governing body which administers a public

housing authority program. The seventh seat on your Board of Directors has been vacant for well over 10 years because the Governor has not appointed a resident of public housing to serve on the Board.

This is a continuing concern, not only for the statutory problem that it poses with compliance with HUD law, but in that it prevents the voice and the perspective of low income people from being represented on the Board.

This is a very able board doing a great job. We're very supportive of all of your service on the Board. I know from personal experience in my organization that we have been greatly informed and we gain enormous insights by listening to the people who are affected by the programs that we work on.

And I would simply ask that the Board consider this matter again. I recognize that this is not within the Board's purview to appoint a representative of the poor to sit on the Board, but it remains a continuing concern, and I ask that my comments be considered a part of the public comment on the plan and submitted along with the document to HUD. Thank you very much.

MR. CONINE: Thank you.

Any questions of the witness?

(No response.)

MR. CONINE: Thank you.

Joe Agumadu? I probably butchered that up, Joe. I'm sorry.

MR. AGUMADU: Good morning, Chairman and members of the Board. My name is Joseph Agumadu. I'm here representing Sphinx at Lawnview, project number 10173. It's not on the agenda, because it has been terminated by the staff. And we got a -- we received a letter of termination, and the facts of the letter are inconsistent with what is.

And somehow there was a mixup and we timed out because it went back and forth on the appeal deadline, and they said, Well, tough luck. So I'm here really asking the Board to be included on the agenda so that I can bring all the matters -- all the facts of this application.

In the letter is -- the environmental -- that it was not submitted timely. This is the environmental that we did. We don't spend the resources for producing this kind of environmental only not to turn it in. That's really what I'm asking the Board to do. This project is popular, it has support, and we are hoping that you give us the opportunity to give you the facts.

MR. CONINE: Okay. Any questions of the witness?

MS. RAY: Mr. Chairman.

MR. CONINE: Ms. Ray.

MS. RAY: Would you please repeat for me the name of the project? I've got the number, but I'd like to know the name of the project.

MR. AGUMADU: It is Sphinx at Lawnview, project number 10173.

MS. RAY: I'm familiar with it. Thank you.

MR. CONINE: And you submitted a letter, you said, that -- when did you submit the letter?

MR. AGUMADU: We sent a letter to the Executive Director asking to be put on the agenda. Part of the reason why we are not -- we are here because they said based on the letter of termination sent to us, we did not submit a response timely. There are so many facts concerning that, and I just feel that if we're given the opportunity, we can probably bring it out.

MR. CONINE: Okay.

Mike, do you have any --

MR. GERBER: And, Robbye, why don't you come forward on this, just to make sure that I'm clear.

So the application was terminated and then in order to be reinstated you had to file an appeal, and the appeal was not filed timely. Is that --

MS. MEYER: That's correct. He didn't submit the right documentation, we terminated the file, he didn't file

his appeal in a timely manner, and now he sent a letter to Mr. Gerber way late requesting an appeal to be put on the agenda for this meeting, and it wasn't put on the agenda because he had already been terminated way back.

MR. CONINE: When does the appeal have to be done?

MS. MEYER: Within seven days of notice.

MR. CONINE: Because I thought we had -- didn't we have appeals on this particular agenda?

MR. GERBER: No, they're going to hold till July. We'll be doing those --

MR. CONINE: So will he come up on the 8th?

MR. GERBER: It will not because he lost his right to appeal because he's past the deadline in which to file that --

MS. MEYER: That's correct.

MR. GERBER: -- that appeal.

MR. GERBER: When was it due, and what date did you submit the documents to the Department?

MS. MEYER: We notified him on the 21st of April.

MR. GERBER: That he was being terminated?

MS. MEYER: Correct.

MR. GERBER: And his appeal was due five -- seven days later.

MS. MEYER: He didn't respond to that termination.

MR. GERBER: When did he respond to the Department?

MS. MEYER: June 10.

MR. GERBER: Okay.

MR. CONINE: June 10?

Okay. Any other questions of the witness?

MR. AGUMADU: Can I --

MR. CONINE: Yes, go ahead.

MR. AGUMADU: The -- I hate to do this -- we received that letter from the staff and indeed the letter stated they gave us a deadline. I received a phone call from a member of staff saying, Hang on, I'm going to send you a revised letter. The facts are different from what the letter states, so if we look at that and we are waiting for a revised letter.

And I don't even want to get into it. All we are asking is the opportunity to present to you -- to be put on the agenda to present to you the facts. That's all we're asking.

MS. MEYER: Could I respond to that?

MR. CONINE: Sure.

MS. MEYER: The transaction that he's referring to that he received a response to that we were going to

receive -- resend a letter to was another transaction, which was Westgate. It was not Lawnview. And that one we did resend the letter. It was not Lawnview, it was Westgate.

MR. AGUMADU: But that's part of the --

MR. CONINE: And the QAP requires a specified time once you get a termination letter to ask for an appeal. Is that what you're saying?

MS. MEYER: That's correct. You have seven -- the applicant has seven days to respond to any notification that the Department gives.

MR. CONINE: Okay.

MS. MEYER: And that's scoring, that's any notification that we give them.

MR. GERBER: Mr. Chairman, obviously putting items on the agenda are a prerogative for the Chair, and there may be some Board interest in this. I don't know enough of the facts of the case and like to look into it and perhaps be able to discuss with you between now and --

MR. CONINE: The next meeting?

MR. GERBER: -- the time of posting and obviously the decision will rest with you as to whether or not to post that item on the agenda -- well, no, my attorney's telling me --

MR. CONINE: So the Board's --

MR. IRVINE: Tim Irvine, general counsel.

MR. CONINE: Hello --

MR. IRVINE: Because items have to be on the approved list, which will be approved at today's meeting, this will effectively be the termination of this application and because there was no timely filed appeal, it basically can't be resuscitated.

MR. GERBER: So can we add his --

MR. CONINE: Yes, we can add it to the list --

MR. GERBER: -- can we add it to the list then?

MR. CONINE: -- and then hear the merits of the appeal and then make a decision, I guess. But we can't do that until later on in the agenda.

MR. GERBER: Right.

MR. CONINE: Okay. I think I got the picture.
Thank you, Mr. Irvine.

Any other questions of either staff or witness?

(No response.)

MR. CONINE: Thank you, Joe.

MR. AGUMADU: Certainly.

MR. CONINE: Hollis Fitch.

MR. FITCH: Good morning, Mr. Chair, and members of the Board. My name is Hollis Fitch, and I'm here to speak about Washington Hotel Lofts, project number is 08184.

The project has run into some difficulties since it was awarded in 2008 due to the economic downturn and because of the complexity of integrating the historic preservation aspects of the development with the complex requirements of the TCAP Program. The project is the redevelopment of the former Washington Hotel into 36 family units.

In 2009 there was a gap in the funding to complete the development. To close this gap, since we had an investor still for the tax credits, we applied for HOME funds to close the gap. During that application process, the TCAP funds became available.

Since the TCAP funds still required the investor to be in the deal, that seemed to be the best fit for the project. Bank of America committed to purchasing the credits on the deal, but getting the documents that both satisfied Bank of America and TDHCA took some time.

During the entire process, we were working with the National Parks Service and the Texas Historical Commission to complete the required process for listing on the National Register, thus making the project eligible for federal and historic tax credits.

Since the project was originally funded, the Texas Historical Commission reduced the number of nominating meetings per year to three, previously it was six, and the

project was not able to actually get a nomination until May 15 of this year.

Since the project has an allocation of 2008, it must be placed in service by the end of this year. There's not enough time to actually ensure completion by the end of the year. Bank of America is still committed to purchasing the credits, if we can find a way to possibly extend the placed in service deadline, but we haven't really come up with a way to do that.

This is a unique project in that it saves a major historical landmark in a rural community. But with that uniqueness, some additional challenges follow. We're still committed to seeing the project come to fruition, but in order to make this happen, we need to find some way to address the placed in service date.

In hindsight, the exchange program actually would have been a better fit because it would have extended that placed in service date, but since we had an investor involved, we thought it was better to go for the TCAP Program. It didn't exactly work out that way. We've been communicating the difficulties facing the development with the Department over the past few months, and it was recommended that we come up here in person this morning and explain what was happening.

We had hoped that the exchange extender bill would have been passed, because that would have given us another option, but since that's gone now, that's not another option at this time. We want to see this deal done. The Bank of America is still committed to doing the deal, the city of Greenville, Texas is still committed to the project going forward. We just haven't been able to find a way to make it work.

I'd like to ask if any exchange funds do become available, that you consider this project for possible allocation, or moving from TCAP to exchange. Thank you for your time.

MR. CONINE: Thank you.

Any questions of the witness?

(No response.)

MR. CONINE: Robbye, I guess, whoever wants to respond from the staff's standpoint. Tom?

MR. GERBER: Tom, why don't you come up.

MR. CONINE: I remember seeing some stuff in my board book presentation about the possibility of some exchange dollars coming back. Is that an opportunity for this particular project, or can you think of anything else we could do?

MR. GOURIS: It might be there'd next exchange

deal on the waiting list that would -- typically as we do it, this would be next in line to get those exchange dollars.

But I don't know if there would enough to fund this transaction. I think what they were really looking for was the extender bill --

MR. CONINE: Right.

MR. GOURIS: -- to get a new round of exchange --

MR. CONINE: Well, it's not dead yet, it's still kind of floating around.

MR. GOURIS: Yes, it's going to take a couple of more months, or if somehow they could get, you know, a forward of -- you know, return this allocation of credits and --

MR. CONINE: Yes.

MR. GOURIS: -- and get a forward next year.

MR. CONINE: Yes.

MR. GOURIS: It's something we just haven't -- we haven't historically, but I think --

MR. CONINE: Right.

MR. GOURIS: -- those are sort of the options. It's a tough situation.

MR. CONINE: Surely those two were statutorily bound at this point.

MR. GOURIS: Correct.

MR. CONINE: Okay. Any other questions of staff,

or Mr. Fitch?

(No response.)

MR. CONINE: Thank you for making us aware -- oh, go ahead.

MR. FITCH: Oh, I was just going to thank you for your time.

MR. CONINE: You bet. Thank you. We got it on the list.

Mike Harms?

MR. HARMS: I'll speak at the agenda item.

MR. CONINE: At the particular agenda item. Okay. Sorry about that.

That concludes the witness affirmation forms I have for the public comment period prior to our Board agenda. We're ready to go on.

MR. GERBER: I think --

MR. CONINE: Yes, sir. Walter.

MR. MOREAU: We turned in three comments.

MR. CONINE: Hang on just a second. I probably got you at the agenda item, but let me see. Yes, you're right.

You're back here in the back. You're on Shady Oaks. Is that right?

MR. MOREAU: Yes.

MR. CONINE: Hang on just a second. Okay. You'd

rather go now? Come up. All right. Come on up. Walter, Drew and Julian. Right?

MR. MOREAU: No, Adriana.

MR. CONINE: Yes, I'm really messing it up today. Hang on a second. Okay. Got it. One, two, three. Adriana Gonzales is up first.

MS. GONZALES: Good morning. My name is Adriana Gonzales. I'm the principal of St. Elmo Elementary School in the Austin Independent School District.

Our school is a Title 1 elementary school, 95 percent of our students coming from low income families and are identified as economically disadvantaged, and 60 percent of our students are English language learners coming from immigrant families.

St. Elmo Elementary School is a Texas Education Agency recognized school. Our teachers and staff work hard to provide the best possible educational experiences for our students.

Our school has a long term relationship with Foundation Communities, with the Shady Oaks apartment community located just down the street from our school, as is another apartment community owned by Foundation Communities called Sierra Ridge.

During the 2009-2010 school year, approximately

66 Sierra Ridge children attended our school, and a majority of them have attended our school their entire school careers, beginning with us as four year olds in pre-kindergarten.

Sierra Ridge children enjoy the benefit of a free after school program that's offered at the Sierra Ridge Learning Center located right in the middle of the property.

Our teachers count on the Learning Center staff to make sure that our students complete -- or receive help with their homework. Without a doubt, the success of many of our students is a result of our strong partnership with Foundation Communities.

Last summer I was concerned about a rumor that the rundown Shady Oaks apartment complex across the street from Sierra Ridge was for sale. I phoned Walter Moreau, Executive Director of Foundation Communities, and was happy to learn that Foundation Communities was working very hard to buy and renovate the 238-unit Shady Oaks Apartments.

In the past, over 100 children who resided at Shady Oaks attended our school, but over the last few years, as the complex has become increasingly rundown, their enrollment has dropped by approximately 25 percent during the 2009-2010 school year.

Student mobility, the percentage of students who move in and out of school during the school year, is a major

challenge facing public schools, including our school. Compared to the children who reside at Foundation Communities -- at the Foundation Communities property, Sierra Ridge, Shady Oaks children have higher mobility rates because they're less likely to have a stable home. We know that low income children whose families move often are less successful at school, or in school, and are more likely to drop out than children whose families have more stable living conditions. Our school staff has noted that most often these families move because they're looking for decent affordable housing.

Our teachers and staff are pleased that Foundation Communities has acquired Shady Oaks, and with funding from TDHCA, that they will be totally renovating the property to make it a wonderful place for children to live in a stable home environment.

We're also very excited to be part of Foundation Communities' plan to extend their educational and family support programs to the entire neighborhood. At our school we see a large percentage of children who start pre-kindergarten and kindergarten without basic skills like writing their names or knowing a few numbers or colors.

Foundation Communities has a plan to create a pre-K-12 pipeline of services and support to make sure all

of the children in our neighborhood have the help they need to finish school and support to make sure that they have -- I'm sorry -- to finish school and support that they need -- I'm sorry, I'm nervous because of the beep.

Anyway, they're working very hard to make sure that our children have success in their school careers, and then after school as well, to ensure that they have a bright future, just not only for themselves, but their families and our community as a whole. Thank you.

MR. CONINE: Thank you.

Any questions of the witness?

(No response.)

MR. CONINE: Julian Huerta?

MR. HUERTA: Good morning, Board members. My name is Julian Huerta. I'm with Foundation Communities here in Austin. And I and our staff have been working with Ms. Gonzales and the school for many, many years even before she arrived seven years ago.

Twenty years ago, when we first acquired our Sierra Ridge Apartments, it looked a lot like what Shady Oaks does today. It was pretty rundown, there was crime and vandalism on the property, there was a lot of turnover, you know, units were empty for a long time.

Today, Sierra Ridge is really our flagship

property. It's always full, there's almost always a waiting list to get in, we have 15 units there that are set aside for homeless families, and we provide a lot of extra support for them to help them become self-sufficient.

As Ms. Gonzales mentioned, we run an after school program that's a very quality, that's serves about 60 kids and is very structured with educational kinds of activities.

I'm very proud to support -- or to report that overall, the kids in our after school program maintain an average GPA of about 3.2, which is much better than I ever did in school I have to say.

(General laughter.)

MR. HUERTA: In acquiring the Shady Oaks Apartments across the street from Sierra Ridge, we have the opportunity not only to clean up and improve that property, but to really have an impact on the whole neighborhood.

Once we get Shady Oaks renovated and fully occupied, between Sierra Ridge and Shady Oaks we'll be housing nearly 400 families, and that will be about half of the enrollment at St. Elmo Elementary School down the street. So with such a substantial footprint on the property, we know that we can have an impact beyond just those 400 families.

We'll be taking our cue from some of the most successful community development efforts from around the

country that have focused intensive services on children and families in particular neighborhoods. One of the programs that you may have heard of is the Harlem Children Zone in New York City.

They've created a pipeline of services that start when a mom is pregnant, provide early childhood and pre-school programs, work with kids while they're in school and after school, and help kids not only be ready to college, but actually get into college and graduate.

Harlem Children Zone has taken some of the poorest kids in Harlem and actually helped them to academically outperform kids who go to some of the most exclusive private schools in New York. So it's very impressive. That's the sort of vision that we want to implement in the St. Elmo neighborhood.

We'll work closely with Ms. Gonzales and the other schools to make sure our kids have the help and support that they need to be successful in school. We'll partner with lots of other agencies to create pre-school programs, and parenting support programs, and we'll follow kids throughout their career in school to make sure that they are able to get into college.

And we'll work with families to make sure that they're able to maintain their housing, and that they know

about this robust set of services available to them. And then our goal is ultimately going to be to try to create the expectation in that neighborhood that all kids from St. Elmo go to college one day.

So we hope that you'll support our application for Shady Oaks. It's important that we get that property renovated. We know that, you know, families have to have a stable, decent place to live before they're going to invest into the kinds of programs that we offer, and so we really need the tax credits to accomplish that. Thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MR. CONINE: Thank you.

Walter Squeaky --

MR. MOREAU: Wheel.

MR. CONINE: -- Wheel.

(General laughter.)

MR. MOREAU: My name is Walter Moreau, Executive Director of Foundation Communities. Thank you for the opportunity to speak. And thank you for investing in our work over the years to M Station and Skyline Terrace and other projects. I do have a reputation for persistence.

(General laughter.)

MR. MOREAU: And this is a project that we've been

working on for four years. Sierra Ridge is our flagship, and right across the street we have this rundown apartment complex. So I called the owner four years ago, explained who we are, that, you know, we're going to make our best offer, we were offering at the time about \$12 million. And he was -- said, you know, I've got lots of properties, I'm not ready to sell this one, call me back.

So I called him the next month, and he -- you know, explained again our urgency, and he said, you know, I like what you do. I'm interested in selling to you. I've got other problems. The next month it was, Well, I know I've got to sell this property, it's in horrible shape, but I've got other problems. Anyways, four years later, we've got this property. And now it's a \$8 million, so we actually -- persistence paid a little bit.

We are really hopeful that we can secure the credits --

MR. CONINE: Not for him.

MR. MOREAU: Well, that's --

(General laughter.)

MR. MOREAU: The property deteriorated a lot during those years as well, as well as the market.

We wanted to highlight the project because we're in that predicament in the Austin urban region where because

of the forward commitment last time, there's only about 300,000 in credits left. We're the top ranked project, second highest ranked in the state. Maybe by the end of July, depending on the statewide collapse there'll be enough credits to fund it, or there might not. And our hope would be that, as the highest ranked unfunded project, we'd be at the top of the waiting list.

This is the kind of project where we can sell the credits. We have a couple of banks that are very interested.

We just closed the old fashioned way with Bank of America on M Station. We've already received a \$3 million investment in the project from the city of Austin, so they're very behind the project.

As Julian mentioned, 24 units -- or may have mentioned, I think 24 units at Sierra Vista -- the renamed Shady Oaks -- will be for homeless families in our supportive housing program, which is a huge crisis need in town.

We hope you'll put us at the top of the waiting list. If it doesn't shake out otherwise, then at least Austin will get one project this round. I appreciate your time. Thanks.

MR. CONINE: Any questions of the witness?

MR. GERBER: Walter, could I ask a question.

There's a tremendous partnership obviously, and I'm familiar

with the area, and with Sierra Ridge. The partnerships with schools, it's tough, it's really tough to do it. And talk about some of the things you've done to really further that relationship. It's just so extraordinary when a principal is coming to, you know, to tout a project of this type, and I appreciate you being here. And it'd just be a courtesy, I think, for lessons learned.

MR. MOREAU: Well, I don't know if you heard what Adriana said, but 90-some percent of her students are disadvantaged, and St. Elmo is a recognized school. And that's a credit to her and her team. Adriana's been principal for seven years, and actually the first year was on our Board of Directors, and that was a great way to help build that relationship.

Our after school program is not just a drop off safe place to be, it's really focused on reading, physical fitness, we track kids' grades, we follow up on the homework that is assigned from the teachers. We keep a one staff to ten student ratio to really work on tutoring.

That's our mission. It's not just housing, but housing as a platform, as a foundation for folks to succeed.

And so if we can really tackle with kids' educational needs -- and the dream here is now we've got two properties, 400 families, and we can really look at that whole zone from,

you know, moms that are expecting a baby on through, you know, getting kids ready to college.

So it's an exciting thing for our board to tackle a bigger vision here, and Shady Oaks is a key part of that.

MR. GERBER: Is the city of Austin committing any of its remaining \$55 million bond issue?

MR. MOREAU: We received a \$3 million commitment from that \$55 million bond issue. And we also have a half a million grant from Neighbor Works America that's involved in the project as well, and some more fundraising to go, but. Thanks for your time.

MR. CONINE: Thank you. Appreciate it.

Okay. That -- I think that concludes my public comment witness affirmation forms. If I missed anybody else, please let me know. The rest of them we have will be for the specific agenda items.

As you know, even though it is the season of tax credits, June is Homeownership Month, not only here in Texas but around the country. And we have an occasion to celebrate Homeownership Month here in June, and looking at some of our lenders that support some of our programs. And I'm going to turn it over to Mike to let him do so.

MR. GERBER: Thank you, Mr. Chairman, and Board members.

June is Homeownership Month, and as part of the celebration the staff and the governing Board of TDHCA would like to recognize the lending community for their contributions to affordable housing and for their efforts to increase the homeownership rate in the state of Texas during 2009.

Homeownership is -- the benefits, I think, are well known. Not everyone is ready for homeownership, but it's clear that the stability that results to families, kids doing better at schools, families staying together, the ability to accumulate wealth and to promote the stability of that family are just some of the many benefits of homeownership and building -- helping to build the fabric of civil society.

In about as tough of a year as it's been this past year to do homeownership work and to sell mortgages, to sell houses, there's certainly a very committed team of people who back stop TDHCA's efforts and today's our chance to thank them and to acknowledge their hard work.

Through the issuance of mortgage revenue bond loans, TDHCA's network of participating mortgage lenders originated over 105 million in first lien mortgage loans under the Texas First Time Homebuyer Program, and through their efforts, even in a year, again, that saw a slowdown in our

state's economy, over 850 individuals and families were able to experience the benefits of homeownership.

The Texas Mortgage Credit Certificate Program was also very successful as a result of our lender network with 565 mortgage credit certificates being issued during the past year. The MCC Program was launched in 2003 and it's become one of the largest and most successful MCC programs in the nation.

Whenever I go to a National Council of State Housing Agencies meeting and when we talk about homeownership, Texas's MCC Program is one of the most clearly recognized, and Eric Pike is always a much sought after individual about how we make this program work for so many individuals in our state. And so it's exciting to be in forefront of that effort.

Additionally, as a result of efforts to monetize the \$8,000 federal First Time Homebuyer Tax Credit through the creation of the 90-day Down Payment Assistance and Mortgage Advantage programs, an additional 854 families were able to experience the benefits of homeownership this past year. Approximately 4.5 million was advanced to homebuyers through the use of a second lien to those interested in purchasing their first home, and to date nearly three million of that has been repaid. The second lien funding helped to originate over \$111 million in first lien mortgage loans.

It's just an extraordinary effort by this Department to create some of the most innovative programs and to really have our dollars out there for folks who formerly, frankly, were oftentimes prey to the predatory market, and thank goodness that no longer exists. But through our programs we're able to fill an important void.

We provide critical homebuyer education to all of the participants in our programs, and that makes sure that we are doing our part to make sure that they're successful once they achieve the goal of homeownership, and I think will be successful in maintaining that home.

In recognition of their efforts, TDHCA's governing Board today, and staff, would like to recognize the top two lending institutions and top producing loan officers under these programs.

iMortgage has been one of those companies, and, Eric, why don't you come forward and help guide me through this, because I'm sure I'm going to mess it up somewhere.

(General laughter.)

MR. GERBER: And why don't we ask Dan Rushing and David Spelbring to come on up. I think we've got some nice plaques.

Eric and -- why don't you guys come on up, and I think we're going to get some pictures as well so the Board

can stand up as well and we'll gather here by the flag.

(Pause.)

MR. GERBER: So our 2009 Lender of the Year is iMortgage.com, Incorporated, and it says, From TDHCA presented to iMortgage.com, Inc. for outstanding performance in originating over \$18 million in Texas First Time Homebuyer Program loans, demonstrating ongoing dedication and commitment to affordable housing and the expansion of homeownership in Texas, signed during National Homeownership Months, June 2010, by our Board Chair, Kent Conine.

Thank you --

(General applause and pause for photos.)

MR. CONINE: Keep up the good work, keep those loans.

MR. GERBER: Thank you. We appreciate it.
Thanks for being here.

MR. CONINE: I like to celebrate the loans.

MR. GERBER: Brad Sullivan. Where's Brad?

MR. CONINE: We've got one more.

MR. GERBER: Come on up.

We have a couple more.

We ask Brad to come on up. And while Brad's coming up, Brad represents MTFN, Incorporated doing this as Premier Nationwide Lending. And the certificate here also

says, For outstanding performance in originating over \$15 million in Texas First Time Homebuyer Program mortgage loans, demonstrating ongoing dedication and commitment to affordable housing and the expansion of homeownership in Texas. And this is also signed by during National Homeownership Month, June 2010, by our Board Chair, Mr. Conine.

Thank you for participating in the program and being so strong.

MR. CONINE: Thank you very much.

(General applause and pause for photos.)

MR. SULLIVAN: Thank you.

MR. GERBER: Stay nearby, because we have one more.

Kim Lewis, who's here. We had another -- Kim is our outstanding loan officer of the year. She's our 2009 Loan Officer of the Year. This is the lady that's directly responsible for 195 loans --

(General applause and pause for photos.)

MR. GERBER: Is the Palomino family here? Come on up. Just one. You must be Andrea.

MS. PALOMINO: Andrea.

MR. GERBER: Andrea. Andrea, come on up.

And are there any other first time homebuyer families that are here today with us? Oh, great. Come on

up.

This is Andrea Palomino. Andrea purchased and closed on her home in Leander in June using our MCC Program, and her lender was BHI Mortgage Company. This is what the program is all about, making homeownership happen for real people who are working hard, trying to do right by their families, by their friends, contributing to their state and to their community. TDHCA's programs work for people like Andrea.

And I hope you'll get to word out about how hopefully easy it was to take advantage of our programs and to --

MS. PALOMINO: Right.

MR. GERBER: -- become a first time homeowner. And we're so proud of you and appreciate you participating in our programs. And I think we have welcome mat.

(General laughter, applause, and pause for photos.)

MR. GERBER: If anyone else would like to us to present the key to their home, we can do that. We have experts.

(General laughter.)

MR. GERBER: But I hope the message today, members for the Board, from iMortgage and from Premier Nationwide,

and from Andrea and from others, is that when homeownership is right, that hopefully our programs are there to help, and that we've hopefully made our programs as user friendly as they can be.

And I want to do a little shout out to Eric Pike, and I know Deena is here and to Sharon and to Kathy, and if our Texas First Time Homebuyer team could just stand up and be acknowledged. We really appreciate your efforts as well.

(General applause.)

MR. GERBER: Thank you all.

Okay. Mr. Chairman, I think we're ready to move to Item --

MR. CONINE: Okay. Thank you, Mike.

MR. GERBER: -- the consent agenda.

MR. CONINE: Appreciate it. Again, I echo Mike's comments. The mortgage market these days isn't all that much fun and qualifying these days isn't all that much fun. And I proudly -- because of some of the homebuyer education we do on our mortgage portfolio, we have one of the lowest default rates of anyone around the country, and I think that's attributable to some of the programs we have, but also our lender partners who underwrite these loans. And, once again, thank you very, very much.

Okay. Moving on to the consent agenda, Item 1,

I have one witness affirmation form on Item 1(b) if there's questions. And I have another one on 1(h), so I guess we'll pull 1(h). I have another one on 1(l), pull 1(l).

Any other items -- let me look right -- any other Board members have any other items that they want to pull off this consent agenda?

AUDIENCE: I don't want to speak to 1(h), just if --

MR. CONINE: Just if there's questions? Okay. So we'll leave (h) on. About 1(l)? I've got Maria Aguilar. Would you like to speak?

MS. AGUILAR: Yes.

MR. CONINE: Okay. Hang on just a second.

All right. We'll pull (l) off the consent agenda. Anything else?

(No response.)

MR. CONINE: Seeing none, I'll entertain a motion to approve the consent agenda?

MS. BINGHAM-ESCARAÑO: Move to approve the consent agenda.

MS. RAY: Second.

MR. CONINE: Motion made by Ms. Bingham, seconded by Ms. Ray. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries. Now we'll go to Item 1(1), and I'll call up -- well, do you want to present it first, or you want to --

MR. GERBER: Sure. I'll present it, and maybe just to give a sense of context, and maybe while Ms. Aguilar is coming forward, just so that the Board's fully aware, under Item 1(f) today you've approved \$3.2 million for 89 households for a variety of different kinds of assistance through our HOME Program.

Item 1(g) that you just approved provides \$500,000 in critical help in the community of Lufkin that was hit by a tornado, Mr. Gann, last year, and so that'll be an important resource there.

I also want to mention that there was an item that I think Mr. Harms might have been wanting to speak to. There are several awards that you all have just approved using our world development -- our new world development programs, and that's exciting and rewarding using Housing Trust Fund money.

Dee Patience is our Trust Fund Administrator, has been working with communities to try to assist rural communities in getting them across the finish line. We know that there's a -- there are limits to -- there have been limits to capacity in rural communities, and we have tried to creatively partner our dollars with capacity building funds to be able to make sure that our programs are accessible to all Texans. So I really want to commend our staff for their efforts there as well.

Item 1(1) deals with the request for application of provisions to services involving our Comprehensive Energy Assistance Program and our Weatherization Assistance Program. Sorry, let me turn to that page real quick. As you know, last -- at the last Board meeting there were -- I apologize.

On March 22, 2010 the Department suspended funding for CAP, Inc. for both the CEAP and the WAP program after CAP was unable up reconcile with the financial reporting. On May 20, 2010, the CAP board elected to suspended operation of all of CAP, Inc.'s programs due to financial instability.

The operation of the ARRA WAP, DOE WAP, and CEAP programs remain suspended. CAP has struggled to meet the requirements of the existing contracts and is in jeopardy

for losing its fund under the Stimulus Bill, as well as other programs.

In an effort to ensure that low income households located in the counties served by CAP continue to benefit from the services provided by these programs, what we are asking the Board to approve today is an authorization to release a request for application to identify alternative providers.

And I believe Ms. Aguilar is going to talk a little bit about what, in your role as Executive Director of CAP, Inc., how you all are trying to address the many issues. So we're glad you're here.

MR. CONINE: Maria?

MS. AGUILAR: Good morning. First of all, I wanted to say thank you for the opportunity to come and talk to you about our programs. Yes, we did have some issues. We had worked diligently right now to meet all the deadlines as far as all the reports and requirements that we have to provide to the state.

Community Action Programs has been in business for 44 years. We have worked with low income families for a while. We have restructured our programs. We are right now in the process of putting in force all our rules and regulations according to the state, according to our

contracts.

We are committed to continue to provide the service in our area. We have great staff members, we are providing more training to the staff, and right now we have volunteers.

Like you mentioned earlier on, we had to suspend our funding -- or staff pay. Our money right now is tied up. We put our non-restricted money to pay for the projects, and we have CEAP projects that we have already provided assistance for the clients and we're waiting for those fundings to come back to us.

But the main reason I come to talk to you guys is to tell you that we're ready. We have implemented a lot of the policy and procedures, and we have -- than the state requests, but also because we knew there was a need for those things too. We have completed every deadline that the state has provided in the guidance.

And thank you for the guidance, Mr. Gerber, and for the staff.

We are being able to make the Board to work together and make sure that they are aware of every single step of the way that we're going through our program. Our agency is not going to be the same it has been before. And it's going to be for the better, all over the community.

Locally we have other funders that have provided

support, and they continue to do so, too, right now. We suspended the Texas Department of Housing and Community Affairs programs, but the other programs -- we have a family enrichment center that continues to be on, we have the IDA matching grant, we continue with that on. So all other service that are on.

MR. GERBER: Sure, but those are small programs. I mean Head Start got pulled from you all, and that's a significant program. It was either relinquish it or have it taken from you. And that's a significant bellwether of an organization in distress.

And I just want to lay out it out clear. I'm not going to have tit for tat with you, but I'm just going to tell you, we have significant financial findings, significant questions about your ability to account for funds, significant questions raised about not having adequate staff to expend these funds, significant lack of fiscal policies not in place and not being followed, a variety of important financial procedures not being followed.

And we don't choose who comes in and inspects you. The Department -- the federal Department of Health and Human Services sent an organization called Meliora that did a massive inspection, an accounting of your procedures and processes and found that your -- with all due respect, you're

the most poorly run community action agency in the state of Texas.

This Board -- I'll just speak for the management -- the management is not going to have stimulus funds that has quick triggers on them, have those funds lost to low income people. Get your organization together --

MS. AGUILAR: We have.

MR. GERBER: -- get the systems and controls in place. We are glad to provide any technical assistance that you want; our teams have been out there. But we're now at the end of the game. And we need to have clear accountability and make sure that those dollars go to serve low income people in need, or we're going to pull those funds and we're going to send them to parts of the state that will use them effectively.

MS. AGUILAR: And I wanted to comment, emphasize that we have worked on every guideline that you have emphasized to us, and we knew we were deficient on, we have worked on it. We have provided the state with proof of those. I know once you are in the position we have become, then it is going to be -- it's going to take work for you guys to trust us, and we understand that.

MR. GERBER: Sure.

MS. AGUILAR: But we're committed to work, and

I think, and I know that we can provide the service to our clients, our community, and we also can provide the guidelines that we have to follow. Like I said, we had to restructure our agency and we're working on that. We already have put policies and procedures in place. So with the help of your staff, we're accomplish all those things.

And my main thing to come is just to tell you that we are committed to continuing to provide service, and we're going to do whatever it takes to make it right, to make it accountable, to be transparent, to everything, in every funding that we have the funds for. So as far as that, I just wanted to tell you that we're very interested in continuing to be working in the area we serve.

MR. GERBER: And we look forward to working with you, and we'll provide -- continue to provide whatever type of help we can. And we'd love to see you get across the finish line, but if you can't, we need to be ready to move these funds.

So we'll look forward to a cooperative working relationship, and I know Michael DeYoung and Sharon Gamble and others on our team have been out in Abilene quite a bit and we'll continue to do that. And I would add, if our staff can provide assistance to your board in terms of, you know --

MS. AGUILAR: The training.

MR. GERBER: -- getting them -- because I mean I've had real questions about your board's knowledge of the programs and understanding of sources of uses of funding, and I think that's key if you're going to oversee and set policy for your staff.

MS. AGUILAR: And I thank you for the opportunity to mention that we do -- are going to have a training for our board members. And I just wanted to say that we're committed to continuing to work in our area, and we'll working, we're meeting deadlines, we're providing the information that we need to the state, and we're willing to work, work diligently. We have over 10 volunteers right now, no pay, working. So thank you.

MR. CONINE: Any questions of the witness?

(No response.)

MS. AGUILAR: Thank you.

MR. CONINE: Thank you. Appreciate that.

Okay. Moving on to -- oh, I guess we got to approve this. Do I hear a motion to approve this action item on 1(1)?

MS. RAY: Mr. Chairman?

MR. CONINE: Ms. Ray.

MR. CONINE: I move to approve the action item as recommended by staff on Item 1(1).

MR. CONINE: Motion by Ms. Ray. Do I hear a second?

MR. GANN: Second.

MR. CONINE: Second by Mr. Gann. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries. Moving on to Item 2. Mr. Gerber?

MR. GERBER: Mr. Chairman, with your indulgence, Item 2 deals with the conciliation agreement that has been signed dealing with disaster recovery for Hurricane Ike. We have a group of folks here from ACS that are really going to talk -- I think they're going to talk about Hurricane Rita recovery and the effort there. And I'd like to, with your indulgence, and with respect to their time, move to Item 7 --

MR. CONINE: Okay.

MR. GERBER: -- to get a quick update from them on their efforts with Hurricane Rita recovery and the transition of some staff.

And are Nancy Collins and Raymond -- Mike Giroux, why don't you all come on forward.

MR. CONINE: Item 7.

MR. GERBER: This is Item 7(d), which is the status report on our CDBG funds.

MR. CONINE: Did you say (d) or (b)?

MR. GERBER: (d), 7(d).

MS. RAY: Oh, (d).

MR. CONINE: D as in dog.

MR. GERBER: And as many of you know, Don Atwell, over many years, has been a familiar face to all of us and has been the project lead for ACS's contract with us in rebuilding homes in southeast Texas. To date we've rebuilt or rehabilitated over 1588 homes in the region. So it's been an extraordinary effort on our way up to about 26-, 2700 homes, depending upon where the funds leave out.

Don has had the opportunity to, I think, for the first time -- and being married for nine years, he and his wife actually living in the same town -- and so he has taken a job with another firm based in Washington, DC. Mike Giroux has been his able deputy, is going to continue to take a strong leadership position. And Nancy Collins, who's a Vice President with ACS, with whom we've worked with for many months now, is here as well.

And I think -- I've asked Nancy and Mike and Raymond to walk through just how we sort of get from here to the end, because we're all calibrated to the idea that we want to finish this project hopefully by the end of the year, very start of the new year at the latest.

So, Nancy, welcome and --

MS. COLLINS: Thank you,.

MR. GERBER: -- look forward to hearing your comments.

MS. COLLINS: Thank you, Mike.

Good morning, ladies and gentlemen of the Board.

Thank you for this opportunity. As Mike said, my name is Nancy Collins. I'm the Managing Director for ACS's state business of which the Texas Housing Assistance Program is one of the programs that I manage as the executive for ACS.

I wanted to just talk briefly with you today about the change in the project leadership at ACS, and to convey both my personal commitment as the executive in charge of the program, as well as the company of our continued focus and commitment to the success of the program.

So Don's departure, which we all were sorry to have, but it was a great opportunity for him to be with the company and his wife, I did want to talk to your about the continuity plans that we've put in place to ensure continued

success of the program and its successful completion.

First, let me just mention that we do have an executive search in active progress right now for Don's replacement. We've seen several candidates that we think are good. We're looking to find the right candidate and we'll work with Mike on that replacement.

As we move forward, we have a very dedicated team of 85 staff members and professionals engaged in the program.

And Mike Giroux, who will speak to you briefly about the progress of the project, who has been the Deputy Program Manager since the inception of the program, will continue in his role. I have the utmost confidence in Mike's ability to manage the program on a day-to-day basis.

Also, in the interim, I am committed and intend to be involved, until we find a project director full time, to participate, so you'll be seeing my face here more often over the next month or so, in the next Board meeting.

And I've also asked a Vice President in my organization who has much experience in this field to assist Mike as well. Raymond Hennings, who has probably six to seven years experience working in programs like the assistance program here in Texas and other parts of the country.

And finally, Don has agreed to assist us as needed on a consultant basis, so we're very happy that we'll be able

to have that continuation of Don's involvement as needed.

So if there are no other questions, I just wanted to end with, again, my commitment and the commitment of the highest level executive at ACS, of our desire and our focus and commitment to seeing this program through successfully.

So with that, I appreciate the opportunity, Mike, and Board members. And I'll introduce Mike Giroux to speak about the progress of the project. Thank you.

MR. CONINE: Thank you. Appreciate it. If I can get both of you to sign a witness affirmation before you.

MR. GIROUX: We've got the forms, yes.

MR. CONINE: Great.

MR. GIROUX: Thank you, Nancy.

As Nancy said, my name is Mike Giroux, and I feel privileged to assume a leadership role in getting this project done on time and in a fashion that will actually make it a model for future endeavors of this kind.

There is a handout that you have, I hope. It's two-sided, and if you'd look at the side with the graph, I'd just like to walk you through a few high points here. On the upper left you can see the program metrics. Three of the seven stages of putting someone through the program to get them to a home, have been completed, and the other four will be completed in December.

The chart to the right of that, just a few interesting facts that I think speak to the breadth of this program. The distances between the homes, the number of families served, the ages of people, these are numbers that really don't show up, but I think speak to the personal side of this program.

The graph itself is there to show basically a trend, and without getting into too much detail, one of the more significant trends here, if you look at the construction starts to finish, in other words, our contractors, when they start a home, are taking currently roughly 23 days to finish a home.

In August of '09, that was 127 days. So that's indicative of the improvement that's been made throughout this program to compress the through-put times to get people through the program more quickly. And these improvements will lead us to completing this program on time by the end of the year.

The other side of this handout, you'll see a time line, and that's just to refresh everyone's memory as to what's going on here. Significant in this, I think, is that middle portion, in September of '08 when we had Hurricane Ike hit us. That was totally unexpected, and I hope a unique appearance. We don't look forward to having something like

that happen again.

But it did play a significant role in the rest of the time line. We had to work around Hurricane Ike. However, in November of '09 we completed the 500th home. In February of this year, the 1000th home; the 1500th home, in May; and we're currently at 1590 with another 230 under construction. At that rate we will have no difficulty completing this project by the end of the year and putting those families in the homes that they so dearly need.

A few of the challenges that we've had to face here, along with Ike, there are a number of agencies with whom we've had to coordinate. And you'll see some of them listed at the bottom portion of this page. That has been difficult at times, but we've weathered that. We've worked with them, we've developed relationships and coordinations that have helped us get through that.

One of the things right now is the NFIP, the flood insurance program, which Congress has not renewed at this point. We have 18 people right now waiting for keys to their homes because we can't insure them. We're working diligently and we have people watching the website minute by minute to see when that authority will be renewed so that we can get these people into homes.

The quality of homes has improved. The last two

inspections done by TDHCA were very favorable. We did have some issues, we've worked through them. The contractors have done a great job in paying attention to those things, and the quality of the homes that are being built is top rate.

Essentially, one other thing I probably should mention is, at present, all of the homes that have been funded and paid for -- as you know, we pay for these homes as progress is made throughout, but the average cost -- and this is an aggregate number right now -- of the homes that have been funded, is approximately \$77,000, which, when you consider a lot of these accessibility issues, lifts, we have four that runs the gamut from a four-bedroom home to the two-bedroom home, MHUs, rehabs, but 77,000 is the average cost of these homes currently.

With that, again, I'd just like to echo what Nancy said in that our team is committed to having this project completed by the end of the year. And not only completed, but in a fashion that the learnings, the experience that we have gained over the last two years plus, can then be used for other projects of this kind.

And with that, I thank you.

MR. CONINE: Any questions of Mike?

(No response.)

MR. CONINE: Mike, we thank you for your

leadership to this point, and hope we can continue to work with you and Nancy to get the ball pushed across the goal line here by the end of the year. We appreciate your willingness to roll up your sleeves and get that done for us.

MR. GIROUX: Thank you very much.

MR. CONINE: Thank you. Appreciate it. And please fill out a witness affirmation form before you get a away.

MR. GIROUX: Will do.

MS. COLLINS: Thank you.

MR. GERBER: And I would mention to the Board as well that, you know, quality is always an issue we're paying close attention to, and the Board is directed, and Ms. Donoho, our internal auditor, is in the process of beginning yet another audit to make sure that the quality is maintained and that it's -- that the process of ensuring that quality is built into the homes is such that we all feel good about it.

MR. CONINE: All right. Are we going back to --

MR. GERBER: We're going back to Item 2.

MR. CONINE: Before we do that, let's take a 10 minute break.

(Whereupon, a short recess was taken.)

MR. CONINE: Okay. Let's come back to order. Back to Agenda Item Number 2, I believe.

MR. GERBER: Mr. Chairman, Item Number 2 is a presentation, discussion and ratification of the conciliation agreement that was entered into between the state of Texas and the Texas Low Income Housing Information Service and Texas Appleseed by TDHCA and TDRA as the agents of the state.

I'm going to ask either Tim Irvine or Kevin Hamby to come forward and just highlight the aspects of that conciliation agreement that I think are most significant to updating you from the point where we last left off to its actual -- getting signatures on it.

MR. IRVINE: Thank you, Mr. Chairman, and Mike, members. My name is Tim Irvine, General Counsel.

I would say that the highlight of the conciliation agreement is that it's signed and it's actually bearing fruit because it's paved the way for the approval of our action plan amendment, and we're moving forward with the accessing of Ike/Dolly Round II funding.

The conciliation agreement resolves the complaints lodged by Texas Low Income Housing Information Service and Texas Appleseed against the state, and the conciliation agreement commits the state to moving forward, first of all with the updating of its analysis of impediments

to fair housing choice. We've already procured a provider for that and are moving out on that activity.

Second, the conciliation agreement provides for some very specific activities that will be put in place to implement the Ike/Dolly action plan, including some significant housing activities, \$174 million set aside that will include both one-for-one replacement of public housing, a large affordable multifamily rental piece, and also a single family rental piece.

The conciliation agreement also provides for several other specialized programs including support for relocation services and the funding of the \$6 million pilot program for the development of rapid response to disaster housing.

Those are the high spots. The conciliation agreement was executed on May 21, it was approved by HUD very rapidly on May 25, and as I said, the proofs in the pudding and it certainly paved the way for the preparation, submission, and approval of an action plan amendment, and we're very pleased to -- not so much to have made peace, but to have moved forward.

MR. CONINE: Any questions of Mr. Irvine at this point?

(No response.)

MR. CONINE: If not, I'll entertain a motion to ratify the conciliatory agreement.

MS. BINGHAM-ESCARREÑO: I move to ratify, Mr. Chair.

MR. CONINE: Motion by Ms. Bingham. Do I hear a second?

MR. GANN: Second.

MR. CONINE: Second by Mr. Gann. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries. Item 3.

MR. GERBER: Mr. Chairman, just to quickly confirm that there are no appeals under Item 3, so we'll proceed to Item 4, which are items under Bond Finance.

Under Item 5(a) Bond Finance is requesting authorization to draw down an amount not to exceed \$300 million of additional unreserved 2010 volume cap, and an amount not to exceed \$100 million of additional HERA cap from other issuers for our Single Family Mortgage Revenue Bond programs.

Staff is recommending approval of Resolutions 10-025 and 10-028, which are in your board books. And if there's no questions, we'd ask for that motion. If there are questions, Tim Nelson, our Director of Bond Finance, is here to answer those.

MR. CONINE: Tim, any comments?

MR. NELSON: No, sir.

MR. CONINE: I would -- I flipped the page when I was reading my board book, and looked at the chart the other side. And looking at the available cap, both what we've carried forward as well as what we're now proposing to go out and grab a hold of, the number at the top, one billion dollars of cap room, which is, in my mind, historical for the Texas Department of Housing and Community Affairs.

And obviously interest rates haven't been too kind to us with what's going on in Europe and elsewhere, the flight to safety and Treasuries have been substantial.

Just kind of give us an overview of what you see the next six months looking like related to this billion dollars' worth of cap.

MR. NELSON: Well, Mr. Chairman, and members of the Board, my name is Tim Nelson, I'm Director of Bond Finance. And I think what we're looking for here is, as the Board

might recall, the HERA cap that we're referring to here is in the summer and fall of 2008 there was an additional -- I think it was roughly 8- or 900 million that was made available for the state of Texas for use for single family, and that was allocated to a number of issuers through the Bond Review Board, including the Department.

And so I think what we're looking for there is that there are still some allocations left outstanding on the HERA cap, and those allocations have to be issued by the end of this year, and any of the funds associated with those allocations would have to be expended by the end of next year.

So I think it's staff's intent there that if somebody has taken down an allocation that they thought they could use, that they get to the fall of this year and for whatever reason determined that they can't use the money, that it would at least give us the flexibility to accept an assignment of that cap to the Department and that we could use those in programs that we would be looking to issue before the end of the year.

Again, if nobody ends up taking it, the cap ends up going away, and this just gives us the flexibility to hopefully preserve some of that cap.

And on the other additional cap, there's roughly

625 million of the state cap that's set aside for single family, and the Department, I think as the Board is aware, has a set aside of about 208 million. So what we would be looking at would be an amount over and above that.

And as the Chairman stated, certainly we are at a very difficult market, rates, in fact, since the last time we talked to the Board, have dropped to 40-year historic lows, and so that makes it very difficult for our programs to be as competitive as they would be if rates were higher. So it's kind of hard to predict given some of these exigent circumstances.

But certainly, I think, it's the Department's expectation that on the bond side, given the right markets, we probably have a demand to use, you know, call it 300 million per year over the next several years, and probably for our MCC Program, as the Board approved an additional MCC allocation at the last meeting for 120 million, then again, probably in addition to that we have demand for 120 to 150 million on the MCC side.

So there's definitely a projected gap between the 208 million that we get versus the amount that we think we can use, and so, in any case, that's what this is intended to -- just give us the ability to go in and take that down and hopefully be able to use that as the state had intended

in terms of doing these various set asides for housing.

We want to ensure that both the HERA and regular cap, if it was set aside for housing -- clearly if there's another issuer between now and then, that is a single family housing issuers and believes they can use that money, we would certainly allow them to take the money and that we wouldn't.

But we want to make sure if it was set aside for single family housing, we want to try to use it for single family housing.

MR. CONINE: Well, we've done, as Mike alluded to earlier in the meeting, I think, we've done a good job with our MCC Program, and when rates run against you, they're away from you like this, it's really a good time to try to expand the knowledge base, if you will, of mortgage companies who could come use that MCC Program, just from one person's view, I'd like to -- at least like to see us make an additional effort in that arena.

MR. NELSON: Certainly.

MR. CONINE: Okay. Any other questions of Mr. Nelson?

(No response.)

MR. CONINE: If not, I'll entertain a motion to approve, or disapprove.

MR. KEIG: So move.

MR. CONINE: Motion to approve, I hope, by Mr.

Keig. And do I hear a second?

MR. GANN: Second.

MR. CONINE: Second by Mr. Gann. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries. Thank you very much.

MR. GERBER: Mr. Chairman, moving to Item 4(b).

On March 11, 2010, the Board passed Resolution 10-019 authorizing the Department to set interest rates on mortgage loans originated under the program to be no less than 4.99 percent and no greater than 6.25 percent. On March 18, 2010, the Department issued Commitment Lot Number 1 under Program 77 with an unassisted interest rate of 4.99 and an assisted interest rate of 5.74, with five points down payment -- with five points of down payment assistance in the form of a second lien loan.

In recent months, mortgage interest rates have

declined, thereby making the Department's authorized interest rate range less attractive, and as a result, staff is seeking authorization in this resolution to reduce the lower band of the interest rate range from 4.99 to 4.50 for our unassisted program, enabling our rate to be more competitive and allowing the Department to effectively serve lower income borrowers.

So staff is recommending approval of Resolution Number 10-026 authorizing a range of mortgage interest rates under the First Time Homebuyer Program, and we'd ask for your approval.

MR. CONINE: Any questions?

(No response.)

MR. CONINE: If not, I'll entertain a motion.

MS. BINGHAM-ESCARREÑO: Move to approve.

MS. RAY: Second.

MR. CONINE: Motion by Ms. Bingham, second by Ms. Ray to approve. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

MR. GERBER: Tim you want to cover 4(c)?

MR. NELSON: Yes, Item 4(c), the staff is looking for approval of Resolution Number 10-027 authorizing the Department to enter into a back up warehouse agreement to be used in conjunction with the Department's First Time Homebuyer Program.

The Board might recall at the March meeting that you did pass Resolution 10-019 approving a warehousing agreement among other documents that enter into a warehousing agreement with First Southwest Company and Plains Capital, and that was for a \$100 million amount.

And again, you might recall that it had a number of sort of business points associated with it. One of the business points was that the Department would have to post a \$5 million collateral in order to provide a back stop to the counterparties in that agreement.

We have been in discussions with Graystone Capital, who was actually one of the other firms that responded to that RFP that we had for a warehousing agreement, and that those Graystone folks were interested in working with the Department on a back up warehousing arrangement that would have value for the Department from a couple of different standpoints that would, first of all, give us some diversification in that we would have multiple firms that

we would be able to work with on the warehousing front.

And of course, I think the Board is certainly aware with our liquidity providers, GAC providers, and some of the other counterparty problems we've had in the recent years, that having diversification among your counterparties is definitely valuable. So for that reason, and a couple of other reasons, staff is in support, is asking for the Board's approval for allowing us to enter into a backup warehousing arrangement that we could go up to 200 million with Graystone Capital, and again, the arrangement would not require any additional collateral pledged by the Department.

And with that I'll address any questions that the Board may have.

MR. CONINE: Any questions?

(No response.)

MR. CONINE: If not, I'll entertain a motion.

MS. RAY: Mr. Chairman, I move to approve.

MR. CONINE: Ms. Ray motion to approve. Is there a second?

MS. BINGHAM-ESCARREÑO: Second.

MR. CONINE: Second by Ms. Bingham. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor

signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

MR. NELSON: Thank you.

MR. CONINE: Thank you.

MR. GERBER: Mr. Chairman, moving to Item 5(a).

And, Tom, I don't know if you'd like to present this or if Lisa is going to do it.

Asking for a revision to the TCAP policy supplement with regards to the 75 percent federal expenditure deadline of February 16, 2011.

MR. GOURIS: Tom Gouris, Deputy Executive Director for Housing Programs.

Yes, the TCAP program, as you know, is \$140 million program through the American Recovery and Reinvestment Act.

The HUD requirements, through the HUD notice, is that each property expends 75 percent of their award by February 16.

Our policy had -- your policy had been to require a pro rata expenditure of draw based on how far along they were with the completion of the construction.

What we're requesting today is a change to that policy to allow the 75 percent disbursement to occur prior

to 75 percent of construction being completed, and that that draw be required to be made by January 14, and that way we can ensure that the funds are disbursed for each project. So this is a policy change that we would -- that would affect all of the transactions going forward.

MR. CONINE: Okay. Any questions of Tom?

(No response.)

MR. CONINE: Seeing none, I would entertain a motion.

MS. RAY: Mr. Chairman?

MR. CONINE: Ms. Ray.

MS. RAY: I move to approve staff's recommendation.

MR. CONINE: Motion to approve. Is there a second?

MR. KEIG: Second.

MR. CONINE: Second by Mr. Keig. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

MR. GERBER: By way of a status update on TCAP, I should have thrown that in here --

MR. CONINE: Sure.

MR. GERBER: -- we have -- is it 20 deals closed -- 20 deals have closed. There are 60 deals total. There are 10 deals that are still going through underwriting because they were part of TCAP Round III; we have about 11 deals that are in some form of stagnation, but unfortunately many of those don't have a 2010 allocation.

All the transactions that have a 2010 application request -- all the 2010 application requests that we have that have TCAP funds have closing dates because of when they signed their -- that still haven't closed, they having closing dates that are after the -- I think there are four that are in July, prior to the July Board meeting, then the rest are all after the July Board meeting. And any new one would get six months to close. To the 10 that are in process would have six months from now until close, once we sign the written agreement with them.

So I know that's been a concern of yours, Mr. Conine, that how do we attach TCAP to misuse of closing, and those really are going to be more directed at the credit side of the TCAP equation for TCAP deals. The exchange we'll talk

about in a little bit.

MR. CONINE: Okay.

MR. GERBER: Mr. Chairman, moving to Item 6(a).

MR. CONINE: Okay.

MR. GERBER: This is a presentation, discussion and possible approval to publish the proposed repeal of the existing HOME rules and to submit a draft for public comment of new HOME rules.

You all have heard many comments made about the HOME rules over the last several months, and I want to thank our Rule Advisory Work Group for their comments and for others who are interested in the HOME Program who have endeavored to make these rules better.

Staff has taken Board's direction to streamline the rule by organizing its sections into some more user friendly formats, removing some duplicate federal requirements, and reducing the overall length of the rules.

We know that it's complicated, it's a complicated federal program, and we've tried to deal with the historic complexity of it and work with HUD and to try to rework the rule into a format this is, frankly, just generally more user friendly to the rural communities who -- for whom these program dollars are intended to benefit.

There were several comments that I'd just like

to highlight for you in how we handle them. Certainly streamlining of the benchmarks was a key one, and just dealing with the overall complexity of it.

Staff is recommending one standard 12-month benchmark for all program activities, and that's been developed and it's in the rule, and it includes an automatic deobligation of funds for the failure to commit funds to all contractually required households within the 12 months of the contract effective date. And this is significant. It's one benchmark and should be much more readily understandable and able to be dealt with the grant administrator -- by the contract administrator.

I have drank the Kool-aid and we have moved from loans to grants in this rule.

(General laughter.)

MR. GERBER: The issue for the Department and for staff, I believe, has always been centered around the issue of an affordability period and making sure that we have confidence that when we make an expenditure of funds, or we make an award of funds, that a low income family is going to benefit from those home -- from those funds for a period of time. And so there are affordability periods based on income levels ranging from five to 15 years in this particular rule draft.

There is a provision -- we've been asked to deal with the forgiveness issue upon the death of the homeowner when death occurs during the affordability period. Previously the balance became due and payable and a federal recapture requirement was applied for the state-imposed affordability period.

Staff recommends allowing forgiveness to continue if the heir or buyer income qualifies, and the federal recapture requirement will remain in place when a federal affordability period is required.

So we've worked also to streamline and increase the soft cost. Staff is recommending a maximum of \$7,000 plus closing, or later remediation costs, and line item soft costs limitations were eliminated and replaced with an overall fixed maximum limitation with a small increase in total costs.

We've tried to make the program rules more user friendly to all involved, those who are ultimately benefitting from the program and those who have to serve as contract administrators, cities and counties who have been fearful of applying.

It is a typical HUD program mired in complexity and we have tried our level best to make it as least scary, if you will, for those rural communities for whom 95 percent of these funds are intended, and yet still ensure that we

have the accountability in the program to make sure that we're really helping our lowest income Texans through the use of these dollars.

Tom and Jeannie, I don't know if you'd like to add anything to the mix, otherwise I'd welcome maybe to move on to public comment, and then responding afterwards.

MR. GOURIS: I've got a couple of quick comments.
First --

MR. GERBER: Sure. Go ahead, please.

MR. GOURIS: -- I really want to applaud Jeannie and her staff, and Cameron, and the rest of the staff for redoing the rules. They did an extraordinary job of bringing in some policy items, some rules that weren't rules, and bringing them in to the rules, and at the same time streamlining the rules so they actually reduced the size of the rule by 11 pages, I think.

Although, I mentioned earlier to some of you, that the table of contents in the write-up says -- it's just a two-page document because all the page numbers are two pages.

That's a small error. Sorry about that. But we want to make sure we have the ability to correct those sorts of typographical things.

And there's one other thing that we wanted to -- I think we're going to hear comment on. There was a question

from the work group last Friday from the outside about some changes to the section on staff wanted to have the capacity to be able to do an RFP to -- or an RFA to have an architect come in and provide plans that anyone could use and trying to motivate that.

And depending on what kind of comment we get on that today, I think I may have some suggested alternative language for that, for Sections 53.30C and 53.50C. So I'll give you that after we get comment.

MR. CONINE: Okay. The first witness affirmation form I have is Robin Sisco.

MS. SISCO: Good morning.

MR. CONINE: Good morning.

MS. SISCO: I'm Robin Sisco with Langford Community Management. I do grant writing and grant administration for rural cities and counties under the Texas HOME Program. I'm also a member for the Rural Housing Work Group, and I participated in the HOME rules round tables that were held earlier this year.

I know you've heard a lot of comment from me and others over the last few months and years on the HOME rules, and I just want to say to you today how much I appreciate the effort that staff has put in on these new rules.

They've worked with us diligently and they've

addressed many of the issues that I and others had with the rules. I believe the new rules will make -- they make great strides to improve the HOME Program for rural communities and for the homeowners.

So I just wanted to stand here today, because I've gotten up here and griped so much, that I wanted to stand here today and make sure that I publically acknowledged all the hard work, particularly of Jeannie, Tom and Cameron, and with assistance from Tim Irvine. It has paid off and they've done a very good job, and I just wanted to let you know that.

MR. CONINE: Thank you very much.

MS. SISCO: Thank you.

MR. CONINE: Any comments?

MS. RAY: The only comment I have to say to you, Robin, is thank you very much for your service in working with our staff as we move forward with these rules.

MS. SISCO: Thank you.

MS. RAY: Thank you for your very positive comments. We don't often get such positive comments from our --

MS. SISCO: Thank you. Thank you.

MR. CONINE: Thank you.

Donna Chatham?

MS. CHATHAM: Good morning.

MR. CONINE: Good morning.

MS. CHATHAM: Donna Chatham, Association of Rural Communities in Texas, and we just got one thing to say about the HOME rules. It's from rural Texas and it goes like this, Yee Haw.

(General laughter.)

MS. CHATHAM: We are so, so thankful for you all. You know, team work is all about listening to one another, and sometimes it's hard to listen to one another. And we're very, very thankful for Mike Gerber's leadership of establishing the Rule Advisory Committee, because I really do believe, Mike, that's brought a lot of understanding on both sides.

And mediating and listening to one another takes a lot of effort and professionalism, and your staff has shown excellent qualities, as always, in that, and really appreciate it.

And, Kent, we started a long time ago on this issue, didn't we? And, again, I appreciate your heart and the Board's heart of wanting the best for rural Texas. We've never doubted that. And we might have had agreed to disagree, but that's what it's all about, that's when we come to the best decisions sometimes of learning and understanding each other's opportunities of interest and foresight.

So thank you again for all that you all do. And we stand again ready to assist you guys to understand a little more as an ongoing basis from rural Texas' viewpoint. Thanks.

MR. CONINE: My word is Uncle.

(General laughter.)

MR. CONINE: Thank you.

MR. GERBER: Penny, how are you going to spell Yee Haw in that?

(General laughter.)

MR. CONINE: That's the only comments I've got on Item 6.

Tom, you got some suggested modifications?

MR. GOURIS: Yes. It's on 53.30, Section C, and that's on page 18 of the rule. We want to replace what's there in C, it's just two sentences, and if I can read it, I'll read it into the record and --

MR. CONINE: Okay.

MR. GOURIS: -- we'll use the same language in 53.50C, which should actually be 50.50B. The language is, "Housing construction plans must be certified by a licensed architect. The Department may procure and make architect-certified plans available." And then sub 1, "The Department will reimburse only for the first time a set of architectural plans are used, unless any subsequent

site-specific fees are paid to a third-party architect." And then sub 2, "A NOFA may include incentives or otherwise require architectural plans to incorporate green building elements."

And the idea there is, as we move down the road, we wanted to have some flexibility that would be in the NOFA to try to enhance or encourage green concepts and concepts of efficiency when it comes to outsourcing these development plans.

MR. CONINE: Okay. Any questions of Tom?

MR. GERBER: Robin, or you and Donna, you've heard -- have you seen that language and are you -- you guys are --

FEMALE VOICE: No, we talked.

MR. GOURIS: We shared it on Friday at the round table, the work group.

MR. CONINE: I'll entertain a motion now on the HOME rules.

MS. RAY: Mr. Chairman?

MR. CONINE: Ms. Ray.

MS. RAY: I very proudly recommend approval of the rules.

MR. CONINE: Motion to approve with modifications that Mr. Gouris has laid out. Do I hear a second?

MR. GERBER: And to make other small technical changes as we --

MR. CONINE: Yes, yes.

MR. GERBER: -- to perfect it.

MR. CONINE: Yes, if you got a typo in there, you can fix that.

MR. GOURIS: Page 2.

MS. RAY: Mr. Chairman, I accepted that amendment to my motion.

MR. CONINE: All right. Great.

MR. KEIG: Second.

MR. CONINE: Second by Mr. Keig. Is there any further discussion?

MS. RAY: Mr. Chairman.

MR. CONINE: Ms. Ray.

MS. RAY: The only further discussion that I have on these rules, is I'd like commend Mr. Gerber for his leadership, and certainly the leadership of the staff, Jeannie, Tom, and the community that works with us to serve the citizens of the state of Texas. This is an honor.

MR. CONINE: Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

MR. GOURIS: Thank you.

MR. CONINE: Now moving on to Item 7(a), I believe,
Mr. Gerber.

MR. GERBER: Mr. Chairman, Item 7(a) is the
Houston-Galveston Area Council requesting an extension to
Rita Round I -- their Rita Round I contract to August 31,
2010, and to deobligate \$358,610 of unutilized funds, and
to make non-substantive technical corrections as may be
necessary.

The extension is going to allow for the final two
homes to be completed, and the deobligated funds will be used
to serve other areas with need. So we'd ask the Board's
approval of that extension request.

MR. CONINE: This is Rita Round I.

MR. GERBER: Rita Round I.

MR. CONINE: So they're deobligating 350.

MR. GERBER: Yes.

MR. CONINE: We just talked about a few minutes
ago maybe having some more money to build some more houses.
It looks like that might be an alternative. Is that correct?

MR. GERBER: We would have to go and then submit to --

MR. CONINE: We've got the -- we have a deob policy I guess.

MR. GERBER: We don't -- we do -- we have to amend with HUD and --

MR. CONINE: Okay.

MR. GERBER: -- so then so none of the dollars will be left on the table, we just need to, through the process, work them into --

MR. CONINE: Okay.

MR. GERBER: -- areas where they can -- will be used.

MR. CONINE: All right. Any questions?

(No response.)

MR. CONINE: If not, I'll entertain a motion to approve.

MR. GANN: I'll make the motion to approve the recommendation.

MR. CONINE: Mr. Gann makes a motion to approve. Do I hear --

MS. RAY: Second.

MR. CONINE: A second by Ms. Ray. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries. 7(b).

MR. GERBER: Mr. Chairman and Board members, for Item 7(b) we're asking your approval of a modification for the CDBG Ike/Dolly action plan related to public law 110-329.

The action plan states that at least 10.6 percent, or \$139.7 million of the disaster funds must be used for affordable rental activities.

To meet this requirement, the action plan provides for a set aside of \$58.8 million under the TDHCA Affordable Rental Housing Stock Restoration Program, with the remaining funds to be made up at the regional level by subrecipients through rental program allocations. The subrecipients propose more funds to rental activities than originally estimated in the action plan. Adjustments to the action plan are necessary because the actual amount of funds, 189.1 million for rental activities, exceeded the amount in the action plan of 139.7 million.

So this proposed modification is being made

available for public comment to ensure that the public is fully aware of actions related to disaster recovery and the changing of it and just to make sure that the dollars are fully accountable for as they move between pots.

MR. CONINE: Okay. Any questions?

(No response.)

MR. CONINE: If not, I'll entertain a motion.

MS. BINGHAM-ESCARREÑO: So moved.

MR. CONINE: Motion to --

MS. RAY: Second.

MR. CONINE: -- approve by Ms. Bingham, second by Ms. Ray. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

MR. GERBER: Mr. Chairman, for Item 7(c), the Department is asking the Board to ratify a contract with a consulting firm to perform an updated analysis of impediments to fair housing. On May 25, 2010, the conciliation agreement was fully executed that we talked about earlier today, and

has been approved by the US Department of Housing and Urban Development in order to bring about the resolution of a fair housing complaint filed by Texas Appleseed and the Texas Low Income Housing Information Service.

The conciliation agreement requires that an updated analysis of impediments to fair housing be conducted and completed within 120 days from the execution of the agreement, plus a reasonable amount of time for procurement.

The Department requested and received approval from Governor Perry to treat this as an emergency procurement, and this allowed the Department to enter into contract negotiation without the typical posting and notification processes which would further delay the completion of the AI.

Six firms that were identified by the Complainant as acceptable in experience and ability were contacted by the Department regarding the solicitation to perform the analysis. Ultimately, only one firm really had the relevant experience and capacity given the time constraints to perform the work, and this firm was included in the request for the procurement waiver that was sent to the Governor.

The AI contract will be with Southwest Fair Housing Council, which is a non-profit corporation based in Tucson,

Arizona. The contract requires two phases of the analysis to impediment being updated. The first is an AI that's targeted to the areas directly impacted by Hurricanes Ike and Dolly, and that will be done with 120 days. The second is a balance of state model where less detailed information will be gathered in existing entitlement communities to support our programs in those communities.

And the total budget for these two phases is \$425,000 with potential incentives of \$8750 for every seven-day period that they produce the AI, and less than 120 days from the start of the contract. In addition, their liquidated damages in that same amount of \$8750 for each part of the seven-day period that exceeds the 120-day period.

TDRA will pay a prorated share of the Phase 1 analysis to impediment expense, meaning that they will pay 45 percent of the Phase 1 analysis for fair housing choice to be conducted in those communities where they were impacted by Hurricanes Ike and Dolly.

We felt that incentives and penalties were important, because we do need to have this work done with 120 days. We're under a very strict mandate from the Governor to move these funds quickly, and to move these projects along as quickly as we can.

So with that said, we're proposing a contract with

this firm and would ask for the Board's approval to ratify the contract that we -- we've signed the -- we signed it last week, and so we're proceeding and would ask for your ratification of this.

MR. CONINE: Do I hear a motion?

MS. BINGHAM-ESCARREÑO: Move to ratify.

MS. RAY: Second.

MR. GANN: Second.

MR. CONINE: Motion by Ms. Bingham, second by Mr. Gann. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

MR. GERBER: And just so give you all a sense as well, in this 120-day period, starting in August and into early September, we'll be having many, many community meetings and round tables throughout the Ike/Dolly impacted areas to discuss the issues and impediments to fair housing.

These will be conducted by our contractor, and we'll be working with them to make sure that all Texans who

wish to have a voice in this process can. And we're also working with the Councils of Government and with other elected officials throughout the region to get as much input as quickly as we can to the Southwest Fair Housing Council to, again, jump start the process.

MR. CONINE: And when was the last time we did one of those?

MR. GERBER: 2003, and it was approved by HUD in early 2004.

MR. CONINE: Okay. Great.

MR. GERBER: Item 7(d) are updates on disaster recovery. You already heard the update from ACS a short while ago. I would just draw your attention to the chart that's attached to that Tab 7(d). You'll note that we've expended 93 percent of the funds on Round I.

The changes that you made today for Houston-Galveston Area Council will enable them to hopefully wrap up their expenditure of funds. They've got not much left to go. They've expended about 88 percent of their funds. The COG is done.

Southeast Texas Regional Planning Commission has a number of homes that they're still working to complete. But, again, our goal is for all these contracts, to wrap these up just as soon as we can. There's a lot of pressure being

put in those Councils of Government to finish this work.

We really had hoped to be done by now. We're now extending it obviously for each GAC to September 2010, and for Southeast Texas Regional Planning Commission to September 2010. But I think each of those COGs keep me aware of the need to move aggressively to wrap that grant up.

With respect to Round II, I think you'll note that we actually have hit the 70 percent mark here in the last week. We're now -- we've now expended 70 percent of the funds that were available to us, the \$428 million that was available under Round II.

We continue to be concerned about Harris County, and I've had conversations with officials in Harris County about two rehab projects that they're working on, and they assure me that they will be finished with those by the end of the year, very early part of next year, which matches our time table for finishing our larger homeowner assistance program and Sabine Pass restoration programs.

We have made very clear to the city of Houston, as well as to our colleagues at the Texas Department of Rural Affairs, given all the Ike/Dolly work that's coming, we really do want to be finished with this project this year, to the extent we can.

You see on the next page, page 2, our first round

of Ike/Dollar funds. Almost 3 percent has been expended. It says 2.21, but in the last since this board book went up, we're now closer to 2.85 percent of the funds, and we're seeing programs starting to be stood up.

So it's encouraging to see money starting to move.

Some of the first homes have been constructed, one in Galveston, one in southeast -- in the Southeast Texas Regional Planning Commission service area in Orange. So we are pleased with the progress that's being made in those communities, and are encouraging others to, frankly, move faster because the second glut of funds is going to be coming online.

I would also note that FEMA -- I'm sorry, that the federal Department of Housing and Urban Development on Friday approved a portion of the state's action plan for Round II that will enable \$174 million in affordable rental housing activities administered by this Department to move forward.

Obviously we will want to be sensitive to the issues surrounding impediments to fair housing because we do not have a current AI in place. However, we will work through those issues, and every project that we look to fund with that \$174 million, some of it will include public housing, some of it will include other programs.

But all will be finely reviewed to ensure that

it's complying with our fair housing laws and that we don't get crosswise. And we'll work closely with the complainants of those fair housing administrative complaints to make sure that we're not funding anything that would put the Department at risk.

So encouraging news that some of the Round II monies may start to get online, and we expect to have those notices of funds availability for the affordable housing rental programs out, I would think, in the next couple of weeks at the latest.

Anything else that our disaster recovery or legal team would like to say about -- we're all a little bit fried on disaster recovery. It's been quite the race to the finish to get it --

MR. CONINE: On the first round of Ike/Dolly, I see where it says here in the rental program, 11 of the 14 are still going through environmental review process. Is that about finished? Or is it -- I mean are we going to -- does anybody kind of where that is? That's -- because we approved this stuff way back in August, September -- September probably. Are we about to get some of these deals closed, or not?

MR. GERBER: Kevin, you want to try to talk?

MR. HAMBY: Kevin Hamby, Senior Counsel. I

believe that we have the process moving forward. There has been some slight delays. We are -- we have people targeted to work on it, and I know that my calendar has been asked to be cleared for the next two months to close deals. So I'm assuming that implies that there are issues coming forward quickly.

MR. CONINE: Okay. All right. If you could give us a specific report at our next Board meeting on the rental aspect of that, I'd like to get a time line update.

MR. HAMBY: I will do so.

MR. CONINE: Thank you. That's all I had.
Okay.

MR. GERBER: Moving on to --

MR. CONINE: Let's see. Neighborhood Stabilization, I think, Item 8.

MR. GERBER: Item 8. Tom?

MR. CONINE: We're going to try to go on through -- just for everybody's information, we're going to go ahead and finish up the agenda before lunch, or before we break for lunch, and then we'll probably do an executive session lunch and let everybody go.

MR. GOURIS: Tom Gouris, Deputy Executive Director for Housing Programs. Item 8(a) is the presentation, discussion, possible approval of resolution

authorizing emergency action by the Director as necessary for execution of Neighborhood Stabilization Program. What we're asking for here is the authority to introduce a new version, or a new NOFA for this program.

As you may know, HUD had imposed an 18-month deadline for all obligations for the Texas NSP program. That deadline is September 3, 2010. When we originally envisioned the program, we believe that the obligation to a subgrantee would meet that requirement and we thought we were in good shape.

HUD has recognized that that isn't what they mean by obligation, and that, in fact, their reading of the statute suggests that an obligation is to a specific property, or specific activity, subactivity, not just to the subgrantee.

So a number of transactions have not met that obligation requirement, and we are pushing very hard to get them to either get those obligations met, get those activities identified, or return the funds to allow us to move those funds in the next two months.

And so that's what the -- the NOFA is to -- the authority is to provide -- to give us the authority to craft a NOFA that is similar to the NSP, our NOFA, but with a little bit more flexibility so that we can get the obligations done by September 3.

MR. CONINE: What amount of dollars do you think right now don't have specific projects assigned to them to meet the HUD definition?

MR. GOURIS: Right now our portfolio has probably 15 million at risk.

MS. HOLLOWAY: I would say closer to 10 million of subrecipients that we feel are at risk of not being able to complete NSP projects.

MR. CONINE: Go ahead and identify yourself, just for the record.

MS. HOLLOWAY: I'm sorry. I'm Marni Holloway, I'm the Texas NSP Manager.

MR. CONINE: Thank you.

MS. HOLLOWAY: We're working closely with subrecipients that we've identified that, you know, look like they need a little more technical assistance, or need some more information. Some of them, frankly, are not going to make it. A number of markets in Texas don't have foreclosed properties available. So we are hoping to be able to use those funds in Texas, and that's the purpose of the item we've brought forward.

MR. CONINE: Ten out of, what is it, 150 total?

MR. GOURIS: A hundred and two all together --

MR. CONINE: A hundred and two.

MR. GOURIS: -- but 72 of it was ours.

MS. HOLLOWAY: Yes.

MR. GOURIS: And then we partnered with TDRA and they took about 20 --

MR. CONINE: Okay.

MR. GOURIS: -- and their portfolio is struggling as well, probably with a larger amount of not --

MS. HOLLOWAY: Significant --

MR. CONINE: So what we're approving here is an action that would give you guys super speed powers to get it back out and get it back and get back --

MR. GOURIS: To get it back out --

MS. HOLLOWAY: Exactly.

MR. GOURIS: Yes.

MR. CONINE: Can we get updates at our Board -- regular updates at our Board meeting from here on in till the September date?

MR. GOURIS: Yes.

MS. HOLLOWAY: Of course.

MR. CONINE: Okay. Any further discussion?

MS. RAY: A question I would --

MR. CONINE: Ms. Ray.

MS. RAY: -- have, Mr. Chairman --

MR. CONINE: Okay.

MS. RAY: -- is there any possibility, or does it appear of any possibility that HUD might relax that deadline, or not?

MS. HOLLOWAY: We haven't heard --

MR. GERBER: We've had conversations with HUD, and I was at a meeting in Washington not too long ago, and the HUD Assistant Secretary there was almost gleeful at the thought of funds coming back from states, because these were Round I funds through HERA, which was a Bush-era program.

NSP III, which is going through now, has a very different set of requirements, and they want to use these funds and tack them on to that and recast the program, just as Round II of NSP has a very different sort of look and feel to it as well. So we feel that that date's a pretty hard date, unfortunately.

MS. RAY: They want the money back.

MR. GERBER: They want as much money as they can get, because it makes their -- it'll ultimately make the amount they get to award --

MS. RAY: And I think this Board wants the money to be spent in Texas.

MR. GERBER: That's right.

MS. HOLLOWAY: Of course.

MR. GERBER: And this resolution's a little bit

unconventional in that, you know, staff's asking really for quite a bit of authority to be able to move dollars to places where we feel we can obligate them as quickly as we can.

And, Mr. Conine, I think you're absolutely right, we have an obligation when asking for this sort of extraordinary authority, to make sure that you all are regularly updated. I think you'll hear more regular updates that'll be sent to you certainly into --

MR. CONINE: Okay.

MR. GERBER: -- next year --

MR. CONINE: Any other questions?

MR. GERBER: -- keep you posted.

(No response.)

MR. CONINE: Do I hear a motion?

MS. RAY: Mr. Chairman?

MR. CONINE: Ms. Ray.

MS. RAY: I move approval of the recommendation.

MR. CONINE: Motion to approve. Do I hear a second?

MS. BINGHAM-ESCARREÑO: Second.

MR. CONINE: Second by Mr. Bingham. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those who approve

the motion signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

MR. GOURIS: Thank you.

MS. HOLLOWAY: Thank you.

MR. CONINE: Thank you.

To the Tax Credit Program.

MR. GERBER: Mr. Chairman, Item 9(a) is -- as you're aware, the Board is required under Chapter 2306 of the Texas Government Code to issue a list of approved applications each year in accordance with the qualified allocation plan no later than June 30. Staff is here today to present to you the list of qualified eligible applications for consideration.

There were 233 pre-applications submitted reflecting a total request for Housing Tax Credits in the value of \$315 million. Subsequently, there were 134 full applications that were submitted, of which 16 applications have been withdrawn or terminated, there are 14 active applications remaining under the at risk and USDA set asides totaling \$12.035 million in requests. There are 103 active applications remaining in the competitive regions totaling

\$133.2 million requests for a total of 115 applications.

There are two lists in the board materials, there's an at risk and a regional list. Not all of the 115 approved applications will receive a commitment of Housing Tax Credits.

This list today merely reflects the pool of applicants from which awarded applications may be selected.

The attached list also include three forward commitments the Board made in 2009 out of the 2010 state Housing Tax Credit ceiling. And the developments that received forward commitments are indicated by an A in the column that's titled Status in the list that you have in front of you, as they've already received an award from the 2010 cycle.

The eligible applications to be considered by the Board for an award at the July 29 meeting are indicated by a PA or APP in the status columns, excluding the applications which have Term or With, indicating obviously termination or withdrawal, in the notes column on the right side of the page.

At this time, not all applications have been reviewed for financial feasibility or for compliance history.

All applications are subject to those reviews. Further, the credit amount reflected on this list is the requested and may change to reflect a recommended credit amount and/or

may have conditions placed on the allocation at the time of those July 29, 2010 commitments.

In addition to the financial feasibility and compliance reviews, the Board will be hearing several appeals at the July 8 meeting. I think it's going to be a longer meeting. The decisions on those appeals could have a significant impact on the order of the applications on the current list before you today.

And staff would be very pleased to work with you, some of you. I know I always need a primer before each tax credit cycle on basically the workings of the list, and if that would be something of interest to you, we can do that before the July 8 meeting, or be glad to do it with you probably later over the phone, if that would be something of interest to you so you can follow the action more closely.

Staff would like to note that one application was left off the agenda list. However, it was included in the list -- on the list in your board materials. So staff is recommending approval of the list presented in the board materials with the inclusion of the Steeplechase Apartments, which was the one left off the agenda.

Tom, anything you want to add, or Robbye, that you'd like to add?

(No verbal response.)

MR. GERBER: So, again, this is the universe of projects that will be up for consideration.

Tim, do you want to touch on the earlier issue, and how the Board -- if they wish to handle that?

MR. IRVINE: Well, the statute, 2306.6724(e), does say that you have to do two things: one is review staff recommendations and two is to approve a list. And staff is recommending the list with the addition of Steeplechase, as noted.

With respect to Mr. Agumadu's earlier entry to the Board, you know, if it's the Board's wish, I suppose technically the Board has the authority under that statutory provision to add that to the list. We'd certainly suggest that you might want to consider that carefully and put on the record appropriate cause for doing so.

MR. CONINE: Okay. Thank you.

I have some witness affirmation forms here on this particular agenda item. Dru Childre?

MR. CHILDRE: Hello, Chairman of the Board, Board members, Mr. Gerber. My name is Dru Childre, and I'm with the applicant of the North Court Villas, TDHCA Number 10045.

This development is located in Frisco, Texas, and I just wanted to come up here and stress a few important aspects of this specific application.

First off, the need for affordable housing in the city of Frisco. For the last 10 years, Frisco's population has grown from 33,000 to over 107,000 people. It is an area of great growth, and they have an approximate capacity level of 280,000 people.

Currently there are only two tax credit deals in Frisco totally 256 units. A 216-unit development in 1993 and a 40-unit development in 2004. And they are both fully leased at this time.

The Housing Authority has closed their waiting list due to having more applications on the list than can be assisted in the near future. We have obtained support from the city of Frisco, and I would like to quote a City Council member stating that, To have a sustainable city, we have to have affordable housing for everyone. We need affordable housing in this city, or we will not make it.

Site location. I personally have spent many hours over several days driving all of Frisco's multifamily zoned properties, and out of those approximately 20 sites, there were only about four sites that were available. Between those four sites, one of them was owned by the bank, another one -- and they wanted to close within 30 to 60 days.

Another one was tucked up in among neighborhoods, single family homes, had no -- very little accessibility,

no visibility, and this site was submitted as a pre-application in this current round. Once it was withdrawn from the list, the city of Frisco went and purchased that site, and so they own that now.

The third site, it was a good location, but they required a seven dollars a square foot purchase price. My site is the fourth site available. It's a great location, it's in the heart of the city of Frisco. It fronts on Stonebrook Parkway, which is a five-lane, soon to be six-lane thoroughfare through the city of Frisco.

With the location in the heart of Frisco, it is very close to amenities that Frisco has to offer. It is in walking distance to local elementary schools, and within one mile of the middle schools and high schools, and within two miles of all of the other amenities that are very close, nearby to the site.

Due to a high demand to live in Frisco -- I just want to let you know that, the city of Frisco, they are on board with this site, they support it, and the city of Frisco needs it. And this is -- it's not scoring very well in this Region 3 due to several -- not due to any items of the application or location.

But if, by chance, this North Court Villas is not on the final approval list by staff, I'd ask you, Board

members, to consider a forward commitment for Frisco, because I believe that this will be the only chance that Frisco will have in obtaining affordable housing. Thank you very much.

MR. CONINE: Thank you.

Any questions of the witness?

(No response.)

MR. CONINE: Okay. Thank you.

The next witness is Tony Guevara. There's actually just this -- the next -- there's three -- the next three witnesses also have time allotted for them, so they're five minutes a piece.

MR. GUEVARA: Hello, ladies and gentlemen. I don't know whether to say good morning or good afternoon, you know, but I'm glad to be here. I'm a little bit jittery; I'm not used to speaking to people with that high a caliber, or horsepower. So I'll get down and talk in my language.

When I was a young man, I was lucky enough to be in the United States Navy, and I got stationed at Oceana, Virginia where I was in an attack bomber squadron. And they had a logo -- everybody wore a jacket, it had a logo on it, and the thing was in Latin. It says, *Per aspera ad metam*.

Well, I didn't know what that was, so when I finally found out, it means, Through the adversity to the target.

This is why I'm here today, because we've got a

big target in La Feria. We've got some property that we want to build some low housing homes in, and I'm not one to tell you that I saw it in the newspaper, or somebody told me about it. I was born and raised two blocks from there.

And this property, to me, would be living in Silk Stocking Row, you know, because from where I came --e were just dirt poor -- this would be a wonderful opportunity for the people that I left behind in that neighborhood where I used to live.

God has been good to me. He's provided me with good jobs, and I have been able to move out of the area. But I left my friends back there. And this would be a good opportunity for them to get a little bit out of the hole. Some of them, of course, have passed away, because as you all can see, I'm not a young man. But their families still live in the same conditions that they used to, and something like this were to be funded there in La Feria, we could move a lot of people into having more pride at what they do.

The present city administration right now is bringing in a lot of little small businesses. In the last five years, La Feria looked different altogether. But the small businesses that they bring will only hire so many people because they can't afford to pay the exorbitant wages that everybody needs to live on nowadays.

So I would like to battle this adversity. I am pretty good at battling adversities. This ring has been on my finger for 54 years -- I'm sorry, 57 years, and it's --

MR. CONINE: You have one more adversity back at home now.

(General laughter.)

MR. GUEVARA: It's been a pleasure having it there. The only time it comes off is when they put me in the tomb, you know. But I'm lucky that I'm still in fairly good health, my wife is too. And we're going to make it for a while yet.

But I would like for my friends and their families to kind of have the same opportunity that I've enjoyed. And the only way that this is going to happen is through funding from you people.

I don't want to make this too long, but I would like to say that if we don't score high enough to get funded at this time, we would ask that the Board would give us a forward commitment for in the future, and not only I, but the people of La Feria would really appreciate a funding like this. Thank you very much.

MR. CONINE: Thank you. Appreciate those comments.

Any questions of the witness?

(No response.)

MR. CONINE: Daniel Treviño?

DR. TREVIÑO: Good afternoon, Mr. Chairman, Board, and audience. My name is Dr. Daniel Treviño, Jr. I serve as the Assistant Superintendent for La Feria Independent School District.

La Feria ISD presently is exemplary from grades pre-K to sixth grade, our junior high and our high school are recognized, and for the 2010-2011, scores are preliminary but it does look like we will be a recognized school district.

Presently the district serves a large population of economic disadvantaged students. A percentage of about 90 percent.

We do with what we can in educating our demographics in our areas.

In coordination with the City of La Feria and its administration, the district is welcoming this endeavor of improving living conditions for our families, and improving our housing through, of course, affordable housing. The proposed Sunflower Estates for the city would accommodate these families and these students in order for the students to continue to improve in student academic success because some of the living conditions that they're in and some of the situations that the families are going through.

If our score does not allow us funding, Board,

we are asking towards a forward commitment. Thank you all very much.

MR. CONINE: Thank you.

Any questions?

(No response.)

MR. CONINE: Mayor Steve Brewer?

MAYOR BREWER: Thank you very much, Mr. Chairman, Board members, Mr. Director. Appreciate you giving us time today to talk a little bit about our project in La Feria. It is a worthwhile adventure, by gosh.

I was born and raised there, became mayor three years ago, and when you're out campaigning for mayor, you end up being in parts of town you didn't -- in a small town, didn't know existed. And I found out that we've got some incredible, horrible living conditions where people are paying rent even through Section 8 monies paying rent where they're getting assistance, and it is unlivable. Unbelievable how bad it was.

And I was stunned by it. It's been a mantra for our -- the last couple of years trying to figure out a way to help these people live in livable conditions. We're talking no windows, doors, as bad as you can imagine. And we're talking large complexes probably 50-60 years old, but horrible.

And when you're out there and you see it face-to-face, you realize you've got to try to do something to help. And that's the reason I'm up here today is to say, Guys, gosh, this is a great project, we need it.

How do we work -- in city government, how do we work on retention, how do we keep families living in the city.

We can't let them keep in squalor because then they'll move away. If I want to be a heavy-handed mayor and want to code out these apartment complexes that are so bad, these mobile home sections that are so bad, I've made these people homeless.

I haven't helped them, I've hurt them. At least they've got running water, maybe they have heat, they have a roof of some type over their head, but the conditions are deplorable. And if I code these places out, I haven't done them a service. I've really hurt them even worse.

Yet retention is extremely important. Local support for a project like this, you heard from the superintendent here. The city is very, very in support of this project. This is a win-win situation, it's a win-win project. If we can't get funding this round, which I'm pleading we can, a forward commitment we'd certainly welcome that. Absolutely.

The commitments on financing this project are

solid, we don't have a problem there. We're going to make a go of it. I've been on committees where, just like you're serving on today and been serving for a while, where there's a lot more applicants than there are money, and I understand that. And there's a lot of really -- I'm sure every applicant that got approved, they're quality -- I understand that, and a quality project. And it's tough.

But please take a look at La Feria. We're located in the Rio Grande Valley, and we're a nice community, but we know we need some help. I'd be more than happy to answer any questions. I sure thank you for your time, and I know it's got to be tough to be up there hearing the different testimonies on different projects, because everybody's got a good cause.

The gentleman of Austin with his -- that set the props up front. Man, he knows his stuff very well. And the group from San Antonio, we've definitely heard of them, we know they have a great, great project going in San Antonio.

But I want to thank you for your time, and be glad to answer any questions you might have of me.

MR. CONINE: Ms. Ray?

MS. RAY: Mr. Chairman, I'd like to ask a question of --

MR. CONINE: Sure.

MS. RAY: -- the witness.

Just for my own personal information, what is the population of La Feria?

MAYOR BREWER: After this census we're going to be really close to between 8,000 and 8500. We were 6300 last census in 2000.

MS. RAY: Thank you.

MR. CONINE: Any other --

MAYOR BREWER: We'd love to grow up to be an entitled community, or catch an HEB or Walmart, but we haven't caught one of those yet.

MS. RAY: Thank you very for your --

MR. CONINE: I'm not sure you want to be an entitlement --

(General laughter.)

MR. CONINE: You might want to rethink that one just a minute.

Any other questions?

MS. BINGHAM-ESCARREÑO: Mr. Chairman --

MR. CONINE: Yes.

MS. BINGHAM-ESCARREÑO: -- I just want to make a comment.

MR. CONINE: Sure.

MS. BINGHAM-ESCARREÑO: Mayor Brewer has done an excellent job in La Feria, really. He's not a fading flower by any means, and our county leadership knows him very well. He's an advocate for his community and their his friends and neighbors. And we have a real challenge. You know, our region goes -- you know, we have great developments in here from Del Rio all the way through Rio Grande Valley, so it's a huge area with not a lot of money.

But I appreciate the effort of the Mayor and everybody that came from La Feria, and we'll do our best to represent them.

MR. CONINE: Thank you.

MAYOR BREWER: Thank you very much.

MR. CONINE: Thank you. Appreciate it, Mayor.
Mike Sugrue.

MR. SUGRUE: I pass.

MR. CONINE: That's all the witness affirmation forms that I have on this particular agenda item.

I have an interest in adding that Sphinx at Lawnview project on, the 10173, just to get to the appeal hearing next time, because I know that particular part of Dallas is an area that has a lot of need, and I think that -- my understanding is Dallas is in support of that project. So I'd like to add that to the list, if we might.

Is there --

MS. BINGHAM-ESCARREÑO: Mr. Chair?

MR. CONINE: Yes, ma'am.

MS. BINGHAM-ESCARREÑO: I'll make a motion, if it's not too premature --

MR. CONINE: Okay.

MS. BINGHAM-ESCARREÑO: -- to move for the list that staff's recommended, with the addition of Sphinx at Lawnview. I think it was 10 --

MR. CONINE: One seventy --

MS. BINGHAM-ESCARREÑO: -- 173?

MR. CONINE: Yes, that's the one.

MS. BINGHAM-ESCARREÑO: And also just to make sure that Steeplechase is on there. It sounded like it is, it's just not on our agenda list.

MR. CONINE: Okay. Motion by Ms. Bingham.

MS. RAY: Second.

MR. CONINE: Second by Ms. Ray. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries. Item 9(b).

MR. GERBER: Mr. Chairman, our last item is a staff report on the status of applications awarded Housing Tax Credit Exchange funds, as well as possible action for extension of the deadlines for the Housing Tax Credit Exchange Program.

Tom, why don't you come up and provide some additional texture.

And as you're walking up I'll share that staff is pleased to report that 46 of the 87 awards have closed, and we are anticipating closing 53 awards by June 30. And this will account for \$387 million of the \$594 million that have been exchanged with the Treasury.

The remaining 34 owners have specific issues that have caused their developments to be delayed and need additional time to close their transactions. And in your board materials there's a brief description of each applicant remaining unclosed and the anticipated closing dates. As you can see, I think most applicant's are anticipated to close in July, with a handful of applicants requesting time beyond July.

Staff is recommending that the closing date for exchange applications be extended to July 28, with the 10

percent test and COC for --

What date are you proposing?

MR. GOURIS: I think we are just adding 30 days to the closing date. I think that's all we really are doing, not -- that last comment we don't need to -- that's not actually in the write-up.

MR. GERBER: Okay. Fair enough.

MR. GOURIS: It's just now we're speaking --

MR. GERBER: I'll turn it over to you.

MR. CONINE: Yes, you need --

(General laughter.)

MR. CONINE: -- to clarify what you just said.

MR. GOURIS: Oh, we're just asking for a 30-day -- we're asking for a 30-day extension to close these last 30-some, 32, 35 transactions. I wanted to add a couple of notes to what Mike just said. I think Teresa's here, and she's letting me know that we think we're going to try to get -- we think we can get two more done by the end of this month, two more than what Mike just said. There are folks that are really anxious to get these done, and we're pushing as hard as we can to get them done.

We've already closed what we believe to be the largest exchange transaction in the country with Malibu Apartments. It was a \$15 million exchange transaction --

Was that right, 15 million?

FEMALE VOICE: Fifteen --

MR. GOURIS: -- \$15.4 million exchange transaction for almost 500 units of rehabilitation. And it did get some pretty good press. We've closed --

MR. CONINE: Can I ask a question --

MR. GOURIS: Yes, sir.

MR. CONINE: -- about that for just a second, since you brought it up. Does that mean we have the largest single project allocation cap in the country, or does that -- in other words, New York -- there's not a state that has over a \$2 million cap, that's generated off a \$2 million deal, I'm sure.

MR. GOURIS: I don't know that any state has a larger cap. There may be some states that are unrestricted, but, you know, we -- \$2 million is probably -- if it's not the largest transaction -- it's not the largest transaction size --

MR. CONINE: If you can check into that --

MR. GOURIS: -- it's pretty darn close. Yes, I will.

MR. CONINE: -- and get back to me. Just check into that for me.

MR. GOURIS: Got it.

MR. CONINE: What project was that? Ms. Ray wants to know which project.

MR. GOURIS: It's Malibu Apartments here in Austin.

MR. CONINE: Okay. Thanks.

MR. GOURIS: And so by the end of the month we expect to be at 5,000 units, about 63 percent, roughly 63 percent of the exchange deals done. That, like I said, will still leave us with 32 transactions that we want to see get closed as soon as possible.

What we're asking for is for the extension fee, this extension fee, to start hard this time, if we could, and -- \$2500, and then to also -- if anyone who does not close by the June -- or July 28 Board date, that they would -- if they have a 2010 application, that they would receive a five-point penalty commensurate with what the QAP would provide for folks who haven't moved their transaction -- past-year transaction forward.

I don't know that that's going to have a big impact, but it will certainly show the Board's intent and our intent to try to moving -- to get these deals closed. There will be a lot of math being done on -- the week before the Board meeting.

MR. CONINE: In the write-up there's one in here

that looks like it's going to not quite get there already, 09938, Stardust Village. And I guess my question would be, why would we -- should we grant them an extension if we don't think they're going to get to the finish line. Let's go ahead and get that money back in and process it.

MR. GOURIS: We certainly can move that way. We've been pushing to get deals closed and having them pushing to get funds back in this program because there's -- our timing isn't as acute as it is in some of the other programs we're working right now, as far as federal deadlines to get funded. But we certainly can -- it think there's this one and maybe two others that we're kind of concerned about.

I'm sorry?

FEMALE VOICE: They're on the fence.

MR. GOURIS: They're on the fence as far as they're being able to move forward because --

MR. CONINE: The other alternative, since this would kind of be a shock to their system, I'm sure if they were sitting here, is that we could grant them an extension to July 8, at our next meeting, and get some sort of formal, you know, feedback from them. I just don't want to let the dollars lay around for another month. If they're not going to use them --

MR. GOURIS: Well, we could just --

MR. CONINE: -- you know what I'm saying?

MR. GOURIS: Yes, we can just outright deny the extension and have them come back and appeal that denial, I guess is what we could do. If you want to take that one off the extension --

MR. CONINE: No, I guess I'm more inclined to go with July 8 --

MR. GOURIS: Just give them till July 8.

MR. CONINE: Is there any other default -- you said one or two others, is there anybody else that would, from your opinion, fall into that category that would need a modified extension date?

MS. SHELL: I mean there are transactions that are working --

MR. GOURIS: Introduce yourself.

MS. SHELL: I'm sorry. Teresa Shell, Exchange Administrator. There are transactions that are working through some issues with their lenders or items along those lines that are going to need some additional time, perhaps till the end of the month and perhaps a couple of weeks after that but --

MR. CONINE: Well, this was the only one in the write-up that was --

MS. SHELL: Yes, that one is just --

MR. CONINE: -- just jumped off the page at me.

MS. SHELL: Right.

MR. GOURIS: There's some others that we think are troubled because of some issues that they're working on.

MR. CONINE: Right.

MR. GOURIS: This particular one just doesn't seem like they're making much progress, isn't giving us anything to move forward.

MS. SHELL: Even if you gave them until the 8th, they wouldn't make it.

MR. CONINE: All right. I would propose that we -- on this 09938, put a July 8 date on that one only, and I guess the rest of these are going through July 28, is what --

MR. GOURIS: Right.

MR. CONINE: -- staff's asking for.

MR. GOURIS: Correct.

MR. CONINE: And we're talking about a five-point penalty for those have not -- on their 2010 applications, for those who have not closed by July 28. Is that what staff's recommending?

MR. GOURIS: That's staff's recommendation, yes, sir.

MR. CONINE: Okay. Any -- I do have some witness affirmation forms on 9(b).

Mark Ragsdale?

MR. RAGSDALE: Thank you, Chair, and Board members. I wanted to -- I'm here in support of the Peachtree Apartments in Balch Springs. I am with PMC Real Estate, the lender on the transaction, and we are working our way through the process, and we appreciate very much the staff recommendation for the extension.

We are now working with the Freddie Mac exchange program for the loan on this project, and there have been changes to that program that have made this project more feasible and doable. And we appreciate the extra time that staff has recommended for this.

And if there are any questions or anything, I'm here. Otherwise, that's all I wanted to say. Thank you.

MR. CONINE: Does -- whoa, whoa, whoa -- does Freddie Mac have a forward program on the exchange that's a little more reasonable these days, from a rate standpoint?

MR. RAGSDALE: Yes, the rates have come in very much -- because obviously we've had a drop in Treasuries, some of their spreads have come down a little bit, and so it's made it a little more reasonable. Plus --

MR. CONINE: How would you define more reasonable?

MR. RAGSDALE: They're around 8 percent now.

MR. CONINE: Okay. Good. Thank you.

Any of the questions of the witness?

(No response.)

MR. CONINE: Thank you.

Mr. Sugrue, you're on my list again.

MR. SUGRUE: On a different list this time.

MR. CONINE: I got another list for that.

(General laughter.)

MR. SUGRUE: I stay on that list.

Good afternoon, Mr. Chair, Board members, Mike.

MR. CONINE: Good afternoon.

MR. SUGRUE: Mike Sugrue, Solutions Plus. I'm here because 9(b) talked about extensions, and the write-up talks about extensions to close. I have an extension request for substantial construction, which is not being addressed to this, and Robbye and I had discussed this earlier. It was Stone Leaf at Dalhart closing in March.

I'm not so sure -- and this can't be done here, but typically substantial construction means like six months from the time you close, not two months. But the way it was done with the dates pushed back, we got a two-month window.

But we do have the extension request in. I've heard nothing other than the check cashed.

So I'm wondering what the status is. I'm still drawing money; that's good. If I get my draw denied, then

I'll know I'm in trouble.

MR. CONINE: Could someone from staff enlighten us to the status of his extension request? I'm not sure this is an appropriate agenda item but --

MR. GOURIS: Yes, we --

MR. CONINE: -- we're trying to figure it out.

MR. GOURIS: -- I think this is something we're going to try to take up through the Executive Director's authority.

MR. CONINE: Okay.

MR. GOURIS: At least have --

MR. CONINE: When is his deadline currently? Or when it --

Mike, when's the deadline?

MR. SUGRUE: It was May 31.

MR. GOURIS: But it was to meet the 10 percent test.

MR. SUGRUE: Well, the 10 percent's done.

MR. GOURIS: Okay.

MR. SUGRUE: But the substantial construction had the same date.

MR. GOURIS: But you've been drawing funds and you've started construction?

MR. SUGRUE: Oh, yes.

MR. GOURIS: Okay. So I think it's just proof of the construction. I think it's something we can probably handle internally, we just haven't --

MR. CONINE: Okay.

MR. GOURIS: -- gotten it accomplished yet. We'll report back to you on it.

MR. CONINE: Report back at the next Board meeting.

MR. SUGRUE: Just didn't want to let sleeping dogs lie because they wake up and bite you.

MR. CONINE: Do you have a contractor problem on this job?

MR. SUGRUE: Yes, a big one.

MR. CONINE: Yes, I know.

(General laughter.)

MR. CONINE: Thank you.

Justin Hart's only if there's a question. Any --

MR. HART: No comment.

MR. CONINE: You're good? That a boy.

That's all the witness affirmation forms I have on that one. On 9(b) is there any other questions of the Board, or do I hear a motion?

MR. KEIG: So move that we approve staff's recommendation with the exception of the July 8 deadline for

09938, Stardust Village.

MR. CONINE: Thank you, Mr. Keig. I have a motion to approve. Is there --

MS. RAY: Second.

MR. CONINE: A second by Ms. Ray. Any further discussion?

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion signify by saying aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries. Item 10, Mr. Gerber.

MR. GERBER: Mr. Chairman and Board members, Item 10 is the status on our stimulus funding, and Brooke Boston, our Deputy ED for Community Based Programs, is going to walk us through that. I think she has a couple of charts to provide.

And if anyone in the public would like one, just simply come forward and we'll be glad to provide you with a copy of that.

MS. BOSTON: Yes, and they're up front at the table as well.

MR. GERBER: They're up front as well.

(Pause.)

MS. BOSTON: Brooke Boston with --

MR. CONINE: All right. You all be quiet when you leave. Let's give Brooke some deference here.

MS. BOSTON: Brooke Boston, and I'm in charge of Recovery Act Oversight. And in the report in your books I just wanted to update you, there's some newer information since then. We've also provided you a handout.

The first item in your table relates to the Weatherization Assistance Program. As you will look at the colored table before you that we just provided you, one page has the status of the Weatherization Program, just for Recovery Act, and the flip side is Recovery Act CSBG.

On the Weatherization page you will note at the very bottom, the very last row, in the blue column, that is what, according to weekly calls with our subs, is our total number of units produced, which is 8200, which is excellent.

We've been averaging about 500 a week, and so at that trended rate we will meet or exceed the date that we've been trying to hit for Department of Energy.

We have to have produced 30 percent of our units to access the second 50 percent of funds, and we think we'll be able to make the ask for the second 50 percent of funds

in August. So we're very excited about that, relieved, as you can imagine.

We have had Department of Energy just back out last week for our second -- it think it's been about our second monitoring visit, and for the second time in a row, at least in the exit, they anticipate no findings, which is great.

And I think -- and then the only other thing is, as you note on that row, we talk about that we're going to go ahead and amend all the contracts with the subs to reflect the second 50 percent of funds. There's a federal deadline that we be fully obligated contractually by September 30, and so we're going to go ahead and execute those contracts.

It doesn't mean that some of them may not still be subject to deobligation, and that's actually part of the contractual amendment. But it makes sure that we actually contractually are in a relationship with them for the full 100 percent.

The Homelessness Prevention and Rapid --

MR. GERBER: And, Brooke, just --

MS. BOSTON: Yes, please.

MR. GERBER: -- on Weatherization, just to give us another sense of context, as of December 30 of last year, we had produced 47 weatherized units. So the balance, I take it, is up to 8202, has been produced by our service at the

network and those in 6 months.

MS. BOSTON: Definitely.

MR. GERBER: I think it's also significant to note that almost all have drawn down significant amounts of funds, but there's always a little bit of lag time, and so while we've only -- while we've weatherized a substantial number of units, one might expect us to have expended more than 9.6 percent of the funds. So we are working to get folks to aggressively go and draw down on the funds that are rightfully theirs for work that's been completed.

We have had conversations with the city of Austin, which stands out as a glaring zero dollars expended to date, and we're providing technical assistance with them and met with them last Friday, and I think they're aware of our concerns.

And that we've also relayed and continue to keep members of the legislature who had an interest and responsibility for oversight to produce stimulus funds aware of progress that's being made. Obviously because of the large amount of funds, \$327 million, there has been a lot of legislative interest in the program.

MR. CONINE: What's Austin's problem?

MR. GERBER: I think they're just slow.

MR. CONINE: Other than they like to keep things

weird.

MR. GERBER: They're just -- I think just generally slow to start up. They had some procurement issues at the beginning, and their work is being done by Austin Energy, and so there's been more lag than we wished. I had a conversation with Mr. Ott, who's the City Manager here. I also had a conversation about a month and a half ago with Mayor Leffingwell, who has spoken to this Board. We've also talked to Senator Watson's staff. All are aware of it, all are committed to fixing it.

The City of Austin, you know, runs a lot of sophisticated federal programs, and I think, if anyone's got the ability to catch up, it's them. And we're certainly working with them to make sure that they do.

MS. BOSTON: And I needed to check with my staff this morning, but as of Friday when we met with them, they were prepared to kind of hit the button to upload a batch of units and expenditures that they had kind of had waiting for bookkeeping purposes, and we said, Stop waiting, just go.

MR. CONINE: Now you're -- the 82 units -- the 8200 units that have already been completed, we're on the road to 65,000? 55,000?

MS. BOSTON: No. I think realistically we'll

probably hit around 44-, 45,000.

MR. CONINE: Okay.

MS. BOSTON: Our target with DOE is 33,000.

MR. CONINE: Okay.

MS. BOSTON: So --

MR. CONINE: All right. Thanks.

MR. GERBER: So when we hit the 30 percent of that target, we'll be able to draw down the remaining 50 percent of the funds. One of the issues that DOE talked to us about last week, and then we've been talking to our subs about, is really making sure we maximize the full \$6500 per unit.

We're finding that in many units, you know, 3,000, \$4,000 worth of work gets done. Those additional funds could really make a deeper difference in the unit, and would also help us to, you know, to obviously expend these dollars. And I think DOE wants us to go deeper in making repairs.

MR. CONINE: Why are they not expending -- why are they stopping at 3- or \$4,000?

MS. BOSTON: Well, and it's more complicated than just saying, Let's go a little deeper down the list, do more of the money. There's an energy audit tool -- there's two different options. When you go into to weatherize a unit, you can pick between a priority list, which is kind of a cut

and dried list for Texas, and those are the only things you can do in the unit.

Or you can go in and do an energy audit of the unit and that audit tells you, based on diagnostic assessments that we do, exactly what measures you can and can't do in the unit that will generate a dollar-to-dollar savings. And we're required to make sure we have at least a dollar-to-dollar savings investment ratio on the unit.

So in many cases, the audit itself is not allowing us to go further. So we have been working with our subrecipients to make sure -- because part of the way the audit works is what you put in is kind of what you get out.

So you feed in, for instance, utility information for the household and you feed in measures on the blower door, and what that then spits you out is things that you can do in that unit.

And so we're trying to make sure, for training purposes, that they're doing everything they can. There will be many instances where these units can't get anywhere near 6500, but we will have exhausted every measure, and that's the difference of where we're trying to make sure with our subs that we at least have exhausted every measure, even if we haven't exhausted every possible dollar.

MR. GERBER: We've also been doing a lot of work

to try to encourage multifamily weatherization as well. We did a training with DOE, we continue to add that to our training curriculum, because that's also an opportunity to increase the number of units and really make a difference to wonderful people as well. And that's been something historically that we've not done in the program.

MS. BOSTON: Correct. And right now we're at about 49 percent multifamily, from what we've done of the 8200 units.

MR. GERBER: Really?

MS. BOSTON: Uh-huh. Yes. So even without a lot of product from our part, some of our bigger providers have had a focus on multifamily, or in communities where we have two providers -- for instance we had our non-ARRA provider who was doing the weatherization program before this came along, and then let's say we added the city, like in the case of Sheltering Arms in Houston. A lot of times they're kind of divvying up and saying, One of us will try and have more of a focus on multifamily and one will have more of a focus on single family.

Any other questions on Weatherization?

(No response.)

MS. BOSTON: Okay. Homelessness Prevention and Rapid Rehousing. As you can see, we're at about 30 percent.

This is a program where we actually have three years, so we feel really good about that. I don't have a whole lot more to say about that one, unless there's questions.

Community Development Block Grant, this is on the flip side of your handout, and this one, from the material in your book, we actually have improved numbers from there.

In your book we had told you we were at 62.3 percent expenditures, and in terms of actual draws that have come through the Agency, we're now at 71.2, which you'll see at the bottom.

This grid, whereas the other one was just kind of organized almost alphabetically, this grid, the top portion of your page are the ones who are having the slower expenditure rates. You'll see in the column two from the left called Percentage of Expenditures, that's actually how much they've got in documented expenditures, which is a little different from how much they've drawn from us.

It's an advanced program and so they can draw more than they've expended on a cash request basis. And that's the way the program has operated historically and we allow that to continue. So you'll see there that that first batch, they are at 50 percent or less. The reason why that may seem great, except for this program has four months left, really just about three -- well, now three now that we're at the

end of June.

So those are ones that we're more concerned about.

Our staff, for this area, has gone out and met one-on-one with each of these communities, not in a group and not just on our phone calls, which we also do with this, but has met with them one-on-one. I think in almost all cases we're actually feeling really good about the plans that they've told us for how they're going to get this done.

The other good thing is they just have to have -- the services have to have been delivered by September 30, but the invoicing and some of the bookkeeping behind it can happen, you know, for several months afterwards.

So, you know, we have a couple that we're watching really carefully, as you can imagine.

MR. CONINE: Austin and San Antonio. Isn't it amazing.

MS. BOSTON: Yes. Again, Austin is one that we met with and talked through in detail all their subcontracts.

The other thing I would say about this one is, as you may recall, this is the program where we don't have an opportunity to move funds. We can't deobligate from one and let's say give it to Northeast Texas Opportunities, who's at 100 percent, which would have been an easy remedy.

Federally we don't have that authority. And so it's the degree that any of this goes unspent at a particular subrecipient, there's very little TDHCA can do about that.

One of the few avenues they have at the very tail end of this, and we've set up -- depending on where they are with their performance, we will probably go in and have further meetings with each of them, is that they can buy certain equipment purchases. And so if on September 1 we have 30 days left and it's looking like the service contracts aren't going to carry them through, we will probably encourage them to make some eligible equipment purchases.

MR. GERBER: However, these are extraordinarily flexible dollars. They can be used for just about any social service in a community. And, in fact, we were meeting with, you know, some officials from San Antonio. We've encouraged them -- you know, they've currently made a citywide commitment to Haven for Hope.

And there's a ready to go operation to expend dollars in Dallas. We've been having conversations with the Urban League of Greater Dallas. You know, there are countless organizations that could take advantage of those funds. You know, food pantries, homeless shelters, sending the funds over the bridge.

I mean there are long-standing existing

relationships, and we only have till September 30, again, to expend these dollars. So time is short and we have sort of cleared the decks to approve pretty much any amendment that communities want to have the Department approve as long as it's a CSBG-eligible activity.

MR. CONINE: Could you get the Board a list of those eligible activities?

MR. GERBER: Sure.

MS. BOSTON: Yes. Definitely.

MR. CONINE: Because all of us, you know, can help --

MR. GERBER: Sure.

MR. CONINE: -- make phone calls. Just so -- you know, they're probably going to spend it all but --

MR. GERBER: That'd be great.

MR. CONINE: -- you know, I'm sure they'd love getting calls from a Board member.

(General laughter.)

MR. GERBER: And one thing also to keep in mind is that a number of the CSBG recipients interestingly run summer job programs, and so we have seen and have documented, you know, evidence from, you know, last year and the year before of very strong summer jobs programs, that they had long-standing plans to finance, you know, this pot of

funds -- to use this pot of funds for this year's programs that are just, again, kicking off.

So we feel good about those. And, you know, the reports that we get on July 15, which is the next day that our CSBG subrecipients will report to us, should, you know, bear quite a bit fruit. We're encouraged, but --

MS. BOSTON: Yes.

MR. GERBER: -- that also stands out though.

MS. BOSTON: Yes.

MR. CONINE: Okay.

MS. BOSTON: Great. And then on the flip side of your -- of the material from your book are just the TCAP and Exchange Program, which I think you've gotten very thorough briefings from staff on the other Board items, so I won't discuss those unless you have questions.

MR. CONINE: Okay. Any other questions of Brooke?

(No response.)

MR. CONINE: Thank you very much.

MS. BOSTON: Thank you.

MR. GERBER: Great. We really appreciate your willingness to help out with some of those subrecipients.

MR. CONINE: You bet.

MR. GERBER: We'll move this through --

MR. CONINE: Well, let us make some phone calls. We like to make to those phone calls.

MR. GERBER: Excellent. Excellent. There are some report items available to you on -- at the back of your board books on outreach activities, there is -- as is our standard report on the homes that were reviewed by me that exceed the accessibility cap for our Disaster Recovery Programs.

There's also a report on the homes -- the one home that exceeded the elevation cap, but seemed within reason to meet the needs of recovery for that family. And then finally a report on homes that were reviewed by me -- there were 16 homes that exceeded a municipal cap of \$10,000 for various municipal requirements involving their various water and waste water systems. So those are in the back of your board books for your review.

The next Board meeting, as we've mentioned already, will be July 8. It will be a longer one dealing, again, with many, many appeals. I think as of right now we've got 17, and I expect that there will more before we're done.

With that, Mr. Chairman, I think staff has reported out all that we wish to.

MR. CONINE: What number are we going to for the executive session?

MR. GERBER: E1020.

MR. CONINE: Okay. E1020. We will go into executive session now, and then come back and close out the meeting.

A shout out to former Director Edwina Carrington.
Good to see you.

And, Mike, if you'll go ahead and get us into executive session.

MR. GERBER: Mr. Chair, on this day, June 28, 2010, at a regular meeting for the governing Board of TDHCA held at Austin, Texas, the Board adjourned into a closed executive session, as evidenced by an opening announcement by the presiding officer or his designee that the Board would begin its executive session today, June 28, 2010, at 12:45 p.m.

B, the subject matter of this executive session deliberation is as follows: One, the Board may go into Executive Session pursuant to Texas Government Code 551 for the purposes of discussion personnel matters, including to disseminate -- to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.

Two, pursuant to Texas Government Code Section 2306, to meet with the Internal Auditor to discuss issues related to fraud, waste, or abuse. Three, pursuant to Texas

Government Code Section 551, to seek the advice of its attorney about pending or contemplated litigation or a settlement offer including, a) the Inclusive Communities Project versus TDHCA filed in federal district court,.

Four, pursuant to Texas Government Code Section 551, for the purpose of seeking the advice of its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this Texas Government Code, Chapter 551.

Or five, pursuant to Texas Government Code Section 551, to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person.

(Whereupon, at 12:45 p.m., the meeting was adjourned, to reconvene later this same day, Monday, June 28, 2010.)

MR. GERBER: -- session of TDHCA's governing Board on June 28, 2010 at 1:50 p.m.

MR. CONINE: Anything else to come before the Board?

MR. HAMBY: No action was taken.

MR. CONINE: No action was taken. If not, we

stand adjourned. Thank you.

(Whereupon, at 1:50 p.m., the meeting was concluded.)

CERTIFICATE

MEETING OF: TDHCA Board

LOCATION: Austin, Texas

DATE: June 28, 2010

I do hereby certify that the foregoing pages, numbers 1 through 155, 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 & Community Affairs.

7/3/2010
(Transcriber) (Date)

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