

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

9:15 a.m.
Thursday,
October 10, 2002

City Hall
City Council Chambers
1201 Leopard Street
Corpus Christi, Texas

COMMITTEE MEMBERS:

KENT CONINE, Vice Chairman
VIDAL GONZALEZ
NORBERTO SALNAS
BETH ANDERSON
SHADRICK BOGANY

STAFF PRESENT:

EDWINA CARRINGTON, Executive Director
RUTH CEDILLO
CHRIS WITTMAYER
BILL DALLY
DAVID GAINES
ROBERT ONION
ELIZABETH RIPPY, Bond Counsel

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P R O C E E D I N G S

1
2 MR. CONINE: If you'll take your seat, we'll
3 try to get started here shortly. We've got one more board
4 member en route; he's probably out in the parking lot
5 right about now. Let me go ahead and call roll right
6 quick. Mike Jones is absent.

7 Beth Anderson?

8 MS. ANDERSON: Here.

9 MR. CONINE: Shad Bogany?

10 MR. BOGANY: Here.

11 MR. CONINE: Kent Conine is here. Vidal
12 Gonzalez?

13 MR. GONZALEZ: Here.

14 MR. CONINE: And Norberto Salinas is probably
15 going to be here shortly. We do have a quorum.

16 It is a pleasure for us to be here in Corpus
17 Christi today and good to see everyone here and appreciate
18 the City of Corpus's fine hospitality, both last night and
19 again this morning. I understand the mayor is here and
20 would like to address the board.

21 Mayor, would you like to say a few words?

22 MAYOR NEAL: Yes, sir, Mr. Chairman. I'll just
23 take a moment again to thank you for coming to Corpus
24 Christi and meeting, and I thought we had a real enjoyable
25 evening last night and we appreciate the fact that you and

1 so many members of your staff are here. And as we know,
2 when the boards move around the state of Texas, you also
3 have others come in who have business before the board so
4 that is good for us.

5 Our council chambers are available for you,
6 make yourself at home. I'll offer you the staff and the
7 mayor's office. If you need anything, they're right
8 across the hall; we'll be glad to help you do whatever is
9 necessary -- as is the city secretary's office. And if
10 you've figured out all those buttons up there, Mr.
11 Chairman, it took me two years to do it.

12 MR. CONINE: It's the fanciest setup I've seen.

13 MAYOR NEAL: Don't press the wrong button; one
14 of them is eject.

15 MR. CONINE: Probably so.

16 (General laughter.)

17 MAYOR NEAL: But seriously, we're just glad
18 you're here, welcome you back any time, and our facilities
19 are at your disposal as long as you need them. Thank you
20 very much.

21 MR. CONINE: Thank you, Mayor. You know, our
22 interest and our mission actually is helping to provide
23 affordable housing for the citizens all across the state
24 of Texas, and it's wonderful to come to a city which has a
25 positive attitude about providing that sort of housing in

1 a partnership effort. So just from our side of the
2 table -- and I hope I can speak for the rest of the board
3 up here -- we appreciate your willingness to work with us
4 on various projects within your city, and again, your
5 sharing your wonderful facilities, we really appreciate
6 it.

7 MAYOR NEAL: When I got to be mayor about six
8 years ago, Tom Utter indoctrinated me in this process and
9 explained to me the importance of working with agencies
10 not only at the local but the state and national level,
11 and we are a city that gets it; we understand the
12 importance of affordable housing. In fact, sir, we have
13 an initiative on our November ballot that if we can get
14 approval of the voters for a one-eighth-cent sales tax for
15 job creation, and an approval of one portion of that is
16 \$500,000 a year for the next 20 years to assist in
17 affordable housing. So our community understands this
18 need and we are working in a lot of different venues, none
19 quite so important as the relationship we have with your
20 group, and we appreciate it.

21 MR. CONINE: I live in a city which just
22 recently did the same thing in Texas, and I would
23 encourage you to look, once you get that done, there's
24 multiple ways to leverage those dollars.

25 MAYOR NEAL: Well, we're trying to sell it on

1 that basis and a lot of our citizens don't understand that
2 this is seed money, it's not just money that we'll go
3 build a roof or something else, but you can take that one
4 dollar and sometimes make it five. I spend a lot of my
5 time talking about collaboration and leveraging and those
6 kinds of things, and we're down here sort of by ourselves
7 now in Corpus Christi and it's important that we learn how
8 to do this. Thank you very much, all of you.

9 MR. CONINE: Thank you, appreciate your
10 hospitality. Thank you very much.

11 Tom Utter is also here. Tom, would you like to
12 say anything? We, again, appreciate you taking care of
13 us.

14 MR. UTTER: Thank you very much. The mayor is
15 always eloquent. Thank you.

16 MR. CONINE: Thank you very much.

17 Moving to the public comment portion of our
18 meeting, I have three, it looks like, public comments, and
19 as customary, we'll give you a chance to either speak now
20 or if it's a particular agenda item that you're concerned
21 about, we can move it to that agenda item. The first one
22 I have is Willie Vaden.

23 MAYOR VADEN: Good morning, sir. I'm the mayor
24 of Ingleside, a little bedroom community just on the North
25 Bay area. We've had a tremendous amount of expansion and

1 you folks have given us a lot of help in bringing in
2 affordable housing -- matter of fact, I believe there's a
3 housing project going to be speaking before you today.

4 The reason I came, we had an exacerbating
5 situation here lately when we had the mosquito infestation
6 and my wife and some of the other people had noticed the
7 terrible conditions that some of our citizens were living
8 in in slum housing, and so being a mayor and a husband
9 too, I got it from both ends, and basically she said, You
10 got elected; you do something about it.

11 Well, I got to looking into the legal aspect of
12 it. We don't have an ordinance or any type of a law that
13 I could force these people through legislative measures
14 through the legal system to bring these houses up to I
15 would say even Third World country conditions -- I work in
16 Third World countries all over the world in my daytime
17 job -- and so I believe a commissioner from Mission that
18 said he did a lot of things, maybe through you folks you
19 can let me know how to draft some type of a guideline to
20 where I can draft some legislation that I can make
21 these -- I call them slum lords, that may be a bad term,
22 but anyway, they're slums -- to make them bring them up to
23 acceptable housing where the roof isn't caving in on a kid
24 or you don't fall through the porch and there's screens on
25 the windows, especially like on these mosquito situations,

1 you know.

2 We don't have the law and maybe you folks do
3 have that or know where I could get that so that I might
4 draft some type of legislation in council and get an
5 ordinance set down so that I can put a stop to this
6 deplorable housing situation.

7 Other than that, we've received a lot of
8 attention from you folks in helping us bring affordable
9 housing to Ingleside, because we're the most progressive
10 community for our size in the state of Texas and we've
11 doubled our population over the last four years, went from
12 5,000 to about 11-1/2 thousand people, and getting good
13 housing for people coming in to work and stuff is a major
14 aspect, along with the Navy, because you know they don't
15 make a lot of money for off-base. You folks for us and
16 Aransas Pass have been a great shot in the arm to give
17 people decent housing, and I'd like to take the time to
18 say we're really appreciative, all the citizens of my town
19 are. Thank you.

20 MR. CONINE: Ms. Carrington, do you have a
21 specialist on your staff on local code compliance or
22 ordinance issues?

23 MR. WITTMAYER: Ms. Carrington, Chairman.
24 Having spent a few years in the City of Dallas, I'll be
25 happy to get with the mayor of Ingleside and assist him in

1 the statutory language that he can adopt for the city to
2 be able to enforce their codes and address the situation.

3 MR. CONINE: There we go. Comes in handy every
4 now and then. Thank you.

5 Mayor, I've got you written down here, and let
6 the record show that Mayor Salinas has now come to the
7 board meeting.

8 The other two public comments I have are for
9 the agenda items only, Larry Stevens for Item 3(d)(3) and
10 Brent Stewart to 3(c). Are there any other -- there's one
11 other one coming and another agenda item, Ms. Nicole
12 Flores speaking at 3(d)(3).

13 Any other public comments that need to get in?

14 (No response.)

15 MR. CONINE: Okay, we'll close the public
16 comment, and move to Item 1 of the agenda which is the
17 presentation, discussion and possible approval of the
18 minutes of our meetings on August 29 and September 12. Do
19 I hear a motion?

20 MS. ANDERSON: I move approval of the minutes,
21 subject to discussion.

22 MR. BOGANY: Second.

23 MR. CONINE: Motion by Ms. Anderson, second by
24 Mr. Bogany.

25 MS. ANDERSON: I think this may just be a typo,

1 but at least the version that's in my book throughout the
2 minutes, and these are the minutes of the August 29
3 meeting that are in my book, and it doesn't show Mr.
4 Bogany as having attended. In fact, it says Shadrick
5 Bogany was absent, yet throughout the minutes there are
6 references to Mr. Bogany making motions, so I think either
7 what's in this book was in error, anyway, we have a
8 little -- so maybe I should withdraw my motion, and we
9 ought to defer approval of the minutes to the next
10 meeting. I don't know, Mr. Chairman, what your pleasure
11 would be.

12 MR. CONINE: It sounds like we need to doctor
13 them up.

14 Delores?

15 MS. GRONECK: I'll get with my [inaudible].

16 MR. CONINE: Why don't you withdraw your
17 motion.

18 MS. ANDERSON: I withdraw my motion.

19 MR. CONINE: And is the seconder okay with
20 that?

21 MR. BOGANY: Yes.

22 MR. CONINE: We will defer any action on that
23 item until our next meeting.

24 Item 2, presentation, discussion and possible
25 approval of a report from the Audit Committee.

1 Mr. Gonzalez.

2 MR. GONZALEZ: Yes, sir. We will call on Mr.
3 David Gaines.

4 MR. GAINES: Good morning, Chairman.

5 MR. CONINE: Good morning.

6 MR. GAINES: Members of the committee, Ms.
7 Carrington.

8 The Audit Committee met this morning at 8:30
9 and we had three agenda items being: the Status of Prior
10 Audit Issues, the Annual Internal Auditing Report which is
11 a required report of the division under the Texas Internal
12 Auditing Act, a report due to the Governor's Office, the
13 Legislative Budget Board, Sunset Advisory Commission, and
14 the State Auditor's Office, describing our activities over
15 the last year; and then we had an agenda item, Status of
16 the Low Income Housing Tax Credit Inspection Fees project
17 that we've been working on.

18 I'll be glad to go into any and all of these;
19 I'll leave it to the pleasure of the board.

20 MR. CONINE: Any recommendation from the Audit
21 Committee members of the board?

22 MR. GONZALEZ: No, not at this point. We had a
23 real good meeting and we want to commend Mr. Gaines on the
24 work that he's doing, and I think we can go on from there,
25 unless there's any questions.

1 MR. CONINE: Any other questions?

2 (No response.)

3 MR. GAINES: Thank you very much.

4 MR. CONINE: That's a good report; that's the
5 way to have them, as opposed to the alternative.

6 Item 3, presentation, discussion and possible
7 approval of some financial items. We're going to combine
8 3(a) which is the approval of the Fourth Quarter
9 Investment Report along with Item 6 on our agenda which is
10 the Revised Legislative Appropriations Request, and ask
11 Mr. Bill Dally to come forward and make those
12 presentations.

13 MR. DALLY: Good morning, Mr. Chairman, board
14 members, Ms. Carrington.

15 If you'd turn under Tab 3(a) you'll find the
16 department's Public Funds Investment Act Report for the
17 period ending August 31. This, again, is a report that's
18 required by the Public Funds Investment Act, that we bring
19 this to the board quarterly; it's laid out in the format
20 prescribed. What it does is it shows you a quarter's
21 worth of transactions from the period ending May 31 of
22 this year to the quarter ended August 31, basically
23 showing you the carrying values and the fair values of
24 purchases, sales and maturities that occur within our
25 portfolio.

1 Overall the portfolio decreased by \$27.7
2 million and it is now at \$1.2 billion. It's made up of:
3 62 percent is mortgage-backed securities; 29 percent are
4 the guaranteed investment contracts and investment
5 agreements; 4 percent is repurchase agreements; and then 5
6 percent represents the other investments.

7 We did have activity this quarter of purchases
8 in the mortgage-backed securities of \$32.7 million, so
9 that's a representation of taking our bond money and
10 turning those into the mortgage certificates and stuff in
11 loans. Those ranged from 4.95 percent to 6.45 as a pass-
12 through rate. We also had maturities in this particular
13 quarter of the mortgage-backed securities in the amount of
14 \$22.85 million. That's a representation of some of the
15 refinancings and payoffs that are going on at this time.

16 Overall, if you look in the third column from
17 the right-hand side, you'll see that overall the market
18 value increased \$21.2 million, that being the difference
19 between the fair value and carrying value. That's not a
20 reflection on our investment genius, it's the mere fact
21 that mortgage-backed securities and those rates are down
22 as low, I think about a 40-year low, and so as those rates
23 drop, it increases the price in our portfolio, and so
24 that's the reason for the gain. So when interest rates
25 begin to go back up, this thing will reverse itself.

1 Now, the key thing with our mortgages is that
2 they stay in parity, that the assets stay in parity with
3 the bonds and that the cash flows pay for those bonds and
4 rates, and that's why when we underwrite a deal, we look
5 to see that cash flows are run under very stressed
6 situations, and at the moment, that's in good shape as far
7 as the cash flows.

8 If there are any questions regarding the
9 report?

10 MR. CONINE: We need to approve this so we need
11 a motion.

12 MS. ANDERSON: I move approval.

13 MR. GONZALEZ: Second.

14 MR. CONINE: There's a motion on the floor from
15 Ms. Anderson, a second from Mr. Gonzalez. Any other
16 discussion with Mr. Dally? Seeing none, all those in
17 favor, say aye.

18 (A chorus of ayes.)

19 MR. CONINE: All opposed?

20 (No response.)

21 MR. CONINE: Motion passes.

22 Do you want to go to Item 6, Mr. Dally, and get
23 the Revised Legislative Request.

24 MR. DALLY: You should have received a copy of
25 the Revised; it's dated September 24. If you recall, at

1 the last meeting we made a presentation and that was our
2 initial submission. Subsequent to that board meeting, in
3 the next week we had a public hearing with the LBB and the
4 Governor's Office and representatives from the House
5 Appropriations Committee and Senate Finance, and
6 subsequent to that they had some questions and we made a
7 presentation; we followed up with responses to that, and
8 we also -- I think I indicated at the meeting last time
9 that in our initial discussions we would be changing the
10 presentation. Basically, we reduced our baseline request
11 strategy because we were moving -- there were Manufactured
12 Housing rider requests in there that really needed to be
13 moved to Exceptional Items; there was a request for a
14 million dollars in 2004 and 2005 for Consumer Claims, that
15 was moved off the baseline request and added as an
16 exceptional item.

17 So to summarize, if you look at the biennium,
18 the baseline request from that initial submission to the
19 book you see today was reduced by \$3.2 million -- 884,545.

20 So that was in fact the high-water mark that cleared
21 submission and has been reduced. That came in the areas
22 of: General Revenue was reduced by \$2.7 million; the
23 Earned Federal Funds were reduced by \$332,000; and our
24 Appropriated Receipts were reduced by \$481,000.

25 If you look to page 16, the last submission had

1 the first four exception items, there have been two more
2 added: the Manufactured Housing Consumer Claims for a
3 million dollars each year; and then we've added one in
4 here which is to allow us to add \$200,000 to our Earned
5 Federal Funds to this appropriation.

6 And then if you'll look at page 22 and 23, I
7 think Ms. Anderson had some questions last time about this
8 schedule shows you in that first column the All Funds that
9 are in this request and then in that second column it
10 shows the GR and the GR-Dedicated, and if you go down to
11 the bottom line on page 23, you'll see that our Overall
12 Request in 2004 is for \$166,294,060, of which about 10
13 percent is \$10,461,286 is General Revenue. And there
14 again, if you take the two figures of 10 million 461 and
15 10 million five they are exactly what is in that little
16 box for 2002 and -3, which is the baseline GR-Dedicated
17 \$20,967,303.

18 Also, you'll note that it goes down and you'll
19 see that almost 50 percent of our general revenue is going
20 to the one strategy of the Housing Trust Fund which is a
21 state-funded housing program. It then descends and shows
22 you the various places where we have General Revenue and
23 it's primarily either in the Housing Trust Fund or it's in
24 the area of central administration and some of our
25 overhead costs. And on page 23 that does now total out to

1 100 percent as opposed to the 109 we had last time.

2 The riders and most of the other schedules,
3 Capital Budget, all of those things stayed the same. It
4 was really the major thing was to move that Consumer Claim
5 thing from the baseline request to an exceptional item.
6 Are there any questions? Oh, I should say with this I
7 believe the department is through with our submission and
8 request; however, this now will be in markup by the LBB
9 and the Governor's Office as to what their request will
10 be, and that will be balanced against what the Comptroller
11 has in revenue assets and stuff, so my best expectation is
12 that this probably will be trimmed but I don't know how
13 much or exactly where.

14 MR. CONINE: Let's get a motion on the floor
15 first and then we can go into any discussion.

16 MS. ANDERSON: I move adoption of the Revised
17 Legislative Appropriation Request submission.

18 MR. GONZALEZ: Second.

19 MR. CONINE: There's a motion by Ms. Anderson,
20 second by Mr. Gonzalez. Any discussion with Mr. Dally,
21 any questions? Does everybody understand what we're doing
22 here?

23 (No response.)

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

1 (A chorus of ayes.)

2 MR. CONINE: All opposed?

3 (No response.)

4 MR. CONINE: Ms. Carrington, are you in good
5 shape, no comment? Okay.

6 Thank you, Mr. Dally, appreciate it.

7 MR. DALLY: Thank you.

8 MR. CONINE: I know that was a difficult chore.
9 Probably be some difficulty before we get done with it.

10 Item 3(b), Approval of Resolution Number 02-
11 048, authorizing increased purchase price limits for
12 Single Family Mortgage Revenue Bonds. Ms. Carrington?

13 MS. CARRINGTON: Thank you, Mr. Chairman. The
14 Texas State Affordable Housing Corporation conducted a
15 study which documented the justification for an increase
16 in average purchase price limits for all statistical areas
17 in Texas for our Single Family Mortgage Revenue Bond
18 programs. These purchase price limits had not been
19 updated since 1994 and don't accurately reflect the
20 average purchase price of homes in Texas. The department
21 is proposing to implement the purchase price limits set
22 forth by TSAHC for current and future Single Family
23 Mortgage Revenue Bond issues subject to actually three
24 areas of the state where we are proposing that we use a
25 lower purchase price limit.

1 What we did was take the limits that the TSAHC
2 study supported, and behind Tab 3(b) to look at what those
3 are, it is Exhibit A which are the purchase price limits,
4 and this is per the Internal Revenue Service ruling that
5 TSAHC did receive. What they did was do a study on
6 documentation data, sent it to the IRS, and then the IRS
7 did a private letter ruling that was addressed
8 specifically to TSAHC.

9 What we're saying is we believe that there's
10 three areas of the state that the limits are higher than
11 what we would want to implement, and those three areas
12 would be Austin, Fort Worth, and San Antonio. What we're
13 proposing to do is in nontargeted geographical areas that
14 we would recommend implementing a formula that we have
15 created, and it would either be the lower of the TSAHC
16 study price or the product of our above formula.

17 If you want to see what the numbers are that
18 we're actually proposing, go to the last attachment in
19 this section, so it's the last piece of paper behind 3(b)
20 and it's Attachment A. The left-hand column at the very
21 top are the limits that were produced with the IRS ruling
22 for new construction in the various MSA areas of the
23 state, so we would propose that we would be using all of
24 those with the exception of three areas: the Austin-San
25 Marcos MSA, so instead of using \$205,677, we'd be using

1 \$183,971; Fort Worth, instead of the \$189,109, we'd be
2 using \$158,614; and San Antonio, instead of \$135,432, we'd
3 be using \$132,998, and that's for nontargeted areas. For
4 the targeted areas we would be using all of the numbers
5 that were produced in the TSAHC study.

6 Our bond counsel has taken a look at the
7 methodology that TSAHC used in collecting the information,
8 they've also taken a look at the IRS ruling, and Elizabeth
9 Rippy and I have discussed it at Vinson & Elkins. She
10 does tell me that a couple of other firms in Texas are
11 basically taking the opinion with their issuers that they
12 believe that the methodology is appropriate, can be
13 defended, and so there are several other issuers around
14 the state that are also looking at adopting these higher
15 limits. And it is staff's recommendation that we do adopt
16 the higher limits with the exception of the three that I
17 have pointed out to you.

18 MR. CONINE: Motion?

19 MR. BOGANY: I have a question.

20 MR. CONINE: Question? Do you want to get the
21 motion on the floor first?

22 MR. BOGANY: I so move.

23 MR. GONZALEZ: Second.

24 MR. CONINE: Mr. Bogany moves; Mr. Gonzalez
25 seconds; now further discussion.

1 Mr. Bogany?

2 MR. BOGANY: Did we actually go and look, Ms.
3 Carrington, at what the MLS data stated in Austin and Fort
4 Worth and in San Antonio? Did we get information from the
5 Multiple Listing Services for those three associations to
6 see how it reflected with this study?

7 MS. CARRINGTON: What we are basing our
8 recommendation on is the Internal Revenue Service ruling.
9 We have not as a staff looked at the data that they used
10 or the data that was used or the data that was collected.
11 I might ask Elizabeth Rippy to perhaps respond to that
12 because I think Vinson & Elkins did take a look at the
13 data that was used for the justification of the increase,
14 Mr. Bogany.

15 MS. RIPPY: Good morning. I'm Elizabeth Rippy
16 with Vinson & Elkins, bond counsel to the department. And
17 yes, our tax attorney has reviewed the data. I don't know
18 if you have a specific question about --

19 MR. BOGANY: What my specific question is is
20 that I realize that home prices in Houston have really
21 increased and the home prices in Austin have always been
22 higher than everywhere else in the state, just about, so
23 TSAHC does their study and comes up with a ruling that has
24 it raised -- which we have House Bill 951 that should have
25 been passed a long time ago, we can't get out of Congress,

1 now we've been able to get these raised which would make
2 the monies more available to people. And I realize I
3 guess people will say if you're in a \$200,000 tax bracket
4 that it's not what I would consider affordable but it is
5 depending whether or not you're in San Francisco or in
6 Austin versus some other areas. And my only question is
7 did you guys look at the MLS data on sales, sold data for
8 those three areas to make this decision, because I don't
9 think you can really make this decision without looking at
10 the sold data to see what the average or the median price
11 for a sold home in San Antonio is, and the same way in
12 Fort Worth and in Austin.

13 MS. RIPPY: I believe the basis for the TSAHC
14 letter ruling was some information that Freddie Mac had
15 compiled that they used, and the IRS reviewed that
16 information and made a determination that it was more
17 accurate. The test here is is the information on prices
18 more accurate than the information that the IRS published
19 in '94, and that was the information that was provided.

20 I think what you're asking is about Austin, San
21 Antonio and Fort Worth was there some comparison of that
22 data to MLS sales to come up with this reduced number. I
23 don't believe that's the case.

24 MR. BOGANY: And I'm not trying to make this
25 complicated, but I just want to make sure that if staff is

1 recommending us not to go to what TSAHC recommended, then
2 I want to know why staff is recommending this and what
3 data is that based on, because the only data really is the
4 sold data, and so to me that is how you would make this
5 decision that, okay, we can go up higher but it looks like
6 the median price for a house in Austin is only \$166-, and
7 so I'm trying to get an idea because this would affect --
8 and prices are constantly rising, and we've not been on a
9 housing bubble in this state because prices have been
10 gradually increasing not just jump straight up, so my
11 thought is that to make a decision that would affect
12 Austin, Fort Worth and San Antonio, did we look at that
13 sold data. That's the concern: how did you come up with
14 this decision.

15 MS. CARRINGTON: Okay, I can answer that;
16 that's not a bond counsel answer, that's my answer. As we
17 looked, Mr. Bogany, at what the maximum amounts were in
18 the areas, we also considered -- staff also considered
19 what it is we have a mission to do which is serving low,
20 very low, and moderate income households, and felt that
21 the purchase price limits in those three areas were
22 perhaps higher than what we wanted to have as maximum
23 purchase price limits in our Single Family Mortgage
24 Revenue Bond program.

25 So staff made a decision to put this formula

1 together that you see on the first page and that was to
2 take the 2-1/2 times which was 2-1/2 times income, times
3 115 percent, the area median family income, and the 90
4 percent of the average area purchase price, and that we
5 would do that calculation, and then as we determined which
6 limit we would take, be it the TSAHC limit or if our
7 calculation produced a lower limit, we would take the
8 lower one. So it's a policy recommendation on staff's
9 part that we felt that those income limits were perhaps
10 higher than what we wanted to go and needed to go.

11 MR. BOGANY: I have one other question. Could
12 it possibly be because of -- on three or more people I
13 think the income is \$65,000, somewhere in there -- are
14 they saying that if you made \$65,000 in a family of three
15 or more combined income that they could not qualify for a
16 \$200,000 house anyway? Is that some part of that?

17 MS. CARRINGTON: What we would be saying if
18 they were using a Tax Exempt Mortgage Revenue Bond program
19 and it was new construction in the Austin area that the
20 maximum purchase price of that home would be \$183,971.

21 MR. BOGANY: Okay, I understand that. I don't
22 know, I just see prices constantly increasing across and
23 it looks like we'd have to come back and do this later,
24 because we have income limits on this also that would cut
25 out this going to somebody who makes \$100,000 a year, and

1 it just seems like the income limits would also be the
2 safety net here, and prices are constantly rising and it's
3 just amazing to me that it looks like we would try to
4 orchestrate what these areas' home prices are going to be,
5 and that's why I asked for the sold data for those areas
6 because if the sold data says that the median price is
7 \$183-, then that's great.

8 MS. CARRINGTON: If I might, Mr. Chairman, I do
9 have a copy of the private letter ruling that might
10 address Mr. Bogany's issue on the sold data, and this is
11 in the first paragraph, and they're referring to TSAHC as
12 the Authority. "The Authority submitted data concerning
13 sales of new single family residences for certain
14 statistical areas and for all other areas for the 12-month
15 period from January 1, 2001, to December 31, 2001. The
16 Authority also submitted data concerning sales for
17 existing single family residences for certain statistical
18 areas and for all other areas of the same period." So
19 they were looking at sales over a 12-month period, this
20 most recent 12-month period.

21 MR. BOGANY: Okay.

22 MR. CONINE: My question concerns the number
23 2.5. From an underwriting standpoint, my experience tells
24 me that people are getting approved with mortgages as high
25 as 30 and 35 percent of their monthly incomes, and so I

1 guess I would wonder where the 2.5 number came from
2 relative to a policy that the department determined was
3 necessary when in actuality underwriting standards are
4 probably closer 3.5.

5 MS. CARRINGTON: I think it was a conservative
6 estimate on staff's part.

7 MR. CONINE: We had the pleasure of meeting
8 with the assistant secretary of Tax Policy at the Treasury
9 on Monday and sitting in her office advocating a 3.5
10 multiple, and for me to put a cap at 2-1/2, it is
11 conservative, it pushes the numbers down, but in actuality
12 if the median incomes in a particular area can justify the
13 higher price, then this whole bond program is generated
14 primarily off the median income side and then of course on
15 this house price limit, and I'm not sure -- again, pulling
16 2.5 out of the air obviously unfairly punishes Austin, San
17 Antonio and Fort Worth relative to what they deem house
18 prices have gone up since 1994.

19 Any other thoughts from the board?

20 MR. BOGANY: Based on what you just said, Mr.
21 Conine, I would suggest that we -- I think the 2.5 would
22 be too conservative, and maybe 3.5, if that's what the --
23 getting a feel of what's happening out in the real world,
24 and that's my concern is what's happening in the real
25 world, not so much what we think may be.

1 MR. CONINE: I don't think there's any -- let
2 me ask a question, Ms. Carrington. If we approve this
3 today, would this be retroactive to our existing bond
4 portfolio that's unused out there, would the price spec go
5 into effect immediately or is this just for our future
6 bond program? Here comes the answer.

7 MS. RIPPY: All of your programs allow you to
8 adjust the purchase prices, so you can put this into
9 effect with respect to your existing programs immediately.

10 MAYOR SALINAS: Would it cause us any problems
11 if we do this, to change it to 3.5?

12 MS. RIPPY: No, it doesn't. I mean, it's
13 purely a policy decision. The letter ruling allows the
14 maximum numbers and we are willing to deliver our tax
15 opinions with the maximum numbers, so it's purely a policy
16 decision for the board if you want to reduce some of the
17 numbers and how much you want to reduce them.

18 MS. CARRINGTON: So the board could, if you all
19 chose, to just adopt the maximum limits that are justified
20 in the IRS private letter ruling. As I said, the 2.5 and
21 that calculation is something that came up from staff
22 because we had a concern about the very high limits.

23 MR. CONINE: We have a motion, I think, on the
24 floor to approve this staff recommendation, so if there
25 are going to be any changes or amendments, we need to do

1 it that way.

2 MS. ANDERSON: I have an amendment, please.

3 MR. CONINE: Okay.

4 MS. ANDERSON: I amend the motion to just adopt
5 the TSAHC limits in total.

6 MR. CONINE: Does the maker of the motion
7 accept that amendment?

8 MR. BOGANY: I accept that.

9 MR. CONINE: Okay, so we would then adjust back
10 to the original Treasury ruling sales price limits. And
11 this probably merits some further discussion about staff
12 recommendations and we can always put it on next month's
13 agenda if it should change next month, but for right now I
14 think I would agree with the amended motion. Any other
15 comments?

16 MS. ANDERSON: I'm sensitive to staff's
17 interest in being conservative and wanting to make sure
18 that the mortgage money is used by the populations that
19 this agency seeks to focus on, but I'm also sensitive to
20 the chairman's comment about the 2.5 and how using that
21 figure in the formula may have sort of overly caused a
22 downward adjustment in the prices for those three MSAs,
23 and so therefore, I think that just adopting the numbers
24 from TSAHC -- which are the approved numbers in the
25 private letter ruling -- might just be the best course of

1 action at this point.

2 MR. CONINE: Mr. Bogany?

3 MR. BOGANY: The other comment is that we have
4 income limits on this also, so the income limits is the
5 safety net that you can only qualify for so much based on
6 the income limits, so I really don't see it as being that
7 big an issue.

8 MR. CONINE: That's correct. Any other
9 comments? We have an amended motion on the floor; all
10 those in favor of the amended motion, signify by saying
11 aye.

12 (A chorus of ayes.)

13 MR. CONINE: All opposed?

14 (No response.)

15 MR. CONINE: Motion carries. Item 3(c).

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

17 MR. CONINE: I'll bet I've got some public
18 comment. Do we want to hear those first, or do you want
19 to go ahead and make your presentation first?

20 MS. CARRINGTON: I would think maybe you want
21 to take the public comment.

22 MR. CONINE: Okay. Brent, do you want to make
23 any public comment at this time?

24 MR. STEWART: Only if there are questions.

25 MR. CONINE: Okay, we're not going to ask you

1 any questions. That was the only one on Item 3(c).

2 MS. CARRINGTON: Mr. Chairman, Robert Onion
3 will be making this presentation on the inducements for
4 our Multifamily Mortgage Revenue Bond Program for fiscal
5 year 2003.

6 MR. ONION: Good morning. We started with 114
7 applications; we are now down to 103 applications for a
8 total of \$1,427,800,000. We have 30 Priority 1
9 applications and we have 73 Priority 2 applications.

10 I would like to read into the record the
11 correction to the inducement resolution for 2003
12 applications on page A-16 of the Exhibit A. For Primrose
13 at Hickory, the location of the project should be changed
14 to Hickory Street and Preston Road in Frisco, Collin
15 County, Texas, from Highway 67 and Pentagon Parkway in
16 Dallas, Dallas County, Texas.

17 Also, I would like to make a correction on
18 Application 003-044, Riverbend Apartments, increase the
19 amount of bond request from \$10,700,000 to \$12 million;
20 and also on 003-046, The Peninsula Apartments, increase
21 from \$10,700,000 to \$12 million.

22 Within this application there are three
23 applications in the McKinney area and the department has
24 received a considerable amount of e-mail requesting that
25 the board not induce these transactions. We did receive

1 verbal confirmation that two of those projects will be
2 pulled by the applicant; however, until we receive written
3 confirmation of that, my recommendation is to leave them
4 in the inducement and should we receive the written
5 confirmation, we just simply will pull those and not
6 submit those to the Bond Review Board.

7 Also, there are two applications in Frisco,
8 Texas. One of them, Frisco Villas, has been pulled, so
9 we're looking at --

10 MS. ANDERSON: What's the number of that? Do
11 you know the numbers of these?

12 MR. ONION: Which ones?

13 MS. ANDERSON: Frisco Villas.

14 MS. CARRINGTON: Frisco Villas is 003-067, and
15 it's at the bottom of your first page, Ms. Anderson.

16 MS. ANDERSON: Okay, thank you.

17 MS. CARRINGTON: And Robert, that was the one
18 that's been pulled, Frisco Villas has been pulled?

19 MR. ONION: Yes, ma'am. So we have now one in
20 Frisco, and should we receive written confirmation on
21 Primrose Villas and Primrose Broadway, there will only be
22 one in McKinney, and that would be Stonebrook, which is a
23 project that went before the board sometime in April or
24 May of this year.

25 If you have any questions, I'd be happy to

1 answer them.

2 MS. CARRINGTON: Robert, you might mention the
3 date of the lottery.

4 MR. ONION: The date of the lottery for the
5 Texas Bond Review Board is on Halloween, October 31.

6 MAYOR SALINAS: The ones in McKinney, are those
7 ones going to be pulled, the two of them? They have
8 three.

9 MR. ONION: Excuse me?

10 MAYOR SALINAS: McKinney.

11 MR. ONION: Yes, there is three and we have
12 verbal confirmation that the applicants want to pull two
13 and the one that would be remaining would be Stonebrook
14 Villas.

15 MAYOR SALINAS: Primrose?

16 MR. ONION: Primrose Villas and Primrose
17 Broadway we have verbal confirmation that the applicant
18 wants to pull those, but for inducement purposes we're
19 including it on the list. Also, I've just received a
20 correction on 003-048, Coughtrey Estates in Grand Prairie,
21 not in Houston.

22 MR. CONINE: Do I hear a motion from the board?

23 MAYOR SALINAS: So moved.

24 MR. BOGANY: Second.

25 MR. CONINE: Motion to approve the inducement

1 resolutions on the amended list that Mr. Onion has just
2 amended for our consideration, motion was made by Mayor
3 Salinas and seconded by Mr. Bogany. Any discussion?

4 MS. ANDERSON: I have a question for Mr. Onion.
5 The Frisco project -- I think there are two projects in
6 Frisco, I just want to make sure I understand where these
7 verbal indications are to withdraw two in Frisco and two
8 in McKinney. Is that right?

9 MR. ONION: Two in Frisco, three in McKinney.

10 MS. ANDERSON: Three are being withdrawn in
11 McKinney?

12 MR. ONION: Two are being withdrawn.

13 MS. ANDERSON: And one is being kept. So in
14 terms of the ones that are proposed verbally to be
15 withdrawn, pulled, it's two in Frisco and two in McKinney.

16 MR. ONION: One in Frisco, two in McKinney.

17 MS. ANDERSON: Okay.

18 MR. CONINE: Leaving one in Frisco and one in
19 McKinney.

20 MS. ANDERSON: One in Frisco and one in
21 McKinney. And your recommendation is that we approve the
22 inducement resolution as written leaving these in, and I
23 guess I'm trying to understand if someone is proposing to
24 withdraw them verbally and there has been some public
25 comment about at least some of these -- or public input

1 about at least some of these that we're talking about that
2 are proposed to be withdrawn; then if we leave them in the
3 resolution the developer, I assume, it's perfectly within
4 their rights to decide after we vote the full amount in
5 the inducement resolution not to move forward with their
6 verbal stated intention to pull them. Right? So they can
7 change their mind and not pull them?

8 MR. ONION: That is correct, however, the
9 reason why Primrose Villas and Primrose Broadway, one of
10 the reasons I think they are considering pulling it is
11 that currently they have reservations with the McKinney
12 Housing Finance Corporation for these projects, and under
13 statute we cannot sponsor an application to the Bond
14 Review Board if there is a reservation, within 150 days of
15 receiving a reservation.

16 MR. CONINE: I'd like to speak editorially
17 about the whole process, in that, again I would beg the
18 legislature to make some changes to this process. This
19 ping-pong-ball system just denies all intellectual
20 capacity to put projects where they need to be put, and
21 this agency and this board sometimes get tagged with
22 projects put in particular areas that are left up to a
23 ping-pong-ball lottery system, and I for one don't believe
24 that's appropriate and it's hard to live with as a board
25 member.

1 That being said, it would be a deviation from
2 what this board has done as a standard policy over the
3 past years to start pulling these things before inducement
4 resolutions are issued and they actually win the ping-
5 pong-ball list, but I'd like to go on record, at least
6 from this board member's perspective, and tell the
7 projects' developers that are in the room and that may get
8 a chance to read this transcript that by this board
9 receiving some public comments already from certain city
10 officials, by the number of projects, as a for instance,
11 that are located in Austin in a market that we believe is
12 overbuilt and that probably doesn't need any more
13 multifamily in it, that this board member is going to look
14 particularly hard to the market studies, this board member
15 is going to look particularly hard at the community
16 interaction, and to blame it on a ping-pong-ball system
17 and to try to do it just because that's the system in
18 place, as we know it today, will not affect this board's
19 complete discretion and scrubbing, if you will, of all
20 these particular projects.

21 I don't want anyone to leave this room thinking
22 that they will automatically have a deal if they happen to
23 get lucky in the ping-pong-ball system because that's not
24 going to be the case this time around. But I'm willing at
25 this point to let the projects go forward just to see how

1 the ping-pong lottery comes out.

2 Any other comments from the board? If not, we
3 have a motion on the floor to approve the amended list
4 that Mr. Onion has put forward. All those in favor,
5 signify by saying aye.

6 (A chorus of ayes.)

7 MR. CONINE: All opposed?

8 (No response.)

9 MR. CONINE: Do you want to go ahead and make
10 this presentation, Ms. Carrington?

11 MS. CARRINGTON: Yes, I will, Mr. Chairman,
12 thank you.

13 Item 3(d) is three Tax-Exempt Bond
14 transactions: Hickory Trace Apartments in Dallas; Green
15 Crest Apartments in Houston; and Mark IV Apartments in
16 Fort Worth. And this part of the presentation will be
17 approval of the issuance of tax-exempt bonds. We do have
18 a little bit later on the agenda the approval of the Low
19 Income Housing Tax Credits, the 4 percent credits for
20 these transactions.

21 Behind 3(d) each of these developments actually
22 has seven tabs behind that, so I can walk you through
23 briefly a synopsis of the transactions.

24 Hickory Place Apartments is located in
25 Dallas -- this is behind Tab 1. There's a copy of the

1 transcript of the public hearing; there was no opposition
2 to this transaction. It's 180-unit multifamily
3 transaction at the intersection of West Wheatland Road and
4 Westmoreland Road in Dallas -- there's a map behind Tab 5
5 if you're interested in where it is located -- and the
6 bond amount on the issues would be \$11,920,000, and the
7 interest rate on those bonds is 7 percent and the closing
8 date is scheduled for November 8, 2002, and this is a
9 Priority 2 transaction in the bond lottery, and staff is
10 recommending approval of the issuance of tax-exempt bonds
11 for this transaction.

12 MR. CONINE: Is there a motion?

13 MS. ANDERSON: So moved.

14 MR. BOGANY: Second.

15 MR. CONINE: Moved by Ms. Anderson, second by
16 Mr. Bogany. Any discussion?

17 Mr. Onion?

18 MR. ONION: Just one correction. That
19 particular Hickory Trace is a Priority 1 deal.

20 MS. CARRINGTON: Priority 1 as opposed to
21 Priority 2. Thank you, Robert.

22 MR. CONINE: Any other discussion? All in
23 favor of the motion, signify by saying aye.

24 (A chorus of ayes.)

25 MR. CONINE: All opposed?

1 (No response.)

2 MR. CONINE: Motion carries. Second one?

3 MS. CARRINGTON: Mr. Chairman, may I go back
4 and read the file number for this transaction?

5 MR. CONINE: You may, yes.

6 MS. CARRINGTON: For the Hickory Trace
7 Apartments, Hickory Trace Housing, it's File Number 2002-
8 057.

9 The next transaction is the Green Crest
10 Apartments in Houston. There were no attendees at the
11 public hearing on this one, and there is a map behind Tab
12 7. It's 192-unit multifamily to be located at Green Crest
13 Drive and Westpark Drive in Houston, and the bond issuance
14 amount on this is up to \$12,500,000, interest rate of 7
15 percent; the anticipated closing date is November 6, and
16 this one is a Priority 2 transaction.

17 MR. CONINE: Can I get a motion?

18 MR. BOGANY: So moved.

19 MS. ANDERSON: Second.

20 MR. CONINE: Moved by Mr. Bogany for approval,
21 seconded by Ms. Anderson. Any discussion? Did you read
22 the resolution number? I can't remember whether you did
23 or didn't.

24 MS. CARRINGTON: No, sir, I didn't. Thank you.
25 The file number on the Green Crest Apartments is 02-439,

1 2002-066.

2 MR. CONINE: We'll vote on a motion. All those
3 in favor, signify by saying aye.

4 (A chorus of ayes.)

5 MR. CONINE: All opposed?

6 (No response.)

7 MR. CONINE: Motion carries. Item 3, we have
8 some public comment on Item 3, and this is the Mark IV
9 Apartments. I'd call Nicole Flores.

10 MS. FLORES: Good morning, members of the
11 board, Ms. Carrington. My name is Nicole Flores and I'm
12 here today on behalf of Brisbane Development to speak on
13 behalf of the Mark IV development.

14 Brisbane Development is a large developer,
15 national developer that has a little over 18,000 units in
16 their portfolio. Mark IV Apartments, also known as
17 Ironstone [sic] Ranch, will be their tenth development in
18 Texas.

19 I come before you this morning -- first of all,
20 I want to thank the staff for their careful and
21 considerate review. I've been critical in the past of the
22 Underwriting Department and I wanted to note specifically
23 that there was a tremendous amount of communication back
24 and forth between the Underwriting Department and the
25 development team on this transaction in terms of just

1 general questions and follow-up.

2 It's unfortunate that Mr. Gouris isn't here
3 this morning because I'd really like to thank him for the
4 changes I've seen in the Underwriting Department in terms
5 of their communication on these transactions. As you
6 know, 4 percent deals are often very difficult in terms of
7 the underwriting, there's a lot of questions, we're on a
8 quick time frame, so that communication was very valuable.

9 We're in the fortunate position this morning
10 that staff has recommended an adequate amount of tax
11 credits for this project, and the financial underwriting
12 and review and analysis is in your board packet, and we
13 concur and agree with the staff's recommendation

14 This property is zoned C-3 under Fort Worth
15 zoning regulations; that is a multifamily zoning
16 designation that allows for up to 18 units of density on
17 the site; it's a 26-acre site, 280 units. We're at a
18 density of just under eleven units per acre. Because of
19 contiguous single family and commercial land uses, we have
20 provided a buffer on the site plan. In fact, there's a
21 four-acre buffer between this property and the contiguous
22 single family, so we have given careful consideration to
23 the immediate area.

24 You're going to hear from Mr. Larry Stevens in
25 a few minutes who is the president of the Crossing at

1 Fossil Creek Neighborhood Association. When the TEFRA
2 hearing was held on this particular property,
3 unfortunately it was scheduled just three days after the
4 Fort Worth Housing Authority had had a very large public
5 meeting in the area in response to the Ripley Arnold
6 [phonetic] relocation. The Ripley Arnold housing project
7 was a public housing facility in Fort Worth that was
8 deemed obsolete and is being actually sold to the Tandy
9 Corporation and will no longer house public housing
10 residents. The Public Housing Authority of Fort Worth is
11 in the process of relocating those residents.

12 So again, three days before our TEFRA hearing,
13 the public housing authority was at the same library
14 having a public meeting and our project was mentioned. so
15 at that hearing there was a large contingent of neighbors
16 that were very concerned about the potential for public
17 housing residents being in their community, and because
18 our meeting was mentioned, we had a very large contingent
19 of those concerned citizens that showed up again three
20 days later and spoke in opposition.

21 Unfortunately at that time we weren't aware
22 that there was opposition and we have not had any time to
23 really meet with the neighborhood groups or work with them
24 to educate them. As you know, often these bond
25 reservations come to you eight-nine months after you've

1 originally submitted them. So since the time of the TEFRA
2 hearing, we have done extensive outreach to both the
3 Parkland neighborhood group and the Crossing at Fossil
4 Creek neighborhood group. The Crossing at Fossil Creek is
5 a contiguous neighborhood group to us and we have met with
6 them, we have heard their concerns, and I have to applaud
7 them for the time that they've given us. And I also want
8 to thank Mr. Stevens personally for his interaction with
9 me and the level of professionalism with which we've
10 interacted.

11 I had asked the neighborhood group that in
12 follow-up meeting would they please bring to me concerns
13 that I could address, and they did in fact bring to me
14 legitimate concerns that as a developer I can look at
15 things like landscape buffering and offsets and security
16 fencing and those types of things that I can legitimately
17 address as a developer. And in fact, the Brisbane Company
18 has made concessions, significant concessions to the
19 neighborhood in adding areas of landscaping and buffering
20 and adding additional masonry to some buildings that front
21 to the single-family neighborhood. We've assured them
22 that there will be access gates to control traffic flow in
23 and out of our property.

24 So we have done extensive outreach with the
25 neighborhood groups and we feel we've made a very good

1 faith effort to follow up with them, and I hope Mr.
2 Stevens' comments will reflect that, and I believe they
3 will.

4 There was also an initial letter from
5 Representative Vicki Truitt, who is the representative for
6 this area; I believe that letter is also included in your
7 packet. Of course, once we had opposition and after we'd
8 already met with the city and knew this met their Con
9 Plan, their Consolidated Plan requirements, we went back
10 to the council member in the district, Jim Lane and we met
11 with him and his staff and talked about this property. We
12 were able to garner a letter of support from Council
13 Member Lane which should also be in your packet.

14 We were also fortunate enough to spend about an
15 hour and a half with Representative Vicki Truitt and walk
16 her through our site plan of our development. Initially,
17 Representative Truitt's primary concern was that this not
18 be a tax-abated property, and we have confirmed with her
19 that this is a for-profit developer, that we have about
20 \$1,300 a unit a year set aside for tax payment on the
21 property, and there will be no attempt to tax-abate this
22 property.

23 I have a follow-up letter from Representative
24 Truitt which I've given to Mr. Onion which I received
25 yesterday -- I've got copies here with me -- where the

1 representative does indicate that she has met with us,
2 that she is satisfied with the information that we've
3 provided to her, and she has withdrawn her opposition in
4 that sense.

5 So the developer has worked very hard, I think,
6 to address the concerns that were raised at the TEFRA
7 hearing; we have made accommodations to the neighborhood
8 group; and we respectfully request that you follow staff's
9 recommendations to induce the bonds and to award the tax
10 credits in the later agenda item. I'm open to any
11 questions.

12 MR. CONINE: Any questions of Ms. Flores?

13 (No response.)

14 MR. CONINE: Thank you for your presentation.

15 MS. FLORES: Thank you so much.

16 MR. CONINE: I call on Mr. Larry Stevens.
17 Good-looking tie you've got on there, Mr. Stevens.

18 MR. STEVENS: Thank you. Good morning, Mr.
19 Chairman and committee members. I appreciate the time
20 afforded, and thank you, Nicole. The Brisbane Group has
21 afforded us an opportunity to address some concerns with
22 them. I'm not certain if I give my address, or you
23 already have it, I assume?

24 MR. CONINE: We've got it, that's fine.

25 MR. STEVENS: I did come before you today in

1 representing the neighborhood, the Crossing at Fossil
2 Creek which I'm currently president of: I've also been
3 president of Northbrook Neighborhood Association for many
4 years before that time frame.

5 The concessions mentioned by Brisbane are
6 appreciated if they come in but there's still an
7 overriding concern in the which I'll run down very
8 quickly, recapping a few things that you have and adding
9 to that in trying to put a little bit of concern.

10 I do want to address -- because it's the first
11 time I've heard -- any support from Jim Lane. I would
12 have to question that in particular as a city council
13 member in the district. He has refused to meet with the
14 neighborhood on this concern and actually is a former
15 opponent in a council race, so I'd have to weigh that
16 appropriately. But like I said, he's refused to meet with
17 the neighborhood concerning this particular item.

18 My personal background is in addition to living
19 in this particular area for 19 years, one year in the
20 current new neighborhood which consists of about 200 homes
21 at this point, and that's significant. Northbrook
22 consists of about 380 homes. Those are the only two
23 neighborhoods that are in District 2 of Fort Worth, just
24 north of 820.

25 My background, also in terms of just where

1 you're coming from in working with people, is that I've
2 headed up administering at Butler Housing which is the
3 largest housing project in the city of Fort Worth, very
4 familiar with the needs, very familiar with the concerns
5 of the people that live in areas that need affordable
6 housing, and we've worked actually with groups to help
7 build houses and to get people out of housing projects and
8 get established, so this isn't an issue of us and them,
9 this is more than an issue of "not in my backyard
10 syndrome."

11 As a matter of fact, to put things in context,
12 the available land in Tarrant County to develop in is
13 approximately the size of Rhode Island. We are zoned much
14 more multifamily than there's a market for right now.
15 Matter of fact, around the area a lot of the land is for
16 sale that's multifamily and they're not developing on
17 because the market is depressed. I understand this is a
18 little different because the market is a little bit lower
19 income, but that's what I want to qualify here.

20 Some of our concerns in here -- like I said,
21 I've lived in this area and worked in this area for almost
22 19 years, and in that time frame we've been working trying
23 to see a positive growth in this area. The price of the
24 homes in Northbrook, that's been there for about 20 years
25 now, varies from \$30- to the mid \$50s. Recently some of

1 the home prices, since the market has increased a little
2 bit, have gone clear up into the low and mid-\$60,000. That
3 should give some reflectance in terms of the type of
4 income and the type of area that we're talking about.

5 The new neighborhood that we've worked in --
6 and when I was president of that neighborhood association,
7 we'd worked to try to get some areas rezoned, we did, and
8 bringing in D.R. Horton to the area, the zoning A to bring
9 in single family -- which now has actually improved the
10 area for a whole host of reasons -- the prices are up to
11 about \$100- to \$180,000 for the new development, and we've
12 been working trying to see positive development along
13 there, everything from restaurants, single family, and
14 even the multifamily that comes in, that has a higher
15 standard that will help improve the entire area.

16 So with this, we've got a concern. Our
17 concerns, as we spoke with the Brisbane Group, number one
18 is security in that as far as our neighborhood is
19 concerned and as far as Northbrook. Security because of
20 the types of funds that housing at this level brings with
21 it, not just that, the placement of this. This is being
22 placed adjacent to a park, a park that this community has
23 worked for over 15 years to get a park in this
24 neighborhood. This housing project or apartments will be
25 situated right next to that park, which brings a concern

1 that many of you can imagine, plus my experience in
2 working with housing projects and other apartments of this
3 nature in the past, it becomes an area that you have to
4 guard against quite a bit to be certain that it doesn't
5 become a hangout and become a security problem. So the
6 location next to a park is a very big concern.

7 And of course, property values which we've
8 addressed with them, and actually if they came in and
9 building what they were talking about building and not
10 being affordable or low income housing, probably would
11 have less of a concern as far as in terms of property
12 values, but it does set a lower standard in terms of the
13 contracts and things in the area that we're trying to
14 bring in, trying to have positive development.

15 But our concern, on the other hand, of trying
16 to look at the people who will be coming in here -- and I
17 will end here real fast -- the renters that will be coming
18 in in this area, there is no public transportation in this
19 area, there are no plans for public transportation in this
20 area. Although many people should have cars, quite often
21 people that come in and renting in the lower income and
22 affordable housing -- and as indicated and discussed a
23 little bit ago, Ripley Arnold is kind of a famous housing
24 project now in the city of Fort Worth -- there's a similar
25 housing unit called Garden Gates on Beach Street just a

1 couple of miles to the west of that that's also 60
2 percent, that's a 240-unit development that's 60 percent
3 of median value, and currently where they have openings
4 are housing people from Ripley Arnold in that project
5 also. We're talking about pretty much an equivalent
6 project at 280 units, so that is a very real concern in
7 terms of the lack of public transportation, the lack of
8 retail, there is no retail in walking distance, short of a
9 liquor store, and there are no jobs to speak of within
10 walking distance. Again, so it doesn't accommodate those
11 sorts of needs for that particular group of renters.

12 And the other part is the schools. This is
13 Eagle Mountain High School District, the high school is
14 almost 15-20 minutes away by car, there are no after-
15 school buses or transportation to meet needs in that area.
16 The other schools are also appropriately distanced -- in
17 other words, quite a ways to get to and would stress a lot
18 of the programs. Recently they just voted to increase the
19 taxes to meet the stretching needs there and this
20 continues to push that system. Some of the class sizes
21 currently, unfortunately, I've been told in the last week
22 or so, are 40 children and more in some of the classes, so
23 that's a very big concern.

24 So I've addressed some of the practical side of
25 things. Now there are two other things I want to address,

1 and with that, I'm going to pass back to you some
2 pictures. These pictures represent a little bit what I've
3 been talking about. Just real quickly taken some pictures
4 of the Northbrook neighborhood homes and right next to
5 that neighborhood is Bluemound City, it's a different
6 city; it's the city the size of a large neighborhood
7 that's situated immediately to the west. As you can see,
8 we're not talking about upper middle class homes. Matter
9 of the fact, in the area we're talking about we're all
10 below-median-priced homes.

11 And in that, as we've dealt with looking at
12 some of the standards and things that the city has done in
13 their guidelines, the City Council District 2 is: number
14 one, over 85 percent minorities, so there's a concern, as
15 we've seen in the federal guidelines, of adding low
16 income, affordable, et cetera, housing to heavily minority
17 areas; and number two, City Council District 2 is also a
18 low income or considered a poverty zone, well below the
19 median value, median price of homes.

20 This neighborhood, and actually our
21 neighborhood that we're in, the Crossing at Fossil Creek
22 and Northbrook are the only two neighborhoods that are
23 immediately north of the freeway in this City Council
24 District 2 which is a thin band that runs from downtown
25 Fort Worth up to Texas Motor Speedway. By adding these

1 280 units in this area would immediately put what's
2 defined as the poverty level in Fort Worth that area at
3 being 33 percent poverty without considering the income of
4 Northbrook, and in the larger scope in terms of the area
5 and looking at the community beyond just the city,
6 immediately west the city of Bluemound which borders right
7 up against the neighborhood which is also very low income.

8 As I understand, 24 CFR (9) is it that talks
9 about not stressing areas of low income with further
10 projects like this of low income. So our concern with
11 this adding to a situation that has been working for a
12 number of years of trying to improve itself, trying to
13 bring in higher quality of housing, trying to raise the
14 standard that will help all the people there, help
15 encourage the people, encourage the right kind of
16 development in there, and bring more people in there.
17 Right now addressing the need of lower income, this
18 apartment unit can also be seen as competing with those
19 that are even renting houses in this area because the
20 housing rent, people are spending \$400 to \$600 a month on
21 their typical mortgages and houses will rent in there from
22 \$500 to \$600, maybe a little bit more at times, a month
23 rent.

24 So we're talking about bringing in affordable
25 housing that's going to rent from nearly \$700 to \$860, so

1 there already is affordable housing in this area. There
2 are places for rent, there's not really that need in that
3 area. So that's our concern: bringing something that
4 brings a lower standard that does not have the public
5 transportation, is right next to a park that will make
6 very difficult a situation in terms of security next to a
7 park, and set a lower standard for trying to develop the
8 things that are in there right now.

9 I appreciate your time; I look forward to
10 working with the different groups that come in. Brisbane
11 has been very helpful but our concern is, as I mentioned
12 to her, in terms of the area, in terms of the standard,
13 this will further depress the area and it also is taxing a
14 low income area as recognized by the city and especially
15 by state guidelines. Thank you very much.

16 MR. CONINE: Thank you, Mr. Stevens.

17 Any questions for Mr. Stevens?

18 I've forgotten whether we have a motion or not.

19 Do we have a motion?

20 MAYOR SALINAS: I move that we go ahead and
21 accept the staff's recommendation on this project.

22 MR. CONINE: Mayor Salinas moves. Is there a
23 second?

24 MR. BOGANY: Second.

25 MR. CONINE: Mr. Bogany seconds. Any

1 discussion?

2 MS. ANDERSON: I have a question I guess for
3 Ms. Carrington about the market study on this project
4 where there's some dialogue in our underwriting report
5 about use of a seven-mile radius versus a five-mile
6 radius. Most of the deals we see use a five-mile radius.

7 The capture rate there, if you use a five-mile radius is
8 above our threshold, but then it goes on to say: "After
9 discussion with the market analyst, the underwriter
10 believes the seven-mile radius is adequate in determining
11 the demand for the property." Can you shed any light on
12 what caused the underwriter to draw that conclusion and
13 use that radius? I realize he's not here today.

14 MS. CARRINGTON: We have had market analysts
15 who have used greater than five miles in the past, I think
16 probably seven is the largest radius that we have used,
17 and I think what we see is that there was a dialogue going
18 on back and forth with the market analyst about what
19 really constituted the market area, and they felt
20 comfortable and we felt comfortable with increasing that
21 radius from five to seven miles.

22 MR. CONINE: Do we know how long this property
23 has been zoned? Do you remember?

24 MS. CARRINGTON: Nicole, do you know the answer
25 to that?

1 MS. FLORES: (Speaking from audience.) My
2 understanding was it rezoned with the help of some of the
3 neighbors about two years ago from commercial light
4 industrial to multifamily.

5 MR. CONINE: Okay, thank you.

6 MS. CARRINGTON: So for the record, Nicole's
7 answer was she understands it was about two years ago.

8 MR. CONINE: Any further questions of Ms.
9 Carrington or anybody else? All right, a motion on the
10 floor to approve the staff recommendation for the Mark IV
11 Apartments. All those in favor, signify by saying aye.

12 (A chorus of ayes.)

13 MR. CONINE: All opposed?

14 (No response.)

15 MR. CONINE: Motion carries.

16 MS. CARRINGTON: And Mr. Chairman, for the
17 record, the file number is 2002-075, and this is for the
18 issuance of tax-exempt bonds in the amount of \$15 million.

19 MR. CONINE: Okay. Let's skip down to Item 5
20 that would be appropriate to discuss at this time which is
21 the issuance of the 4 percent credits to go along with the
22 bonds we just approved.

23 Ms. Carrington.

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

25 Behind Tab 5 you find the same three

1 developments that you just approved for the issuance of
2 tax-exempt bonds. This is for the recommendation for the
3 allocation of the 4 percent tax credits. The first one is
4 Hickory Trace Apartments in Dallas.

5 MR. CONINE: Let me see if I can get a motion
6 to approve all of these.

7 MS. CARRINGTON: Okay.

8 MR. BOGANY: I move that we approve all three.

9 MR. CONINE: Mr. Bogany moves to approve all
10 three: Hickory Trace, Green Crest, and Mark IV. Is there
11 a second?

12 MR. GONZALEZ: Second.

13 MR. CONINE: There's a second by Mr. Gonzalez.
14 Any further discussion? Seeing none, all those in favor,
15 signify by saying aye.

16 (A chorus of ayes.)

17 MR. CONINE: All opposed?

18 (No response.)

19 MR. CONINE: Motion carries. Item 5(b).

20 MS. CARRINGTON: Let me read the project number
21 and the allocation amount.

22 MR. CONINE: Okay, go ahead.

23 MS. CARRINGTON: The TDHCA development number
24 for Hickory Trace Development, Hickory Trace Housing is
25 TDHCA Number 02-438, and the tax credit allocation amount

1 is \$762,750 on an annual basis. The second is the Houston
2 transaction which is the Green Crest transaction, TDHCA
3 Number 02-439, the tax credit allocation amount is
4 \$523,902. And the last one is the Fort Worth transaction,
5 Iron Wood Ranch, TDHCA Development Number 02-440, the
6 allocation amount is \$759,152.

7 MR. CONINE: Thank you. Next one is the Fort
8 Worth Hulen Bend Seniors Community 02-441.

9 MS. CARRINGTON: Yes, sir. And this is 5(b) in
10 your material. Tarrant County Housing Finance Corporation
11 is the issuer on this particular transaction; we will be
12 issuing the 4 percent credits. It's elderly, it's located
13 in Tarrant County in Fort Worth, and our recommended
14 credit allocation on this transaction is \$520,464.

15 MR. CONINE: Is there a motion?

16 MS. ANDERSON: I move adoption.

17 MR. BOGANY: Second.

18 MR. CONINE: Ms. Anderson moves and Mr. Bogany
19 seconds. Any further discussion? Seeing none, all those
20 in favor, signify by saying aye.

21 (A chorus of ayes.)

22 MR. CONINE: All opposed?

23 (No response.)

24 MR. CONINE: Motion carries. Next Item 5(c)
25 would be three increases, I guess.

1 MS. CARRINGTON: Correct. Mr. Chairman, you
2 have before you behind item 5(c) a request for increases
3 in tax credit allocations on tax-exempt bond and 4 percent
4 credit allocations. We have three transactions in front
5 of you; you have a summary of each of the reason for the
6 justification for the requested increase in the tax
7 credits, and behind each of these you do have an updated
8 underwriting analysis addendum supporting and justifying
9 the additional amount of the tax credits requested.

10 MR. CONINE: Do you want to read into the
11 record the actual amounts staff is recommending?

12 MS. CARRINGTON: Yes, sir, I will. The first
13 one is the Country Lane Seniors transaction which is
14 located in McKinney, and the file number on that
15 transaction is 99-04T and the amount of credit that we are
16 recommending is an additional \$44,042 in tax credits for
17 the Country Lane Seniors Community.

18 MR. CONINE: Is there a motion?

19 MAYOR SALINAS: So moved.

20 MS. ANDERSON: Second.

21 MR. CONINE: Mayor Salinas' motion with Ms.
22 Anderson's second. Any further discussion? I think the
23 board members probably got a copy of our tax credit
24 counsel Tony Freeman's letter concerning increases on
25 these 4 percent credits, and just so the development

1 community will know, we finally figured out what the rules
2 of the game are, I think, and hopefully this will be
3 indicative of that. Any further discussion? Seeing none,
4 all those in favor of the motion, signify by saying aye.

5 (A chorus of ayes.)

6 MR. CONINE: All opposed?

7 (No response.)

8 MR. CONINE: Motion carries.

9 MS. CARRINGTON: Mr. Chairman, the second
10 request is from Stone Brook Seniors Community. This
11 property is located in San Marcos, the TDHCA number on
12 this particular property is 99-13T, and the additional
13 amount of credits recommended is \$27,965.

14 MR. CONINE: How about a motion?

15 MR. BOGANY: So moved.

16 MR. GONZALEZ: Second.

17 MR. CONINE: Mr. Bogany moves, Mr. Gonzalez
18 seconds. Any further discussion? Seeing none, all those
19 in favor, signify by saying aye.

20 (A chorus of ayes.)

21 MR. CONINE: All opposed?

22 (No response.)

23 MR. CONINE: Motion carries.

24 MS. CARRINGTON: Mr. Chairman, the last request
25 is from the Pleasant Valley Villas. This property is to

1 be located in Austin, TDHCA file number is 02-413, and the
2 additional amount of credit that staff is recommending for
3 this transaction is \$262,448.

4 MR. CONINE: Is there a motion?

5 MR. GONZALEZ: So moved.

6 MR. CONINE: Mr. Gonzalez moves. Is there a
7 second?

8 MAYOR SALINAS: Second.

9 MR. CONINE: Second by Mayor Salinas. Any
10 further discussion? Seeing none, all those in favor,
11 signify by saying aye.

12 (A chorus of ayes.)

13 MR. CONINE: All opposed?

14 (No response.)

15 MR. CONINE: Motion carries.

16 MS. CARRINGTON: Mr. Chairman, before we go on
17 to the next agenda item, may I have a moment to just make
18 a comment about what we've just done?

19 MR. CONINE: You may.

20 MS. CARRINGTON: Thank you. We did consult
21 with our legal counsel and got clear, as you said, Mr.
22 Chairman, about what our abilities and discretion is under
23 the IRS rules to modify or adjust amounts of credits or so
24 forth, but I wouldn't want the development community to
25 take that to mean that from this board member's

1 perspective eliminates any duty that the development
2 community has to submit complete applications at the time,
3 as we go through these various steps in the process to
4 have complete applications.

5 And certainly while this gives us the
6 discretion to award additional credits for construction
7 delays and things that are legitimately beyond a
8 developer's control, we certainly still expect high
9 standards of management as you go through a construction
10 project so that when we choose to award additional
11 credits, we're comfortable awarding them because of things
12 that were out of your control.

13 That's sort of a long-winded way of saying we
14 still hold you all to a very high standard of what we ask
15 you to provide to our staff to enable our staff to work
16 with you and get your deals done, approved, dirt flying
17 and housing built.

18 MR. CONINE: We probably will again focus on
19 that in a more policy-worded area in our QAP so it can be
20 very, very specific, and we'll get that I guess next
21 month.

22 MS. CARRINGTON: Yes, sir, correct.

23 MR. CONINE: Okay. Moving on to 5(d), I do
24 have one -- on number (2) I have a public comment, so we
25 can go ahead and do number (1) if you'd like, approval for

1 extension request.

2 Ms. Carrington, are you doing this one?

3 MS. CARRINGTON: Yes, sir, I am. What you have
4 before you is requests for extensions on three
5 transactions, so this is behind 5(d), the justification
6 request for each of these. The first one is Parkway
7 Seniors Apartments, and this is to be located in Pasadena,
8 and basically the reason for this third request is they
9 got behind HUD's eight-ball on reviewing 202 applications,
10 and the way I understand it, HUD basically said you're
11 going to have to wait as we process your D-3 commitment or
12 your D-4 commitment. So their current deadline for
13 closing the construction loan is October 12, 2002, and
14 what they are requesting is a new deadline of October 28,
15 2002, and staff is recommending that this request be
16 approved.

17 MR. CONINE: Is there a motion?

18 MR. GONZALEZ: So moved.

19 MAYOR SALINAS: Second.

20 MR. CONINE: Mr. Gonzalez with a second by
21 Mayor Salinas. Any further discussion?

22 MS. ANDERSON: May I ask a question?

23 MR. CONINE: Sure.

24 MS. ANDERSON: How long do we -- I should know
25 the answer to this, but how long do we have on a 2001

1 commitment? I think this was a 9 percent deal.

2 MS. CARRINGTON: Correct.

3 MS. ANDERSON: How long do we have to have a
4 deal not end up getting done before we lose the credits.
5 If this doesn't go through, have we lost the ability to
6 reallocate this one?

7 MS. CARRINGTON: December 31, 2003. They have
8 two years to place the buildings in service, and the
9 intermediate time lines that you see are time lines that
10 have been put on these developments by the department to
11 indeed make sure that they do move forward. These
12 credits, if the housing was not built, development was not
13 placed in service by December 31 of 2003, then this
14 developer would lose these credits.

15 MS. ANDERSON: But do they come back to us?

16 MS. CARRINGTON: Yes, to reallocate.

17 MR. CONINE: You can see down there where we've
18 already granted previous extensions.

19 MS. CARRINGTON: Correct.

20 MR. CONINE: So as they sometimes say, this has
21 got a little hair on it already, so let's hope they can
22 get it closed in the next two weeks.

23 MS. CARRINGTON: I'd like to think as we
24 continue to develop our relationship with the regional
25 office of HUD in Fort Worth, that our tax credit

1 developments will not be put behind 202 applications when
2 our developers indeed have time frames that they have to
3 meet also.

4 MR. CONINE: Motion on the floor for approval.

5 Any further discussion? If none, all those in favor of
6 the motion, signify by saying aye.

7 (A chorus of ayes.)

8 MR. CONINE: All opposed?

9 (No response.)

10 MR. CONINE: Motion carries. Item (2) which is
11 the Northstar Apartments, and I believe Mr. Sherman is
12 here to speak.

13 MR. SHERMAN: Good morning, Mr. Chairman,
14 Director Carrington, and members of the board. My name is
15 Bob Sherman, I represent the Northstar Housing Development
16 and Mr. Fred Huerte, who is the manager of that
17 development and heads up the nonprofit organization.

18 We too had an experience with a 221(d)(4) HUD
19 loan. In fact, on the 27th of September, well in advance
20 of the date we were required to close, we actually
21 attended a closing. We had 14 people present, including
22 Fred and myself. The \$1.2 million equity did arrive from
23 Simpson Housing late in the day; we have an irrevocable
24 221(d)(4) loan commitment from HUD that goes through
25 irrevocable through November 8. That was all signed up,

1 all of the loan documents were signed at the closing, and
2 as I said, with our small army of attorneys we waited for
3 one particular document which was a letter of credit to be
4 provided by Simpson Housing that was rather difficult for
5 them to develop and to please the bank and to please HUD
6 to ensure that the final remaining tranch of equity was
7 actually going to be available.

8 You can't put a bridge loan behind a 221(d)(4)
9 HUD loan. This was our first experience with it; they
10 were all very cooperative. We've been invited back to
11 close the loan -- pardon me -- we have closed the loan,
12 all we have to do is go back and give them the letter of
13 credit, all the documents are signed, and HUD has invited
14 us back; they definitely want to do the deal; they've got
15 an irrevocable commitment anyway.

16 They've invited us back October 16; we're going
17 to ask this morning for an extension, just in case
18 anything else happens which I doubt -- it's less than two
19 pages long, this confounded letter and it will be
20 presented within the next day or two -- we'd like an
21 extension until the 25th of October just to make sure it
22 doesn't happen again, and I am quite sure it won't. As I
23 said, the 16th is when we've been invited back.

24 So if you'd be kind enough to offer us that,
25 and I guess the next time around we too will be a little

1 more experienced at how to marry a 221(d)(4) HUD loan with
2 Section 42 tax credits. Thank you.

3 MR. CONINE: Do we need to help you twist Mr.
4 Shagrue's [phonetic] arm or anything?

5 MR. SHERMAN: Well, Mr. Shagrue offered to come
6 up and offer that same statement. He's been instrumental
7 in helping us with his California people.

8 MR. CONINE: He's been a help, not a hindrance?

9 MR. SHERMAN: Oh, definitely.

10 MR. CONINE: I just wanted to see what his
11 reputation was like nowadays.

12 MR. SHERMAN: He's also a personal friend.
13 They have a large company and a lot of attorneys and a lot
14 of executives, and it had to go through all of them.

15 MR. CONINE: Do you want to make a staff
16 recommendation, Ms. Carrington?

17 MS. CARRINGTON: Staff is recommending that we
18 grant the extension. The request that you have in the
19 book, the new deadline requested was October 15, and I did
20 talk to Charles Nwaneri yesterday afternoon -- and Fred, I
21 know he gave you a call -- and what we would like to
22 recommend is that that new deadline requested be October
23 25.

24 MR. CONINE: Is there a motion?

25 MR. BOGANY: So moved.

1 MR. GONZALEZ: Second.

2 MAYOR SALINAS: Should they give them a little
3 bit more time in case something happens, maybe another ten
4 days?

5 MR. SHERMAN: Mayor, that would be very kind
6 if you want to do it that way. I think it probably would
7 be a good idea.

8 MAYOR SALINAS: If it doesn't happen, you're
9 going to have to come back.

10 MR. SHERMAN: That's right. We sure don't want
11 to come back.

12 MAYOR SALINAS: So if it's October 25, you get
13 another ten days or whatever.

14 MR. CONINE: I heard Mr. Bogany move the 25th
15 and I heard Mr. Gonzalez second it, and I'm hearing Mayor
16 amend it.

17 MAYOR SALINAS: I'm just saying if it doesn't
18 happen, he's going to have to come back; an extra ten days
19 is not going to kill anybody.

20 MR. CONINE: Do you want to accept that as a
21 friendly amendment to your motion?

22 MR. BOGANY: I sure will.

23 MR. CONINE: So we're moving it to the 31st?
24 Is that acceptable with you, Mayor Salinas?

25 MAYOR SALINAS: Yes.

1 MR. CONINE: Any other comments? Again, we're
2 moving the deadline to October 31.

3 MS. ANDERSON: I just have a question.

4 MR. CONINE: Okay. On the staff recommendation
5 where it says prior extensions on project, it says extend
6 closing construction loan from 6/15/01 to 10/1/01, do we
7 mean '02?

8 MR. SHERMAN: Yes, you would have meant '02.

9 MS. CARRINGTON: Yes.

10 MS. ANDERSON: Okay.

11 MS. CARRINGTON: Thank you, Ms. Anderson.

12 MR. CONINE: Any other questions concerning the
13 motion on the floor? Seeing none, all those in favor,
14 signify by saying aye.

15 (A chorus of ayes.)

16 MR. CONINE: All opposed?

17 (No response.)

18 MR. CONINE: Motion carries.

19 MR. SHERMAN: Thank you very much.

20 MS. CARRINGTON: Fred, don't tell HUD you've
21 got extra time.

22 MR. CONINE: Show up on the 16th.

23 MR. SHERMAN: Or Mr. Shagrue.

24 MR. CONINE: Right. Show up with your letter
25 of credit on the 16th.

1 (General laughter.)

2 MR. CONINE: Third item.

3 MS. CARRINGTON: The third item we're
4 requesting an extension on is the Grand Texans Seniors
5 Community. This is located in McKinney and what they are
6 requesting is to extend the commencement of substantial
7 construction. Their current deadline is November 8, 2002,
8 and they're requesting a new deadline of February 2, 2003.

9 MR. CONINE: Is there a motion?

10 MS. ANDERSON: I move to approve staff's
11 recommendation.

12 MAYOR SALINAS: Second.

13 MR. CONINE: Motion by Ms. Anderson, second by
14 Mayor Salinas to approve the staff's recommendation. Any
15 further discussion? Seeing none, all those in favor,
16 signify by saying aye.

17 (A chorus of ayes.)

18 MR. CONINE: All opposed?

19 (No response.)

20 MR. CONINE: Motion carries. Okay. We will
21 take a ten-minute break right now.

22 (Whereupon, a brief recess was taken.)

23 MR. CONINE: We all appreciate the recess and
24 hope you did too. Let's get back to the agenda. We're
25 down to 5(e) based on where I've got us tracked. Ms.

1 Carrington?

2 MS. CARRINGTON: Thank you, Mr. Chairman.
3 Agenda Item 5(e) is the allocation of 2002 credits to four
4 transactions that were on the waiting list and then a
5 fifth transaction that was split between a 2002 allocation
6 and a forward commitment on 2003.

7 The first document you have behind Tab 5(e) is
8 a list of the developments that have withdrawn, that have
9 returned their credits since the credits were allocated on
10 the 29th of July, and you can look to see that what we've
11 had returned in the Rural is \$1,204,549 in credits, and we
12 also had a General Set-Aside credits returned, Ray's
13 Pointe for \$1,047,330.

14 MR. CONINE: Could we get a feeling -- you
15 know, those are recent decisions we made back in July --
16 can we get a feeling as to what happened on a lot of
17 these?

18 MS. CARRINGTON: Yes, sir, you can, and I can
19 also give you the location of the transactions which I
20 think for me I was interested in finding out where they
21 were. Going down the list, Windmill Pointe is located in
22 Merkel, and that's right outside of Abilene; Briarwood
23 Apartments was to be located in Kaufman; La Mirage Villas
24 in Perryton; Green Manor in Hempstead; Bayou Bend in
25 Waller; Willowchase in Hempstead; and Cedar Cove in Sealy;

1 and Ray's Pointe in Texarkana.

2 Going down the reasons the credits were
3 returned in order:

4 Windmill Pointe, the transaction that was to be
5 located in Merkel was unable to move forward due to market
6 conditions. Basically what they determined was that they
7 were about 20 miles or so from Abilene and that there
8 really was probably not going to be enough market for 76
9 units, and in reading at least an article that was in the
10 Abilene newspaper, the developer said that they had looked
11 for financing from five different lenders and had not been
12 able to secure financing for the transaction.

13 The next two go together and that's Briarwood
14 Apartments and La Mirage Villas. These were developments
15 that were acquisition-rehab and needed additional
16 financing. We were looking at allocating junior lien
17 money to those transactions but the developer was not
18 comfortable that the junior lien money was going to come
19 in time. I think there was probably some miscommunication
20 with staff on those two, and so they did withdraw their
21 transactions.

22 MR. CONINE: Is there any commonality of
23 developers here on all these projects?

24 MS. CARRINGTON: Well, Briarwood Apartments an
25 La Mirage were the same developer; that was Patrick

1 Barbolla, who is a rural developer, old Farmers Home
2 developer who has been in the business for a very long
3 time.

4 MR. CONINE: He's very old.

5 MS. CARRINGTON: Please, I don't want to be on
6 the record telling Patrick that.

7 MR. CONINE: Well, you said he's old.

8 MS. ANDERSON: He's experienced.

9 MS. CARRINGTON: I meant he's experienced.

10 Thank you, Ms. Anderson. He's been in the
11 business a while, a long while. Matter of fact, he was
12 there when I was at the agency in '87, so he's definitely
13 been around a while.

14 The next four are transactions of Pfizer
15 Development Company and these four were acquisition-rehab
16 and they were going to be identity-of-interest transfers,
17 and when we did our standard calculation on identity-of-
18 interest transfers and how much we allow for holding
19 costs, there was a portion of the acquisition cost that we
20 were disallowing, and with that the developer determined
21 that it was not feasible to move forward on those four.

22 Ray's Pointe in Texarkana lost their zoning.
23 They came to us and asked if the site could be changed and
24 they had received the 15 points for preapplication, and we
25 said no, you cannot change your site, and so they did

1 withdraw.

2 Then along with what we've had turned back, we
3 did have \$31,748 which we received in national pool
4 credits, so we did qualify for the national pool which, of
5 course, every year has gotten much, much smaller. So what
6 we have to reallocate is \$2,283,627.

7 I think it's important to note the paragraph
8 right after the chart, a couple of things that the board
9 said in August when we did the waiting list, and that was
10 you asked us to bring the developments back -- as we do
11 have credits to allocate, you asked us to bring them back.

12 We also said that we would look to allocate credits to
13 any of the set-asides that were going to be harmed by
14 having the credits returned, and so those set-asides are
15 the Nonprofit, the Elderly and the Rural, and then we also
16 said that the first credits that would come back from the
17 rural set-aside would go to fund the Woodview Apartments
18 because that was the one that was split between '02 and
19 '03.

20 MR. CONINE: Correct.

21 MS. CARRINGTON: And so the recommendations
22 that you see today are consistent with what the board
23 directed us to do at that meeting in early August.

24 MR. CONINE: Do you want to read those into the
25 record and then we can have some discussion?

1 MS. CARRINGTON: Yes, sir. What staff is
2 recommending -- and this is on page 2 -- is an allocation
3 of credits to: Development Number 02-131, The Meadows of
4 Oakhaven, in Region 8A, and it's a Rural transaction
5 located in Pleasanton, and the allocation amount would be
6 \$407,934; the next is TDHCA Development Number 02-040,
7 Residences on Stillhouse Road, located in Region 4, Rural,
8 \$356,659, and that development is in Paris; the next is
9 02-012, Highland Oaks, Region 7, Rural, allocation amount
10 is \$536,984, that is to be located in Marble Falls. For a
11 total of \$1,301,577.

12 Then picking up the Woodview Apartments, 02-
13 070, Region 2, General, and then the additional credit
14 amount is \$219,938, that would be their full allocation,
15 and the next one is 02-135, Lakeridge Apartments, Region
16 4, General, \$762,112, this is located in Texarkana. What
17 we have is then basically the same thing with Lakeridge
18 that we had with Woodview in that it will have a partial
19 allocation of '02 credits and that as soon as we have
20 additional credits come back, we need actually \$216,077 to
21 complete the allocation on Lakeridge, and we feel fairly
22 certain that we will have that amount or more turned back
23 to us before the end of the year.

24 MR. CONINE: We have a public comment on
25 Lakeridge. Why don't we go ahead and take that now with

1 Mr. Jerry Moore.

2 MR. MOORE: Ms. Carrington and Mr. Chairman and
3 members of the board. I was here only to talk about a
4 misprint I think that came out early when this was
5 published. When I got my copy off the Web, it had an
6 incorrect amount; that has been corrected, so I don't
7 really have any further comment.

8 MR. CONINE: Thank you. Any questions from any
9 board members? Thank you. I guess it would be
10 appropriate to have a motion on the floor at this time.

11 MR. BOGANY: So moved.

12 MR. GONZALEZ: Second.

13 MR. CONINE: Mr. Bogany moves for Ms.
14 Carrington's recommendations on the waiting list
15 replacements for 2002 tax credits, Mr. Gonzalez has
16 seconded. Is there any discussion?

17 MS. ANDERSON: Yes, I have a question. In the
18 underwriting -- we're talking about all five of them in
19 block. Right?

20 MR. CONINE: Yes.

21 MS. ANDERSON: I have a question about
22 Residences on Stillhouse Road. In the original
23 underwriting report that came out at the time we looked at
24 the credits, the recommendations from underwriting is not
25 only for the Low Income Housing Tax Credit allocation but

1 approval of a Housing Trust Fund award. Is that portion
2 of the recommendation still in place and are there Housing
3 Trust Fund funds available to fund that portion of the
4 recommendation?

5 MS. CARRINGTON: Thank you for bringing that to
6 our attention, Ms. Anderson. The Housing Trust Fund award
7 and the SECO awards will not be coming along with this
8 transaction. What we have negotiated with this developer
9 is that they will -- we had a difference in costs and our
10 costs were much higher than theirs, and our costs
11 indicated a large gap and a necessity for Trust Fund or
12 other funds to be able to make the project feasible. This
13 is an experienced developer, experienced contractor, they
14 have told us that they can deliver a fixed-price contract
15 at the lower amount, and so a part of this condition then
16 will be to deliver this fixed-price contract at the lower
17 amount, therefore not using Housing Trust Fund and SECO
18 funds.

19 MS. ANDERSON: Thanks.

20 MS. CARRINGTON: Thank you.

21 MR. CONINE: Any other questions? If not,
22 we'll take a vote on the motion. All those in favor,
23 signify by saying aye.

24 (A chorus of ayes.)

25 MR. CONINE: All opposed?

1 (No response.)

2 MR. CONINE: Motion carries.

3 MR. CONINE: That takes us then back to Item 4,
4 I believe, on our agenda.

5 MS. CARRINGTON: Correct.

6 MR. CONINE: And are we going to go to you or
7 to Mr. Bogany?

8 MR. BOGANY: Ms. Carrington is going to present
9 the discussion of possible approval of proposed amendment
10 for HOME Program regarding biennial funding.

11 MR. CONINE: Great.

12 MS. CARRINGTON: Thank you, Mr. Bogany. At the
13 August 8 board meeting the board did grant permission to
14 staff to open a public comment period for the
15 consolidation of our '02 and '03 HOME funds. The amount
16 of these funds is about \$78 million. We published in the
17 Texas Register, we had a public comment period for 30
18 days, we had two public hearings, one in Austin and one in
19 Dallas. There were some concerns expressed by those who
20 attended the hearings, they just wanted to make sure that
21 we were indeed going to be able to get the HOME funds out
22 next year, and basically supported staff's proposal to
23 combine the two years of HOME funding.

24 So what we are reporting to you today is
25 telling you that there are NOFAs out right now for the

1 CHDO Set-Aside. We're going ahead and getting those funds
2 out, and that amounts to about \$8,387,000, so the board
3 will see in December the recommended awards that will be
4 coming out of the CHDO Set-Aside for '02. We also have a
5 NOFA out right now for Contract for Deed Conversion in the
6 amount of \$2 million.

7 So basically what we're doing with the HOME
8 Program is the balance of those funds -- in other words,
9 not the CHDO money -- will be combined for '02 and '03 and
10 we need permission from you all to amend our Consolidated
11 Plan basically incorporating this change in our allocation
12 of HOME funds for this year.

13 MR. CONINE: Do I have a motion to that effect?

14 MS. ANDERSON: So moved.

15 MR. CONINE: Ms. Anderson moves. Is there a
16 second?

17 MAYOR SALINAS: Second.

18 MR. CONINE: Mayor Salinas seconds. Any
19 discussion? Seeing none, all those in favor, signify by
20 saying aye.

21 (A chorus of ayes.)

22 MR. CONINE: All opposed?

23 (No response.)

24 MR. CONINE: Motion carries. What have we got
25 left?

1 MS. CARRINGTON: Executive Director Report
2 Items.

3 MR. CONINE: Yes, and also let me, if I can, I
4 need to make a technical correction, I think, on our
5 motion on 3(c) on all the bond transactions. All those
6 came under one resolution number, and I've been informed
7 by our bond counsel that we have one other project that
8 had to be under a separate resolution for technical
9 reasons, so I'll read that into the record, if I might.

10 Resolution 02-051 pertaining to the -- hang on,
11 let me find the name of the project here.

12 MS. GRONECK: Woodline.

13 MR. CONINE: There it is, Woodline Park
14 Apartments, 280 units. So I would read that into the
15 record as a technical correction to the motion we passed
16 on Item 3(c) and would ask for a motion to that effect.

17 MS. ANDERSON: So moved.

18 MR. CONINE: Ms. Anderson moves. Is there a
19 second?

20 MAYOR SALINAS: Second.

21 MR. CONINE: Mayor seconds. Any further
22 discussion? All those in favor, say aye.

23 (A chorus of ayes.)

24 MR. CONINE: All opposed?

25 (No response.)

1 MR. CONINE: Then someone had talked about
2 maybe bringing Item 1 back up on the approval of minutes.

3 Mr. Bogany?

4 MR. BOGANY: Mr. Chairman, I was at that
5 meeting and I think it was just a typo that I was absent
6 from that meeting, and I'd like to correct that as being
7 said that I was absent, and vote on to approve those
8 minutes.

9 MS. ANDERSON: Second.

10 MR. CONINE: There's a motion to approve the
11 minutes of the meeting on August 29. Is that the one that
12 you were at that we need to correct?

13 MR. BOGANY: Yes.

14 MR. CONINE: That takes Mr. Bogany from being
15 absent to present. And then also September 12 -- is that
16 in your motion?

17 MR. BOGANY: That would be a separate motion.

18 MR. CONINE: It would be a separate motion.
19 Let's just deal with August 29, making that change. Any
20 further discussion on those minutes? Seeing none, all
21 those in favor, signify by saying aye.

22 (A chorus of ayes.)

23 MR. CONINE: All opposed?

24 (No response.)

25 MR. CONINE: Motion carries. Is there any

1 other motion relative to any other minutes?

2 MS. ANDERSON: Mr. Chairman, I move adoption of
3 the minutes of September 12, as written.

4 MR. GONZALEZ: Second.

5 MR. CONINE: I've never seen minutes take that
6 kind of deliberation. Motion on the floor from Ms.
7 Anderson and a second by Mr. Gonzalez for the approval of
8 September 12 minutes. Any further discussion? All in
9 favor, signify by saying aye.

10 (A chorus of ayes.)

11 MR. CONINE: All opposed?

12 (No response.)

13 MR. CONINE: Motion carries. Now we're going
14 to the Executive Director's Report. Ms. Carrington.

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

16 The first item in the Executive Director's
17 Report is a presentation for your information of the
18 Regional Allocation Formula for the funding for the Low
19 Income Housing Tax Credit Program. TDHCA is legislatively
20 required to use formulas based on objective measures of
21 affordable housing need to distribute its HOME funds, and
22 its Housing Trust Fund, and its Low Income Housing Tax
23 Credit funds.

24 What you have in front of you today is the
25 allocation formula that we will be using for the Low

1 Income Housing Tax Credit Program. Since we --

2 MR. CONINE: Wait. You said I had it in front
3 of me and I'm trying to find it.

4 MS. CARRINGTON: It's the one with the pretty-
5 colored map.

6 MR. CONINE: All right, continue on. I'll see
7 if I can find it -- now I've got it.

8 MS. CARRINGTON: We are right now conducting a
9 series of public hearings around the state in all eleven
10 of our state service regions for the Tax Credit Program
11 and we have included this draft as part of our public
12 comment process, so it will be included and incorporated
13 with our Qualified Allocation Plan and rules. It also
14 will become part of the State Low Income Housing Plan
15 which you all will be asked to review and approve in
16 November of this year. So you will be approving the QAP
17 in November, this will be a component in the QAP; you will
18 also be approving the State Low Income Housing Plan.

19 Two or three things that I think are fairly
20 significant. First, we've all gotten used to the idea of
21 eleven state service regions, beginning next year we're
22 going to have 13 state service regions, and so what you
23 have on the first page is a map that shows what these new
24 regions are, and then an overlay of how they compare to
25 the old state service regions.

1 I think it's important to note that we used
2 four factors in determining this Regional Allocation
3 Formula -- and this is on page 2 of this summary. The
4 first is severe housing cost burden on very low income
5 renters, and we give that a rate of 30 percent;
6 substandard and dilapidated housing stock and that has a
7 weight of 5 percent; renter and owner overcrowding has a
8 weight of 15 percent; and poverty has a weight of 50
9 percent. And then the last factor we do consider is any
10 other available funding that is going into that particular
11 area. This is legislatively mandated. TDHCA has been
12 doing this since 1999, and as I said, what it does do is
13 determine how many dollars will go into, next year, each
14 of the 13 state service regions for dollars, and in
15 particular this is for the Low Income Housing Tax Credit
16 Program; there will be another formula for Housing Trust
17 Fund and for the HOME Program.

18 Down at the bottom of page 2 and on the top of
19 page 3 the way this has changed from last year -- because
20 we have been doing this for the last three years -- we
21 will be requesting in November that you adopt the 13 state
22 service region planning map. We'll be using census data
23 indicators and using only the multifamily part of that.
24 We are proposing to modify the affordable housing needs
25 indicator weights to more accurately reflect respective

1 population size, revise the method by which other
2 available funding in the region is considered, remove
3 funding associated with single family activities from the
4 formula, and include two other types of HUD funding which
5 are Housing for People with AIDS and Emergency Service
6 Grants as their funding activities are very close,
7 transitional housing, other kinds of activities funded
8 with the Tax Credit Program.

9 For anyone who just loves statistics, if there
10 are any of you all who are interested in how all of this
11 was calculated, you can see on page 3 and on page 4 how
12 indeed this is calculated. Now, anticipating that there
13 perhaps wouldn't be very many comments on the calculation
14 part of this, I did not bring Steve Schottman with me
15 today, who works in the Housing Resource Center and who is
16 the one who came up with this. And I do understand over
17 the years that we have refined and perfected and that it
18 has gotten a little more complicated as we have moved
19 through the process.

20 Steve or Sarah Anderson will be at the board
21 meeting in November, so if when you all are asked to
22 approve this as part of the State Low Income Housing
23 Plan -- which you will be -- then Steve and/or Sarah will
24 be there to answer any specific questions that you all
25 might have. So information only today.

1 MR. GONZALEZ: Region 11 has two directors, not
2 one?

3 MS. ANDERSON: Concentration.

4 MS. CARRINGTON: Uh-oh.

5 MAYOR SALINAS: Both ends of the board here.

6 MR. CONINE: Bookends. Okay.

7 MS. CARRINGTON: The second part of this is
8 again for your information only. Again, in the same
9 legislative session in 1999 -- which is the 76th Session
10 of the Legislature -- it required TDHCA to come up with
11 needs indicators that we would use within counties of the
12 service regions, and what this does is provide for us an
13 objective measure of each region's affordable housing need
14 by which the associated funds are accordingly distributed.

15 What you see on the information that's provided for you
16 today is basically using the same four factors that we've
17 talked about, and then looking also at other available
18 funding that goes in the area, and each application then
19 gets a score based on these needs indicators.

20 So this and the Regional Allocation Formula
21 really go together to help us determine how much money
22 goes in each of the particular areas and then since these
23 areas of course have several counties within them, how we
24 further refine and define within these regions who has the
25 greatest need. The three things that we are looking at in

1 the Affordable Housing Needs indicators are looking at
2 census data -- and unfortunately, this is 1990 census
3 data; we don't have the 2000 data that we need until
4 sometime in the spring of '03 -- so we're looking at the
5 1990 census data, we're looking at poverty estimates that
6 come out by the Department of Health and Human Services,
7 and then TDHCA does on an annual basis a community needs
8 survey.

9 And those are the factors that we use as we
10 look at pushing this down into each of the counties and
11 determining what the needs are in those counties, but then
12 also going back to see those four factors we use with the
13 Regional Allocation Formula also.

14 So again, information only. The methodology
15 for both of these, as I said, is incorporated in our State
16 Low Income Housing Plan and will be part of what you all
17 will be asked to approve in November.

18 MR. CONINE: Can I ask a question?

19 MS. CARRINGTON: Yes, sir.

20 MR. CONINE: This is a new scoring mechanism
21 that staff has generated from policy discussions, I'm
22 sure, amongst staff.

23 MS. CARRINGTON: Well, I think it's refined
24 because we have had scoring mechanisms in the past since
25 the '99 legislation.

1 MR. CONINE: For affordable housing needs
2 score?

3 MS. CARRINGTON: Yes, sir.

4 MR. CONINE: So we're refining.

5 MS. CARRINGTON: Yes, sir.

6 MR. CONINE: Refining it based on what we've
7 done in the past, and it now is going to weigh in on the
8 overall tax credit scoring as a particular factor. Is
9 that what I heard you say?

10 MS. CARRINGTON: Yes, sir. And when you look
11 at the counties that the developments are located in, it
12 helps us determine need in those particular counties.

13 MR. CONINE: One of the things relative to need
14 that seems to me to be kind of inconsistent with what we
15 do is that in the higher income counties the rents that
16 you can attract and the income levels that pertain to
17 those counties may or may not be relative to market rate
18 rents, could be the same, could be higher, could be lower,
19 and I was hoping that we could get some measurement of
20 that standard included in our tax credit scoring process.

21 I don't know whether this is the place to address that or
22 whether just a standard old regular score of the QAP is.
23 Would you have any thoughts or comments on that?

24 MS. CARRINGTON: I would say that we can take a
25 look at this and see how we might incorporate it into the

1 actual scoring on the individual applications.

2 MR. CONINE: In other words, a project in
3 Dallas that would have a two-bedroom that rents for \$900 a
4 month, for instance, when market value rents in Dallas may
5 be \$900 a month, the need wouldn't be as great in that
6 case as if the market rates were \$1,300 and you could
7 bring a \$900 two-bedroom into the market. That's what I'm
8 trying to get some basis of touch and feel for. We've got
9 counties in Texas that I believe the disparity could be
10 quite large and consequently the impact of that project
11 would be quite large in that particular county, as opposed
12 to one where we would be injecting affordable units to
13 basically compete with market-rate units. And I think
14 that's a fallacy in the current system -- or not fallacy
15 but we need to figure out a way to create some scoring
16 weight for that activity.

17 So again, this is a comment I'd like for you to
18 either address it here or in the other part of the scoring
19 mechanism in the QAP.

20 MS. CARRINGTON: Okay. I would encourage you
21 all, if you do have any questions about this between now
22 and the November board meeting, give me a call and I will
23 probably send you almost directly to Steve Schottman or
24 Sarah Anderson.

25 And certainly, Mr. Conine, I will take your

1 comments into consideration and see what we can do about
2 it for next year.

3 MR. CONINE: Okay.

4 MS. CARRINGTON: The next item on the Executive
5 Director's Report, you have in front of you the report on
6 our reorganization. It's still going on, in the midst of
7 Sunset and everything else, it's still going on. We have
8 on the second page a chart for you that tells you what
9 we've done and that we've mapped 180 baseline processes in
10 22 different sections in 11 divisions, and approximately
11 150 major processes have been redesigned or created in 22
12 different sections in 10 divisions.

13 The chart shows you what we mapped that's
14 currently existing and what is being proposed, an update
15 at the bottom on FTE and staffing and that we are working
16 on doing an FTE analysis for the new structure, the
17 proposed structure, and at this point we don't really know
18 what that FTE savings is going to be until we finish
19 actually doing the FTE allocation and the central
20 database. We believe the organizational improvements --
21 several of them, these are not all of them, certainly --
22 new TDHCA community building, our technical assistance
23 process, publications clearinghouse process, early
24 intervention and advanced intervention on asset management
25 on troubled assets. Redesigned processes include, we

1 believe, improvement of horizontal communications,
2 supervisory oversight, and that many of our processes are
3 cross-referenced.

4 We are behind and a good part of that is
5 because of me. We have had staff that have worked
6 diligently and spent many hours on doing the redesign, but
7 what I have been doing is going through every one of the
8 processes that has been redesigned, and that has taken a
9 lot of time and I have not necessarily been always
10 available. So we do plan to finish up the review next
11 week of that redesign.

12 What you have as the last document is still
13 marked as a draft, and I'm not really asking for your
14 approval at this point because if you all will remember,
15 what you did was approve in concept, and this is different
16 than the one that we looked at in July of this year, and
17 some of those differences are that under the Chief of
18 Agency Administration, administrative support which is our
19 human resources and facilities area, that was over under
20 Housing Operations as was Information Systems. In really
21 looking at the functions and the responsibilities and
22 looking at other organizational charts from other states
23 FHAs, we have put those under the Chief of Agency
24 Administration.

25 The Program area I think has stayed pretty much

1 as it was in July; the Housing Operations area of course
2 changed to the extent that I just mentioned; and then we
3 also have included under the Director of Real Estate
4 Analysis not only Underwriting but Cost Certifications and
5 Workouts. This was basically the presentation that our
6 consultant did provide to the Sunset Advisory Commission
7 because the Sunset folks have met with him also, as I know
8 they have met and talked to several of the board members,
9 and they are very interested in our progress and so we use
10 this document for a report to them also.

11 So I'll be happy to answer any questions you
12 all might have on this. We're still targeting December 31
13 for the migration of the major two areas which are the
14 Multifamily Housing Finance area and the Single Family.
15 Obviously much of this will be going on over time. Those
16 are the two divisions that are actually being cobbled
17 together from multiple divisions and are going to require
18 really the most integration of the functions, and so those
19 are the two that we're focusing on first.

20 MR. CONINE: This does look a little different
21 than the one we first looked at back in July or whenever
22 it was. I know you've been working on this with your
23 staff. Could you update this draft and put some names in
24 some of these boxes in addition to those that you've
25 actually talked to and talked about so we can get a feel

1 for what kind of progress you're making in that area.

2 MS. CARRINGTON: Mr. Chairman, I'll be able to
3 do that probably in about the next two weeks. One of the
4 things that I determined that I would not do was name some
5 and not all because that would leave some staff wondering
6 where they're going to be, and I have not moved along as
7 quickly as I would have liked on a deputy executive
8 director's position. We are much closer on several of
9 these positions and several of them have been settled, but
10 my plan was to have all of the positions named by the end
11 of October, and so it basically would all come out at that
12 time.

13 MR. CONINE: Okay, that's great. Any other
14 questions?

15 MS. CARRINGTON: Item number 4 -- you do not
16 have any material on this -- this is a Public Housing
17 Authority Advisory Group. This came out as a result of
18 the Urban Affairs report to the legislature, Chairman
19 Carter's committee, and this report has actually come
20 out -- House Committee on Urban Affairs -- and there were
21 four charges in this committee, and TDHCA was addressed in
22 two of them -- or two of the charges specifically related
23 to TDHCA. And what we are doing is creating an advisory
24 group of housing authority members around the state.

25 You all may remember at your board meeting in

1 El Paso in February you had a presentation from a
2 gentleman from the San Antonio Housing Authority who did
3 ask that such a group be put together. The Urban Affairs
4 report does not name it as an advisory committee to the
5 board, they name it as an advisory committee to staff.
6 Staff is absolutely moving forward with this. We plan to
7 do it on a quarterly basis. We do have some points in the
8 QAP for working with housing authorities, so it's a
9 relationship that we are very serious in fostering and
10 believe that we can benefit as well as they.

11 And then I have one more item I want to add.

12 MR. CONINE: Sure.

13 MS. CARRINGTON: Friday of last week I did go
14 to Big Spring, Texas, and what was going on in Big Spring
15 was a board meeting of ORCA, the Office of Rural Community
16 Affairs, and you all I'm sure know that ORCA has a
17 responsibility to be involved in the administration of the
18 Rural Set-Aside for the Low Income Housing Tax Credit
19 Program. As a matter of fact, our legislation says
20 jointly administer the Rural Set-Aside in Senate Bill 322.

21 And so I offered and volunteered to go to Big
22 Spring and meet with actually their executive committee
23 which was nine members -- and of course one of those
24 members is Lydia Saenz, who used to sit on this board, so
25 it was good to have a friend there -- and I spent about an

1 hour and a half talking to the ORCA board about the Low
2 Income Housing Tax Credit Program in general and the steps
3 that TDHCA and ORCA have taken to date, beginning in
4 February, and there has been a lot of cooperation between
5 the two agencies, and informing their board of what areas
6 they have responsibility in, such as determining threshold
7 criteria, selection criteria and scoring as it relates to
8 the Rural Set-Aside.

9 We are in the process of putting a memorandum
10 of understanding in place with ORCA for this joint
11 administration of the Tax Credit Program on the Rural Set-
12 Aside.

13 MR. CONINE: Okay, thank you for your report.
14 It sounds like there's been no rest for the weary, a lot
15 of stuff going on.

16 Have we got anything else? We're going to have
17 to go into executive session as a board, and is there
18 anything else that I've missed as being a rookie chair in
19 this thing?

20 All right. Then on this day, October 10, 2002,
21 at a regular board meeting, the Texas Department of
22 Housing and Community Affairs held at Corpus Christi,
23 Texas, the board of directors adjourned into a close
24 executive session as evidenced by the following:

25 The board of directors will begin its executive

1 session today on October 10 at 11:55 a.m. The subject
2 matter of this executive session deliberation is as
3 follows: a) litigation and anticipated litigation,
4 potential or threatened, under 551.071 and 551.103, Texas
5 Government Code, Litigation Exception, Cause Number GN-
6 202219, Century Pacific Equity Corporation v. The Texas
7 Department of Housing and Community Affairs in the 53rd
8 Judicial Court of Travis County, Texas; b) Sheltering Arms
9 Community Affairs Program, Recipient; and c) Costa Verde,
10 Ltd. Low Income Housing Tax Credit Application Number 02-
11 041.

12 Also consultation with attorney pursuant to
13 551.071 Texas Government Code on 501(c)(3) Multifamily
14 Housing Mortgage Bonds (Williams Run Apartments) Series
15 200A. And three, discussion of any item listed on the
16 board meeting agenda of this date.

17 We'll be adjourned into executive session and
18 we'll come back afterwards to take any action we need to.

19 (Whereupon, the meeting was adjourned, to
20 reconvene following executive session.)

21 MR. CONINE: The board of directors has
22 completed its executive session of the Texas Department of
23 Housing and Community Affairs on October 10, 2002, at
24 12:35 p.m. I hereby certify that an executive session of
25 the Texas Department of Housing and Community Affairs was

1 properly authorized pursuant to 551.103 of the Texas
2 Government Code and posted with the Secretary of State's
3 Office seven days prior to the meeting, and this is a true
4 copy and correct record of the proceedings signed by me.

5 No action was taken in executive session. Is
6 there anything further to come before the board?

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

8 MR. BOGANY: Second.

9 MR. CONINE: A motion for adjournment, there's
10 a second. Again, I would like to thank Corpus Christi for
11 hosting this particular meeting. We certainly enjoyed our
12 stay here and we'll try to go get a little bit of lunch to
13 enjoy it further. We stand adjourned. Thank you.

14 (Whereupon, at 12:38 p.m., the meeting was
15 concluded.)

C E R T I F I C A T E

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MEETING OF: TDHCA Board
LOCATION: Corpus Christi, Texas
DATE: October 10, 2002

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

(Transcriber) 10/23/02
(Date)

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