TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

Room 437
Waller Creek Office Building
507 Sabine Street
Austin, Texas

1:40 p.m.
Friday,
April 14, 2000

BOARD MEMBERS:

DONALD R. BETHEL, Chairman
DR. FLORITA BELL GRIFFIN
MARGIE BINGHAM (not present)
JAMES DAROSS
ROBERT BREWER
MICHAEL JONES
C. KENT CONINE
LYDIA SAENZ
MARSHA WILLIAMS

STAFF:

DAISY STINER, Executive director
DELORES GRONECK
BRENT STEWART
CHERNO NJIE
TOM GOURIS
BETTY MARKS
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ADJOURN
MR. BETHEL: We'll call this meeting to order of the Board Meeting of the Texas Department of Housing and Community Affairs, meeting April 14 in the year 2000 at approximately 1:40.

MR. BETHEL: We'll have the roll call. Don Bethel here.

Michael Jones?

MR. JONES: Here.

MR. BETHEL: Margie Bingham? And Margie had called and said that her meeting ran a little late in Houston and that she couldn't get a plane out and she wouldn't be here today.

Robert Brewer?

MR. BREWER: Here.

MR. BETHEL: Kent Conine?

MR. CONINE: Here.

MR. BETHEL: James Daross?

MR. DAROSS: Here.

MR. BETHEL: Dr. Florita Bell Griffin?

DR. GRIFFIN: Here.

MR. BETHEL: Lydia Saenz?

MS. SAENZ: Here.

MR. BETHEL: Marcia Williams?

MS. WILLIAMS: Here.
MR. BETHEL: We have eight members present, one member absent; we do have a quorum.

We would ask that if you'd like to speak before this body that you would come forward and fill out a witness affirmation form, as all proceedings of our meeting are recorded for public record. If you'd give them to the court reporter, Penny, and she will hand them up to us. We have several wishing to speak. If you'd like to speak on a particular agenda item, if I call your name, if you'd just indicate that. And when you're recognized, if you would come forward to the podium and state your name for the record.

I might mention, recognize some of the officials in the audience. We have, it says, Representative Harryette Ehrhardt. I didn't see Harryette. We've got Johnnie Morales from the Speaker's Office, Danette Rich with the Governor's Budget Office, Jeremy Mazur from Sunset Review, Daniel Estrada with LBB, Donna Chatham and Tim Thetford, Chante Prox with Senator West's office, Michael Grimes from Senator Chris Harris, Laura Reed with Senator Frank Madla, and Mike Geeslin with the Lieutenant Governor's Office. I guess that may be all that are here.

We appreciate all of you being here today.

We will open our public hearing section right
now, and we have Richard Jimenez that will speak first with the Texas Youth Works. Richard, if you'll come forward and state your name.

MR. JIMENEZ: My name is Richard Jimenez with American Youth Works.

MR. BETHEL: Try to speak up a little bit so that the people in the audience can hear.

MR. JIMENEZ: Sorry.

MR. BETHEL: That's all right.

MR. JIMENEZ: I'm here representing my program and what we do. I'm kind of nervous here.

MR. BETHEL: That's all right; don't worry about it. Everybody is just regular; we've been nervous too.

(General laughter.)

MR. JIMENEZ: I was asked to speak about where I was at before I joined the program and how my life has changed by joining the program.

I was a third-year freshman attending public school, really no future, and I found out about the program and decided to join, and now I'm a peer trainer on my crew, learning a lot of responsibility.

DR. GRIFFIN: What do you do? What is your program?

MR. JIMENEZ: We build low income housing for
low income families.

DR. GRIFFIN: Have you got pictures?
MR. JIMENEZ: Not on me.
DR. GRIFFIN: That's all right.
MR. JIMENEZ: Maybe I should have brought some.
DR. GRIFFIN: No. That's all right. So what specifically do you do? Do you build cabinets or do you do the drywall?
MR. JIMENEZ: I build from the ground up. They teach us the trade of construction on how to build everything from the ground up.

DR. GRIFFIN: Good deal.
MR. JIMENEZ: And I think it's a great program and it should be nationwide to keep it alive, because without this, I wouldn't have nothing.
MR. BETHEL: So have you worked any on your education, continuing education?
MR. JIMENEZ: Yes, sir. They're paying me to get my GED right now. I'm almost done with it; I've got about one more test to take and I'll have my GED, and like I said, this is the best program I've ever been in.
MR. BETHEL: Thank you, Richard.

(Applause.)

MR. BETHEL: Shane Sayer. Shane is with the Texas Youth Works also.
MR. SAYER: Yes. My name is Shane Sayer and this is one of my co-workers here, my peer trainer on my crew, and we build low income houses for low income families, we cut the utilities bills 40 percent. Like he said, we build from the ground up -- we out there working.

I'm getting my GED right now; I'm just waiting on my ID so I can take the test and by then I'll have my GED. I've already taken my practice test.

Before I got in here I was the same thing: three-year freshman. I wasn't going nowhere; I was on the streets. Now I have something to do all day -- I work, I go to school, get my GED, like I said. I wasn't going to school; I was just going to public school and then leaving.

My life has just changed, has so many improvements; I'm doing way better. I stay with my family, and I was never with my family. And this American Youth Works has just changed my life all around; it's better. I can't think of nothing else to say. It's a good program; I wish they had it in every city for every kid like me, and that's about it, really.

DR. GRIFFIN: How many people work on your crew, Shane?

MR. SAYER: At least ten. Thank you.

DR. GRIFFIN: Thank you.
MR. BETHEL: You heard the tone go off. We were going to set a three-minute limit to speak, but that's for the other people; the Youth Works can speak as long as they want to, the young ones.

(General laughter.)

MR. BETHEL: Dennis Borel.

MR. BOREL: My name is Dennis Borel. I'm the Chief Financial Officer with an organization called American Youth Works, and we were known as American Institute for Learning for 20 years before January when we adopted the name American Youth Works.

You know, it's a great pleasure to bring Richard and Shane here to talk about their firsthand experience. As you can imagine, perhaps when you were 17 or 18 years old, to appear in such a setting as this, and I'm proud of them and I know you are too.

I would like to introduce Richard Halpin -- Richard, if you would raise your hand -- he's the CEO and founder of American Youth Works.

(Applause.)

MR. BOREL: He's here with me, but he's going to let me do a little talking today.

Here's the deal, Board members. Three years ago you took a leap of faith, an innovative leap of faith,
and that leap of faith was a contract, a contract with us
to see if we could take our program, building quality,
energy-efficient, affordable housing with you -- like the
youth I brought here today -- and spread it statewide and
support our efforts. I'm here to tell you, Did your faith
be rewarded, and the answer is yes.

I have here the documents I've provided you.
I've tried to make this as brief and concise as possible.,
but on your front cover you'll notice here the main thing
is look here on this map on the bottom. These are the
programs that are part of the Texas Youth Works network
that have been supported by the contract you have given
us. It has gone statewide.

Please open your document here. Look on your
left-hand side where we have the graphics. What are our
products, our hard results? Sixty units of new housing,
affordable housing has been created in the state under
Texas Youth Works. That's good.

But Youth Works isn't all about building
houses. It's about building the youth, youth who may not
have had all the advantages that I or some of you have
had. How many of them were served in the program? The
lower number here shows 464 youth documented served in the
program, 351 now placed in permanent jobs or continuing
training, a success rate of 75 percent. And these youth
often were the ones that were succeeding at zero percent
in our public school system.

This program works; you've helped make it
happen. Is that all that happened? Let's look between
the graphics, if you will.

DR. GRIFFIN: Can I ask you something?

MR. BOREL: Yes, please, Doctor.

DR. GRIFFIN: Explain the asterisk down here.

It says the asterisk and the little man equals ten youth.

Explain that to me.

MR. BOREL: I sure can. We have so many youth
participating in this program that if we actually put 350
little stick men, we would have run out of room, so each
one of these little stick figures represents ten youth.

DR. GRIFFIN: Ten. Okay.

MR. BOREL: So what happened between the
graphics? If you'll look on the next page on more
results, the stuff that we did that you didn't expect to
maybe happen. Did we build some CHDOs? Yes, we did.

Seven CHDOs got their capacity built; three new
ones created, three entire new ones; 40 first-time
homebuyers receiving down payment assistance through this
contract; $220,000 in private sector loan money provided
for startup operations around the state; Colonias projects
in Brownsville; a terrific high-efficiency house which was
the hit of the San Antonio Affordable Housing Parade;
homes built for ownership in the rural community of New
Waverly; more homes built for ownership in the Lower Rio
Grande Valley in Harlingen; rental units, an innovative
project for HIV sufferers in San Antonio being built with
Texas Youth Works money; rental units for elderly, a
crushing need in the West Texas community of Levelland.

Did this attract some other sources of
interest? You bet it did. HUD granted five HUD youth-
build grants to your Texas Youth Works sites. That's
fantastic. Those grants ranged from 350- to $700,000. And
I can speak to you that becoming a member of this Texas
Youth Works Program was a big linchpin in bringing these
federal dollars into this state.

How did we do in Austin? That's my last
bullet. We got a lot of scrutiny since we came here three
years ago, a lot of independent, unbiased evaluation.

Note the kind of recognition we've received:
HUD named us one of the 100 best practices in this
country; the Presidential Service Award was awarded by the
Points of Light Foundation, personally presented to my
friend Richard here in the White House by President
Clinton, only 21 awarded out of 3,700 national nominees.
Colin Powell thought this was such an innovative program
that he named it a national teaching example in the
Grassroots America's Promise Program he's instituted nationwide, and Governor Bush -- this is bipartisan -- he gave us the Clean Texas 2000 Award as the top youth environmental program in this state.

Because of the housing? No. Because of the terrific energy-efficiency and the green-building techniques we're employing, employed by our youth. What did this cost you? Here's my little square. Only an accountant could come up with three lines and convey this story. You gave us $2.1 million to build with; we are returning 1,050,000 in the form of mortgage notes.

(Applause.)

MR. BOREL: Thank you. Therefore, what was your actual money out, your net investment? $1,050,000 for all these youth, all these homes, all the local great PR, media, and yes, dare I say so, political support for this effort and this agency.

There's a photograph here on the bottom of this page. The gentleman in the middle is Gus Garcia, Councilman, who is the most revered and respected elected official in this community. He's got his arms around two of our young people. You know why he does that? Well, he likes young people. Yes, he does.

But his community is faced with two real big problems: a lack of affordable housing in this community.
and opportunities for youth. He sees Texas Youth Works and our Austin operation as a great source in both those issues.

My last comments are on the back page. This is my page, again, of political support. Some of your Board members may not know that Governor Bush signed the Texas Youth Works Bill entering this program into state law, and he did it with quite a bit of flourish and wonderful comments. And if you look closely at that picture, you'll see, once again some young people in that picture because they were involved in our efforts to get that passed.

This is a thank you public comment. Thanks for the faith. I hope you feel that your faith was rewarded; I feel it was rewarded. This was a pilot program. To me, when I hear the words "pilot program" I think that means, well, let's try something out and if it flies, let's support it some more. I know that your staff -- Daisy has mentioned to me, that you've identified some funds to continue funding Texas Youth Works.

On behalf of all the Texas Youth Works sites in Texas, thank you for that, and I would ask if you like this pilot program and you like the way it's worked, maybe you can find a few more dollars. Thank you, and if you have any questions, I'd be happy to answer them at this time.
MR. BETHEL: Thank you.

(Applause.)

MR. BETHEL: Dennis used up most of your time.

(General laughter.)

MR. HALPIN: One of the things I've loved about you, Chairman, is that you have such a great sense of humor.

I can't really repeat the eloquence of my partner, but I do want to hit a few points. My name is Richard Halpin, and I am CEO of American Youth Works.

I want to tell you something Shane didn't tell you. Shane used to be one of the young people that did graffiti everywhere and do things in neighborhoods which you really don't want to see happen in neighborhoods.

When we were speaking to some folks yesterday, Shane told me -- I hope it doesn't embarrass you -- but he said, I know I'm working in the neighborhood to clean it up; now I'm building houses in that neighborhood. All the graffiti is gone; all the drug dealers are gone; all the prostitutes are gone. That neighborhood has 50 homes in it that you folks supported.

You've actually turned the neighborhood completely upside down, and the young people who used to be part of the problem are now a dramatic part of the solution. That's very powerful.
The second thing I wanted to say is I just returned from the National Sustainable Construction Conference in Denver. HUD invited me to come up and speak about our partnership and what we do together. I must have had 40 people who wanted to come and replicate the program right away after my talk, and PATH, which is the Partnership for Advancing Technology in Housing, a new HUD program, wants to make this program a national demonstration site.

The next item I wanted to mention to you is Peter Drucker said that risk and security are parallel. Your investment, the taking of the risk that you took, the leadership that Daisy has provided and John has provided and the other folks on your staff, the partnership of working together in the toughest neighborhoods we could find with some of the toughest young Texans we could find, has provided some enormous security. We've delivered here, dramatically.

You've returned young people to a sense of hope in a future; you've returned neighborhoods. People say to us, My children can play in the front yard now. They couldn't do that before; they were afraid they'd be shot by a drug deal gone bad or a drive-by. You've created a winner in terms of a program; you've created a model that I think everybody in our state can be enormously proud of.
Most folks in states across the nation don't know what to do with these young people who have dropped out of school, who are at risk.

You've been part of a movement to recognize young people's promise. You've helped draw their talents out to create solutions instead of wringing hands over filling our prisons. This is a profound opportunity for our state, our governor to position themselves nationally to have something that meets our needs in terms of building more affordable housing while building lives and building neighborhoods and building people who can fill our workforce.

We are enormously proud to have partnered with you on this great success, and we're delighted that it's being looked at as a national model. And we hope that you will choose to continue it, and you will share with the governor of our state that you've produced this successful strategy and that you've given him a way to recruit thousands of more young Texans to be part of a healthy future.

Thank you, Chairman Bethel, very much. And ladies and gentlemen of the Board, thank you for all your hard work and support, Daisy, for you and your staff, your terrific partnership with us.

MR. BETHEL: Thank you.
(Applause.)

MR. BETHEL: Walter Moreau.

MR. MOREAU: Hello. My name is Walter Moreau.

I simply wanted to invite you to our grand opening for Trails at the Park which is a 1998 tax credit community. We appreciate your funding of this project.

We've finished construction; it's full. One of our biggest challenges is daily we have people that stop by that make too much money. It's really a beautiful property in terms of the architectural design and site plan and the learning center. We've got about 50 kids a day already enrolled, and about 50 families enrolled in our individual development account program which allows them to save and match savings towards home ownership or education.

So I invite you to check us out -- see what it's all about. The property is on the south side of Austin. It's at four o'clock, May 18, just before the next Board meeting. So I hope to see you there, and we'll be back in the next couple of months on our newest project in southwest Austin. Thank you.

MR. BETHEL: Thank you.

I have several that's wanting to speak on some tax credit projects. Would you like to speak now or would you rather wait till we get to that agenda item?
VOICE: Agenda item.

MR. BETHEL: I think we'll do the agenda item and then we have one on a report item, so I'll hold that off and close the public speaking right now, and then you can speak on that agenda item if you would like.

The first item on the agenda is the approval of the minutes of the Board meeting of March 14, 2000. Are there any additions or corrections?

MR. DAROSS: Move the minutes be approved as submitted.

MS. SAENZ: I second.

MR. BETHEL: We have a motion by Mr. Daross, seconded by Ms. Saenz, that the minutes be approved as presented. All those in favor, say aye.

(A chorus of ayes.)

MR. BETHEL: All opposed, say no.

(No response.)

MR. BETHEL: All abstaining?

(Bethel, Jones and Conine abstained.)

MR. BETHEL: The motion did carry.

Agenda item number 2 is approval of the Year 2000 multifamily tax exempt bond maximum income limits.

Dr. Griffin.

DR. GRIFFIN: The Programs Committee met this morning and unanimously voted to recommend to the full
Board the Year 2000 multifamily tax exempt bond maximum income limits as in our handouts.

Ms. Stiner, would you want to add anything to that?

MS. STINER: No, Madame Chair. That's perfect.

DR. GRIFFIN: Thank you. So in the form of a motion, I recommend -- I move that we approve, the full Board, the Year 2000 multifamily tax exempt bond maximum income limits as per staff recommendations.

MR. DAROSS: I second that.

MR. BETHEL: We have a motion by Dr. Griffin, seconded by Mr. Daross, that we approve the Year 2000 multifamily tax exempt bond maximum income limits. Are there any questions?

We have to do this every year, don't we?

MS. STINER: Yes, we do.

MR. BETHEL: I mean, it's a requirement. We can't say it's going to continue; we have to have Board action every year. Is that right?

MS. STINER: Well, if the Board voted to look at it annually, it's up to the Board to change their mind and tie it to some index that you're comfortable with, if you so choose to do that. I think I'm correct that it has to be -- I stand corrected, pardon me -- General Counsel said it has to be annually.
MR. BETHEL: Okay. Any other questions? All those in favor, say aye.

(A chorus of ayes.)

MR. BETHEL: Opposed, say nay.

(No response.)

MR. BETHEL: Any abstaining?

(No response.)

MR. BETHEL: The motion carried.

DR. GRIFFIN: And Mr. Bethel, while we're on the Programs Committee meeting, I just have a comment to make. May I make it?

MR. BETHEL: Yes.

DR. GRIFFIN: I have been in contact with HUD Secretary Cuomo's office, and the secretary is very concerned about these HUD affidavits that his office has asked us to sign, so I would like to encourage all of our Board members to sign the affidavit so they can come in. We have four as of this week that had not, and there were several who were trying to change the affidavits, but I really think I encourage us to go on and sign and say we're not stealing HUD's money because we get $120 million a year from HUD, and it's going to be a national embarrassment if we are trying to -- as young folks say -- shuck and jive and not face up to our responsibilities to sign the affidavit.
Thank you. And I will be meeting with him in a couple of weeks personally.

MR. BETHEL: Okay. I won't respond to that at this time.

DR. GRIFFIN: No need.

MR. BETHEL: Our next item is agenda item number 3, a report from the Finance Committee. The first item on the agenda was the approval of Second Quarter Investment Report, and the Finance Committee did recommend approval of the investment report. Are there any motions, or do you want to hear the investment report?

MR. BREWER: I've already looked at it.

MR. JONES: I move we approve it.

MR. BREWER: I second.

MR. BETHEL: We have a motion by Mr. Jones, seconded by Mr. Brewer, that we approve the Second Quarter Investment Report. Are there any discussions? Any questions?

(No response.)

MR. BETHEL: All those in favor, say aye.

(A chorus of ayes.)

MR. BETHEL: Opposed, say nay.

(No response.)

MR. BETHEL: Motion carried.

The second item on the agenda is the proposed
issuance of multifamily mortgage revenue bonds for the Hickory Bend Apartments, Dallas, Texas, in an amount not to exceed $12,300,000. I have some witness affirmation forms on this. All the members were here today when we heard that, except Dr. Griffin. And so I would like, if you'd like to come speak, maybe limit it to three minutes today so that she may get an idea.

DR. GRIFFIN: Oh, you don't have to do it for my benefit; I've read it.

MR. BETHEL: Okay. Well, I'm going to do it for the audience's benefit too.

DR. GRIFFIN: Okay.

MR. BETHEL: So -- Carole Bonner. Carole, did you want to speak first or did you want Thelmer?

MS. BONNER: I really wanted to Thelmer to speak first because she --

MR. BETHEL: She's a little more outspoken, also.

MS. BONNER: Yes, she is.

(General laughter.)

MS. NORMAN: Good afternoon. Giving honor to all of you. Thanks for hearing us out today on the Hickory Bend project. I'm president of the United Homeowners Association of Oak Cliff. United Homeowners Association of Oak Cliff is an umbrella organization for
the local associations in the area.

   It's about ten homeowners associations that
went in like a merger and we are the umbrella for all of
them. Since we have so many issues that concern
everybody, all the homeowners associations, then that's
where we come in.

   We're working on the economic development of
the southwest sector out there, and we had a big project
as a community effort -- which I spoke this morning and
showed you this red book which we sent out letters to
about 2,000 people in Area 5 and 8 to do what we call a
planned development which is the scientific name PD.

   What we did, we got 800 acres changed in -- all
the land on the left-hand side of Hamilton Road, and on
the right-hand side is the Area 8 which is this apartment
complex that's being proposed to go in.

   That was designated as our industrial area. We
mapped out everything in the entire area the way the
community wanted it. We all voted on it, we took it to
city hall, and the planning commission voted on it
unanimously, all of them, to approve the single family
dwellings in the area as opposed to the multifamily.

   We had what you call an oversaturation of
multifamily in the area. Just like if you take an apple,
apple out four ways -- you got four little children here you want to give it to -- you take that apple -- if one of them say, Hey, you gave him more of that apple than you did me, Mama, there's a fight; you got a problem.

You got to issue it out equal portions -- court-mandated off of the Walker Consent Decree says: spread it out equally in the southern sector; give the north the same amount; give the west and east -- all gets an equal share of that apple.

So what is happening out there is that they're throwing it all out there in one area of the apple, so you have the community upset. It's a big issue in Dallas; I mean, it's gotten nasty. They came in without any knowledge of the community leaders knowing that this was coming; we were not informed of Phase One.

So it was an insult to the people, and they did such a slouchy job. No bathrooms were put downstairs; the ones they showed me in Garland, they had bathrooms. That's discrimination.

You said these out here are going to be exactly like the ones we're going to build -- we're proposing to build. Not so. Didn't even put in any landscaping and then told us, We'll go back and do these things for Phase One contingency on you approving Phase Two.

So the community says no; our State Senator
Royce West says no; State Representative Jesse Jones says no; the mayor's office -- we just got a phone call from the housing department a little while ago saying they say, We're going along with the community, Senator West and Representative Jesse Jones. We say no.

So if you've got everybody out there saying no, these are outsiders coming in. I've been in that area 22 years; I've worked on this particular project 15 of those 22 years. I've neglected a whole lot. We have the highest crime rate out there until it has stepped on my front doorstep, and then I've been stopped in the middle of the street, selling drugs. It's terrible. We have 287 prostitutes on the corner. It's a serious matter.

So please, I'm begging you, please do not approve this project. Our schools are oversaturated; we have 211 students over in both of the two feeders schools there in that area. Thank you.

MR. BETHEL: Thank you.

Ms. Bonner.

MS. BONNER: Good afternoon. My name is Carole Bonner, and I'll keep it real brief.

As you heard earlier this morning, I am opposed to the Phase Two development of Hickory Bend for several reasons. Phase One is here and we have to live with it, even though we're not pleased with Phase One. Brisben
Companies, they have come in and they've done some additional landscaping at our request; however, Phase Two, we could not agree upon anything that they presented to us that made us feel good that they really wanted to work with the community.

Phase Two, they want to cram 250 units on 20 acres of land which I think is just too densely populated. The problems that we've been having within our particular community with multifamily structures, with developers coming in out of the state is over a period of time they run down, they become drug-infested, high crime just because property owners, the management companies, they do not take care of their properties, and it has been a long-term battle within our community.

And right now where Hickory Bend currently is, is right behind Sam's, this particular area is a new business area. It's taken many years to get businesses into this area; we're beginning to grow. We don't want to see that dampered, we don't want to see a negative impact upon that. And not too far down south is the new university center.

We want to encourage businesses; we are not opposed to affordable housing; however, we are opposed to having housing that's strictly for affordable and low income. If it was a mixture with market rates, we could
probably understand it, and that would probably save our multifamily existence.

Just like Ms. Norman said, right now most of the problems that we're having with these multifamily developments is high crime, and right now that's where our problems are lying because of the drug infestation, prostitution, et cetera, and if we want to stabilize our community -- and we've been in this community -- I've been over there about 16 years, and I don't see myself leaving unless the situation keeps getting worse and worse, and with another additional 250 units, I can see that happening.

So we hope that you'll be sensitive to our needs and oppose this particular project.

MR. BETHEL: Thank you.

Mr. Barry Palmer.

MR. PALMER: Thank you. My name is Barry Palmer, and I represent the Brisben Companies on the Hickory Bend project, and am here to speak in favor of that development.

The developer has been working on this development now since last September, following all of the rules of the Bond Review Board and the TDHCA. They were selected in a lottery, submitted their tax credit application, and the process that we have in order to get
to this point for approval, the developer is required to
do full sets of plans and specs and have the deal ready to
close by the time we come here, and they have spent over
$350,000 at this point, have followed all the rules of the
Department, and have received approval from staff of their
application, and it's my understanding that staff is
recommending that this project be approved.

We have heard opposition from the community,
from homeowners in the community. Even though the
homeowners are over two miles from the apartments, they
object to apartments coming into the neighborhood. In
listening to their reasons, there are a number stated
school overcrowding, the design of the project, and that
they just don't want apartments in the neighborhood.

As far as the school overcrowding goes, the
children that are going to live in this apartment complex
are already, for the most part, in the Dallas school
system. It's not a case where we're going to build these
apartments and people are going to move to the Dallas area
who weren't already there. Many of them are already in
the same schools that they will be going to.

To the extent that there is some moving around,
the school district can handle that by school assignments.
This project is not going to create a major problem for
the school district.
As far as the design, you have seen the design. We think that it's an attractive design. It certainly is in much better condition than some of the apartments we have shown the Board earlier this morning of where people are moving out of and into this project. These are townhome-designed project, very nice.

We heard from tenants who live in the first phase who are very happy there, working people who can't afford to buy a house. Not everybody can be a homeowner. In fact, in Dallas -- approximately 50 percent of the population of Dallas lives in apartments.

Most of the new apartments being built are high-end, dollar a foot, thousand dollar rents that most people can't afford unless they're professionals. The only affordable housing that's being built in Dallas is what this Department builds, and there has not been a lot of housing built in this area. The last three projects that were approved in Dallas did not go into south Dallas. They went into west Dallas and the Roseland Townhomes area in central Dallas.

So this is not an overconcentration, we believe, in this area. There is a demand shown by the statistics on how fast Phase One leased up where they're leasing 60 units a month, twice the rate of market rate units.
In that we only have one speaker, can I have the time that the other speaker was going to have?

MR. BETHEL: Have they filled out a witness affirmation form? You can have a couple more minutes.

MR. PALMER: Okay. The opposition has stated that they don't want apartments in the area, and we respect that the state senator has come in and supported his constituency, which is the homeowners in the area -- in opposition, but we don't see many elected officials down here, unfortunately, speaking on behalf of people that need affordable housing. The people that look out for their interests are you, the TDHCA, and this is an opportunity to deliver 250 quality units of affordable housing in the city of Dallas that desperately needs it.

We had another state senator in here last month opposing affordable housing in her district in Dallas. If we give a veto power to every state senator, I suspect we will not deliver much affordable housing in the city of Dallas. It's really up to the Board to look out for the interests of those who need affordable housing.

(Telephone ringing.)

MR. PALMER: Sorry about that.

MR. BETHEL: That's another state senator.

(General laughter.)

MR. PALMER: And I would point out that in
meeting all the requirements of the Department for
underwriting and the tax credits, there is included in
there a letter from the city saying that this project is
in compliance with their CHADS plan. So based on these
reasons, I would request the Board to approve this
project.

MR. BETHEL: Thank you, sir.

That's all the witness affirmation forms I had
on this agenda item. The Finance Committee elected to let
the Board act on this item, since it was the only one we
had speakers for and against, so that item is up.

Is there any discussion or any questions from
the Board?

(No response.)

MR. BETHEL: Is there any motions to approve, disapprove?

(No response.)

MR. BETHEL: I'm hearing silence.

MR. DAROSS: Well, for purposes of putting it
on the table and having a vote on it, I move that we
approve the project.

MR. BETHEL: All right. We have a motion to
approve the project from Mr. Daross.

DR. GRIFFIN: Second.

MR. BETHEL: Second by Dr. Griffin.
Is there any other discussion?

(No response.)

MR. BETHEL: All those in favor of the motion, say aye.

(A chorus of ayes.)

MR. BETHEL: All those against the motion, say nay.

(A chorus of nays.)

MR. BETHEL: The nays carry, so the item is defeated. Is there any discussion?

(No response.)

MR. BETHEL: Agenda item number (c) is Deerwood Pines Apartments in Houston. The Finance Committee recommended approval of the mortgage revenue bonds for Deerwood Pines Apartments in Houston, Texas. And there was one clarification on that, wasn't there, Daisy, as far as the trustee, or was that the one, or was it the next one?

MS. STINER: Deerwood has a co-trustee? Just a minute. Let me find out.

Brent Stewart, Director of Multifamily Bonds, will address that.

Brent, will you respond to that, please?

MR. STEWART: Certainly. Brent Stewart, Director of Multifamily Finance. That's on the other two
transactions.

MR. BETHEL: Oh, okay. There wasn't any change to the resolution that we have.

MR. STEWART: No, sir.

MR. BETHEL: Do you know what resolution that was?

MS. STINER: Yes, sir. Deerwood is Resolution Number 00-13.

MR. JONES: I move we approve the resolution.

MR. BREWER: I second it.

MR. BETHEL: We have a motion by Mr. Jones, seconded by Mr. Brewer, that we approve Resolution 00-13. Is there any discussion?

(No response.)

MR. BETHEL: All those in favor, say aye.

(A chorus of ayes.)

MR. BETHEL: Opposed, say nay.

(No response.)

MR. BREWER: Mr. Chair, Dr. Griffin is out of the room on this one.

MR. BETHEL: Okay. Let the record show that Dr. Griffin is not voting -- not present and not voting.

The next item is the issuance of mortgage revenue bonds for Timber Point Apartments in Houston, Texas.
Now, Mr. Stewart.

MR. STEWART: The only change to this transaction, as well as the Creek Point transaction, with respect to the materials that you have in front of you, relates to Freddie Mac who is the credit enhancer on this transaction, has requested that we allow a co-trustee on the transaction during the interim construction period of the transaction. And therefore, we're recommending that Norwest -- or soon to be named Wells Fargo -- will be the trustee and Bank One will be acting as co-trustee during that period. And that's not reflected in your materials; I just wanted to make sure you're aware of that request.

MR. BETHEL: Okay, that was the co-trustee. Right?

MR. STEWART: Correct.

MR. BETHEL: The Finance Committee did recommend this to the Board for approval.

MR. BREWER: Mr. Chair, I would make a motion that Resolution Number 00-15 be approved as recommended by staff.

MR. DAROSS: Second.

MR. BETHEL: We have a motion by Mr. Brewer, seconded by Mr. Daross, that we approve Resolution 00-15 relating to Timber Point Apartments in Houston, Texas.

All those in favor, say aye.
(A chorus of ayes.)

MR. BETHEL: Opposed, say no.

(No response.)

MR. BETHEL: Any abstaining?

(No response.)

MR. BETHEL: Motion carried. Thank you.

The next one was the revenue bonds for Creek Point Apartments in McKinney, Texas, and I believe there's a co-trustee on this one also, the same as the one before it?

MR. STEWART: Yes, sir. We have the same situation here. Both Timber Point and Creek Point are being done under the same Freddie Mac structure with the same developer, so same situation.

(Telephone ringing.)

MR. BETHEL: I'd probably ask that if you've got your cell phone on, put it on vibrate or turn it off. It's kind of distracting. Thanks, anyway.

So it's the same and we recommended -- the Finance Committee did recommend approving this one also.

MR. STEWART: That's correct.

MR. JONES: I move we approve the proposed issuance of multifamily mortgage revenue bonds for the Creek Point Apartments in McKinney, Texas, in accordance with staff recommendations.
MR. CONINE: Second.

MR. JONES: Would you read the resolution number into the record?

MS. STINER: Yes, sir. Into the record, that would be Resolution Number 00-16.

MR. BETHEL: We have a motion by Mr. Jones, seconded by Mr. Conine, that we approve Resolution 00-16. Is there any discussion?

(No response.)

MR. BETHEL: All those in favor, say aye.

(Chorus of ayes.)

MR. BETHEL: Opposed, say nay.

(No response.)

MR. BETHEL: Motion carried.

That concludes the report from the Finance Committee.

Item 4 on the agenda is a report from the Audit Committee. Mr. Conine.

MR. CONINE: Just briefly, Mr. Chairman, thank you.

We met on March 24 and dealt with several of the issues that our internal auditor is looking after on our behalf, discussed several prior audit issues, talked about the state auditor's report. And one thing that I guess I wanted to bring to the Board's attention that came
out of the internal audit that we are now awaiting a report back in June on, and that is under the HOME Recipient Program, the monitoring there that our staff and our Department has been doing has some what we call material weaknesses to it that staff is now diligently working on.

And we've asked for a report to come back to the Audit Committee by our June meeting in order to resolve some discrepancies that have arisen in that particular department.

And I just wanted to make sure the Board was aware of those things that are floating around, and we want to make sure staff has ample time to respond to that particular report, and we're on track for June.

MR. BETHEL: Is there any questions about the Audit Committee report?

(No response.)

MR. BETHEL: Thank you, Mr. Conine.

Agenda item number 5 is the approval of tax exempt bond projects and possible issuance of determination notices. Ms. Stiner.

MS. STINER: Thank you, Mr. Chair.

As Cherno Njie, the manager of Tax Credit, comes forward, I just wanted to introduce to the Committee the process or procedure for what we are about to do in
terms of approving determination notices for certain tax
exempt finance developments that, based on legislative
changes in the last session, are required to apply for 4
percent tax credits.

In addition to the four that you have before
you for consideration today on which Texas Department of
Housing and Community Affairs is the issuer, we have about
ten others that are being sponsored by other issuers
throughout the state of Texas. So we are coming before
you today to get approval for the determination notices
for each of those individual developments.

Mr. Njie is here to make the presentation, and
we will ask that you vote on them separately, if that's
your pleasure, or do you want to hear it together as a
group?

MR. BETHEL: I'd just as soon hear them
together as a group, myself, but it's whatever the Board
would like.

MS. STINER: I would just note that there's one
exception for the development Hickory Bend, I guess we can
remove that one.

MR. BETHEL: It would be these resolutions that
we did approve earlier, in addition to the ones that he's
fixing to present.

MS. STINER: In addition to about ten others.
And I suspect we'd probably better get that on the record, as well, Cherno, so why don't you just go through each of them.

MR. NJIE: Good afternoon, Ms. Stiner, Board members. My name is Cherno Njie, Manager of the Tax Credit Program.

You have the list of properties that have been recommended for the issuance of determination notices. The first one is 00018, Oaks at Hitchcock. The issuer of the bonds is the Southeast Texas Housing Finance Corporation, 160 units, all of which are restricted for low income housing.

The underwriting reports stipulate a number of conditions which will be attached as a condition for a issuance of the determination notice. We are recommending issuance of tax credits in an annual amount of $477,548 annually.

The next project is 00011-T; property is Austin Fairway Village in Austin, Texas, 128 units, all of which are low income. Underwriting reports recommend approval of the project subject to certain conditions. The annual recommended amount is $148,580.

The third project on the list is 00012-T in Waco, Waco Robinson Garden Apartments; issuer of the bonds is the Austin Housing Finance Corporation. Project size
is 208 units, all of which are tax credits. We're recommending an annual allocation of $153,406, subject to the conditions outlined.

The next project on the list is Creek Point Apartments in McKinney, Texas. TDHCA is the issuer on that property. We're recommending an annual allocation of $552,338 annually; total unit size is 200.

Hickory Bend project is the one that was already the subject of Board action earlier. I presume we will be withdrawing this one for consideration.

The next project is 00018-T, Maxey Houston Apartments, Ltd. in Houston, Texas; 140 units, low income housing. We're recommending an annual allocation of $459,894, subject to the conditions enumerated.

The next project on the list is 99019-T in Terrell, Texas, Terrell Square Apartments; total units is 96. The issuer of the bond is North Central Texas Housing Finance Corporation. An annual allocation of $376,048 is recommended.

I would like at this point to add two additional conditions to the ones outlined in the report. We have reviewed the environmental report, and it indicates that there is a high pressure gas pipeline which covers part of the property. And one of the conditions we've stipulated is that the exact location of the
pipeline be identified prior to construction to eliminate
or reduce the chance of damage.

We are adding two additional conditions, that
the developer submit to the Department any regulatory
guidelines which govern the construction of a multifamily
property in an area that has an underground high pressure
pipeline, and also a condition requiring that there is a
plan to construct in conformance to those guidelines. So
those are two additional conditions that we would add to
the ones enumerated regarding Project Number 99019-T.

The next project we have is Number 00020-T in
Garland. This is an acquisition/rehabilitation project,
184 units. The issuer is Garland Housing Corporation.
We're recommending an annual allocation of $355,289,
subject to the conditions enumerated.

The next project on the list is in Houston,
Texas, 00021-T, 240 units. TDHCA is the issuer on the
bonds. We're recommending an annual allocation of
$641,050.

The next project is Number 00023-T in Austin.
This is an existing property, 172 units. We're
recommending an annual allocation of $297,781 annually.

The next project is 00024-T in Austin,
Springdale Apartments, 98 units. Issuer is Austin Housing
Finance Corporation. An annual allocation of $162,233 is
recommended, subject to the conditions outlined.

The next project is also in Austin, Santa Maria Village, 00025-T, an existing project comprised of 176 units; issuer is Austin Housing Finance Corporation. We're recommending an annual allocation of $163,985.

There is one additional project that was sent under separate cover, 00016-T in Houston, called the Canaan Collaborative Limited Partnership. The project is comprised of 163 units. The issuer of the bonds is Harris County Housing Finance Corporation. We're recommending an annual allocation of $91,488, subject to the conditions outlined.

That covers all the projects that we are recommending to the Board regarding the issuance of determination notices.

MR. BETHEL: Is there any discussion?

MR. BREWER: Yes, I have a question. Cherno, on all of these that are for rehab, they're all required to have operations and maintenance plans for asbestos and lead-based paint. Right?

MR. NJIE: That's correct.

MR. BREWER: And all those costs associated are in there by the developer to cover the removal and everything, to your knowledge?

MR. NJIE: I believe all those costs are
included in the cost projections for the developer.

    MR. BREWER: That asbestos removal is really expensive. That's all I have.

    DR. GRIFFIN: Mr. Chairman, could we vote on 99019-T separately?

    MR. BETHEL: Okay. That's 99019?

    DR. GRIFFIN: 99019-T.

    MR. BETHEL: Do we have a motion for the others, then?

    MS. WILLIAMS: I have a question.

    MR. BETHEL: Yes.

    MS. WILLIAMS: And I can't find it, but on one of these, the project is in a flood zone. How does that work? I mean, is there insurance for flooding?

    MR. NJIE: Which one was it?

    MS. WILLIAMS: I can't remember.

    MR. BREWER: Yes, there's one that had the flood plain that was in there.

    MS. WILLIAMS: I assume it may be the one in Galveston?

    MR. NJIE: It may be the first one, Oaks at Hitchcock.

    MS. WILLIAMS: Yes, that's it. It says two-thirds of the site lies in the 100-year flood plain. I was just curious how that's handled.
MR. NJIE: Typically, what we do is look at the environmental report to see if there are any conditions outlined there regarding mitigation, and in a transaction like this, typically there will be flood insurance as part of the transaction. I'm not sure in this case we have; we have not outlined that as one of the conditions. We could add that, the submission of a plan dealing with remediation of the flood issue, as a condition.

MS. WILLIAMS: I know in a residential setting it would be required before the borrower could get the loan. I would recommend it.

MR. NJIE: Let us amend our recommendation to add, then, the submission of additional documentation regarding the remediation of the flood plain issue outlined in the report.

MR. BREWER: And the city has no problem with that, Cherno, I guess, because the mayor has said in here that it's consistent with their consolidated plan, so they're fully aware that this is in a flood plain?

MR. NJIE: The letters of consistency typically merely address housing needs. I'm not sure that they would go into the detail of evaluating the specific project in question; they only speak to the general housing needs in the community.

We will add that as a condition to address the
issue of a flood plain, either by means of getting adequate insurance or including, as part of the construction of the project, measures to mitigate any issues relating to flooding.

MS. STINER: Mr. Chair, if I might?

MR. BETHEL: yes.

MS. STINER: I would just direct the Board's attention to the cited Neighborhood Characteristics Report, highlights of Soil and Hazardous Materials Report on the project taken at underwriting. Under Phase One Environmental Site Assessment that was dated November 30, 1999, that issue was raised. I don't know how the issuer has handled it, but there's certainly nothing that would preclude us from -- I see Tom Gouris, who is the chief underwriter, saying something back there.

Tom, you wanted to comment on that? I just want them to see if Phase One Environmental did comment on that.

MR. GOURIS: Tom Gouris, Director of Credit Underwriting.

They had indicated an extra expense of $250,000 to build up the site to build it outside of the flood plain, and that's typically how we would address it when we're not directly the lender.

MS. STINER: Is that sufficient?
MR. BETHEL: Yes. Well, it's not -- I know where we are it's not typical to build in a flood plain.
We don't have water, but we do have a 100-year flood plain.

(General laughter.)

MR. BETHEL: So they do sell houses in that. So are we going to leave it the way it is? Is that what you'd like to do, Marcia, if it's addressed?

MS. WILLIAMS: Yes, if it's addressed.

MR. NJIE: The report does not recommend any further measures, but we can certainly ask for additional information to address that issue.

MR. BETHEL: All right. Can I hear a motion to approve -- vote on all of them except Number 99019-T. Can I hear a motion to approve those, with the addition of the resolutions that we did approve, 14, 15, 16, I think.

MR. CONINE: So move.

MS. SAENZ: I second that.

MR. NJIE: Just one correction. I misread the number for Project Number 0011-T. The number should be $216,333 instead of $148,058, so let me correct that.

Regarding Project Number 0011-T, Fairway Village in Austin, the recommended amount is $216,333.

MR. BETHEL: But that was consistent with what we have.
MR. NJIE: That's correct.

MR. BETHEL: We have a motion by Mr. Conine, seconded by Ms. Saenz, that we approve all of these determinations, along with the resolutions of 14, 15 and 16 that we did earlier, with leaving out Number 99019-T.

DR. GRIFFIN: And I have a question.

MR. BETHEL: You have some questions.

DR. GRIFFIN: Yes.

MR. BETHEL: Okay.

DR. GRIFFIN: The project that you all voted to deny a few minutes ago was in this stack. How do you handle that technically? You omitted presenting it because you said you guess we weren't going to deal with it, but don't we have to do something? We can't just omit it, can we?

MR. NJIE: The bonds go with the tax credits.

DR. GRIFFIN: Right, I understand that, but technically for the process, what do we do?

MS. STINER: Pardon. If I may just comment, and Betty, don't let me get out on a limb here -- it was not listed as a separate agenda item. They're all under the main heading of determination notices for tax credits, so I would think you can just not list it as one of the items that you wanted to vote on.

Does that sound reasonable, Betty?
DR. GRIFFIN: Please be sure, because I'm sure we're going to see this again, and we want to make sure that we at least do the rest of it right.

MS. STINER: If the Board is comfortable with pulling that out and voting on it individually as well, I think you can handle it either way.

MR. NJIE: Should I move forward, then, with the presentation?

MR. BETHEL: He didn't present it.

DR. GRIFFIN: I just want to be technically correct for the vote.

MS. STINER: I think we're okay.

MR. CONINE: If you want me to clarify my motion, my motion is made without that project in the group.

MR. BETHEL: So does everyone understand the motion? All in favor, say aye.

(A chorus of ayes.)

MR. BETHEL: Opposed, say nay.

(No response.)

MR. BETHEL: Anyone abstaining?

(No response.)

MR. BETHEL: Motion carried.

Now we'll go to TDHCA Number 99019-T.

DR. GRIFFIN: Mr. Bethel, I recuse myself from
voting on this project, although I'm not going to leave
the room since that's a courtesy and not really a policy;
however, I do have a question on the underwriting report.

I want to understand what's happening with the
159.35 acre tract of land. The way you explain it, I must
be missing something. And I'm recusing myself, because I
am suing the developer of this project for $25 million.

MS. STINER: Mr. Gouris or Mr. Njie, can you
comment on the site control issue?

MR. GOURIS: Again, I'm Tom Gouris, Director of
Credit Underwriting.

This project is a sister project to a project
that was approved in Houston at the Board meeting last
spring and a similar situation occurred with that. The
developer had acquired a larger tract of land, 139 acres
of land, or thereabouts, and he had initially included a
larger than pro rata share of the acquisition cost in the
development budget for that site, and he did the same
thing with this site.

What we have done is looked at that to
determine what the pro rata share would be and evaluated
that -- in fact, took that out of our analysis and
determined that that amount on his side would only be
affected as the deferred developer fee, so it's within his
delayed developer fee, and therefore, it doesn't affect
the amount of the credit, and therefore, it doesn't affect our recommendation.

DR. GRIFFIN: Okay. So on page 3 where you have Review of Previous Underwriting Report, it's just that, just stating the history of it.

MR. GOURIS: Right.

DR. GRIFFIN: Very good. Thank you.

MR. NJIE: The amount of acreage apportioned to this is 20.8, and the costs were apportioned accordingly, based on the outstanding amount from the previous transaction.

MR. BETHEL: Is there any other discussion?

(No response.)

MR. BETHEL: Do I hear a motion for or against?

MS. SAENZ: I make a motion that we accept TDHCA Number 99019-T as recommended by staff.

MR. BETHEL: We have a motion to approve 99019-T. Do I hear a second?

MS. WILLIAMS: Second.

MR. BETHEL: Motion by Ms. Saenz, seconded by Ms. Williams, that we approve this. All those in favor, say aye.

(A chorus of ayes.)

MR. BETHEL: Opposed, say nay.

(No response.)
MR. BETHEL: Let the record show that Dr. Griffin was present and participated in discussion but did not vote.

We've got one more, the extension requests for closing of construction loans for 1999 projects. Before we get to that, I had some witness affirmation that people were for on some of these projects, and I apologize for not letting you speak. Since they were passed -- we could revisit it, if you'd like.

(General laughter.)

MR. RANDOLPH: (Speaking from audience.) No, thank you.

MS. FENTRESS: (Speaking from audience.) No, thank you.

MR. BETHEL: Okay. I'm sorry.

Daisy.

MS. STINER: Thank you, Mr. Chair.

We want to present for the Board's consideration requests that the Department has received for extension of a condition of a tax credit development carryover that they must close their construction loans within 150 days of a carryover. We have several of them that have made application to the Department for extensions. Mr. Njie will go through that list and request that the Board either approve or disapprove the
requested extension dates.

MR. NJIE: Thank you, Ms. Stiner.

The Department received eleven requests for extension. Pursuant to the 1999 Qualified Allocation Plan, developers receiving allocations in '99 were required to close their construction loans within 150 days. The date has approached for some of these project owners, and they have petitioned the Department, based on a number of reasons which we have listed for you, some of them because of financing or design issues that have arisen during the development of the project, and we are recommending the extension for 30 days to allow them to proceed with the project.

The first one on the list is Eban Village II in Dallas, 99022; the second property is Shoreham Apartments, 99066; the third project is in Austin, 99072; the fourth project is Number 99086, Park Vista Townhomes; the fifth project on the list is in El Paso, 99095.

The next project is in Plainview, 99102; the next project is in Amarillo, 99103; the following project is 99111, Roseland Townhomes in Dallas; the following project is 99207, Columbia Greens in Houston.

There were two additional projects that were sent under separate cover. They are 99173, Hoffman Hollow, and 99197 in Alamo, Texas.
We're recommending that the Board give them a 30-day extension to enable them to finalize their delays in continuing to close their construction loan and proceed with the development of the project.

MR. BETHEL: That's staff recommendation?

MR. NJIE: That's correct. Some of them are requesting extensions beyond that 30-day period; at this point we're only recommending up to the 30-day period.

MR. BETHEL: Is that your final answer?

MR. NJIE: That's right.

(General laughter.)

MR. DAROSS: Cherno, what's going on with the rest of these on this list? Are they already cranked up?

MR. NJIE: The rest of them, the closing date has not yet -- some of these are scheduled to close in May, I think a few of them in June, but for the most part the ones that have not asked for extension we presume have closed their construction loans, and this is out of 54 projects that were approved last year.

MR. CONINE: Mr. Chairman, I make a motion that we approve the extensions for a 30-day period, pursuant to Cherno's report.

MR. CONINE: We have a motion by Mr. Conine.

MR. DAROSS: Second.

MR. BETHEL: Second by Judge Daross. Any
MR. BETHEL: All those in favor, say aye.

(A chorus of ayes.)

MR. BETHEL: Opposed, say nay.

(No response.)

MR. BETHEL: Any abstaining?

(No response.)

MR. BETHEL: Motion carried.

That concludes that item. The next item we have on the agenda is report items, and we'll hear from the Executive Director.

MS. STINER: Thank you, Mr. Chair.

MR. BETHEL: I think that's -- is that all?

MR. NJIE: Did you all receive this letter from the City of Dallas?

MR. BETHEL: Yes.

MS. STINER: It's moot.

MR. NJIE: Well, it is, and what I just wanted to point out, they've addressed me as Ms. Njie. I've been called a lot of names.

DR. GRIFFIN: Oh, don't take it personally. You're so sensitive.

MS. STINER: Ms. Njie.

(General laughter.)
MR. BETHEL: So you're taking exception to that then.

MR. NJIE: No.

(General laughter.)

MR. BETHEL: Ms. Stiner.

MS. STINER: Thank you, Mr. Chair.

At last month's Board meeting an issue was brought before the Board regarding an allegation of impropriety of the tax credit development this Board had allocated credits to in '98 in San Antonio, and the Board charged the staff with bringing a report back before you today.

Betty Marks, who is General Counsel for the Agency, will give you a brief overview of our findings, and as she comes forward, we also have a second issue that was brought before the Board last month from Byron Builders that has to do with material noncompliance issues.

So we are ready to report on both of those today, and as Ms. Marks comes forward and talks about the first one -- when she concludes, I'll just ask the Compliance representative to come forward. I think you have a letter that we have for the Board to present on that one.

So Betty, why don't you go ahead and talk about
the first one first, as they come forward on the second one.

MS. MARKS: Sure. Betty Marks, General Counsel.

Mr. Hennenberger had brought up a question regarding a property that had been allocated tax credits but was in the carryover period. In other words, they had not completed construction on the project; we had not issued the 8609. But what had happened is apparently, we were able to obtain a copy of a declaration of restrictive covenants that had been entered into by the project owner with the neighborhood association. There was some controversy in terms of the zoning.

Mr. Njie, Monita Handley and I worked with the project owner, the attorneys and the attorneys for the neighborhood association. The neighborhood association and the attorney for the project owner agreed that the restrictive covenant basically prohibited the acceptance of leases from Section 8 voucher holders -- which is in violation of the Internal Revenue Code and the [indiscernible] -- were able to make an amendment. The amendment, First Amended Declaration of Restricted Covenant, was filed on April 11 we have a copy of the file recorded, and Mr. Hennenberger has a copy of the letter of response.
MS. STINER: Thank you, Betty.

We had the attorney at one time here, for the developer, if you had any questions. I think he had signed a witness affirmation form.

MR. BETHEL: Oh, yes, I've got one for the report item. Excuse me.

MS. STINER: Did you wish to make a comment?

MR. BROWN: I really don't need to. I'm here to answer questions as to how this came about, and I'd be more than happy to if you want to hear it, or if you want to move on to the next item, that's fine also.

MS. STINER: Thank you, sir.

With this report we did respond to Mr. Hennenberger, so he has our written response relative to that complaint.

The second one had to do with a contract --

MR. BETHEL: That was Kenneth Brown.

MR. BROWN: Yes.

MR. BETHEL: Okay. I've got you. I'm sorry.

MS. STINER: That's okay.

The second report is on an issue of material noncompliance and having the staff further define what that meant in terms of experience in the tax credit process. Nancy, will you come forward and just make a brief statement for the Board relative to that?
MS. DEAN: Yes. Thank you. My name is Nancy Dean. Suzanne Phillips regrets that she can't be here due to a family emergency.

Kenneth Baron with Baron Builders appeared before you last month. He stated that he had participated in a number of applications in last year's application cycle which were rejected due to issues of noncompliance in a property that he was involved with in 1993. He stated that he was involved as a property management function.

Under the 2000 QAP, the Department will disqualify those applicants, persons, general partner, general contractor and their respective principals or affiliates active in the ownership or control of low income rental housing that are in material noncompliance. Property management companies, such as Baron, would not be affected in the situation where they propose to act as the management agent as long as they have no ownership position on a property with material noncompliance.

The notice of material noncompliance was sent to the owner of the project; therefore, it did not pertain to Mr. Kenneth Baron, and we have contacted him and we believe he does understand that. Thank you.

MS. STINER: Thank you.

The next report item I just want to brief the
Board on -- I'm sorry.

MR. BROWN: Excuse me. I'm sorry. There was something that I wanted to put into the record with my affirmation, and there were tenant rolls of other projects that J&P had done that showed that they did have Section 8 vouchers on their tenant rolls and they did accept them. I just wanted it to be a part of the record. Thank you.

MR. BETHEL: Thanks. We accept that.

MS. STINER: A couple of items that did not make it on the agenda but I had communicated with the Board via the Executive Director's Board Brief:

The Sunset Commission will be holding hearings to hear public testimony on their recommendations relative to the Department's legislation for Sunset. They're expected to release a draft report on April 17 to the Commission members; on April 20 the draft report will be distributed to the public. The Department, then, will have until May 8 to respond to the report, and then on May 17 or 18, the Commission will hear comments from the public.

Of course, it is expected, and in talking to the Board, the Board members are expected to be present at those hearings and participate. We, unfortunately, don't know whether or not TDHCA will be before the Commission on the 17th or 18th, but we will let you know as soon as
And we need to work with the Board to determine how best to get Board input into the Department's comments back to the Commission. Unfortunately, the due date for the Department's comments fall on May 8. You don't meet again as a body until May 19, so I would ask that you consider whether or not it would be the Board's desire to come back together as a body or whether individually you would want to make comments that way, and we'll be polling you later this week unless you have some thoughts on that today. We will be talking to you as to how you want to proceed in that regard.

MR. BETHEL: Okay.

MS. STINER: I'd like to announce that we have it on our website that the staff has recommended or has posted dates for the public hearings on the Low Income Housing Tax Credit application round for the Year 2000. That time seems to come around pretty quickly. But we are in the midst of our application round for 2000 developments, and in order to give the public an opportunity to comment on them, the application cycle closes May 1.

MR. NJIE: That's correct.

MS. STINER: May 19 we're proposing that the first public hearing be held in conjunction with the
TDHCA's Board meeting here in Austin; on the 20th, which is a Saturday, in San Antonio; the following week, which is a Saturday, in Houston; June 3, which is the following Saturday, in Dallas.

So we will publish these and post these for consideration of the public and will be taking public comment at that particular time.

Just to call the Board's attention to a couple of initiatives that's underway in the Department -- the Board has encouraged the staff to develop a couple of policy positions to bring back before this Board. One concerns preservation and one concerns Section 8 -- concerns Fair Housing Standards and Section 8 tenants in the housing programs that we administer.

Just as an update, and I apologize for not including it in your status report, we've established two task forces in-house. We will be bringing to the May Board meeting preliminary recommendations from those two task forces, asking the Board then to consider recommendations and open up the public hearing for public comments on those particular issues.

We anticipate that we will hold several public hearings and we also are considering having a couple of advisory committees established for those two very important issues for the Department. So in terms of
timing, we will be bringing back preliminary
recommendations from those two task forces to this Board
for consideration.

Again, I will be providing more information in
my communications with you over the next several weeks.

That's all I have.

MR. BETHEL: Thank you, Ms. Stiner.

MS. STINER: Yes, sir.

MR. BETHEL: I failed to recognize one member
of the legislature that's a legislator of the Bethel
household. My wife is here, Linda, is here today, and I
can assure you that we're feeling better today than we
were last Board meeting.

Let me make this announcement. According to
the governor, when he appointed me chair, they were
rotating chairmanships, and they're going to rotate
chairmanships again and I'm happy to announce that
tomorrow the governor will appoint Mike Jones from Tyler
as chair of this organization.

And I am certainly happy for Mike, and I have
appreciated working with the staff and working with all
the members of the audience that come regularly to our
Board meetings. I'll still be on the Board; I'll be
trying to get Marcia's spot down there where you can't see
her.
(General laughter.)

MR. BETHEL: But I certainly enjoyed it, and I didn't have to sign the 900 documents for all these determination notices we did today; Mike's going to have to do that. But with that announcement --

MR. JONES: Can I say one thing?

MR. BETHEL: Okay.

MR. JONES: I know that Daisy might have planned something for our next Board meeting to recognize the service of Mr. Bethel to the State, to all of us, but particularly those of us in this Department. But just on behalf of the Department, I just take it as a privilege on today's date, as well as next meeting's date, to say thank you very much to Don Bethel, and thank you very much to Linda.

(Applause.)

MR. JONES: Don, you're a great Texan, and you serve Texans very well.

MR. BETHEL: Thank you, Mike.

We'll extend the time limit if Mike wants to talk longer.

(General laughter.)

MR. BETHEL: I've also got an announcement that we're going to celebrate this, and we're going to celebrate it after the meeting with a cake at the back.
And the celebration is going to be for the birthday of the executive director which is tomorrow, I believe.

MS. STINER: Tax day.

MR. BETHEL: It's tax day. That's right. It's April 15. It's not due till midnight of April 17, so she's going to take two extra days this year. But everyone is welcome to stay and we would encourage you to stay and celebrate Daisy's birthday with us.

Is there anything else? If there's not, we'll stand adjourned.

(Whereupon, at 3:15 p.m., the meeting was concluded.)
CERTIFICATE

MEETING OF:   TDHCA Board
LOCATION:    Austin, Texas
DATE:        April 14, 2000

I do hereby certify that the foregoing pages, numbers 1 through 67, 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.

04/20/2000
(Transcriber) (Date)

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