TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

9:00 a.m.
Thursday,
February 21, 2002

2 Civic Center
City Council Chambers
El Paso, Texas

COMMITTEE MEMBERS:

MICHAEL JONES, Chairman
SHADRICK BOGANY
C. KENT CONINE, Vice Chairman
NORBERTO SALINAS
ELIZABETH ANDERSON

STAFF PRESENT:

RUTH CEDILLO, Acting Executive Director
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Litigation and Anticipated Litigation (Potential or Threatened under Sec. 551.071 and 551.103, Texas Government Code Litigation Exception.)

Consultation with Attorneys Concerning Pending Litigation Cause No. GN2-00408, CMH Homes, Inc., Waterwood Development Co. Ltd., and the Texas Manufactured Housing Association, Inc., v. Texas Department of Housing and Community Affairs, Ruth Cedillo, in her official capacity as the Acting Executive Director thereof, and the Manufactured Housing Board in the 200th Judicial District Court of Travis County | 25

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ON THE RECORD REPORTING
(512) 450-0342
Ruth Cedillo

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(a) Approval of Resolution Approving Documents Relating to the Issuance of Taxable Junior Lien Single Family Mortgage Revenue Bonds, Series 2002A and Other Related Matters (Program 58)

(b) Approval of an Inducement Resolution and Other Matters Related To a Proposed Issuance of Qualified 501(c)(3) Multifamily Mortgage Revenue Bonds in an Amount Not to Exceed $31,500,000 in Order to Refund the Department's Outstanding Multifamily Mortgage Revenue Bond (NHP Foundation Asmara Project), Series 1996, and to Finance Capital Improvements and Repairs to the Nine Apartment Projects Throughout Texas Which Were Originally Financed with Proceeds of The Series 1996 Bonds:

Arbour East Apartments, 300-Unit Complex, Dallas, Texas
Azalea Court, 57-Unity Complex, Dallas, Texas
Creek Hollow Apartments, 120-Unit Complex, Ft. Worth, Texas
Heritage Square Apartments, 112-Unit Complex, Dallas, Texas
Highlands Apartments, 136-Unit Complex, Dallas, Texas
Oak Brook Apartments, 222-Unit Complex, Houston, Texas
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Stone Ridge Apartments, 204-Unit Complex, Arlington, Texas
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ON THE RECORD REPORTING
(512) 450-0342
ADJOURN
MR. JONES: I'd like to call to order the meeting of the board of the Texas Department of Housing and Community Affairs for February 21, 2002. And the first thing I'd like to do is to call the roll. Ms. Anderson?

MS. ANDERSON: Present.

MR. JONES: Mr. Bogany?

MR. BOGANY: Present.

MR. JONES: Mr. Conine?

MR. CONINE: Here.

MR. JONES: Mayor Salinas?

MR. SALINAS: Here.

MR. JONES: Mr. Gonzalez? He's absent.

And Mr. Jones is here.

We have five members present, one absent. And we do have a quorum.

The next thing I would like to do is first thank the City of El Paso for having us here. You have been so hospitable, and we thank you no end.

A number of us on the board -- in fact, most of us on the board -- have had the privilege to work with the board member from the City of El Paso, James Daross, who served on this board for several years. And he is unable to be with us today due to a family matter that draws him out of town.
But I do think I'd be remiss if I didn't publicly thank him for his service on this board. We was a very effective, a very courageous board member for the State of Texas during the time of his service. And I want the City of El Paso to know that he served this region very well when he was on this board, and always kept this region in the utmost of our minds.

So I would publicly like to thank Mr. Daross for his service, and thank the City of El Paso for loaning him to us for the years you did.

I would also like to introduce Paul Valenzuela. And is Paul here? Yes. And I believe you are a Pecos County Commissioner. Right? Thank you for having us. So nice of you to be here.

I also notice that you have signed a witness affirmation form that you would like to speak. Would you like to speak now, or at another time on our agenda?

MR. VALENZUELA: Right now, please.

MR. JONES: Okay. Thank you, sir.

MR. VALENZUELA: Mr. Chairman, board members, I saw Mr. [indiscernible] here, too. I thought I did. But anyway, I would like to thank the board for your continued work out here in rural west Texas. You all mean a lot to the work that we do out here.

And the past 12 years, I've been fortunate to be able to get some grants approved for you guys and other people. Ruth Cedillo has been wonderful to us. She's -- I'm sure you're aware of the work
she does.

MR. JONES: She has been wonderful to us, too.

MR. VALENZUELA: And I just wanted to thank you all for the work that you do out here in west Texas, and just ask you to continue working for rural west Texas, like we all do.

MR. JONES: Thank you, sir.

MR. VALENZUELA: Thank you.

MR. JONES: It's a privilege to be here. We also have with us Mr. Jerry Agan. And he is a Presidio County Judge. Nice to have you here, Judge. Would you like to speak, too? Feel free to, if you would like to.

MR. AGAN: I would like to thank you for giving us this opportunity today to talk to you all. Judge Brisbin is -- who is a -- I followed him into office in Presidio County. And we were discussing the other day at least we had grants of over $5 million that came through TDHCA that we've been able to work into the colonias of Presidio County.

I want to thank you all, and to welcome you out to far west Texas out here. I appreciate you all coming.

MR. JONES: I thought you all were kind of a neighbor city. I'm from Tyler. And you know -- it seems like it's in the neighborhood, isn't it?

MR. AGAN: Yes, well, as far as out here, that is the neighborhood. But I wanted to thank you for the work you all have
done. And TDHCA supports us very much out here in Presidio County.
And we continue on with our relationship.

I feel this is one of the agencies I can pick up the phone and call, and they'll tell me what's going on and whether they can or can't do it. I appreciate that very much.

MR. JONES: Thank you, sir. We also have with us Mr. Jesus Hernandez, who is the mayor pro-tem for the City of -- and I cannot -- and Mayor Hernandez, how are you?

MR. HERNANDEZ: I'm fine.

MR. JONES: Good. And would you like to speak to -- thank you, sir. Socorro. I'm sorry. It's Socorro.

MR. HERNANDEZ: Socorro.

MR. JONES: You have to excuse my tongue. It doesn't work very well.

MR. HERNANDEZ: Well, Good morning.

MR. JONES: Good morning.

MR. HERNANDEZ: I wasn't planning on saying anything. Just to thank you for being down here, and the tremendous amount of work you've done with this area down here, especially the El Paso County. And I hope that you keep us in mind all the time, and keep on doing this job. And again, thank you for coming down here.

And of course, Ruth Cedillo, thank you for all the help you've given us.

MR. JONES: Thank you, sir.
MR. HERNANDEZ: Thank you.

MR. JONES: I appreciate it. I would now like to move, if I could, into the next item on our agenda, which is the public comment.

I have two individuals who have submitted witness affirmation forms that would like to speak. The first one is Mr. Frank Desales.

Mr. Desales? And you can speak now, or you can speak later on an agenda item, if you care to. Just tell me how you'd like to do it.

MR. DESALES: I'll do it now.

MR. JONES: Okay. Thank you, sir.

MR. DESALES: Good morning.

MR. JONES: Good morning.

MR. DESALES: First and foremost, I would like to thank the TDHCA for coming this morning to El Paso and allowing us time to be here this morning. It means so much to us.

My name is Frank Desales, Jr., and I'm the executive director of Sparks Housing Development Corporation, also known as Socorro Government Center.

Our mission of our organization is to better the life and well-being of children and families residing in the Sparks colonia and the surrounding areas by providing housing, rehabilitation, educational opportunities, youth and social services.
Helping residents help themselves, we encourage community participation at all levels, that allow youth, family, parents to bond together more cohesively, to reach more, and aims to direct innovative and creative energies to educational and school development activities.

Over the years, the tremendous support from the Sparks Housing Development Corporation and the community has been -- have been a significant acknowledgement of our successful track record of delivering superior community improvement projects for nearly ten years.

The department has helped demonstrate that colonia-based projects managed by communities for a community make a striking impact. We owe much of that, if not all of our success as a department for helping launch and providing technical assistance and funding to organizations.

Since 1995, those results were obtained, which in turn resulted in the construction of our community center, infrastructure development, and the rehabilitation and construction of eight homes.

I again thank you for this relationship and support throughout the years.

The year 2001 has brought us dramatic organizational changes and challenges that have affected our organization tremendously. From October 1999 to January 2001, we were literally left without a full-time executive director, director, leadership or
guidance that ultimately led to deterioration, loss of programs, and loss of department funds due to noncompliance issues.

Today, Sparks Housing Development Corporation has once again embarked on a mission to fulfill project goals and set forth their organization's original mission.

Through the hiring of an executive director in January 2001, Sparks Housing Development Corporation has embarked on a reawakening, successfully implementing and managing social service programs, developing organization's capacity, and securing them funding.

Major accomplishment for 2001 was the rehabilitation of eight homes in the Sparks colonia from the Pryor [phonetic] Foundation grant, and the establishment of the first computer technology center, as well as the establishment of an after-school tutoring program.

Though we may be [indiscernible], it is imperative to realize, like any other emerging organization, we have some way to go. Organizational capacity building remains high -- a high priority among us, whether it be housing development, resource development, or staff development.

The dedication and discipline needed to take this organization to the next level is very well and alive, and heading in the right direction.

So why is the capacity so important to us? An
organizational capacity is like a tree with a root system. It is a living system sustained and energized by multiple forces and factors in the social/economic environment.

Capacity-building seeks to improve the performance organization. Organizational capacity-building is a system-wide plan effort to increase organizational performance through planning and community action. In particular, capacity-building looks in depth at where an organization stands in a comparison to where it hopes to be in the future, and develop the skills and resources to get there.

The ultimate goal of our capacity-building objective is to enable our organization to grow stronger in achieving its purpose and mission.

As our organization engages in these activities, we will acquire new knowledge of our organizational actions and outcomes. Thus, a new organizational capacity expands and then goes beyond solving a specific problem to gain the skill and knowledge to solve future problems.

Now more than ever, we are critically seeking support from the department to allow us to reestablish a working relationship and demonstrate our effectiveness by resolving the noncompliance issues, to apply and participate for state HOME funding for colonia projects for the year 2002 and in the future.

Sparks Housing Development Corporation continues to be an organization committed to excellence with a clear vision and a
1 passion for delivering outstanding results.

2 We ask you to work with us to capitalize on our
3 strengths, past and future strengths. The challenge at this stage is
4 to seize the opportunity and to realize an innovative, new and
5 improved organization for a productive future.

6 With this in mind, we will continue to advocate for
7 colonia families and support those organizations dedicated to better
8 the quality of life in colonias. In the end, children and families
9 are strengthened, which builds communities. Thank you.

10 MR. JONES: Thank you, sir. We congratulate you all,
11 and thank you for your comments.

12 Our next speaker is a Mr. Jose Garza. Mr. Garza, would
13 you like to speak now, or --

14 MR. GARZA: I'll go now.

15 MR. JONES: Okay. Thank you, sir.

16 MR. GARZA: Well, Good morning, Mr. Chairman --

17 MR. JONES: Good morning.

18 MS. CEDILLO: Good morning.

19 MR. GARZA: -- and members of the board. Today we're
20 wearing three hats. I'm the director of intergovernmental affairs
21 for the San Antonio Housing Authority. I'm a member of the Texas
22 Housing Coalition, and I'm also the chair of the Legislative
23 Committee of the Texas chapter of NAHRO.

24 And on behalf of all these groups, I would like to
commend you and your organization for the excellent work you're doing, particularly in housing.

We're encouraged by what TDHCA is doing. But we would like to partner with you in your efforts. We are equally committed to providing affordable housing throughout the state, and firmly believe that together, we can do much more.

Briefly, let me give you some background on the organization. A few months back, in late summer or early fall, a group of people that represent public housing authorities, staff from your agency, representatives from the private sector, other state agencies, housing advocates, and staff from the Speaker's office and the Urban Affairs Committee met to engage in a dialogue on how to better meet the challenges of housing people from low income households.

Out of that came the Texas Housing Coalition. We've dealt with many issues, and are trying to create partnerships to better service our clients. Out of that came an idea, to create or recommend to your agency that it create an advisory council composed of representatives of the Public Housing Authority.

We ask them that simply because Federal resources dwindle yearly, and will continue to do so. Therefore, most of the efforts to provide affordable housing in the state will have to be through the state government and local entities such as housing authorities. And housing authorities are really
the only agencies that really house the extremely low income. And we 
think that with a strategic partnership, we can accomplish much more 
than what we're doing now.

But before I talk about those advantages, I just want to 
express our sincere appreciation, again, to Ruth Cedillo. She has 
built upon our group since the inception. And we have appreciated her 
expertise.

But more especially, what we like about her is her 
thinking out of the box and kind of pushing the envelope. I think 
that's what we need to do in the next few years. In one word, if I 
had to describe her, she is excellent.

Why are we advising, or asking for an advisory 
committee? I think we need to create what I refer to as an 
information sharing exchange forum. That is, we need to educate each 
other on our roles, responsibilities, needs and concerns. I think 
that working together, we can maximize the expertise and resources 
and better serve our clients.

We can assist in evolving regulations and guidelines to 
more effectively and efficiently house the low-income. On the other 
hand, TDHCA can offer fertile grounds for research and pilot 
projects. We can also give you the voice and support of 431 
authorities throughout the state.

I think we can work together -- this council can bridge 
and create some understanding between the agencies, the advocates, to
better fulfill the needs of housing for all Texans. And if I may, I'd like to read a letter from -- to you from the Texas NAHRO Shelter.

"Honorable members of the board, I regret that I am unable to join you today due to a scheduling conflict. The membership of the board of the Texas Chapter of NAHRO is most appreciative of the work performed by the Texas Department of Housing and Community Affairs.

"For our membership and the lower-income families we serve, TDHCA plays a critical and essential role in the development of affordable housing in Texas. The primary work of public housing agencies focuses on the development and delivery of affordable housing to various federal programs and tax credits.

"The collaborative effort of this -- of your board, your agency, NAHRO, and the housing advocates and the people from the private sector, and other housing groups -- the concept of forming an advisory council to TDHCA is being developed.

"In these challenging times of limited resources and growing need for more affordable housing within our communities, we believe that expanding partnerships and in housing collaboration and communications is critical.

"We fully support the concept of an advisory council, and encourage it to make it -- to form -- to create it. Thank you for your consideration for this initiative. David Zappasodi,
President, Texas NAHRO." Thank you.

MR. JONES: Thank you, sir.

Our next speaker is a Mr. Frank -- excuse me. Mr. Randy Bowling. Would Randy Bowling like to speak now?

MR. BOWLING: Please.

MR. JONES: Thank you.

MR. BOWLING: Good morning, and thank you for coming.

My name is Randy Bowling. I represent Tropicana Building Corporation and Patriot Mortgage. I just have a little something I'd like to read. It was prepared by my brother Bobby. Some of you all may know him.

"We are extremely happy with the changes that have been made in TDHCA in the past 12 months. Staff is doing a great job complying with the new sunset legislation, specifically with regard to the regional allocation formula.

"We've been able to report to our legislative team in El Paso that the changes intended by the legislation are being implemented rapidly. In El Paso, we've always been very sensitive to how TDHCA's money is distributed, because our needs are so great.

"While our population is not as large as some other areas around the state, we feel our need for your funds is greater, because of our extremely low median family incomes.

"We are extremely pleased with the way the regional allocation formula has been figured, and feel that it takes into
account the needs of poor border communities better than it has done in the past.

"Additionally, we are pleased to see the board direct the staff that points are the overwhelming determinant in allocating funds for the tax credit program. We again think this is a fair objective way, allocating funds, and think that the directive was long overdue.

"Finally, thank you for coming out to El Paso and including us in state policy." Thank you.

MR. JONES: Thank you. A heartfelt thanks, by the way. And, Delores, we need a copy of this transcript.

MS. GRONECK: We'll publish it.

MR. JONES: I guarantee you, we're going to frame it.

MR. CONINE: Randy, you don't always do what your brother tells you to, do you?

MR. BOWLING: Oh, pretty much.

MR. JONES: Now, those are all the speakers I have. Would anybody else like to speak to the board? Would anybody else like to speak to the board?

Yes, sir?

MR. JIMENEZ: I didn't sign a witness affirmation.

MR. JONES: Oh, you can do it afterward. Thank you, sir.

MR. JIMENEZ: Demetrio Jimenez, with the Greater El Paso
Housing Board. I wish you a welcome to El Paso.

MR. JONES: Good to see you again.

MR. JIMENEZ: I just want to congratulate the board on
the changes in the last 12 months. They have been significant,
especially with the low-income housing tax credit program.

We have been able to access all the files and keep track
of our developments, as well as others on-line. And one of those --
I had a little bit too much food and drink last night, so --

MR. JONES: Didn't we all?

MR. JIMENEZ: -- I won't be as eloquent as I usually am.

MR. JONES: Okay.

MR. JIMENEZ: But I would like to say that the Border
Field Offices are one of the most important aspects of being a
nonprofit, having the connection with somebody here in town.
[indiscernible], and I used to be a [indiscernible] at one point.

But I've got to say that he has helped us through a lot
of different programs, and helped us kind of devise ways in better
performing and delivering of our affordable homes.

So again, welcome to El Paso. And I apologize for not
being as eloquent as I usually am.

MR. JONES: Okay. Thank you, sir. I appreciate it.

Imelda Garcia. Hi.

MS. GARCIA: Hi.

MR. JONES: How are you today?
MS. GARCIA: I'm fine. Thank you. Good morning. My name is Imelda Garcia.

MR. JONES: Good morning.

MS. GARCIA: And I work with Bienestar Familiar in Socorro, Texas. And we're a healthy-community project, doing a lot with health. But in looking into the root causes of poor health in El Paso, we're very concerned about housing issues.

And that is how Bienestar got involved with your local office. And I want to congratulate you on your El Paso office. They have been very inclusive, and we have felt very comfortable working with them. And I think inclusivity at your level breeds collaboration at ours.

And I really want to push for capacity building for nonprofits. We are a young nonprofit. And I think that for us, doing for ourself is important, and if the community has the capacity, we can begin doing what we need to do rather than waiting for others to do for us. Thank you.

MR. JONES: Thank you. I appreciate it. And I also want to say, with regard to our local staff here in El Paso, Anabel Oleg and Alex Cossio has been so helpful in helping us with this meeting. And we thank them for all their hard work all the year around, and particularly, thank them for helping us be here in El Paso.

Is there anybody else that would like to speak?
MR. JONES: Seeing none, then I will close the time for public comment, and then once again, thank everybody for allowing us to be here, and thank everybody for giving us their input.

The Chamber of Commerce -- since there has been some talk about food and drink last night, gave a wonderful reception for us. And I do want to thank the Chamber so much on behalf of all the board and our staff here that's in from Austin, for all the hospitality that's been shown us. It's been enormous.

And you can tell Don Bethel I said it was just like La Misa, which is as good as it gets. So it's been wonderful.

With that, I would turn to our agenda and first take up Item 1, which is the presentation, discussion, and possible approval of the minutes of the board meeting of January 17, 2002.

MS. ANDERSON: Mr. Chairman, I move adoption of the minutes.

MR. JONES: The motion's been made that they be adopted. Is there a second?

MR. BOGANY: Second.

MR. JONES: Motion's been made and seconded. Any discussion? Amendments? Hearing none, are we ready to vote? I assume we are. All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: All opposed to the motion, say nay.
MR. JONES: The motion carries. If there is not an objection, I think we need to have an executive session. And for the benefit of our audience, I do not expect this executive session to take a long time. Delores, can we go back into this room back here?

MS. GRONECK: Yes.

MR. JONES: Okay. So we do need to go into executive session at this time. On this day, February 21, 2002, at our regular board meeting of the Texas Housing -- excuse me, of the Texas Department of Housing and Community Affairs held in El Paso, Texas, the board of directors adjourned into a closed executive session as evidenced by the following.

The board of directors will begin its executive session today, February 21, 2002, at -- where is the clock? Okay. 9:22 a.m. The subject matter of this executive session deliberation is to deliberate and discuss employment of an executive director for the Texas Department of Housing and Community Affairs under Section 551.074 of the Texas Government Code.

Secondly, litigation and anticipated litigation, potential and threatened, under Section 551.071 and 551.103 of the Texas Government Code. Number three, consultation with attorneys concerning pending litigation, Cause Number GN2-00408, CMH Homes, Inc., Waterwood Development Company, Ltd., and the Texas Manufactured
Housing Association, Inc., versus the Texas Department of Housing Affairs, and Ruth Cedillo in her official capacity as the acting executive director thereof, and the Manufactured Housing Board in the 200th Judicial District Court, Travis County, Texas.

Number four, the board may discuss any item listed on this agenda in executive session. And with this point, we will go into executive session. And we should be back very shortly.

(Whereupon, a short recess was taken.)

MR. JONES: I will now call back to order our board meeting, and announce that an executive session of the board was held. The subject matter of this executive session deliberation was as follows: Deliberation and discussion of the employment of an executive director for the Texas Department of Housing and Community Affairs under Section 551.074 of the Texas Government Code. Action taken, none.

Secondly, litigation and anticipated litigation, potential or threatened, under Section 551.071 and 551.103 of the Texas Government Code. Litigation exception, action taken, none.

Number three, consultation with attorneys concerning pending litigation, Cause Number GN2-00408, CMH Homes, Inc., Waterwood Development Company, Inc., and Texas Manufactured Housing Association, Inc., versus the Texas Department of Housing and Community Affairs, Ruth Cedillo in her official capacity as the acting executive director thereof, and the Manufactured Housing Board
in the 200th Judicial District Court of Travis County.

And by way of comment, that suit has been dismissed, and action taken was none.

And four, the board may discuss any item listed on this agenda in executive session. Action taken, none. The board of directors has completed its executive session of the Texas Department of Housing and Community Affairs on February 21, 2002 at 9:32 a.m.

I hereby certify that this agenda of an executive session of the Texas Department of Housing and Community Affairs was properly authorized pursuant to Section 551.103 of the Texas Government Code, posted at the Secretary of State's office seven days prior to the meeting, pursuant to Section 551.044 of the Texas Government Code.

And that all members of the board of directors were present, with the exception of Vidal Gonzalez, and that this is a true and correct copy of the record of proceedings pursuant to the Texas Open Meetings Acts, Chapter 551, Texas Government Code. Signed by myself as Michael Jones, Chairman of the board.

And with that, I would direct our attention to Item Four of our agenda, and ask Mr. Conine to proceed.

MR. CONINE: Thank you, Mr. Chairman. And I also would like to express to the citizens of El Paso and the surrounding area that we appreciate your hospitality. That the Chamber of Commerce function last night was outstanding, and we're always glad to come...
out here. And once again, I thank you very much.

   It's a pleasure to make this report to the board, Mr. Chairman. As you know, you assigned the task of searching for our new executive director to a committee that consists of Mr. Shad Bogany and Mayor Norberto Salinas and myself.

   I want to again publicly commend those two gentlemen for their time allocation and dedication to sifting through some well over 60 resumes, if you will, and helping in the interview process. They were outstanding, and their input has been tremendously valuable. And I appreciate their service.

   We did evaluate, in the first round of interviews, close to ten candidates. We then had a second round of interviews that consisted of about four candidates. We were thoroughly impressed with the quality of the people who were applying for the job, and knowing the challenges ahead, both with the sunset legislation coming forward for this agency, as well as compliance with Senate Bill 322 and other issues that are before this agency.

   So we were pleased to have a tough decision. But we did gain consensus on one candidate. It reminds me somewhat of the prodigal son story in the Bible. We have a prodigal daughter in this case, and we're pleased to know that one of our former employees is coming back.

   She comes to us from the Texas Housing Finance Corporation, where she has been Chief Executive Officer since 1994.
In her capacity there, she has worked diligently with the affordable housing programs of providing equity and doing all other sorts of related issues. And we think her experience and capacity to lead this agency is just superb. And we're really excited to have her here today.

So, Mr. Chairman, if I could, I'd like to put forward the name of Edwina Carrington as the new Executive Director for the Texas Department for Housing and Community Affairs. And with that, I'd so move.

MR. BOGANY: Second.

MR. JONES: We have a motion and we have a second. Is there any discussion?

(No response.)

MR. JONES: Do you think she'd take the job?

MR. CONINE: Let's hope so.

MR. JONES: We can ask her here in a minute.

Hearing no discussion, I assume we're ready to vote.

All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: All opposed, say nay.

(No response.)

MR. JONES: Let the record reflect that the motion carried unanimously. Congratulations.

(Applause.)
MR. JONES: We knew we were going to have an historic event. So we came to El Paso. Would you like to speak to us?

MS. CARRINGTON: Thank you, Mr. Chairman. Thank you. I'm Edwina Carrington, still Chief Executive Officer of the Texas Housing Finance Corporation. Mr. Jones, Mr. Conine, Chair of the search committee, and Mr. Bogany, Mayor Salinas, I really appreciate the job that you all did in the search.

Other board members -- they asked the tough questions. They were extremely professional, and I know for all of the candidates who went through the process, made us think very long and hard about TDHCA and what needed to be done, and what we thought we could contribute to TDHCA and to affordable housing in the state.

I am delighted, excited, looking forward to it. I think the department has a very committed board of directors, a very good staff, and the first things we'll do is focus on getting through sunset, and then look to see what kind of model affordable housing programs we can create for low and moderate income citizens of Texas.

Thank you all for your trust and confidence.

MR. JONES: Thank you. We look forward to working with you.

(Applause.)

MR. CONINE: Mr. Chairman, if I might, she is wrapping up her duties at the Texas Housing Finance Corporation, and will start on with the agency officially on March 11. So we look forward
to that.

MR. JONES: I would like to say, too, I did ask Mayor Salinas, I asked Mr. Conine, I asked Mr. Bogany to do this task. They have done a wonderful job. The untold hours -- for those of us -- was it 64 you referred to, Beth, of the resumes we've been through? And to see what they have done is really monumental for the state.

And I thank them so much for agreeing to do it when I asked them to do it. I believe, from the bottom of my heart, that we have made an excellent decision. We look forward so much to your leadership and working with our department.

Like I said, I think the Committee has led us into making an excellent decision. But I want to brag a little bit right now for the board, because a lot of times we're criticized for when we don't do things right. But I think we did something really right not too long ago.

We made a great decision when we made Ruth Cedillo our interim executive director. And that's a tough position, it really is, to be an interim. It's a tough position to be in at really the stage of the life of our department.

We were going through some times that really took, I think, a really good leader who could get our boat into some stiller waters. And I think she's done that. I will say one thing about Ruth. She is really a healer. And she's helped heal a lot of things
in our department.

And I don't think she's -- she's not only done that, but I think it's real hard for an interim to be a true leader. And I think she's certainly been that. To hear somebody from the public -- it really was heartwarming to hear somebody say you've taken Senate Bill 322 very seriously, and you've really moved forward with it.

It's very heartwarming. And I want to say the reason for that is due to Ruth's leadership. And it's so great, Edwina, that you have her to work with you. I think she has set the table for you very well. And she is such a key member of our department and our staff. And I want to thank you, Ruth, for all that you have done. And I hope that everyone would join me in congratulating Ruth for her excellent leadership.

(Applause.)

MS. CEDILLO: Can I say something?

MR. JONES: Yes, you sure can.

MS. CEDILLO: I do want to thank the board for giving me the opportunity to work with the staff. And Ms. Carrington is inheriting a great staff at the Department of Housing and Community Affairs. And I would like for them to stand, because you know, you're only as good as the staff that's behind you. And I really believe that the staff that we have at the department is some of the greatest staff.

Everything that we went through at -- with sunset was
very difficult. And they stuck with the department through all of those hard times. And we have been working as hard as anyone could possibly be expected to work in making sure that we got started on implementing the sunset legislation.

And I'd like to mention that at this point, we estimate that we are at a 40 or 50 percent implemented. And I do compliment our staff. And I would like for them to stand and be recognized, so all of you know who is behind all of these programs that are being administered by the department. If you would, please.

(Applause.)

MS. CEDILLO: Thank you. And thank you, everyone here in El Paso. It's been a pleasure working with all of you. And as you know, I've worked with the CDBG Program for many years before taking the position as deputy executive director, and then as acting executive director. And I have found it very rewarding working in the area of housing. Thank you.

MR. JONES: Thank you, Ruth, for all you've done. With that, I would like to turn us now to Item 2(a) on our agenda, and Mr. Conine.

MR. CONINE: Thank you, Mr. Chairman. Today, we have several items from a -- financial items to go over with you. And if I could, I think I'll go ahead and turn this -- the presentation of these over to Ruth Cedillo.

MR. JONES: Thank you.
MS. CEDILLO: I'd like to mention that our staff at the department has been very creative in trying to implement the sunset legislation. And this is just a part of it. And we have Matt Pogor this morning, who is going to present this agenda item.

MR. POGOR: Good morning.

MR. JONES: Good morning.

MR. POGOR: Chairman, board members. My name is Matt Pogor. I'm the manager of bond finance for the Texas Department of Housing. Vern Johnson is unable to be here this morning; he's at the Texas Bond Review Board meeting. I just got a phone call from him just as I was walking up here; he is waiting for a phone call from me.

At the August meeting, the board approved a staff request to research issuing taxable mortgage revenue bonds under the single-family mortgage revenue bond indenture to provide funds for nontraditional single-family lending programs.

The staff and the department's bond finance standing has determined that such an issue is feasible, and has substantially completed structuring and documentation for this bond issue.

As you recall, M.R. Bell is our senior underwriter, and [indiscernible] is our co-manager. Both of them are minority underwriters. The department previously executed a similar bond transaction -- it's taxable single-family mortgage revenue bond Series 1994(b) -- in June of '94.
That was a -- we normally come to you with a tax-exempt structure. So they were coming to you with a taxable issue. Tax-exempt mortgage revenue bonds may not be used to fund nontraditional mortgages and similar programs, due to first-time home buyer restrictions and interest-rate arbitrage restrictions imposed by the Internal Revenue Code.

This taxable bond structure will be used under the single-family mortgage revenue bond junior lien indenture. The size of this indenture, 2002(a), will equal $10 million. The bonding will be issued for these single maturity, and will mature on September 1, 2026. If authorized, the bonds will be closed on March 5, 2002. And we will -- well, we will sell the bonds on March 5 and close on March 27.

The allocation of these bonds' proceeds will be subject to authorization of departmental funding needs and public comment if that schedule reflects the recommended use of these proceeds. This is a unique financing structure and may not be executed annually or on any regular basis.

No Program 58 funds will be allocated or disbursed to department divisions and programs unless the respective divisions receiving the program allocation has established, one, adequate written procedures and policies, and two, satisfactory internal controls over the accounting for and monitoring of the Program 58 mortgage loan disbursements, under the respective division programs.
The department divisions and programs receiving allocations and disbursements may be subject to review, or audited by the internal auditing division prior to receiving Program 58 allocations.

The attached resolution authorizing the issuance of the bonds and approves the bond documents and subsequent complete form. The bond finance division requests the board approve of a task resolution authorizing the issuance of the Taxable Junior Lien Single Family Mortgage Revenue Bond, Series 2008, and the recommended use as it's listed on the attached code. Comments?

MR. CONINE: Mr. Chairman, if I might, I would go ahead and move that we approve Item 2(a), the Taxable Junior Lien Single-Family Mortgage Revenue Bond Series 2002(a), which -- and -- which is backed up by Resolution Number 02-13.

MR. BOGANY: Second.

MR. JONES: Motion's been made and seconded by Mr. Bogany.

Further comments, questions, discussion to the motion?

MR. CONINE: I'd like to commend staff again for coming up with this -- what I consider a very innovative program. We -- they got their heads together and put a new wrinkle or two in their brains, and came up with a program that I think is tremendous to come off with some taxables and be able to do some nontraditional programs in areas that not only our citizens around the state, but the
Legislature has asked us to take a hard look at.

I commend staff for going through that exercise and coming up with this program.

MR. POGOR: Thank you.

MR. JONES: Further discussion? Hearing none, I assume we're ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: All opposed to the motion, please say nay.

(No response.)

MR. JONES: The motion carries.

Do you need to make a phone call?

MR. POGOR: Oh, yes.

MR. JONES: Okay. Well, we'll -- I'll tell you what. We'll come back to our other agenda -- do you present the other agenda items? Okay. Thank you, sir.

MR. POGOR: Thank you.

MR. CONINE: Item 2(b), Mr. Chairman, approval of the additional resolution and other matters on -- related to proposed issuance of qualified 501(c)(3) multifamily mortgage revenue bonds.

Mr. Robert Onion, I think, is going to make that presentation.

MR. ONION: Good morning, Mr. Chairman, board members.

The transaction before you is a refunding of an existing 501(c)(3) transaction that was issued by the -- our board in 1996. With this
refunding, this will allow approximately $3 million to be made for improvements and reserving of placement for the projects -- the nine projects in and around Dallas/Ft. Worth area.

Also, it will extend the affordability of these projects from currently ten years remaining to 30 years. It also will give the department an opportunity to change the rating on the bonds from A to Triple-A.

And also, I wanted to point out, under the underwriters, the borrower will select from our approved underwriter's list, the borrower has selected J.P. Morgan/Chase. They are currently a co-manager under our list. They are requesting to act as a senior underwriter.

I have discussed this with our financial advisor. They certainly have no reservations in recommending this underwriting firm as a senior underwriter for this particular transaction.

Based upon the information that I've provided you today, I would like for you to favorably consider Resolution 02-15.

MR. CONINE: Mr. Chairman, I move that we consider favorably Resolution 02-15, approving the Multifamily Mortgage Revenue Bonds not to exceed $31,500,000.

MR. BOGANY: Second.

MR. JONES: Okay. We have a motion made and seconded that resolution be approved. Further discussion, comments?

(No response.)
MR. JONES: Hearing none, I assume we're ready to vote.

All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: All opposed, nay. The motion carries.

MR. CONINE: Okay. Item 2(c). Ruth? Who is going to
do this one?

MS. CEDILLO: We can. Bill Dowling.

MR. CONINE: Mr. Bill Dowling? Are you going to do
this?

MR. ONION: I'll be doing it.

MS. CEDILLO: Oh, you're not finished?

MR. CONINE: You're not finished?

MS. CEDILLO: I'm sorry.

MR. ONION: I'm -- the change in memorandum of
understanding?

MR. CONINE: Yes. Go ahead. I'm sorry.

MR. ONION: Yes, sir. This amendment -- what this does
is eliminate the provision where 50 percent of the transactions for
501(c)(3) will have to be new construction, or acquisition and
substantial rehab. It gives us a greater deal of flexibility in
looking at 501(c)(3) transactions. This is directly out of our
legislation, which recommended that this be done.

And so based upon that, I would like for you to
favorably consider this amendment to the memorandum of understanding.
MR. CONINE: And what I'm understanding, with the one we just approved, they are doing major rehab on the project that -- those projects listed there. Is that correct?

MR. ONION: Correct. They're approximately $3 million.

MR. CONINE: Okay. Mr. Chairman, I move that we accept the new proposed amendment to the memorandum of understanding between TDHCA and the Texas Bond Review Board.

MR. JONES: We have a motion.

MR. BOGANY: Second.

MR. JONES: Motion has been made and seconded.

Further discussion, questions, comments?

MR. SALINAS: Is that rehab? Rehab, or --

MR. ONION: The previous transactions?

MR. SALINAS: On the 31 million?

MR. ONION: Yes. It's primarily a refunding, which allows them to take advantage of the current interest rates market and to reamortize the bonds, and with that, provide an increase for -- to do rehab and improve what's on the existing --

MR. SALINAS: What's the interest change? Is there an interest change here?

MR. ONION: There will be an interest change. It will be publicly offered. Although the interest rate from the existing loan is not substantially different than what market would be today, the benefit is by reamortizing the loan, it gives them the additional
Mr. Salinas: The rating won't change the interest rate?

Mr. Onion: Yes, sir. A Triple-A rating will, based upon the market, have a very favorable interest rate in today's market.

Mr. Jones: Are there other questions, comments? Here again, I assume we're ready to vote. All in favor of the motion, please say aye.

(Chorus of ayes.)

Mr. Jones: All opposed to the motion, nay. The motion carries.

Mr. Conine: Item --

Mr. Onion: Thank you.

Mr. Conine: Thank you, Mr. Onion.

Item 2(d), the approval of our investment policy. Mr. Bill Dally.

Mr. DALLY: Good morning, Mr. Chairman, Board members, Ms. Cedillo. I think you'll find under Tab D a resolution and our write-up. And I think you have a separate copy of the investment policies provided.

In brief, this is the policy that we've had for the last couple of years. This is without any amendments or changes. But we are required, by the Public Funds Investment Act that this be
reviewed by the Board and considered, both the policies and
strategies.

And if you'll indulge me a little bit, we've got three
new members, and I'd kind of like to just kind of hit the highlights
of it. You've got a high-level understanding of this investment
policy.

First and foremost, as you'll see on page 1, safety of
principal, sufficient liquidity, and market return -- you can see
that we're -- we have a very conservative position. And it's -- our
investments are driven off the fact that we're a bond issuer and we
get these proceeds and they turn around and become mortgage bank
securities. So it's not a wide-open investment policy. It's very
limited.

And there again, like the safety and liquidity and yield
being last on the list, and we're very limited. I do want to point
out, if you'll look on page 2, the Board establishes the investment
policies and objectives, obtains an expert advice and assistance with
respect to its actions, the necessary exercise of responsibilities
prudently, and monitors the actions of staff and advisors to ensure
compliance with the policy.

So we work with our underwriters and our financial
advisors and stuff, as we structure the deals and set up the
investments. And then, by our legislation, it's actually the
executive director who has, by that statute, responsibility over the
investments of the department.

It's then by this policy that it's delegated the operations of that to both myself, chief financial officer, and also to the director of bond finance, Byron Johnson. So we act as co-investment officers.

Further down on that page, I would ask you to look at -- there is the ethics and conflicts of interest. And it's about a page and a half. And it has both references to other statutes, and then gives specific examples of what will be considered a conflict of interest with respect to investment policy in dealings with the department and the outside financial people that we deal with. And it applies both to department personnel and to board members.

It then goes on to describe what is an authorized financial dealer institution. They have to look at our policies and be advised on the type of investments that we're allowed to do, and assign a statement to that effect, that they understand the limitations of our investments.

It then goes on to describe what's authorized in suitable investments. And I'd like to point out in that first paragraph, our general revenue funds -- the special revenue, which are our federal funds, our trust and agency funds -- those are all held at State Treasury and invested by that group.

And its only investment report that I bring to you quarterly are only those investments related to our enterprise fund,
which are the multifamily and single-family bonds. And then we have
some of our housing fees are also invested.

But most of our operating and many of our program funds
are at State Treasury, and there is no investment decision for the
department. It's just appropriated to us for our use.

It then goes on to describe the enterprise funds. And
those, like I say, are both ruled by this policy, that they're also
looked at. There is a whole set of restrictions on what's an
authorized investment within those indentures, as those things are
pledged in the indentures, because ultimately, we use those funds and
create mortgages with the repayment and the security of those
investments is what's going to pay the bond for us. And it's -- the
stipulations are set out in those indentures.

Then, let me see -- and then it describes the authorized
investments. And on page 7, there is a short list of things that
we're not allowed to be in. And these are the type things that grew
out of the Orange County -- before there was Enron, it was Orange
County in '94.

And it was the kind of mortgage securities that were
stripped off. They were principal onlies, or interest onlies, or
interest floaters. We do not have that. Ours are a plain vanilla
security, directly related to mortgages here in Texas. And there are
no tranches and exotic stuff in it.

Then it goes on to describe the diversification,
performance standards, maximum maturities, collateralizations, a whole page of internal control.

And then on page 10, it describes the reports, the requirement to come at least quarterly, the format of those reports, the information. There on page 11, it describes the fact that we -- it will be by board resolution. Once a year, the board will consider the policy.

Now, this is -- typically, we could be bringing the amendments. And so you would approve -- we would describe those amendments. This particular year, there are no amendments. This is going to be the same as what we had in the prior year.

And then it -- the other thing I want to point out to you is on page 11, it talks about the training both required of the board members and of staff. You're required within six months of being clients of the board to have your training.

Now, this -- for board members, that involves -- there is a videotape that was developed, that you can take home and watch. And after you've seen that, if you still have questions, give me a call. As investment officers, Byron and I are both required to have ten hours of training every two years.

And then lastly, just to talk about the strategy, all of the departments funds as listed below are program or operational in nature, excluding the bond funds, and are kept at State Treasury and earns interest on those balances for the applicable rate. And that's
the general fund, trust funds, agency funds, and some proprietary funds, excluding the Revenue Bond Funds.

Section 2 goes on to describe the department's Revenue Bonds that include proceeds that are invested in various investments stipulated and controlled by bond indenture.

Certain investments and indentures -- I'll skip it. Typically, investments include guaranteed investment contracts -- that's where we put our bond proceeds until the mortgages are originated -- agency-backed mortgage securities -- and in some cases, we'll buy long-term Treasuries if we're required to have some reserve funds. And those will be pledged in the near future.

There are -- remaining are some acknowledgements and receipts and that we give to the broker/dealers and people that we deal with in our investments. Are there any questions?

MR. CONINE: Mr. Chairman, if I might move for the approval of Resolution Number 02-10, authorizing or approving the TDHCA Investment Policy without changes, in compliance with Chapters 2256 and 2306 of the Texas Government Code.

MR. SALINAS: Second.

MR. JONES: We have a motion made and seconded by the Mayor. I've got a couple of questions. I've -- you know, I've seen the videotape, and I guess I still have questions. So I'll ask them.

Obviously, when we do this each year, I mean, we're doing, you know, our best to enact policies that comply with the
Public Funds Investment Act as well as all other applicable state laws. Right?

MR. DALLY: Correct.

MR. JONES: And you work with counsel and you work to ensure that when you present us these policies, you know, they comply in every respect?

MR. DALLY: I believe they're going to be in conformance. Yes.

MR. JONES: And in the same thing, when we all read them -- I know we've read them, you know, it looks like -- and I'm sure you'd agree with me, that every attempt is being made to comply with all of those laws, particularly the Public Fund Investment Act. And not only that, but we're fairly conservative in our investments, in the way we approach this.

MR. DALLY: Yes. I mean, our investments are for a specific purpose. I mean, in one way, if you were to look at our investments, we're concentrated in mortgage-backed securities. But that is the purpose. That's why we raise the funds. And so it's very limited --

MR. JONES: Yes.

MR. DALLY: -- in that sense.

MR. JONES: Yes. To see -- to achieve what we're supposed to do, if you would look at our purposes, then you are very conservative.
MR. DALLY: Yes.

MR. JONES: You -- I guess this springboards me into another question. And that is, obviously, you can have the greatest policies in place, and the greatest intentions to handle all these matters as wisely as you can, but your practices have to meet your policies.

And I guess I would just ask you, and maybe it's a good thing to do at least once a year as our CFO, as our co-investment officer, you know, do our practices meet our policies?

MR. DALLY: Yes.

MR. JONES: Okay.

MR. DALLY: In fact --

MR. JONES: And you're comfortable with that?  

MR. DALLY: Yes.

MR. JONES: Okay.

MR. DALLY: And in fact, Byron and I are looking right now to update -- looking at the processes and procedures related to this policy at this moment.

MR. JONES: And I'll be real honest with you. I mean, I think that has to be a staff function. But it's certainly something I think the board needs to confirm, you know, periodically.

MR. DALLY: Right.

MR. JONES: I think the other thing that I, as a board member would like to confirm, and again, I see it as a staff
function. I'm not trying to intervene into it though, is that you as our CFO and you as our co-investment officer -- you feel comfortable that you are given all the data you need to -- in order to have all the knowledge that's required to make sure our practices meet our policies? You're comfortable with that?

MR. DALLY: I am.

MR. JONES: Okay. Good. Great. The other question I have -- and this is just, you know, something that through the years I've always struggled with. Now, our investment advisor on bond issues is Mr. Maycheck [phonetic]. Correct?

MR. DALLY: Correct.

MR. JONES: Okay. Does he also advise us above and beyond just the bond issues, or on just that function?

MR. DALLY: Oh, he's given us advice in other areas too. But that's his chief --

MR. JONES: That's his chief function.

MR. DALLY: -- role.

MR. JONES: Okay.

MR. DALLY: And for the most part, you see the guaranteed investment contract, which is what is bid out and brokered essentially at the time we issue the bonds. He's part of that process for buying. And then the resultant mortgage-backed securities are just part and parcel with what we set up in that bonding venture.
MR. JONES: Thank you, sir. Those are the only questions I have.

MR. CONINE: Nice to have division.

MR. JONES: Any further questions, comments? I assume we're ready to vote, then? All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: All opposed, nay?

(No response.)

MR. JONES: The motion carries.

MR. DALLY: Thank you.

MR. CONINE: Item 2(e), Approval of the Resolution Regarding Amendment for Signature Authority.

Is this you, Mr. Dally? Who is going to handle this one?

Ruth?

MS. CEDILLO: Actually, this is one where Mr. Jones would delegate authority to you to sign a document for him if he's not available for board meetings.

MR. JONES: I certainly would do that.

MR. CONINE: I don't know if that's going to pass or not.

MR. JONES: Since the Chair can't make a motion, I'd appreciate someone else making that motion.
MR. SALINAS: I move.

MR. JONES: Okay. Been moved.

MR. BOGANY: Second.

MR. JONES: Mr. Bogany seconds. Mr. Bogany. Any further discussion of the motion, other than Mr. Conine's reluctance?

All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: All opposed, nay. The motion carries.

MR. CONINE: Get writer's cramps on that one.

Item 2(f), Discussion of our first-quarter investment report, back to Mr. Dally on this one.

MR. DALLY: Thank you. If you'll look under Tab F, you'll find the quarterly report with all the elements required by the Public Funds Investment Act.

To hit the highlights on this, overall, the portfolio grew a large amount, because we had both the issuance of the RMRB indenture, $124 million. So that created cash that we put into securities.

We also had three multifamily issues totalling about 36 million increase in our overall portfolio. So it now stands at $1.25 billion. In the makeup of that is 63 percent mortgage-backed securities, 30-1/2 percent in guaranteed investment contracts or investment agreements. About 4-1/2 percent in repurchase agreements. That's the money that's liquid until we -- we'll have
repayment streams on the payments until that overnight bill will be there, and we will reinvest that into either the investment agreements or the GICs. Two percent makes up the other.

As far as mortgage-backed securities originated in this particular quarter, we have 17.7 million. And those range in grades from 5.35 to 6.45 in the past three ratings. An overall way to average the mortgage-backed securities right now is about 6.3 percent.

Overall, the market value increased about 5.2 million, decreasing the difference between the fair and par, which is to be expected in this market.

And that's all I've got. Are there any questions?

MR. JONES: Any questions?

I think that's a report item, so I don't believe there is any action that needs to be taken by the board.

MR. CONINE: Do we want to move -- how about if we move the acceptance of his report?

MS. ANDERSON: Second.

MR. JONES: The motion's been made and seconded to accept the report.

MS. ANDERSON: Okay.

MR. JONES: Any further discussion of it? Yes, sir.

MR. CONINE: I have one little issue, Mr. Dally, and just kind of piggyback what the Chairman was asking about a minute
ago. I refer you to yesterday's Wall Street Journal editorial page --

MR. DALLY: On Fannie Mae?

MR. JONES: -- where Fannie and Freddie have been criticized and haven't been criticized over the last several years. And I know we don't do business in their exact same methodology. But we are, again, the mortgage-backed security business as an agency. And I'd like, if you would, for the next meeting -- not this meeting, but if you would take a look at that related to our investment policy as well as this report --

MR. DALLY: Okay.

MR. JONES: -- here today, and give us your editorial opinion regarding us and how we do business related to the criticism that both Fannie and Freddie are getting.

MR. DALLY: I did see that. And I do want to come back. And I'll draw some differences and stuff as best I can.

MR. CONINE: That would be great.

MR. DALLY: Although, it -- we are very -- we are similar, too. But I don't believe we've got the degree of leverage. And I think -- what the -- some of their criticism is they have some hedgings and some revenues where they're trying to say, Well, we're dependent on how these interest rates float up and down, and we've got some hedges on the other side. We're not --
MR. DALLY: -- hedging.

MR. CONINE: -- again, we don't need to go through the education here.

MR. DALLY: Yes.

MR. CONINE: But I know I could use the education as to the differences between the way we operate and the way they operate.

MR. DALLY: Okay.

MR. CONINE: And we'd appreciate that next month.

MR. DALLY: Okay. Thank you.

MR. JONES: Thank you. Anything else, Mr. Conine?

MR. CONINE: I think we moved to accept the -- did we vote on that?

MR. JONES: Did we? I forget.

MR. CONINE: I don't think we voted.

MR. JONES: Okay. Any further discussion of the motion? All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: All opposed, nay.

(No response.)

MR. CONINE: That concludes my report, Mr. Chairman.

MR. JONES: The motion carries. Thank you, Mr. Conine.

At this point, we have a few other people that would like to speak to us.

MS. CEDILLO: We have one item.
MR. JONES: I know. Can we --

MS. CEDILLO: If we could do that one next.

MR. JONES: You -- we can do that right now if you want to. That would be a good idea. Yes, ma'am. We will do it right now. Item 3, which is the Presentation, Discussion and Possible Approval of the Low Income Housing Tax Credit Items, the Approval of the Request for the Extension of the Commencement of Substantial Construction for the Cameron Village Apartments in Alice, Texas.

Ruth, would you like to handle that for us?

MS. CEDILLO: David Burrell, the Director of Housing Programs, is handling it.

MR. JONES: David Burrell? Thank you.

MR. BURRELL: Good morning, Mr. Chairman, members of the board, and Ms. Cedillo.

MR. JONES: Good morning.

MR. BURRELL: What we're doing this morning is we're requesting an extension for the commencement of substantial construction for the Cameron Village Apartments, which is to be located in Alice. It would be a 76-unit project. And we're requesting that the extension for commencement of that substantial construction be extended through February 22, which is tomorrow.

They were not able to meet that January 15 deadline. However, they have been continuing to work on that construction, and they have now met that substantial construction provided you approve
the extension to make it legal.

MR. SALINAS: So move.

MR. JONES: We have a motion for approval by the mayor.

MR. BOGANY: Second.

MR. JONES: Second by Mr. Bogany.

MR. CONINE: I have a question.

MR. JONES: Yes, sir, Mr. Conine.

MR. CONINE: Mr. Burrell, is the contract signed? Is that -- I mean, we're giving them basically a one- or two-day extension. They ought to have it signed and ready to go.

MR. BURRELL: Yes, they have a contract signed.

MIKE SEGRU: Let me respond.

MR. BURRELL: Simpson Housing Solutions has taken over the primary oversight of that contract for the developer, and --

MR. CONINE: Could we get just a --

MR. JONES: Certainly, we'd be happy to hear the response. If you would fill out a witness affirmation form after you speak.

MIKE SEGRU: Sure, I'd be happy to.

MR. JONES: Thank you, sir.

MIKE SEGRU: I'm Mike Segru with Simpson Housing Solutions. And I'm not here to provide any excuses, because I don't like excuses, but there are some reasons. However, we entered into a joint venture agreement, actually, in this property with a HUB from
San Antonio, and we allowed the HUB to do his business up to a point. And we have now stepped into and taken control of the property. Simpson and formerly Kaufman and Broad multi-housing group, we've never missed delivery of a credit property when credit is necessary. So while this -- the Co-GP still a Co-GP-- he's not been removed from the partnership -- we are now in full control, and, yes, the contract is signed. The contractor is mobilized. Slabs are poured. Framing will be going on next week. So we're on top of it right now.

MR. CONINE: Do you anticipate any further extensions on any other related issues to this particular project? -- because it's -- I -- as I see here in this packet, we've extended several things several times for this particular project?

MIKE SEGRU: No. Actually, you know, it's -- I don't want to call it comical, but we tried to keep the construction loan in Alice with Wells Fargo Community Bank, huge bank. And it went on for nine months with them trying to close it.

Finally, through our Long Beach office -- we used the LA office of Wells Fargo and got the loan closed, boom. We brought our financial strength to the table as well. I don't see a request for any other extension, Mr. Conine.

MR. CONINE: Okay.

MIKE SEGRU: I think we'll get it done.

MR. JONES: Any further questions, comments, discussion?
Thank you, sir.

I assume we're ready to vote, then? All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: All opposed, nay.

(No response.)

MR. JONES: The motion carries. Thank you.

I would then turn our attention -- we have a few more people that would like to speak to us. And the first one is a Mr. Morales.

MR. MORALES: Hello.

MR. JONES: Hello. How are you today?

MR. MORALES: Fine, thank you.

MR. JONES: Good.

MR. MORALES: My name is Moises Morales. And I'm representing the people of [indiscernible]. I speak English, but I prefer Spanish, please.

MR. JONES: I think Alex is going to translate for us. Is that right?

MR. COSSIO: Yes, I'll be translating.

MR. JONES: Thank you, sir.

MR. MORALES: In the name of our pueblo and our Almighty, we would like to represent the public comment in Fort Hancock. They are critical and difficult.
We need basic services like water, electricity, sewer lines, paved streets, lighted streets. The people of the colonia are also paying their taxes, but most of them, they don't have a privilege.

Most of the places are located very far away. And they are located three or four miles away, and they have water services. They also have light.

And there are some people that live right there in the colonia. And there is 20 or 30 feet apart, and they have light. And they don't have the services.

MR. SALINAS: The arguments of the leaders of their community --

MR. MORALES: -- they say that those areas have legal problems. And the other argument is they don't have sufficient water services. But they do sell the water, people that come by and sell the water to them.

I consider, and it's my opinion for many years the leadership in the community, the majority of they cases, they have been taking a very passive attitude, on very different occasions.

Reasons -- maybe commodity, maybe lack of vision, maybe lack of interest, but something is not developing there. I've been living there for 18 years more or less. But it's been -- the problem has been there for 25 to 30 years. And every leader that was in every position, I haven't seen anything. And you can go by and you
can see what I'm talking about.

The problem that I see is that the town is growing. And one of my arguments is that this past month, they are -- the school jumped from 1A district to 2A, compared to Antonio, Tornillo, Van Horn, Marfa, Alpine. And I see a lot of problems there.

As a minister, I see a lot of problems. And I see a lot of kids that are suffering, in summer of heat, and on the winter, it's bad. And there are some little girls there. Some of them are babies. And they don't consider -- I talked to Mr. [indiscernible], because we belong to the Hudspeth County. They only -- they don't do anything. They listen to us, but I don't see a lot of interest.

The public water that's available right now is very poor, very. Every time they send letters and this and that, and I don't see a lot of development. We have children suffering in the majority of the cases.

We would like to ask you to please take consideration in this very important -- I believe that the pueblo deserves more attention, because there people live just like you all.

I have been to Hortensia Blanca, with the commissioners. And they don't attend to anything that we ask them. Please help us in this important thing.

(Applause.)

MR. SALINAS: [Speaking Spanish.]

MR. MORALES: [Speaking Spanish.]
MR. SALINAS: And maybe he can help us over there. He is in charge of the CDBG. I think this is a county commissioner's court problem, and let him address IT. The management -- he is here?

MR. CABELLO: We have been working with those. We do know that the Attorney General's office has filed litigation against this developer for this subdivision. The county is not interested in providing services at this time because of the litigation issue that's going with the Attorney General's office.

One of the issues that we face out there is capacity. We have gone out there to promote our contract-for-deed conversions, those items under contracts for deed.

We have issues about the colonia not having water. The county at the time was not interested in taking on the contract for the deed conversion initiative because they thought they didn't have the capacity to initiate the program.

MR. SALINAS: Are they forcing the present subdivision regulations in that town, or not?

HOMER CABELLO: I do not know if they have adopted the model subdivision rule at this time. But I do know that the attorney general's office has filed a lawsuit against this particular developer.

MR. SALINAS: That -- it is very important that somehow the counties are going to have to stop the developers. The law says that they cannot continue doing that.
And it's up to the elected official in your county to stop them. If not, you need to get them out of office. I mean, it's very, very obvious that the rules have not been obeyed here. The law has not been obeyed here.

And there's funds here, I think through the CDBG program, where we can help these people, but they also have to have -- the counties have to go ahead and apply through our office for sewer and water. And there are monies there, but, you know, you -- I think the commissioners court would have to apply for it.

MR. MORALES: [Speaking Spanish.] You're pretty good friend here, but once you go into -- [speaking Spanish].

MR. SALINAS: [Speaking Spanish.] The Attorney General. MR. MORALES: [Speaking Spanish.] MR. SALINAS: [Speaking Spanish.] Existing water rights. You know, we don't have any water rights anymore. And I think they're going to be in a big jam, because water rights are not available. And the law says to be able to have a lot, you have to have water.

MR. MORALES: [Speaking Spanish.] MR. SALINAS: [Speaking Spanish.] MR. CABELLO: I think one of the issues that frustrates a lot of colonia residents is that, yes, there have been laws that have passed to stop the proliferation of colonias. But those laws
were not grandfathered back. And a lot of the colonias that we're dealing with are colonias that were in existence prior to the passage of those laws.

MR. SALINAS: But I understand that, but they should be eligible for applying, through our department, and to be able to get those grants and be able to get that sewer and water to their subdivisions, if the county commissioners in their respective county apply for the grants if they're interested in taking care of the poor.

MR. SOLIS: My name is Daniel Solis. And I am the executive director of [indiscernible]. And we are the organization, a nonprofit, that is working with these folks. The situation in Fort Hancock is that basically, commissioners court in that area do not care about the residents in Fort Hancock.

It has grown so big that the majority of the population in Hudspeth County is located in Fort Hancock. We have tried to speak with those folks, and we get absolutely no response from them.

The only reason that this issue is now coming forth is because we have been working through the OCI office here in El Paso, and we have been able to try and deal with those officials.

But we are here to ask you for specifically -- is that since -- and we understand that it is a local county issue. But when you do not have a county response to the needs of the colonias, we need some type of effort from the state level, whether it be through
TDHCA, or in conjunction with the Secretary of State and the state
Attorney General's office to force these counties to implement the
laws that they are supposed to be implementing.

We can no longer accept the fact that these county
commissioners or ignorant. If they are ignorant and if they do not
know their laws and how they are supposed to apply it in their
county, they have no business being there.

MR. SALINAS: You said it. That's the way it is.

That's the bottom line.

MR. SOLIS: So we implore upon you to help us. Either
establish a task force with the different state agencies, so that we
can look into these issues. This is only one issue that we bring in
court to you today, in terms of let tenancy, private property,
contract-for-deed conversions, et cetera, et cetera.

That is only one case. Those cases are rampant here in
El Paso.

MR. SALINAS: Uh-huh.

MR. SOLIS: And since TDHCA is the lead organization,
and the organization that, I daresay, that always get criticized a
lot, they are the ones that are at the forefront. And I admire you
for that, and I admire your officers in El Paso for that, but we
still need more influence and more impact from you folks at higher
levels.

MR. SALINAS: Well, yesterday, we took a tour to some of
the colonias. And my question was, we do have a need to help some of those people in El Paso, wherever we were yesterday, in those colonias.

But we also -- and I would think -- I haven't talked to the rest of the board members, but Beth was with me. One of my conversations with Beth was, we want to help these people. But we also want to stop the developers from selling lots without water and septic tanks, and following the law in the State of Texas.

MR. SOLIS: Exactly.

MR. SALINAS: And we have those resources in our agency, and we have a good staff to help you.

MR. SOLIS: Well, I --

MR. SALINAS: But to leadership I saw in El Paso yesterday, my question was, have you stopped the selling of land without the proper services? And I did not get an answer.

MR. SOLIS: No, sir, they are not being stopped. No matter how much education we give out -- how much consumer education we get out there -- because we have an intensive education program out there to the community -- if the local authorities do not take the strong position against the land developers, the proliferation of colonias are going to continue.

MR. SALINAS: Exactly.

MR. SOLIS: That is one of the reasons that we need some ordinance powers for the counties, so we can stop some of this. It is
incredible that there exists a whole myriad of state laws and positions by the state legislature, and there are still -- colonias are still growing.

MR. SALINAS: You don't need the ordinance power to do what you have to do to take care of that problem right now. I guarantee you that after today's meeting, and we asked -- and our friend, Judge -- what was -- Judge --

MS. CEDILLO: Briones [phonetic].

MR. JONES: The one that served on our board. The judge that served on our --

MS. CEDILLO: Daross.

MR. SALINAS: Daross from El Paso should be taking some of these claims. I am -- who is going to be asking -- I would think, Mr. Chairman, that we should be asking the Attorney General to be looking into these county commissioners, not the developers anymore.

I think that he can direct themselves -- the county commissioners and the county judges -- to stop what the State of Texas says no more. You sell a piece of property, you bring the services, too.

I think that this agency and the staff that we have want to help you, because this is what we're here for, to help. But I mean, I saw yesterday -- I mean, we can help, and we can bring the services. But then they're building more.

MR. SOLIS: And we don't want the flourishing of
colonias. We want to -- we have --

MR. SALINAS: We don't want any more. We want to be able to stop it, and to be able to help them. Now, if they want to go out there and live in a trailer, that's fine. But as long as they have all the needs and all --

MR. SOLIS: Exactly.

MR. SALINAS: -- the services -- and the major service is the water. I understand that there is a shortage of water rights. But I think the county and the developers should be buying some of the water rights.

And I can understand the services, because I come from the Rio Grande Valley, and we had that problem, and we took care of it. And I -- and we have more than 700 colonias.

But the county commissioners court out there is very interested in finding those people that do not report a piece of property in 30 days, and get fined $500 a day, and up to 5,000. But the Attorney General has been very helpful to us in the Rio Grande Valley.

But I don't know why it's not working here. And I saw it yesterday. But we do understand, and I do want to tell the board that there is a lot of a need over there, but you have to have a basic -- a government that would apply for these monies.

MR. SOLIS: Well, as an organization, we would be more than willing to be the liaison between you and the county
commissioners to work directly with you and directly with them, so we can really start to deal with this issue.

MR. SALINAS: And make it --

MR. JONES: I know Ruth has said something she'd like to say.

MS. CEDILLO: I just wanted to clarify an issue right now, because as you know, the Community Development Block Grant Program has been transferred to the Office of Rural Community Affairs.

And I do encourage you to continue to work with our staff here in El Paso to create those -- or continue those relationships with the new agency, and help you try to resolve this issue, because the funding for water and wastewater improvements went with the CDBG program. And this department is basically a department of housing, and we have community affairs. But funding for water and infrastructure improvements did go with the Office of Rural Community Affairs. So we will --

MR. SOLIS: We plan -- we will --

MS. CEDILLO: We will continue to work with you --

MR. SOLIS: Okay.

MS. CEDILLO: -- through our Office of Colonia Initiatives.

MR. SOLIS: Thank you very much.

MR. MORALES: Can I say one last thing? Can I?
MR. SALINAS: Yes.

MR. JONES: Sure.

MR. MORALES: I think everybody needs accountability. I think if we're not supervised, even me or you and anybody else, we tend to decay in our position. We are accountable to each other. And I think these people are not accountable to nobody.

And I'll be talking to them and just -- they just say, We don't know, or There's not going to be -- something. I don't think they -- they don't have interest if that town can be [indiscernible] the United States, because sometimes -- I come from Mexico, and some of those places are better than Fort Hancock.

MR. SALINAS: Who is your congressman?

MR. MORALES: Huh?

MR. SALINAS: Who is your congressman?

MR. MORALES: Bonilla. Mr. Bonilla.

MR. SALINAS: Bonilla. Have you talked to his office?

MR. MORALES: How can I reach him? They don't give me phone numbers. I mean, sometimes you can't reach the Commissioner; imagine Mr. Bonilla.

We have a problem. You know, they have a tendency that they are not accountable to us because we live in Hudspeth County. When somebody gets sick, guess where they go? To the hospital at Townsend.

So Fort Hancock is growing double. There is Dell City
and Sierra Blanca. But you go to Dell City, they have paved roads
and they have lights. You go to Sierra Blanca, they have a park -- a
brand-new park.

You go to Fort Hancock, you don't have a park, you don't
have a tree, so -- and you don't have a chair to just stay there. I
think we have a problem. If we don't look at it -- I'm -- you know
what they say? They say, Why don't you get out of here. Well,
imagine that they have to tell you where you have to go.

I mean, I have a problem with that, because I am a
citizen. I came here from Mexico, but I am a citizen over here. And
I'm not a problem to this state. I go with what Mr. Kennedy said.
Don't -- what I can do for the country? The country over here has
done a lot to me. But I have to -- I want to give to the country.
And this is what I can do for the people.

I'm talking as a minister, as a citizen of Fort Hancock.
And I love the town I live in. But sometimes it's lost there. We
kind of lost there, because you have the seats over there in Sierra
Blanca. And I don't have no problem to go get the license plates.
But, man, we have double the population at Fort Hancock. You need to
go there. Right. And thank you.

(Appause.)

MR. JONES: Thank you, Mayor, for helping with this
discussion.

MR. SALINAS: Well, I was very much involved in that ten
years ago, so I know. They should have changed those. Those laws
changed in ’86. It's been a long time ago. But some of -- some
people do not want to follow the rules, and they take advantage of
these poor people.

So now I think it's up -- I think it's coming down to
hunt them down, because I think after this meeting today, I think the
Attorney General is going to hear about this, and also Mr. Bonilla.
And I'll make sure that I call Mr. Bonilla, that he needs to look at
this.

(Applause.)

MR. JONES: Thank you, Mayor. The next speaker I have
is Ms. Ortiz.

MS. ORTIZ: (through translator) Good morning. My name
is Maria Ortiz. Welcome to El Paso. And she's from San Elizario,
Texas. She's welcoming you again to El Paso.

And I just wanted to let you know I'm here on part of
San Elizario, representing San Elizario, Texas. And first of all, I
want to point out to you that we need water services and a contract-
for-deed conversion program.

We know that there are many programs in your agency that
can help us, but without the warranty deeds, we cannot qualify for
any other programs.

I'm here to request assistance, most of all with funds,
and I'm on a waiting list for seven years. And then next time I --
oh, seven months, I mean. I'm here on the waiting list for seven months.

And the next time I see you, I would like to come to you and tell you I already have my warranty deed, so I can apply for some housing programs, and even the rest of the community.

So I just want to thank you, and tell you that we need more money for contract for deeds in our community. And I am on the list of Allianza. This organization is doing a lot of work for the community. Thank you.

MR. JONES: Thank you.

(Applause.)

MR. JONES: Homer, did you have something you wanted to say to us?

MR. CABELLO: No, I was just going to help her with the --

MR. JONES: Okay. All right. Thank you, ma'am.

Mr. Hernandez?

MR. HERNANDEZ: Good morning, Chairman.

MR. JONES: Good morning.

MR. HERNANDEZ: Good morning, members. Ms. Cedillo. On a lighter and happier note, I just want to -- on behalf of Habitat for Humanity of El Paso, I'd like to welcome you back to El Paso, or for you that are here the first time, welcome to El Paso.

With your funds through the capacity-building facet of
your program, we were able to hire two staff members and double our
volunteer base through our -- one of our staffers, and double our new
home constructions for last year. So I just wanted to thank you
personally for your help, and I hope to continue working with you.
Thanks.

MR. JONES: Thank you, sir. Ms. Thomas.

MS. THOMAS: Good morning.

MR. JONES: Good morning.

MS. THOMAS: My name is Olga Thomas. I represent an
organization committee of Hueco Tanks. That's the Allianza
organization committee of Hueco Tanks.

Today, our issue is the water. While we're in the
process of organizing the water district, at the same time, we are
requesting the TDHCA to provide us with necessary tools so that we
can create alternative methods to obtain water for the community.

Our community in Hueco Tanks consists of about 300
families, say, between five and six per family. And they are in need
of water. We do not have water.

The county has ignored us. We understand it's
expensive. But there are other alternatives and methods that
somehow, something can be done. We are ready -- the community is
ready. We have been ready to work with them. So therefore we are
requesting that we can get together and figure something out. Thank
you.
MR. JONES: Thank you, ma'am. Mr. Vega. Mr. Ramona Vega. Oh, excuse me. Ms. Vega. I'm sorry.

MS. VEGA: (Translated through Homer Cabello.) She is welcoming everyone here to -- from San Elizario. And she just has a few comments she wants to make to the board.

MR. JONES: Thank you.

MS. VEGA: (Through translator) She wants to say thank you. She has benefitted, as she was assisted from the HOME Program, and the before and after effects are tremendous, and she's enjoyed the assistance she has received from our agency.

She wished there was more money to help additional colonia residents with the assistance that she has received, because of its difference in her life. And she just hopes that we can donate more money to the efforts. Thank you.

MR. JONES: Thank you.

(Applause.)

MR. JONES: Those are all the witness affirmation forms I have. So have I left anybody out? Yes, sir. What's your comment?

MR. CONINE: Can I make a couple of comments after hearing those. And again, I appreciate the mayor for helping with the dialogue. It seems to me that several ways we can -- maybe not as our particular agency, but with -- what I like to term our sphere of influences on this board.

The voter mobilization efforts on these county
commissioners -- I assume they get elected like everybody else. And it seems as if they are ignoring the wishes of their constituency, that certainly unifying the voters in that -- in their county to turn out the next county commissioner of elections is one of which we can advocate and encourage.

Secondly, I think the AG's office needs and will hear about a lot of the concerns expressed here today.

Thirdly, Ms. Cedillo mentioned the Office of Rural Community Affairs having the jurisdiction over the water and sewer capacity. Those were -- those are our former folks, and we know those people very well. And I know we'll be glad to assist in that dialogue and that effort.

And finally, we've bragged on staff about squeezing $10 million out of the junior lien program here earlier today. Approximately half of that ten million or five million is targeted for the colonias efforts and the various bootstrap and other programs, which shows our commitment to try to help the colonias as much as we can, to at least come up with $5 million here today on some programs that prior to today, the funds weren't even achievable prior to today.

So I applaud this board and our staff again for their effort in those regards.

MR. JONES: Thank you. Mr. Solis?

MR. SOLIS: I'm here again. This is not the last time
you're going to see me. But the folks that you see here are residents from throughout the County of El Paso. They are from Hueco Tanks, Vista Montana, San Elizario, Tornillo; the County of Hudspeth, Fort Hancock.

These residents, all, are very much involved in developing and working their communities. One thing that we want to make very clear today is that we have agreed with you and with the state legislature that we would not want the proliferation of colonias.

The task that we have before us as a colonia resident, as a community-based organization, and you as a state agency, is tremendous. We clearly understand that it's going to take time for us to deal with this situation. And that it's going to take money.

We understand that very clearly. But what we have to do is work with the fundamentals to start to deal with these issues. Maria Ortiz laid out the need for contract -- for deed conversions.

There is a tremendous problem here, in that if we do not -- and I'm sure you know the process. If we do not convert those contracts for deeds, we are not going to be able to bring housing.

But if we do not have the infrastructure -- the water and wastewater, we will not be able to bring in the contract for deeds. Your objective and your mission, as well as ours, is to do away with colonias. If we do not meet the fundamental needs of these folks, we will not be able to meet that mission.
We need to bring in serious money to contract-for-deed conversions. I believe that this year there was over $4 million. Allianza has been the only organization statewide to convert the most contract for deeds on the whole border.

Because we have been involved in this issue, we owe, and will recognize the whole different issue that exists with the contracts. We have a number of developers here that are taking advantage of these folks, that they themselves do not have the correct paperwork on the properties, and yet they turn around and sell it to these people.

One of the areas that we are lacking and we are missing is teeth to the contracts for deed conversion programs. We need some type of legal assistance or a legal entity coming from you so that we can deal with the developers.

I can give you a clear example. We have had a lady, Ms. Ybarra, who has been paying her property, and was paying over $400 for property taxes. The land developer never -- she was paying her taxes for half an acre. She was under the impression that they had bought -- she had bought a quarter of an acre.

When she approached the land developer, he deducted that amount of money, but in turn, he told her that he was willing to buy that property from her, because she didn't have the correct paperwork to sell to her in the first place.

When we have gone to TLRA. TLRA is swamped with work.
We have gone to the State Secretary's office. Nothing has happened there. Hopefully, something different will happen by way of change the ombudsman here in El Paso.

And the State Attorney General, we have sent tons of consumer complaint applications to them. And we have not had one case resolved. That's why we are here today.

We ask that you form a task force so that you will work in conjunction with other state agencies and force these agencies to put some teeth into these laws.

That's one issue. The other issue is a question of housing. As you can see, we -- you have had testimony here that your programs are working. But one of the fundamental lacks that we have is that there needs to be a broader and a bigger partnership with grassroots 501(c)(3) organizations.

One of our problems there is that we lack capacity. There are over 214 colonias here in El Paso. 80,000 people live in those colonias. The problem with that is the assistance that's concentrated in the lower valley, which is great, but the majority of the colonias are not getting HOME monies. They are not getting bootstrapped, and they are not getting other types of financial resources from your agency.

The fundamental problem is not you. The fundamental problem is the lack of capacity for the nonprofits. When we speak of nonprofits, we do not speak of a workshop on how to develop an
application every three or four months.

We need hands-on assistance. We need capacity monies. You cannot expect the nonprofits to develop decent housing with a drop in the bucket as far as administration funds are concerned.

If we have to develop the nonprofits to become professional housing corporations and develop the colonias, we need administration funds. And we need to spread out those monies throughout the County in El Paso.

The other one, and then I will shut up, is the self-help centers. As I said, there are 80,000 people in the colonias here in El Paso, 214. The next funding cycle will provide the self-help center here in El Paso, I believe, $3 million here in El Paso.

The problem with that is that there is only one self-help center, and it is only serving five colonias. We are not making an impact. We are making a very, very small impact.

The other thing that we need is that we need the opportunity for the nonprofits to apply directly to this funding to TDHCA, because a county is a very bureaucratic system, and it has shown that it takes a long, long time to get anything done. We want the opportunity to be able to apply directly to TDHCA for some of those funds, and to run those funds in our -- and to run those centers in our community.

The concept is great. And it will work. But we need to open more doors to the nonprofits. Thank you.
MR. SALINAS: Thank you.

MR. JONES: Thank you, sir.

(Applause.)

MR. JONES: Mr. Lopez.

MR. LOPEZ: Thank you, Mr. Chairman. Good morning, board members.

MR. JONES: Good morning.

MR. LOPEZ: Good morning, Ruth.

MS. CEDILLO: Good morning.

MR. LOPEZ: My name is Trini Lopez. I am a city councilman for the City of Socorro. And I really want to congratulate the people of the county that has come here before you to express their concerns, opinions, and complaints that they might -- that they would have.

As well as they are having problems, the City of Socorro is confronting a big problem, because I guess about 80 percent of the population of Socorro is living in housing in colonias. And I want just you to remember that even though we are incorporated city, we are also facing the same needs.

That's -- you might remember, we have been having some problems and initially, some funding had been granted to us here in Socorro. But those problems are hardly over.

And I am asking you -- we don't expect that will this year, but in the future, any obligation that we going to be sending
to you for consideration, to really look into that in [indiscernible] way, because as I said before, the citizens of Socorro are in tremendous need of services. And some of those persons are over 60, because they have been in Socorro since, I don't know -- the '70s, in those colonias.

And Socorro, because they're the biggest city outside of the city limits of El Paso, is where people started going up to to form communities -- communities, I think, is the wrong way to name colonias, because there are subdivisions with the same kind of people that have been living in cities.

So I do disagree with the designation of colonias as [indiscernible] these subdivisions, because we all are coming from big cities. I used to live in El Paso as well. I think most of the people here -- they moved -- we all moved to those areas looking for a better life, and just to get part of the American dream, to have a home.

So please, in the future, that you are going to be receiving more obligations for funds. Consider the City of Socorro, that we are also facing the same needs.

I would like to say our staff of special [indiscernible] are here, and they are working very closely with -- I don't know, what's the newest -- assistant -- Carmen? Carmen.

MS. CEDILLO: Carmen.

MR. LOPEZ: Yes, I'm sorry. So please, keep us in mind,
and welcome to El Paso. And good luck on your way back. Thank you very much.

MR. JONES: Thank you. Mr. Mercado?

MR. MERCADO: Good morning, Commissioners, and Ruth.

MS. CEDILLO: Good morning.

MR. MERCADO: My name is Juan Rodrigo Mercado, with Community Development. I would like to provide the board with some of the activities that Community has done, and especially thank [indiscernible] for all of her help. And we are working now with ORCA through CDBG.

The funding now has transferred from TDHCA to ORCA for infrastructure projects. And the county, for the last 27 years -- and I've been with it five years -- 99 percent of our funding has gone for infrastructure.

What we need is more money. Some of the estimates for putting in water into the Hueco Tanks area -- it's the only estimates I've done, and that's without the water, just the infrastructure, are over $400 million for 300 families.

So the funding we get is around half a million on -- through CDBG coming through our [indiscernible] construction, and 300,000 through our CDBG program. And we get another half million and up to $1 million through ETA and CETA.

MR. JONES: Sir, before you go on, I would like to say, we agree with you. What we need is more money, too.
MR. MERCADO: Exactly. That's what I wanted to ask.

MR. JONES: As this board and this department has consistently told the Legislature.

MR. MERCADO: Thank you, sir. And that's what I -- I want to agree with you.

MR. JONES: But I -- an I can assure you we will continue to. Thank you.

MR. MERCADO: Thank you.

MR. JONES: I didn't mean to interrupt.

MR. MERCADO: No, I was just thinking that the board should not come way that we are not trying to be attentive, for the people that we are not attentive.

The City of El Paso is the one who gives us the water. And the county has no water, so -- or no water district with water. So it's going to be very difficult for us to do those types of projects. But I wanted the board to make sure that we have spent most of our money providing that.

Now, the self-help center legislation only allows us to work in five colonia areas. And usually -- and it's not contiguous in a very tight area. The same legislation does not allow us to appropriate those dollars directly to communities, but we don't mind sharing all the resources -- or the resources we have with surrounding communities, or any other nonprofit that would like to work with us.
So that's my basic comment. And if there are any questions, I would be glad to share those.

MR. SALINAS: Are you -- get your funding through the urban county designation, or do you compete with the CDBG program.

MR. MERCADO: We compete, sir. We're not an urban county.

MR. SALINAS: You still haven't been an urban county, as big as this county is?

MR. MERCADO: As big as this county is, we can't, and that's why we struggle sometimes.

MR. SALINAS: That is a problem.

MS. CEDILLO: Rod, the other clarification is that the funds cannot go directly to the nonprofits because they are CDBG funds, and it's required that they go to units of local government, so that's why they go to the county.

And even though there was a lot of discussion during the Legislature, because of the Federal legislation, the department has been unable to provide those funds directly to the nonprofits.

MR. MERCADO: You want to tell them in Spanish?

MS. CEDILLO: [Speaking Spanish.]

MR. MERCADO: One more thing. I would like to thank Daniel Solis for speaking up on behalf of the colonias. He also appeared in the children of the colonias and did a very good presentation there.
Mr. Solis understands our situation. He's -- he has enough information and educational background and experience on this that he sees those obstacles not as obstacles, as a -- just as another step that we have to go through to get to where we need to be.

And he's been following those steps. He gets impatient. So do we. But we're in this business to help, or else we'd get out of it. Thank you.

MR. SALINAS: I was going to tell you that I think the first thing -- [speaking Spanish.]

MR. MERCADO: [Speaking Spanish.]

MR. SALINAS: We became county -- urban county designation in 1988 by Senator Phil Gramm. [Speaking Spanish.]

MR. MERCADO: [Speaking Spanish.] We have tried to get the designation of an entitlement county or an urban county. But we have not been able to do so. Ever since I have started five years ago, we have tried, and we can't get, so it's going to possibly take legislation or --

MR. SALINAS: Well, we have some small cities like Socorro that has population you can use. I think that there's not being an effort. I think the effort should be put there, and make the application again, and talk to Senator Phil Gramm and Senator Hutchison to be able to get these things through so they can get some federal monies directly from Washington, through your El Paso County.
MR. MERCADO: Commissioner's court [indiscernible].

Like I said, we have a -- and that's one of our agenda items, for --

MR. SALINAS: Maybe these people need to get together with the senators. I mean, that works. It worked in our county.

You go around the elected officials. Apparently, they don't care.

You know, I saw some stuff yesterday that developers are still building in the rural areas here. And we're trying to stop it.

I think the counties should take the initiative as far as stopping those developers for those colonias without water.

MR. MERCADO: On March 5, we are having a session on how to address that -- and that's sponsored by the County Attorney's office -- to prosecute or to go for some sort of a legislation. The problem with legislation, it doesn't allow for any administration. And we can't administer that much work at this time.

MR. SALINAS: Well, the last lawsuit the Attorney General won was in Hidalgo County to a developer for not giving those people their warranty deeds. There were the title -- what is it? The warranty deeds, the --

MR. MERCADO: Contract-to-deed conversions?

MR. SALINAS: Yes.

MR. MERCADO: To warranty the --

MR. SALINAS: Those people did not give those people a warranty deeds And they failed to record that warranty deed in 30 days. And I don't know if -- I mean, we're in the same state. And
the Attorney General won an awardance of $137,000 that the developer
had to pay in 30 days to be able to get out of the jam and be able to
put all of those people on warranty deeds.

so we're talking about the same state of Texas. And I
think the elected officials that we have in South Texas have done
that. I mean, that's their priority right now. Anybody that has a
title that is not a warranty deed is -- all they have to do is go to
the Attorney General's office and they get them prosecuted.

I mean, that's the law that we have over there. I mean,
I think it can work here, too, if you all have a way of funding a
task force.

MR. MERCADO: We have found when contracts of deed --
contract conversion came in, that a lot of the developers started
selling under a warranty deed, but at the same interest rate. So all
we did was just change the name.

MR. SALINAS: But they started --

MR. MERCADO: But the exploitation was the same.

MR. SALINAS: They kept selling at the same rate --

MR. MERCADO: Yes.

MR. SALINAS: -- but without water and without septic
tanks, and without sewer.

MR. MERCADO: Right. The colonia legislation allows
right now people to sell five acres or ten acre tracts without water.
And so that's where people move to.
MR. SALINAS: Well, I think the County of El Paso needs to pass an ordinance that they're not going to sell those five acres without water. I mean, why are they doing that?

MR. MERCADO: It would be against state law for us to do so.

MR. SALINAS: No, no. It's not against state law. We have it up there. Over there, it's one house to one dwelling, which is ten acres, five acres, 100 acres, or 1,000 acres. You can't have that anymore. One house to one dwelling, period.

And I don't know why -- I think the Attorney General needs to come in and talk to some of these people here, because it is against the law to have two houses in half an acre if it's not recorded.

MR. MERCADO: We found that many families are subdividing larger lots. Of 434 septic tank violations, 300 of them cannot be resolved because they are subdivisions of family subdivisions that colonias --

MR. SALINAS: Oh, yes.

MR. MERCADO: -- or the developers are the families.

MR. JONES: Thank you, sir. I appreciate it. All right.

MS. CEDILLO: Thank you.

MR. JONES: I think I've hit everybody. Yes, sir?

MR. LOPEZ: I'm the mayor pro tem of the City of Socorro. I just spoke a while back.
MR. JONES: Yes.

MR. LOPEZ: Just getting back -- going back to the mayor. In Socorro four years ago, I did stop the colonia subdivisions that we had down there. Right now working together with the Chamber of Commerce here in El Paso County and you all, we're going to be bringing 2,000 homes to Socorro.

Now, I have a sense that you, Mayor, are saying that the politicians are not doing enough, but we are. We are doing -- and if the county would go to this urban -- try to go and change it to an urban county, by all means, I'll be their number-one supporter; we can get those millions of dollars directly to the county.

And yes, as a matter of fact, I just told [indiscernible] -- we sent a letter to the Attorney General and to the county commissioners down there in Fort Hancock so we can try to address and expedite this responsibility that we have toward these people down here.

I hope the other members that are here, that are closely related to the elected officials will do the same thing: Send those letters to the Attorney General so we can start getting those county commissioners down there in Hudspeth County off their behinds and start working.

Again, thank you and welcome. And again, thank you for all -- everything you have done for the City of Socorro.

MR. JONES: Thank you. And that, I believe, closes our
Ruth, would you help me say one thing?

MS. CEDILLO: Sure.

MR. JONES: I would just like to thank Mr. Solis and all his friends that were here. Because of their involvement, they make this state a better place, and are making this state a better place. And I hope you all see this meeting as one step in the process.

MR. SOLIS: I want to thank you. [Speaking Spanish.]

I would like to thank especially the Office of Colonia Initiatives, Mr. Romero Carillo, and his staff here, that without their help and the technical assistance that we have had from them, we would not be able to be here with you and even question your own programs, because they open themselves up, and they help us as much as they possibly can. Thank you very much for your assistance.

(Applause.)

MS. CEDILLO: [Speaking Spanish.]

MR. JONES: I think we've completed the items on our agenda. Does anybody have anything else? Yes, oh, excuse me.

Executive Director Report. Did I miss that?

MS. CEDILLO: On our agenda we have the Ex Parte communication rule of -- I just want to mention that that will not be handled at this meeting, but we will have it at the March meeting.

MR. JONES: Thank you.

MS. CEDILLO: Thank you.
MR. JONES: I'm sorry, we -- I apologize. I think you can't -- any -- yes?

MS. ANDERSON: Mr. Chairman, I'm --

MR. JONES: Certainly.

MS. ANDERSON: I want to add my thanks to all of yours, to the City of El Paso and the County of El Paso, and all of you all that are here, and the staff that came with us. We have really enjoyed our visit and our time in El Paso, and we've learned a lot from each of you this morning. And I appreciate that opportunity.

MR. JONES: Thank you.

MR. CONINE: One more thing, Mike. I'd like to tell the board that we're going to have a press conference tomorrow at two o'clock at the Governor's office at the Capitol, announcing Edwina Carrington as our new Executive Director, and hope that any of you that happen to be in Austin tomorrow are welcome to come by at two o'clock. I will be there. And we look forward again to her leadership.

MR. JONES: Anything else?

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

MR. SALINAS: Second.

MR. JONES: All in favor of the motion, please say aye.

(Chorus of ayes.)

MR. JONES: We're adjourned.

(Whereupon, at 11:15 a.m., the meeting of the board was...
concluded.)
CERTIFICATE

MEETING OF: Texas Department of Housing and Community Affairs Board of Directors

LOCATION: El Paso, Texas

DATE: February 21, 2002

I do hereby certify that the foregoing pages, numbers 1 through 91, 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.

03/01/02
(Transcriber) (Date)

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