JOINT COMMITTEE MEETING
TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
FINANCE COMMITTEE
AND OFFICE OF RURAL COMMUNITY AFFAIRS COMMITTEE

9:30 a.m.
Thursday,
November 14, 2002

Capitol Extension
Room E1.018
1400 Congress
Austin, Texas

TDHCA BOARD MEMBERS:
C. KENT CONINE
MICHAEL F. JONES
VIDAL GONZALEZ

STAFF PRESENT:
BROOK BOSTON

EDWINA CARRINGTON
CHRIS WITTMAYER, GENERAL COUNSEL

ORCA BOARD MEMBERS:
BILL JETER
DAVE ALDERS
CAROL HARRELL

JERRY HILL, GENERAL COUNSEL
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Item 1: Presentation and Discussion of Possible Interagency Contract Between The Office of Rural Community Affairs and the Texas Department of Housing and Community Affairs Concerning the Joint Administration of the Low Income Housing Tax Credit Set-Aside for Rural Areas Pursuant to Texas Government Code Section 2306.6723 and TDHCA's Administration of the Low Income Housing Tax Credit Program Under Texas Government Code Chapter 2306, Subchapter DD; Executive Order AWR 92-3 (March 4, 1992); and 26 USC Section 42. 3
MR. CONINE: Call the meeting to order, roll call right quick, for at least our side, anyway, so we can get that out of the way. And I'm here. Mike Jones is -- Are you here?

MR. JONES: I'm here, I think.

MR. CONINE: And Vidal Gonzalez is --

MR. GONZALEZ: Here.

MR. CONINE: -- present.

Okay. Certify we got a quorum, at least on the Finance Committee side. And we can move forward.

Is there any public comment from anybody in the room? Any public comment?

(No response)

MR. CONINE: Okay. We'll close the public comment section and move on to Item 1 of our agenda, which is the discussion of our Interagency -- possible Interagency contract between ORCA and TDHCA, including the joint administration of the Low Income Tax Credit.

Ms. Carrington, would you like to introduce Mr. Wittmayer?

MS. CARRINGTON: Thank you, Mr. Chairman.

I think just a few introductory remarks. I have been, I think, to the last two last ORCA board meetings.
At those board meetings we did discuss the Memorandum of Understanding that had been drafted, which would address how we would jointly administer the rural set-aside on the Low Income Housing Tax Credit Program.

And at that last meeting, I guess, the first of November, Chairman Jeter did ask if we didn't think it was a good idea if the two boards got together or the two committees of the board got together and talked about this.

And I absolutely think it was a very good idea. And so this meeting is a result of Chairman Jeter's suggestion, I think, at that November 1 meeting.

So with that, as to how we got where we are today, I would like to go ahead and turn it over to Chris Wittmayer, who is our General Counsel at TDHCA.

MR. WITTMAYER: For the record, I'm Chris Wittmayer, the General Counsel of the TDHCA. To begin, I thought it might be helpful to lay out the legal framework under which the Low Income Housing Tax Credit Program is administered.

First, under Executive Order AWR 92-3 -- it's signed by the Governor in 1992 -- TDHCA is designated as the State Housing Credit Agency.

And this follows from the Internal Revenue Code 26 USC Section 42, which is the federal law on Low Income
Housing Tax Credits that states either by the Legislature
or by the Governor, must designate a housing credit agency
that's responsible for making the low incoming housing tax
credit allocations for the state.

In addition to the executive order, under Texas
Government Code Chapter 2306 subchapter DD, TDHCA is
designed to -- or is designated to administer the Low
Incoming Housing Tax Credit Program for the State of
Texas.

What brings us here today is one part of
subchapter DD. And that is 2306.6723, which is entitled,
Coordination With the Rural Development Agency. And that
provision of Chapter 2306 states that the Department, the
Texas Department of Housing and Community Affairs should
jointly administer the rural set-aside with the Rural
Development Agency.

Now, we worked on a proposed interagency
agreement between TDHCA and ORCA to achieve that goal.
And the ORCA executive committee at your meeting on
November 1 suggested that we have a joint meeting at which
we might resolve how we can work together to jointly
administer the tax credit program, so far as the rural
set-aside goes, looking forward into the future.

MR. CONINE: Okay. Thanks, Chris.

Guess I might open it up for discussion or
thoughts relative to the memorandum that -- I don't know how much you guys have gone through the -- you know, approving or understanding that particular document. But you might speak for yourself at this point.

MR. JETER: Yes; why not. I think the question that came to the executive committee as well as was the meeting of the joint administration. I think we have -- philosophically, you're the designated agency. We all understand that.

I think philosophically, what we're trying to do is to be sure that we -- and I don't want this to be a turf battle. We're not getting into that kind of thing. It's not a who-gets-to-do-what kind of thing.

I think we're more trying to determine how do we fulfill our obligation as we see it to take care of the interests of rural Texas and the allocation of rural income -- the tax credits for low income housing.

And the question then becomes criteria, I guess, is one. Our concern was where are we on the criteria side. You know, is there a veto power to the criteria side or not.

I think the other question was -- or one of the other questions was in terms of allocation of credits. Right now I believe the allocation credits are on the basis of head count. You know, we have so many people in
rural Texas, so many people in the rest of -- unrural Texas.

So the question becomes -- and I think our vote suggested that they be more allocated to the lower income votes of rural Texas outside of the head count issue. And I believe in the last discussion we had with that that we suggested 25 and you suggested 15 or something like that.

Is that approximately where we were?

MS. CARRINGTON: Fifteen is what is in the QAP right now.

MR. JETER: Right.

MS. CARRINGTON: And it's my understanding from Brooke, one of the -- I guess one of the last meetings with ORCA staff there was a discussion about how much that set-aside --

MR. JETER: Yes.

MS. CARRINGTON: -- should be. And there was discussion of increasing it. I think actually -- and I don't want to misstate -- but I think actually, the consensus of the group was that it stay around 15 percent.

MR. JETER: And so we -- you know, therein lies an input problem from our standpoint, because if we don't do something -- from our perspective, if we don't do something for rural Texas -- in many issues, not just this issue -- but in many issues, then what's going to happen,
this population are going to continue to drive from rural
Texas back into the suburban, urban areas. And so you're
going to have no income tax credit for rural Texas at the
deal of the day.

Now, that's a big leap. And I'm not making it.
I'm just saying you could make that large argument. So
the idea is how do we deal with so that we have some
mechanisms in place to deliver our arguments and our
desires to help those rural interests or to help protect
those -- the interests of rural Texas. So that's an
issue.

I think that -- so it gets into the issues of
what goes into QAP, in terms of criteria and scoring, et
cetera.

And it gets into the issue, I guess, of what
would happen -- and I guess that became -- what happens to
a rural issue in a rural grant, for example, that would be
approved under the scoring criteria, gets up to the top
and the board for whatever reason, overturns that issue
for some reason.

So we get into those kind of things. You know,
I think that -- so our job, I guess, I think is to -- just
what we want to do is interact with you guys and say,
Look, here's what we're trying to do. It's not a matter
of who gets to call which shot; it's a matter of how do
we do our job in protecting the interests of rural Texas
and advancing the interests of rural Texas.

Because I think there's a real problem if we
don't advance the interests of rural Texas in terms of --
as regards the economies and growth of those economies and
providing adequate housing for low to moderate income
folks.

If we have hospitals and we don't have housing,
we've not gotten there. If we have jobs and don't have
housing, we've not gotten there. But the housing is a --
as you well know -- a significant portion to what we're
trying to accomplish.

So if I could -- if I would then restate where
we are, I think that what we are trying to do is ensure
that those interests -- that we have input to those
interests. And in cases where scoring criteria and all
those other criterias are affected, that we -- I hate to
use the -- I don't want to use the word veto powers,
because I don't like that word, so --

But that those would be substantiated in the
sense that they would not be revocable for any reason
other than that of not passing scoring criteria or --

Does that make some sense?

MR. ALDERS: I might ask Edwina, if she doesn't
mind, maybe to --
Again, I think you've done this earlier on a couple of occasions probably. But just for establishing context by discussion, if you could maybe back up and tell us again exactly how that process works so that we're all clear. We've got a three-page contract here. But so that everybody -- it would clear up how that process works from your sitting down with the -- is that all right with you, Bill? -- so that I have another reference point here, also so that everybody at TDHCA and ORCA are crystal clear exactly how currently this contract would lay out the process.

MS. CARRINGTON: On the first page, I think, of Section 3 on contract performance, Item C, beginning with one and then going over to the next page, this is in our minds how we would see participating with ORCA in working on now the 2004 QAP.

And, of course, you all have heard this. I don't know that necessarily my board has heard this, But we started working with ORCA in February of this year in doing the very things that you see laid out in front of you.

So the first one is that ORCA will assist TDHCA in developing all threshold scoring and underwriting criteria for all the applications eligible for the tax credit rural set-asides.
That is accomplished through a multitude of round tables, workshops. Then when we get closer, of course, public hearings. My staff has already started thinking about the items that they want to have some workshop groups for beginning now for the 2004 QAP.

So that is the opportunity to say, We think this is the appropriate threshold criteria for transaction of rural area; we think this is the appropriate scoring criteria, et cetera.

Number two, again, something that the ORCA staff did do for us this year in our 2002 round of tax credits -- and that's make site inspections. And that was site inspections for those proposed developments that were located in the rural areas that are going into the rural set-aside. So again, that's something that ORCA staff has done.

Then ORCA shall assign a representative to attend tax credit public appearance related to the QAP. And I think that was Eric -- was that Erica?

VOICE: [inaudible].

MS. CARRINGTON: Okay. So we had ten public hearings around the state. And the ORCA staff -- a variety of ORCA staff did attend.

VOICE: [inaudible]

MS. CARRINGTON: Okay. So it was maybe more
than one [inaudible]?

VOICE: [inaudible]

MS. CARRINGTON: Okay. And then the last one -- well, and the other part of that, of course, is participating in our Executive Award and Review Committee, which is EARC, and that committee is mandated by our legislation.

All recommendations that go to our board for funding must go first to this internal committee within TDHCA called Executive Award and Review Committee.

And ORCA did have a staff member attend all of those EARC meetings when we were discussing and making recommendations on the rural set-asides. And --

MR. ALDERS: Can I just -- would it be all right if I interject here? Because I --

MS. CARRINGTON: Yes, sir.

MR. ALDERS: -- so that I don't lose the focus on that particular area.

What we're looking for, I think -- and I don't necessarily want to speak for Bill and Carol or the rest of the board, but I guess what I'm looking for is the number of designated opportunities for ORCA or representatives of rural Texas, whether it's staff of ORCA, members of the executive committee, to not only be involved in the sense of observing that award and review
by the committee [inaudible] be a part of the decision making. Not necessarily looking for, you know, 50 percent of it.

But currently, under this contract with ORCA staff member have decision-making authority in that award and review process are we just kind of participants in the meeting?

MS. CARRINGTON: You are participants in the meeting. You absolutely do have a voice. Ultimately, at the end of the day, there's not a vote that's taken in EARC.

MR. ALDERS: Okay.

MS. CARRINGTON: Usually, we come out generally with a consensus.

MR. ALDERS: Uh-huh.

MS. CARRINGTON: I told my staff that there might be some times we do come out with consensus. And the truth of the matter is it's my responsibility, based on staff input, to make recommendations to the board.

MR. ALDERS: Uh-huh.

MS. CARRINGTON: And I don't really succeed too many times. I'd make recommendations to the board that would be contrary to what ten or 12 of my best staff would say, but certainly that possibility is there.

MR. ALDERS: Is a member of your board usually
in attendance at that --

MS. CARRINGTON: No.

MR. ALDERS: Okay.

MS. CARRINGTON: No.

MR. ALDERS: So it's [inaudible].

MS. CARRINGTON: No. That's totally staff.

And it is mandated by our legislation. So our Government Code 2306 has that requirement in it.

MR. ALDERS: Okay.

MR. CONINE: But as I read this paragraph dealing with the ORCA responsibilities, as I interpret the definition of ORCA to mean both your staff, as well as the board's input, executive committee, however you want to do it.

MR. ALDERS: Right. That may be more of a --

MR. CONINE: There may be --

MR. ALDERS: Right.

MR. CONINE: There may be an internal step here that's not spelled out in the document. But I want to -- assure yourselves we're at least having some oversight over what your staff's doing.

MR. ALDERS: Right. Right. In terms of that, while we're on that particular issue -- I might back up a little bit and ask if -- when this -- obviously, the discussion pertaining to the percentage of Low Income
Housing Tax Credit monies that goes to rural communities has already been made by this -- at this point -- I mean, well in advance of this point, that percentage has been made. Is that correct?

MS. CARRINGTON: That percentage has been a proposed percentage in a Qualified Allocation Plan.

MR. ALDERS: Okay. But long before this number three stip. Is that correct?

MS. CARRINGTON: Well, that is a percentage that is in the QAP that is out --

MR. ALDERS: Okay.

MS. CARRINGTON: -- for public comment.

MR. CONINE: Public comment. Right.

MS. CARRINGTON: So there is a proposed --

MR. CONINE: Yes. Right.

MS. CARRINGTON: -- percentage in there. Yes.

MR. ALDERS: Is it -- would it -- is it strictly a matter of internal ORCA policy or would it be acceptable either in contract or in the Memorandum of Understanding for us to propose that a -- the chairman of the executive committee of ORCA or his designated appointee be involved in the negotiations of that percentage, that he be a part of that -- he or she be a part of that meeting?

Is that appropriate or is that something that
we already have the opportunity to do? I mean, we could just do it as an administrative --

MS. CARRINGTON: Yes. You absolutely have the opportunity to do that.

MR. ALDERS: Okay.

MS. CARRINGTON: You could do it -- I mean, the -- when the board approves the draft QAP and a set number --

MR. ALDERS: Uh-huh.

MS. CARRINGTON: -- and that QAP had been developed by about three months --

MR. ALDERS: Uh-huh.

MS. CARRINGTON: -- worth of round tables, workshops, public comment that, you know, ORCA had been involved in, as had syndicators, lenders, developers --

MR. ALDERS: Uh-huh.

MS. CARRINGTON: I think I've mentioned to you all that we've worked particularly closely for the last ten years with the Rural Rental Housing Association.

MR. ALDERS: Okay.

MS. CARRINGTON: And those are the developers and the group that specifically work with the RD program in the rural areas.

MR. CONINE: And that's the group that Sox Johnson is involved with.
MS. CARRINGTON: That's the group that Sox Johnson is involved in.

MR. ALDERS: Uh-huh.

MS. CARRINGTON: And, matter of fact, that's how -- if I remember correctly, because it was '91 -- that's how the initial set-aside was put in the QAP in the first place, was because of Rural Rental Housing Association's work with the Department.

Those percentages have changed. We've created set-asides. We've eliminated set-asides. We've increased percentages. We've decreased percentages. On a variety of set-asides. I think we have a set-aside for [inaudible].

MR. ALDERS: Uh-huh.

MS. CARRINGTON: We've had a set-aside as -- the federal law requires a set-aside for nonprofit. So if we don't get any public comment about something like that then generally what's in last year's QAP --

MR. ALDERS: Uh-huh.

MS. CARRINGTON: -- is going to carry over into the next year's QAP.

MR. CONINE: Can you get a stab -- and this is a tough question. But we're -- since we do have different set-asides, an applicant may come in on an elderly set-aside and be in rural Texas and not, you know, meet -- not
show up in what you're thinking of rural may be.

Is there a -- because we've always funded more than the minimum on the rural set-aside and then even in the other categories. Can you take a stab at where you think maybe our inventory would be, as far as rural Texas is concerned from a percentage standpoint?

MS. CARRINGTON: That -- of course, the set-aside is 15 percent. And Kent is absolutely right. And now we're changing that for the QAP for this upcoming year and which the board will approve today. And that is you had to go into one set-aside and that's how you were counted.

But what staff has proposed and the board has agreed to -- or at least we'll know this afternoon if the board has -- continues to agree with that -- is that you can be counted in a multitude of set asides. So you might be proposing an elderly transaction that's in a rural area, but if you went in the elderly set-aside, it wasn't going to show up as rural.

So Kent's absolutely right. And that we will then -- and we were having some that weren't counted and who were not being counted.

Now, as to what percentage over, I'll look at my ace in the hole --

MR. ALDERS: Right.
MS. CARRINGTON: -- and that's Brooke --
MR. ALDERS: Right.
MS. CARRINGTON: -- and say, Brooke --
MR. ALDERS: Brooke.
MS. CARRINGTON: -- what do you think. I mean, I think it was 5.8 million, I guess, of a $37 million allocation of tax credits, which is what TDHCA had to allocate for '02. We allocated about 37 million or so in tax credits -- 37 and change.
And I think our rural set-aside amount allocated was about 5.8 million. And then there would have been some additional on top of that.
Any idea what that additional might have?
MR. ALDERS: The additional coming in those areas like elderly or --
VOICE: Right.
MS. CARRINGTON: Or at risk.
MR. CONINE: Or at risk. Even the general. They can go in the general pool if they were rural projects.
MS. CARRINGTON: And if they were doing less than 76 units.
MR. CONINE: You just have -- we could -- we ought to furnish them that info after --
MR. ALDERS: Yes.
MR. CONINE: -- the pressure of today and at least get some background. But I can assure you it's a lot more than 15 percent.

MR. JETER: I think for everybody it would behoove all agencies to know how that extends past that, because --

VOICE: Yes.

MR. JETER: -- in terms of one of the things that we have to be concerned about is, you know, if we step up the pace and people moving on the pace, we're [inaudible]. So the idea here is the more we know on what's affected, I think the better information we all have and we can make perhaps better decisions if those are within our intellectual capabilities.

MS. CARRINGTON: In mentioning the 76 units, which is the cap that's in the QAP -- in the proposed QAP for the number of units that can be developed in the rural areas, that was something that we had proposed that was in the QAP, that that 76 unit can't be eliminated.

And as a result of public comment -- and I think probably some of it from ORCA -- I don't want to misspeak here.

But that was one of the comments, was that they'd like to see the cap put back in -- or at least public comment said, We would like to see the 76 unit cap
be reinstated in the QAP for '03 and our reason is it
allows the credits to be spread out in more areas around
the state. And it may be difficult in a community like
Merkel [phonetic] or some other places to do 76 units or
even more than 76 units. But you could do 30 or 40 or 50
units.

So that's -- I mean, there are multiple places
through our QAP where the public comment that we have
received dictates and drives what's in our Qualified
Allocation Plan and our Multifamily Rules and Guidelines.

MR. ALDERS: This may be a hair off the
subject, but is there any -- in looking at this program,
rural set-aside particularly, do you see any unintended
discrimination against -- in the scoring against
developers of fairly small -- or against projects that
have fairly small number of units? And how does the
scoring affect that?

MS. CARRINGTON: We looked at that. Brooke
Boston, who is current agent for our Tax Credit program,
looked at that probably about two or three months ago. I
asked her to take a look and say, You know, give me a
typical urban deal and show me where they can score and
how they can score and show us the typical rural
transaction and show where they can score.

And there were a couple of areas that in the
rural transactions or applications in the rural set-aside that a rural deal typically can't score as well. And that is mixed income. You couldn't get the points from mixed income, because the incomes in the rural areas are typically lower than the incomes in our metropolitan areas. And so they can't do a mixed income deal, because you basically can't get rents that were market rate rents.

And then the other area was some points for larger units, like four-bedroom units. And we had taken out --

Mr. Conine, a heads up -- we had taken out four-bedroom units in the QAP for '03. And we got a lot of comment back that said we ought to at least have them be allowable, because based on market conditions, there may be a reason to have four bedrooms. But we took out the points for the four bedrooms. So it didn't show there was any kind of a disincentive.

You know, when we look at the applications that go into the rural set-aside and then those that go into the general list that go into the nonprofit, obviously you could be a nonprofit and also be in a rural area.

So basically, developer has looked in the past at the set-asides and tried to figure out what his competition is going to be and say, Where's my best chance here, Where's my best chance.
And what we see in the rural set-aside is that set-aside is oversubscribed. But it is not as much oversubscribed as we see in the general set-aside and as we see in the nonprofit set-aside.

And when a transaction falls out in the rural set-aside, as true in the nonprofit set-aside or general set-aside, we stay within that set-aside to allocate the credits.

And one thing that we certainly do see, one point that we have to notice when we look at what's going on in the rural set-aside is as we pick up additional transactions in that rural set-aside because for whatever reason credits have been turned back, we are really getting into some transactions that did not score very well.

And some of the reasons a transaction might not score very well is because of lack of financial feasibility.

And financial feasibility is, you know, an absolute important primary consideration of this program. None of us benefit by picking up a transaction that scored maybe 40 or 45 points.

And it wasn't because they didn't have four bedrooms and not have mixed incomes. But it was because maybe a hundred percent of their developer fee was
deferred. And we just -- from an underwriting standpoint, it wasn't a piece of real estate that made sense to us. So that was actually one of the discussions, I think.

And I was not in the meeting. So if I misspeak, staff, you know, correct me here.

But that was one of the discussions that as we talked about the amounts of the set-aside, the percentage that would go into the rural set-aside is at least right now we're not seeing -- that -- what seems to be the -- what we'd like to see is an increase in developers who are working in the rural areas and can bring really good, sound real estate transactions to us.

Think I told you all last time I spoke in front of you I'd been at the [inaudible] Rural Housing Association meeting, and I said, Guys, you know, you all are the ones that develop out there in the rural areas; start doing some 9 percent tax credit deals. You know, you know the rural areas. It's a market you're comfortable with.

And ORCA has been assisting TDHCA with some ideas -- and this is on an ongoing basis, also -- of marketing to rural areas and marketing to developers who are willing to work in the rural areas.

MR. JONES: David, you know -- and I want to make sure I'm understanding everything right. But to
answer your question, we got some public comment along those same lines that -- you know, that there were problems in that area. And we tried, as Edwina said -- I know staff has looked at that and tried to deal with that issue. So it's an issue I know we're cognizant of. I don't know that we can say it's totally fixed. But we certainly are trying to move down the road on it.

MR. CONINE: Well, and I think this Memorandum of Understanding and working together will help you tell us if there is some problems in that area.

MR. ALDERS: Right.

MR. CONINE: This is huge learning curve, guys. I hate to tell you. It -- I've been on this board five years, involved in the real estate business for 30 years. And I still don't understand it all. So I, you know, feel for you having to get up on the learning curve on the tax credit program just specifically. It's just -- and when we talk to legislators about it, their eyes kind of glaze over a little bit and they quit listening. So --

MR. JONES: Well --

MR. ALDERS: Sure.

MR. JONES: -- but I think we're very sensitive to that issue.

MR. CONINE: Yes.

MR. JONES: And we're trying to address that
issue. But the other thing you got to remember is nothing in this process is done in a vacuum. And the minute we fix something for somebody, since it's a competitive process, somebody else isn't happy with it.

    MR. CONINE: Somebody else is lose.

    MR. JETER: And certainly, we're aware of that. I mean, I -- you know, we came out with some stuff early on and golly, what an interesting thing that occurred.

    MS. CARRINGTON: Would you call it a [inaudible]?

    MR. JETER: I mean, we got [inaudible] early.

    MR. CONINE: Unintended consequence.

    MR. JETER: And we'll -- you know, so certainly we recognize that.

Carol, you have --

    MS. HARRELL: Well, on that same line we are very concerned about the rural, particularly the very rural areas and the ones that have very low income, the high poverty areas. And, you know, we're a new agency. And we've taken a lot of input. We've gone out into the rural area. We've talked to individuals. We've tried to educate ourselves.

    And I can only speak for myself. But what I'm hearing is that there is -- there is a problem impacting those areas. And, you know, I think that our involvement
with ORCA, ORCA feels very sensitive that we've got to find a solution to getting resources to those areas because they're dying.

And I think one of the concerns in working out the relationship is -- with your organization is how does ORCA establish its [inaudible]. You know, we feel very strongly that we are there to look out for rural Texas. And we want a place at the table.

And I know that since February, us being a new agency, our staff has interacted with yours. My question would be how much involvement, other than just being at the table listening, getting input -- how much actual involvement in the decision-making process.

And I think the real question that I have is as we go forward and ORCA becomes more knowledgeable of their role and the issues impacting rural Texas, when we go forward and we look at setting the threshold going in the underwriting criteria, if there is a difference of opinion --

MR. CONINE: Yes.

MS. HARRELL: -- between TDHCA and ORCA as to what it should be, how do we resolve that. And I think -- to me, that's the issue that we need to establish in the MOU is how do we come to a resolution when we don't agree or how do we compromise and negotiate that so that we both
are meeting what we consider the accountability that we have and so that we don't walk into fire storms, that we are in a unified voice when we go forward to the public and say, This is the direction that we're going to take for the rural set-aside in rural cases. So how do we go there?

MR. CONINE: I think when you look at Section 3(a), the last sentence of that, we've provided an avenue for that, where -- and maybe the word staff might have some -- you might have some issues with that. And maybe we need to look at that and see if we just eliminate staff.

But if you've got the ability to review what your staff has recommended and there's a difference between the two of us, then you can make a separate recommendation. And I [inaudible] --

MR. JETER: And what happens with that? Let's deal with that. Okay.

MR. CONINE: Well, we have a statutory responsibility --

MR. JETER: Yes. But let's --

MR. CONINE: -- to administer this program as all of our -- over the whole state. And rural Texas is a subset of that --

MR. JETER: Right.
MR. CONINE: -- whole thing. And we need to hear from you if you disagree with us for some reason. But it doesn't absolve us from our entire responsibility of setting policy in the statutory issues we've gotten from the federal government basically, to administer this program. It is not a giveaway program. It's -- these projects have to be financially feasible.

For you to understand the nuances of the underwriting and financial feasibility as a board member, I promise you will take you more than 24 hours to figure out.

And so we want to hear your issues as we go through the process. I'm speaking for --

Mike, you can speak up for the board.

But I -- if they showed up and said, You know, we think rural ought to get 25 instead of 15, I think we're going to listen to that and evaluate that and make a decision on what's best for overall Texas. And we would probably have a lot of statistics and demographics.

And I can prove to you probably right now that the 9 percent credits proportionately have gone more to rural than they have urban in Texas over the last 15 years.

And so, you know, who's getting their fair share and who's not getting their fair share will be
debated and weighted. But ultimately, I think we have the ultimate decision authority over that.

The administration -- when the Legislature called for the administration of the program, I don't much -- I don't know that I agree that that involves in each decision on each project. That ultimately rests with us.

But if you disagree with something we're doing, we want you to tell us. And we want to respond to that. And then if there's a problem over and beyond that, then the only way to fix that from my perspective is go to the Legislature and fix it.

MR. JETER: I -- that's my -- I think that's probably correct. I think if we said to you --

MR. CONINE: You need to try this first.

MR. JETER: Sure. I agree. I think if we said that we think it's 25 and you said, I think it's 15, and whatever, I think you have the authority to say it's 15. And then, you know, all the wrath of rural Texas will come pounding down upon you or something like that.

MR. JONES: I'm sure.

MR. JETER: But --

MR. JONES: It well should.

MR. CONINE: Right.

MR. JETER: Well, I mean, you know that's not
going to happen. But the fact of the matter, going to the -- you have to go to the extremes to figure out how to get back to where you are. So I think that's -- you know, I think that's -- we're not suggesting that -- well, it would be interesting if you advocated, but you don't see that as your responsibility. And I'm not sure that it is, either.

MR. CONINE: Well, I --

MR. JETER: I'm not sure that I would even ask you to do that --

MR. CONINE: Right.

MR. JETER: -- you know.

MR. JONES: Well, I'd like to say this, too. I mean, from that point --

MR. JETER: Yes.

MR. JONES: -- and excuse me for interrupting. But I'm certainly not here to speak for the board. I think we're here to speak as individual --

MR. JETER: Yes.

MR. JONES: -- board members, because our boards aren't meeting collectively.

MR. JETER: Yes.

MR. JONES: We're meeting collectively to exchange ideas. But, you know, I would -- I agree with you. I think you made a very wide statement when you
start out with saying, We don't want veto power.

Which I think, you know, obviously, we all need to understand the ultimate fire storm that we could create would be is if we came to the table and told you all we wanted to give you veto power, because then, you know, everybody else across the State of Texas, you know, would -- we'd have a problem with that. You know, they -- we would have all kinds of wrath on both our boards.

So we can't give you veto power. Our -- I mean, it doesn't make sense. I don't think you would want it. I do think that we -- you know, frankly -- you know, you say we want a place at the table for rural Texas. I think that's wonderful.

I think that the advancement of the interests of rural Texas is the advancement of Texas' interests. I think the advancement of rural Texas' housing interests is the advancement of Texas' interest.

And that's the only where -- where we're, you know, a little bit different, is we -- I hope -- I really sit at the table thinking I am representing the interests of rural Texas much as you do.

But we just have a broader, you know, function there, than is what I know about your function. I'm not saying I'm an expert on it.

But I think that, you know, once you start out
from the premise, as you said at the beginning, that you
don't want veto power -- and I think that would be
impossible to do -- that, you know, you're saying you want
a place at the table. I certainly understand that.

MR. CONINE: Let me also --

MR. JONES: I think --

MR. CONINE: -- suggest --

MR. JONES: -- they want you there.

MR. JETER: And if I could, for a moment, just
if you don't mind.

MR. JONES: Sure.

MR. JETER: And I think probably the place to
deal with it at this point in time is surrounding the
scoring and the criteria, the QAP, maybe some change in
wording around that, not drastic, but whatever. And I
think that's the way -- the place to deal with it. I'm
not sure that it's anybody's best interests to change the
top level at this juncture. I think that's better done,
if it's to be done, by the Legislature. I think that's a
smarter route to take.

MR. CONINE: Maybe we could sit down and have
this meeting again right before we do the QAP and say, you
know, let you tell us. Make sure we hear what you want to
say.

MR. JETER: Well, that's not -- you know --
MR. CONINE: I'm all for that.

MR. JETER: That's what -- you know, David's kind of thought was.

MR. CONINE: [inaudible]

MR. JETER: We want to be --

MR. CONINE: [inaudible]

MR. JETER: That's a very critical area right there, is to get that scoring and those criteria aligned towards what -- the needs of rural Texas. And they may be different from others.

Because there is this income problem that we deal with that we have in rural Texas that you do not -- that is not universal towards the State of Texas. I mean, there is a difference there. Or there -- how do you fund good projects. I mean, we're dealing with some of that in ourselves. How can we help developers fund good projects.

I mean, maybe we should take a lead role. But how do you do that, so that we have some rural housing.

So I think there's the -- things that we -- have to be done that aren't in here and can't by nature, be in here at this juncture.

MR. CONINE: Yes. The one thing that would help rural Texas, more than anything can -- and this is a decision that has to be made in Washington, D.C. -- and that is to allow us to use the greater of the county
median income or the statewide median income for this 
program. If you could use the statewide median income for 
rural Texas you would see a huge surge in demand coming 
from developers to do more projects in rural Texas.

MR. JETER: And don't you think that we shouldn't pursue that interest?

MR. CONINE: We have been.

MR. JETER: Yes?

MR. CONINE: We are. And --

MR. JETER: And perhaps we can join you with that --

MR. CONINE: Be helpful.

MR. JETER: -- with all our influence in [inaudible]; new influence of ORCA. No. You know, we're so young, I don't know that we have that much influence.

But it is interesting from our perspective as we visit with people around the country, okay, and other states, which we have taken on an initiative to do, is to find out what they're doing.

We found out in some of our programs this past week, I guess, some of the other states are doing some things quite different than we have been doing, because we thought the rules were one thing and we think it might be able to be changed.

So we would want to join with you in terms of
seeing how to make things more flexible -- how federal
dollars can be more flexible for -- in this one particular
issue alone, in terms of median income. We would be there
with bells on. So, you know, we would agree with that.

Now, just in the interest of time of some of
these things that we are looking at, I think we have to be
over into the QAP again.

I think your idea of a meeting prior to this
might be a good thing to do, prior to the --

MR. CONINE: Yes.

MR. JETER: -- next QAP after we review the
public comment.

MR. CONINE: Let staff do all their work and
let public comment take place and we'll get --

MR. JETER: I think --

MR. CONINE: -- back together.

MR. JETER: You know, I don't know if we want
to make that a party of the MOU or not. I think --

MR. HILL: I think it would be helpful to us.

MR. JETER: Yes. Might want to do that. If --

and we --

MR. CONINE: Can we [inaudible] there, Chris,
that might work.

MR. JETER: Chris has taken a lot of notes.

MR. WITTMAYER: We'll work on some language
which would have what? -- a joint committee meeting of
TDHCA and ORCA to review the QAP?

MR. CONINE: [inaudible]

MR. JETER: You probably were at the Finance
Committee. I mean, you know -- and a similar -- and in
the draft we could say a similar committee -- a similar-sized committee to meet with the Finance Committee. I
mean, you don't want to meet with our whole --

MR. HILL: Ad hoc LIHTC?

MR. JETER: Yes.

MR. HILL: [inaudible]?

MR. JETER: I mean, our deal is called the --
see, our board is called the Executive Committee.

MR. HILL: Okay.

MR. JETER: So -- and, in fact, I guess Pat
Walls [phonetic] of our board that said -- we at one point
said, Oh, let's get our board together. And Pat said, I
suggest that you get a small committee. It would be
easier. You guys have six. We've got nine. And we
figured we'd win that argument. [inaudible] was going to
go to hand-to-hand combat because [inaudible].

MS. CARRINGTON: And then when he said a
committee of three to three I looked at him and said, Oh,
good, it's even.

MR. JONES: We --
MR. JETER: I normally don't try to do things like that.

MR. JONES: We had this hearing in mind.

MR. CONINE: Well, that's a good point.

MR. JETER: I think in terms of -- after sitting here, in terms of -- you know, going back to item C, I don't know. We played with them, a little word changes in that. Obviously, instead of -- and I'm going to use some of David's words. But I think his words were some ORCA and -- you know, we're just trying to get in that joint thing here. ORCA and TDHCA shall jointly develop all threshold, whatever. Such criteria must be approved by ORCA. Maybe --

MR. ALDERS: I'm not sure that last sentence will even be needed if we've --

MR. JETER: Well, you have to -- I think from our standpoint, the last sentence is important.

MR. ALDERS: Okay.

MS. CARRINGTON: Uh-huh.

MR. JETER: Yes.

MR. CONINE: Last sentence what now?

MS. CARRINGTON: Such criteria must be approved --

MR. CONINE: Oh, add them on?

MR. JETER: Yes.
MR. ALDERS: Yes.

MS. CARRINGTON: On the bottom of the page.

MR. JETER: Yes.

MR. ALDERS: Is that something that you think would be --

MR. JETER: I mean --

MR. ALDERS: -- appropriate?

MS. CARRINGTON: Absolutely.

MR. JETER: I mean, you've got shall. Or somehow we got the word -- not the -- not it's you, because I believe it's probably the attorneys that, of course, you know, are going to do it that way. But --

MR. JETER: Well, ORCA and --

VOICE: [inaudible]

MR. JETER: You know, I think our guy -- oh, you're an attorney, too.

VOICE: Yes.

MR. JETER: Really?

VOICE: Yes.

MR. JETER: My God. I wish somebody had told me. ORCA and --

MR. JONES: [inaudible]

MR. JETER: -- TDHCA shall jointly develop. I mean, that's nicer language for us.

MS. CARRINGTON: Uh-huh.
MR. JETER: That kind of thing. And I think over the ORCA shall [inaudible] -- somehow we need to put this language in -- from our perspective about this pre-thing -- pre-QAP kind of thing so we get that done maybe.

One of the things that we want to be able to do is look at the QAP from a rural standpoint, which you allowed us to do in item C, is to say, Here's what we think it should be and we really think that you guys should say, Okay. And I think that's what the language of that says.

MS. CARRINGTON: We did hold for the first time this year a workshop with our board. Now, with -- it was a full board. It wasn't our Programs Committee, our Finance Committee. But we did a lot of revamping on the QAP for OT.

MR. JETER: Right.

MS. CARRINGTON: And we had a work session with our board for about two hours that said, This is the way the old one reads, This is the way the new one reads, and basically, what do you all think about that. So we've really already created that mechanism. And we will include ORCA, whoever is appropriate to be the full executive committee or, you know, whomever you all would want for next year.

MR. JONES: We threw a big party [inaudible].
MS. CARRINGTON: And we did not throw a big party. And we're all ready. All [inaudible].

MR. ALDERS: [inaudible] party.

MS. CARRINGTON: The '04 QAP. Very good [inaudible].

VOICE: Trouble is we're never invited.

(All talking at once.)

MR. CONINE: Use that one today.

VOICE: You've got your match, maybe.

VOICE: That's good. I like that.

MR. ALDERS: Let me ask you on the scoring issue. Or -- do you adjust the scoring on -- is that scoring in concrete for all set-asides or is that adjusted for specific sub-categories?

MS. CARRINGTON: The scoring side is for all applications --

MR. ALDERS: Is that --

MS. CARRINGTON: -- under the QAP.

MR. ALDERS: -- by statute?

MS. CARRINGTON: No.

MR. ALDERS: So we could review that -- that would not be objectionable to you all if we -- for example, if a mixed income is a decided disadvantage for us. Even the elderly sub-category faces the same hurdle when it comes to scoring with mixed income, for example.
VOICE: Right.

MR. ALDERS: Rural elderly is certainly a pretty narrow strata of income.

MS. CARRINGTON: Uh-huh. And a very low income group.

MR. ALDERS: Absolutely.

MS. CARRINGTON: Yes.

MR. ALDERS: So it's difficult to do much spatial engineering, you know, a elderly housing project in rural Texas. The -- you know, the raw materials aren't there.

MS. CARRINGTON: I think certainly -- and you had -- you brought up that question at the November board meeting. It certainly is something that is worth exploring. It might prevent applicants from going into a rural area -- well, we'll have to take a look at that.

MR. ALDERS: Okay. I'd like to --

MS. CARRINGTON: I think your question was could you have different scoring criteria for the rural area.

MR. ALDERS: Absolutely.

MS. CARRINGTON: For the rural [inaudible].

MR. ALDERS: Absolutely.

MS. CARRINGTON: And the answer would be yes, we could as long as it was spelled out in the QAP.
MR. ALDERS: Right.

MS. CARRINGTON: But then you might have a real interesting kind of situation if the development was elderly and nonprofit and rural and if you didn't have uniform scoring criteria, how could they go into all three set-asides.

MR. ALDERS: Uh-huh.

MS. CARRINGTON: So that's --

MR. ALDERS: Well, they --

MS. CARRINGTON: -- something certainly that we would be happy to look at and run some numbers on transactions.

MR. CONINE: Yes, that's one of the things we try to do. [inaudible] if you're losing one set-aside you can still win in another.

MS. CARRINGTON: They could have it in another --

MR. ALDERS: I'd like to see maybe if you all could [inaudible] a lot of leg work [inaudible] information on whether there were some elderly programs -- rural elderly programs that came in under the elderly area, for example.

MS. CARRINGTON: Or nonprofits.

MR. ALDERS: Right. I'd like to see if that's conjecture or fact.
MR. JETER: Yes. And I think in context with that, I think what we seek is that if the rural set-aside is 5.8 million, I think you said --

MS. CARRINGTON: Well, 15 percent of whatever the --

MR. JETER: Fifteen percent --

MS. CARRINGTON: -- allocation is.

MR. JETER: -- [inaudible].

MS. CARRINGTON: And it will be up -- go up for next year.

MR. JETER: But --

MS. CARRINGTON: Yes.

MR. JETER: If somebody can build on that and say, Here is the amount for potentially the elderly program and then here's the historic of what happened in those same programs, so we can --

MS. CARRINGTON: Uh-huh.

MR. JETER: -- have a vision of that. And I do think that it's -- we also -- QAP -- because it says, Must approve the criteria in this paragraph C deal, I still think that we might want to look at -- there may be a reason to have separate criteria for rural. But we have to know how that impact -- I -- we're not ones to go out and say, Let's have them, until we know what the impact is.
MR. CONINE: Right.

MR. JETER: I mean, I -- you know --

VOICE: [inaudible] rural developers on that, for example.

MR. JETER: Yes.

VOICE: I think we need to get whoever -- you know, Sox or somebody else, to give us an input on that.

MR. JETER: And I would hope that we could get that information to staff and then to these three people here so that we could review that, because I don't know about you guys.

But the only way we figure out to do is we take a few of us and we try to learn what the heck is going on, because, I mean, everybody can't learn what's going on. And this stuff is -- I mean, if we had some quick study courses --

VOICE: It's very interesting.

MR. CONINE: -- we would ask that -- in an era of tight budgets statewide, let's just make sure we don't set up two separate tracks that are going down here. We don't need developers going to you guys and coming to our public hearings. We have joint -- we have public hearings. We have processes set up for that. So we would ask you to try to join up in that effort so that we don't force the development community or staff to do duplicative
efforts.

VOICE: Sure.

MR. CONINE: I mean, that would just be --

MS. CARRINGTON: I --

MR. CONINE: And the other thing I'd say to you under this Memorandum of Understanding is that the -- need to take a hard look at the cost of doing -- of ORCA to do what we've asked you to do or agreed for you to continue.

I'm not sure that 50 percent of the cost reimbursement's going to cover the full cost of your agency to do what you're agreeing to do here.

MR. JETER: Yes.

MR. CONINE: You need to take a hard look at that.

MR. JETER: Yes.

MR. CONINE: Because it is a painful process.

MR. JETER: Oh.

MR. CONINE: And we use -- you know, we don't have just the Low Income Tax Credit Program as a subset and we say, We're just going to spend that money. We probably subsidize it from other issues, other areas of funding mechanisms. And you -- I'm just saying you need to take a stiff look at that.

MR. JETER: Yes.

MR. CONINE: From a personnel --
MR. JETER: My understanding --

MR. CONINE: -- standpoint.

MR. JETER: -- it's not a lot of dough.

MS. CARRINGTON: They asked me at a meeting.

MR. JETER: Yes.

MS. CARRINGTON: And I happened to have --

MR. JETER: Right.

MS. CARRINGTON: -- my calculator. And it was -- what was it? $8,000 or [inaudible]?

MR. JETER: But I believe [inaudible] --

MS. CARRINGTON: Sixteen thousand or something.

MR. JETER: Yes. It's something. Yes.

MS. CARRINGTON: Yes.

MR. CONINE: [inaudible]

MR. JETER: [inaudible]

MS. CARRINGTON: It's a very small amount of money, as we talked about.

MR. JETER: Well, we get to use the agency jet, of course. But --

MS. CARRINGTON: I think it's called the [inaudible].

MR. JETER: No, we have one with a [inaudible].

MR. CONINE: You just need to put a pencil to it sometimes.

MR. JETER: No. It's something [inaudible]
contract [inaudible].

MS. CARRINGTON: May I --

MR. JONES: I think that the joint meeting idea -- I would just say this -- it's really important from the standpoint we need to be [inaudible] same basic information.

MS. CARRINGTON: Uh-huh.

MR. JONES: And we had this joint meeting [inaudible]. You know, we don't want to come, Well, we heard this, Well, we heard that. I mean, that would be, I think, unfortunate for [inaudible].

MS. HARRELL: Yes. I think that's one of the purposes of the meeting today is how do we establish the relationship where we work together and we coordinate and we communicate, we align so that we are all focused on addressing the rural issues in a unified way.

I have a question. And this may be my ignorance. But in the Government Code it also talks about the adjusting -- jointly adjust the regional allocation of housing tax credits to offset the under-utilization and overutilization of multifamily private activity bonds and other housing resources. Is that addressed in -- am I overlooking something? Is that addressed in this MOU?

MS. CARRINGTON: No. It's not in the MOU. That is a part of our State Low-Income Housing Plan. And
the affordable housing needs survey, which actually,
they're holding public comment on in the other room right
now. That's how much goes into each region, each -- now
13 service regions.

MS. HARRELL: Okay.

MS. CARRINGTON: So that is all included in our
State Low-Income Housing Plan.

MS. HARRELL: Okay. How is ORCA to be involved
in that?

MS. CARRINGTON: Kent, look at you on that.
And Aurolia [phonetic], I --
Sara Anderson runs my Housing Resource Center,
runs our -- runs the Department's Housing Resource Center.
And then we still do, I guess, the CDBG component of that
plan, because it has to all be put together. So we work
closely with someone at ORCA, Ms. Harrell. But I can't
tell you who that is.

MS. HARRELL: Okay.

MS. CARRINGTON: I can certainly get that
information for you.

MS. HARRELL: Okay. Should that not be a part
of this MOU? Does it clearly identify also ORCA's
relationship with TDHCA in that process?

MS. CARRINGTON: As it relates to the
developing of plans?
MS. HARRELL: As jointly adjusting the regional allocation. It says, The Department of the Rural Development Agency shall jointly adjust the regional allocation.

MS. CARRINGTON: Right.

MS. HARRELL: So how does -- how do we jointly adjust that in a way that we're both meeting our legislative requirements?

MS. CARRINGTON: Jerry, you want --

MR. HILL: We can put some language together on that.

MS. CARRINGTON: Okay.

MR. HILL: Chris and I can work on that.

MS. CARRINGTON: Then you and Chris get your heads together on that.

MR. HILL: Yes.

MS. CARRINGTON: And find out who Sara works with.

MR. HILL: Yes.

VOICE: [inaudible]

MS. CARRINGTON: One piece of information I would like to provide to one of the three committee members who has asked twice -- and never let it be said that I have to have something asked the third time. But it's what definition we use of rural.
VOICE: Who is that?

MS. CARRINGTON: And, Mr. Alders, I believe that would be you. And it is in our QAP. And we have looked this up. And we've also gotten some other information.

    Thank you, Brooke.

    Gave her this assignment late last evening. Basically, the definition we use for rural is in our section of the Government Code, 2306. It's also what we use in the QAP.

    We believe it probably came from or was based on Rural Development's definition. It's one of those things when you go back and look at the QAP it's sort of been the same, you know, as we've carried forward.

    Then Brooke also did a little bit of research on what is the definition on rural health programs for the Community Development Block Grant Program, for ORCA's biannual report to the 78th Legislature and also what's used in the HOME program.

    And, Mr. Alders, as you would suspect, there's no uniformity.

    MR. ALDERS: Oh, I figured that.

    MS. CARRINGTON: So have them in mind; share it at will.

    MS. HARRELL: Okay. Then my question is how
can we work to get some conformity, because it is so confusing, and it seems to be so dysfunctional.

(General laughter.)

MS. HARRELL: But -- I have worked in [inaudible] all my life. And I guess I finally had an opportunity to express myself. But somehow, maybe our two agencies working together can help focus and clear up some of this. I mean -- and by our boards meeting together, by our staff working together, by us looking at facts and analyzing those facts and then making decisions based on them and then sending a unified voice out, that's really -- you know, I think that's the whole purpose of why we're here today. And, you know, truly addressing why parts of rural Texas are not being served.

MS. CARRINGTON: If I had to make an educated guess, I would guess that if you looked at the definition of rural -- HUD's definition of rural, which, of course, is going to dictate HOME funds, CDBG funds, you would find one definition of rural. And if you would look at USDA's definition of rural, which, of course, is the agency for RD, you will find a different definition of rural.

So I think we're never going to be able to get to an agreed uniform definition of rural because the feds don't agree.

MS. HARRELL: Uh-huh.
MS. CARRINGTON: But to the extent that we don't create any more definitions --

MS. HARRELL: Yes.

MS. CARRINGTON: -- that we're not guilty of a proliferation of more definitions of rural, seems to be where we really might be able to cooperate and maybe achieve something here.

MS. HARRELL: Okay.

MS. CARRINGTON: And I'm sure the Comptroller has a definition of rural.

VOICE: They do.

MS. CARRINGTON: I notice there's some --

MR. WITTMAYER: They do.

MS. CARRINGTON: -- there's some Comptroller information [inaudible] --

VOICE: And TDA [phonetic] does, too. And --

MS. CARRINGTON: -- [inaudible].

VOICE: -- everybody's got one.

MS. HARRELL: I guess from my standpoint, if I know what the law is, then I can go forward and filter through and find ways to address issues. And if there are more than one -- if there's more than one definition, then in what arena does each apply. And then how do we structure so that we're following that guideline for this particular -- and then how can we align it with others so
that we actually leverage off of -- and focus. And I really want to be action oriented and focus and make a difference. And I know that's Pollyanna. But --

VOICE: No, it's not.
MS. HARRELL: -- by golly, I think we can do it.

MR. CONINE: What percent of Texas population lives in rural Texas?

VOICE: Fifteen percent.
MR. CONINE: Huh?
VOICE: Fifteen.

MR. JETER: Depends on your definition of rural.

MR. CONINE: That's why I was asking you. That's why I was asking you.

MS. CARRINGTON: Right now you see our definition of rural, Mr. Alders.

MR. ALDERS: Yes.
MS. CARRINGTON: This is our definition.

MR. JETER: But I think that goes back to it. I think that's why, you know, you can come up with that number very quickly --

MR. CONINE: Right.

MR. JETER: -- based upon certain definitions.

But I think it goes back to how we see our board. And I
just might share that with you. Not that it does anything for anybody at this table. But we really see our job is doing this -- is, you know, setting real policy for the State of Texas and seeing how we change the landscape.

But what we really see our job is doing is facilitating with other agencies --

VOICE: Right.

MR. JETER: -- and bringing about some change.

You know, we talk about state budget shortfalls, et cetera.

How do you more efficiently use dollars, you know, to accomplish the same goals or more goals? You know, how do you do that? Well, I think there's ways to do that. I mean, I've contended a long time the money's there. I mean, it's just how do you efficiently use it, you know.

And so I think during this period of time everybody's going to start looking at how you efficiently use it. And I think that's great, because there's some ways to do things. There's got to be ways to do things that are simpler and use the resources that the state has today and use those in an efficient way to benefit our constituencies, be they urban, suburban or rural.

And so I think if we can work with you guys and we -- and we work on definitions and we work on things
like that and we get together before the QAP. And
everybody gets together with us. I mean, after all this
MOU's about a year. And then we'll come and look at it
again and say --

VOICE: Right.

MR. JETER: -- Does it work.

VOICE: Right.

MR. JETER: You know? So I mean, it's not one
of these things that we're going carry to the grave. So
that's the good news.

And then the great news is that we sat here and
met -- you know, three of us or six of us met together and
we plan to have another meeting before the QAP and other
times. I think that's the good news about all this kind
of stuff. And if we could officially do that, it's good.

Jerry, you're going to put into the -- you and
Chris are going to put into this deal this -- these four
or five things that we talked --

MR. HILL: Yes.

MR. JETER: -- about.

MR. HILL: Yes.

MR. JETER: And we'll get back and we'll get it
approved and we'll get this out of the way and go on down
the street.

MR. CONINE: Great.
MR. JETER: If that's okay with you.

MR. CONINE: Sounds wonderful.

MR. JETER: Unless you want to --

MR. CONINE: Anything else from anybody?

MR. JETER: -- do some more good things.

VOICE: Not from me.

MR. CONINE: Anything else from anybody?

MS. CARRINGTON: Brooke just reminds me that we do have a working group that started working on the 2004 QAP. And so -- and the ORCA staff is part of that working group.

MR. CONINE: Let me make sure that on all those future meetings, public hearings and everything, that their executive committee gets on the mailing list somehow some way because, you know, sure would hate for something to get bogged down at the staff level. That would be terrible.

MR. JETER: For some reason I am on your email on your board meetings.

VOICE: I am, too.

MS. HARRELL: I am, too.

MR. JETER: I mean, I don't know.

MR. JONES: So just flag the stuff you want us to read.

MS. CARRINGTON: Well, maybe that's why,
because the QAP is on the agenda today. So I'm sure that's why you all are getting it.

MR. JETER: Maybe she's trying to switch boards. Maybe she's chosen you all over us.

VOICE: I think the deal is this. When we originally were -- we got -- we started, we used the old office up there in the corner. I guess the one that is your office now. And we used that office up there for our meetings and our little interview sessions and everything else. Perhaps we infiltrated more than we thought.

MR. CONINE: We stand adjourned. Thank you very much.

(Whereupon, this meeting concluded.)
CERTIFICATE

IN RE: Joint meeting of TDHCA Finance Committee and ORCA

LOCATION: Austin, Texas

DATE: November 14, 2002

I do hereby certify that the foregoing pages, numbers 1 through 59, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Joseph M. Schafer before the Texas Department of Housing and Community Affairs.

12/2/2002
(Transcriber) (Date)

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