TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
BOARD MEETING

Wednesday, January 20, 2010
Hall of Nations
International Cultural Center
600 Indiana Avenue
Lubbock, Texas

BOARD MEMBERS:

KENT CONINE, Chairman
GLORIA RAY, Vice-Chairman
TOM GANN
LESLEIE BINGHAM-ESCARENO
JUAN MUNOZ
LOWELL KEIG

MICHAEL GERBER, Executive Director

ON THE RECORD REPORTING
(512) 450-0342
# Agenda Index

**Call to Order, Roll Call**  
Page 4

**Certification of Quorum**  
Page 7

**Public Comment**  
Page 7

**Consent Agenda**  
Page 52

**Item 1**: Approval of the following items presented in the Board materials:
- Executive
- Multifamily Division Items
- HOME

**Action Items**

**Item 2**: Housing Resource Center  
Page 59

**Item 3**: Rules  
Page 63

**Item 4**: Appeals  
Page 74

**Item 5**: Multifamily Division Items  
Page 52

**Item 6**: Disaster Recovery  
Page 74

**Item 7**: ARRA Accountability and Oversight  
Page 86

**Item 8**: Compliance and Asset Oversight  
Page 97

**Item 9**: Bond Finance  
Page 102

**Report Items**  
Page 104

**Adjourn**  
Page 109
MR. CONINE: Good morning. My name's Kent Conine, for those of you that I haven't met. And I'm Chair of the Texas Department for Housing and Community Affairs.

And we're fortunate today to be able to have our board meeting out in Lubbock, Texas, and here at the campus of Texas Tech University. And happens to be my alma mater. And I appreciate Tech hosting our particular event today.

And we had a chance to look at some of our weatherization projects here in Lubbock this morning and some of the fine work that not only the city and the county are doing all across West Texas out here. Just absolutely phenomenal.

One of -- the board, as you see us sitting up here, is appointed by Governor Perry and is a diverse group. Has a lot of folks from a lot of different parts of the state. And we have the privilege of having one of our board members, Dr. Juan Munoz, living here in Lubbock and being a part of the Tech system. And I'd like to give him the honor of opening the meeting and chairing the first part of the meeting, being as we're in your home town.
So, Dr. Munoz, go right ahead.

DR. MUNOZ: Thank you. Thank you, Chairman Conine. I appreciate the consideration to allow me to do this.

Let me read at this time for the record, approximately 10:36, I call to order the January meeting of the Governing Board of the Texas Department of Housing and Community Affairs. The first order of business is a call -- the roll. So let me begin by -- Leslie Bingham?

MS. BINGHAM-ESCAÑERO: Here.

DR. MUNOZ: Kent Conine?

MR. CONINE: Here.

DR. MUNOZ: Tom Gann?

MR. GANN: Here.

DR. MUNOZ: Lowell Keig?

MR. KEIG: Here.

DR. MUNOZ: Gloria Ray?

MS. RAY: Here.

DR. MUNOZ: Myself.

Confirming that we have a quorum, we are ready to proceed. Before I get into the agenda I'd like to take the Chair's prerogative and make a few general remarks about the campus and about this meeting held in Lubbock. You're on the peripheral part of Texas Tech University.
It's the largest continuous campus in the United States of America. This fall we had the privilege of recognizing over 30,000 students on the campus.

Texas has many, many fine universities. This is in the furthest western part of the state. And the geographic area that this university serves is larger than over 40 of the states in the United States of America. It's a big area.

And I said earlier this morning at the City Council Chamber the first president was a fellow named Paul Horn. And Dr. Horn encouraged the people that created at the time Texas Technological College to think big, big like the region, big like the area, imagine big, see ourselves -- and he used the term, In global -- in global terms.

And I think it's important as we undertake our work that we remember that there are other parts of the state in great need. There's need everywhere. There's need in Galveston. And there's need in Houston and San Antonio and Fort Worth. There's need in Levelland. There's need in Tahoka. There's need in Lamesa.

Right, Mayor?

There's need in Lamesa. And as I discovered shortly after I arrived, there is need in Earth, Texas.
And apparently, there is a place not too far from here called Earth. And I said to the young lady, Where exactly on the earth do you live. And she didn't think it was as funny as I did.

And so this is a serious issue and a serious meeting about helping families and helping homes and helping communities provide for the people that live there. And so I welcome all of you to Lubbock.

And one of the things that Texas Tech always tries to do is host this kind of activity. There are so many people from the state that don't know this part of the state. And it's important that you come here and you see the possibilities, that you see the grandness, that you see the bigness of Lubbock and West Texas and tell others about what's going on here. Because what's going on here is special. And it is extraordinary. And I welcome you on behalf of the city and the university.

Although the Board usually meets in Austin, obviously, we're here in Lubbock, Texas. And this part of the state often gets less attention than other more populous and metropolitan parts of the state. We have 14 multi-family developments in Lubbock and they've all been financed with our Low Income Housing Tax Credits comprising roughly 1,700 low-income units.
And we've provided nearly 4 million in mortgage financing first time homebuyers in the area. And this morning, for some of you that read the paper tomorrow or see the news tonight, we were able to provide a huge amount of money to the region, specifically for low-income Texans in weatherization. An unprecedented amount. And we visited a property, a family's home this morning whose life every day was dramatically improved because of this service, this weatherization.

Our first order of business -- so let me turn -- and so we're doing a great deal of yeoman's work out here to improve the lives of working Texans in the South Plains.

Our first order of business is public comment. And this Board has a long tradition of beginning with public comment. Of course, any speaker may address us now or reserve the right to speak when a specific agenda is being considered.

And I do know that we have a presentation regarding migrant labor housing, which is a very important subject. I'm glad to see Diane here from Guadalupe Economic Development and my friend, Mike Molina also trying to provide better housing for migrant laborers.

And my father was a migrant laborer. When he
came to this country (speaking Spanish) he picked grapes.
And he'd worked for 30 years in a factory. And he always
said that there was nothing in that factory harder than a
day in the fields picking grapes.

And so for those of you who have never had the
pleasure of attending one of our meetings, I hope you
enjoy this candid interchange and see in action some of
the work that we're doing and our commitment to getting a
better insight and a better understanding of all that's
possible through our resources.

Mike?

MR. GERBER: Sir.

The ground rules for the public comment are
fairly few. You have to complete a witness affirmation
form. When you come to the microphone -- and we're
without a microphone up here so all the board members will
speak a little louder -- if you can, as well, to make sure
that Penny's able to get you for the record.

And tell us who you are and who you're speaking
for. Each speaker is given three minutes. If someone
else gives you their time you're limited to a total of
five minutes. And there's some discretion of the Chair
with respect to public comment. If there are multiple
parties speaking on behalf of the same person or entity we
ask that you limit it to two speakers.

DR. MUNOZ: And so at this time, unless there's anything for the Chairman to add, we'll invite our first public comment, Mr. Henneberger.

MR. GERBER: And, Chairman, who knows, there may be -- because I know there's going to be some pictures shown. There may be some -- at some point we may want to go and have the board members grab some of the seats in the front row.

MR. HENNEBERGER: The -- all of the materials on the screen are in the packet right in front of you.

MR. CONINE: Okay. Great.

MR. HENNEBERGER: Good morning, Board members. My name is John Henneberger with the Texas Low-Income Housing Information Service. I'm happy to be back on the Texas Tech campus. I'm an alumni of Texas Tech. I graduated in 1960 from the Texas Tech experimental kindergarten unit. And before Mr. Conine has the opportunity to observe it I will observe it myself, the experiment failed.

We appreciate this opportunity to provide the Board with a briefing on the housing conditions and problems that face farm workers in Texas. Our briefing consists of three presentations. First of all, an
overview of the needs of farmworkers provided by Kathy Tyler of Motivation, Education and Training, Inc., one of the state's foremost farmworker service organizations.

Following Kathy will be Ms. Irene Favila of MET, who will introduce the Mireles family, who are farmworkers who live in the community of Plainview right up the road here. And while it is impossible to illustrate all of the diversity of housing needs through one particular family, obviously, I believe that when you understand their story you will begin to appreciate some of why those of us who work in housing view the plight of farmworkers and their housing needs as among the most pressing that exist in the state.

And then finally, Diane Lopez of Guadalupe Economic Services, who's actually constructing one of the first 514 USDA farmworker housing facilities that's been built in Texas in many years will address you.

To begin with, let me summarize the role that TDHCA has been playing in addressing the housing problems of farmworkers. First of all, the -- your department is responsible for licensing and inspecting farm labor housing camps and facilities. This is a function which was transferred from the Department of Health, who frankly, were not doing the job because of budget cuts, to
the Texas Department of Housing and Community Affairs, who
I'm pleased to say has been licensing and inspecting those
facilities.

Secondly, your highly successful Bootstrap
Self-Help Housing Program grew out of a farmworker-led
effort to provide an alternative for very low-income
farmworkers who actually own their own homes and want to
build their homes themselves and need to because of their
economics.

Third, your HOME Program provides funding for
rental housing development. You've provided funding right
up the road here in Hereford for the Amistad Farm Labor
Housing facility there, which is now recognized as a
national model of the best design and the best
administration of USDA farmworker housing. Unfortunately,
there's only 50 units of it up there. And in a minute
we'll understand that while we have a model, it is a very
small model. And there's a need for much more assistance.

Your Low-Income Housing Tax Credit Program can
provide housing for farmworkers but never has. And that's
a shortfall that we would -- are going to encourage you to
take a look at in the long run. Figure out how to pare
the Low-Income Housing Tax Credit Program with the
programs Diana's running and other people are trying to
run in order to bring the money that we currently leave on the table, the federal money we currently leave on the table, for farmworkers in Texas.

You'll here from Kathy Tyler that Texas has the second largest population of farmworkers of any state in the United States. Yet we lag far behind in the number of decent, affordable housing units per capita for our farmworkers.

Other states have taken the money that Texas has left on the table from the federal government and put it to good work and produced some beautiful housing for farmworkers. States like California and Oregon and Florida and even states like Louisiana and Ohio and Minnesota all lead us in the per capita number of housing units for farmworkers and the quality of the housing that they provide.

In summary, I want to summarize finally what I think are the steps that can be taken in order to overcome the problems that the farmworkers face. First of all, we have to better use TDHCA funds to leverage those federal funds. Leaving money on the table should not be an option when farmworkers are concerned. But we have not yet figured out how to apply the money that TDHCA has in order to leverage the federal money effectively.
Second, we have to prioritize tax credits. Tax credits are the major resource that exists. Other states use tax credits to produce farm labor housing and we need to figure out how to effectively pare those resources. We need to increase the effectiveness of organizations providing housing for farmworkers.

One reason why there have not been a lot of programs funded by the Department is there have not been a lot presented to the Department. Because there are not enough organizations that take it upon themselves to serve these people with extremely low incomes. It's just not an economically viable opportunity for many for-profit organizations certainly and even for non-profit organizations.

Fourth, we have a stock of farm labor housing, particularly for migrants, which has deteriorated to abysmal conditions. There's no other word for it. The -- right up the road again, in Floydada the labor camp up there that was funded by the U.S. Department of Agriculture has been shut down now for several seasons leaving the pumpkin workers and the pumpkin growers in Floyd County without a supply of housing for their labor force. The housing just basically deteriorated to the point where it was inhuman to allow people to continue to
live in that housing.

    And then finally, the place where we really excel is in this area of self-help housing, about people picking themselves up by their own bootstraps and building their own homes. And farmworkers embody that spirit like no other group of people I've ever encountered in my 30 years of working on housing.

    We have to figure out how to take your model Bootstrap Program and expand it so people in other parts of the state where the program does not now operate can use that program to build housing for themselves. And in a minute, when you understand the plight that the Mireles family has been in you'll begin to understand how they could have benefited had there been a Bootstrap Program available here in the Panhandle to help them build their home.

    So with that, I'll turn it over to Kathy Tyler now to talk about the overview of the farmworker housing situation.

    DR. MUNOZ: And while Kathy;'s walking up I should interject Kathy just recently held a very successful conference of persons who care about -- deeply about farmworker housing, which included our federal partners, which have so much in -- by way of resources to
contribute. And it's been an important -- Kathy's -- and MET have been important partners of the Department in trying to figure out ways in which we can address this issue in the future.

So welcome.

MS. TYLER: Great. Thank you. Good morning. As you heard, my name is Kathy Tyler. And I really appreciate the invitation to be here this morning and your interest in learning more about farmworker housing. Farmworkers are an important economic catalyst in Texas. But often they go unnoticed and underserved.

I serve as Motivation, Education and Training, Inc. Housing Services Director. And I've worked in farmworker housing since 1985, part of working in affordable housing in community lending for 35 years.

There's a map in your packet and on the screen that denotes where farmworkers live in Texas. The counties that are colored brown have the largest farmworker populations. And they are concentrated in the Lower Rio Grande Valley first. Second, the Middle Rio Grande Valley, or the Winter Garden. Third, El Paso County. And fourth, in the area where we are today, the South Plains and Panhandle region.

As John said, Texas has the second most
farmworkers in any state in the country and is second only
to California. We do not have however, the housing
opportunities and programs that they have in California,
Washington, Oregon and Florida, who are really the leaders
in farm labor housing.

There's a chart in you packet and also on the
wall that shows an enumeration study that shows Texas has
361,411 farmworkers and their household members. And the
chart also shows the ten states with the largest
farmworker populations and their populations. So
according to this study Texas has 15 percent of the
farmworker population living within the state.

The study was done by Alice Lawson for the
Health and Human Services Department. It's now about 12
years old. And she was contracted by them to do the -- do
enumeration studies in the states with the largest
farmworker populations. And it's to the county level. So
it's very helpful information.

USDA just expanded its definition of farmwork
to include not only field workers but processing and
packaging workers. So this estimate of 360,000
farmworkers and household members may essentially have
doubled. We're not sure what the number of farmworkers
with this definition is today.

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In 2008 TDHCA commissioned a needs assessment of three counties in the Panhandle. All counties with considerable agricultural economies. DWB Research. They concluded that there was considerable deficits for farmworker beds in each of these three counties.

The firm noted that the increase in agriculture which is -- there's an increase in agriculture which the entire Panhandle and South Plains area is experiencing. There's new dairies, there's feed lots, increased meat packaging, increased vegetable packaging, ethanol production, which means corn -- growing corn. And all of these have had a substantial impact on agriculture.

The best resources -- again, as John told you, the best resource for rental housing for farmworker is a USDA program called Section 514-516 Program. And Texas has 1,400 units. And many of these -- I usually say we're lucky enough to have some of the earliest units built in Texas. But that means that we also have some of the oldest units. So within the 1,400 units that we have many of the units were built in the '60s and '70s and are in dire need of repair.

And as John said, another thing I often say is we're lucky enough to have some of the best housing here in Texas, some of the best examples of farmworker housing,
but we also have -- with no argument, we have the worst, as well.

So TDHCA licenses migrant housing facilities in Texas. And many of these include the USDA apartments that serve migrants who travel for work. And others are facilities that are offered by growers and employers. And if you exclude the units that are included in the 1,400 there's 200 additional units for farmworkers. So you can see compared to a population of 360,000 we have very few -- we have an insufficient supply. And with extremely meager earnings farmworker often live in extremely substandard housing conditions.

I appreciate, Dr. Munoz, that your father was a farmworker. I think it's a privilege to be able to work for the farmworker population who are just an amazing, hardworking, very humble population. I think that anybody -- any population that is so hardworking yet still in poverty is an amazing thing to me. But that has not yet been corrected. So therefore, we have housing problems that we need to correct.

Because of this situation Texas needs to submit what I would say at least two applications a year to compete in the national funding with USDA. I think we need to ensure at least two new construction applications
a year and at least two applications for rehab or replacement of the housing that already is substandard. To compete with other states we need early funding commitments. And I think this is an important role for TDHCA. The applications have to score competitively on a national level and having first funds in will increase the score.

Other states that have farmworker populations have programs that they've designed specifically for farmworker and specifically to bring the USDA dollars to their state. And that's one reason why Texas has such a hard time competing.

So in summary, whatever TDHCA can do to increase the resources for the farmworker population would be greatly appreciated. And we stand ready to do whatever we can do to help with that.

I did pass along a one-page statement that goes into a little bit more detail that I was able to, today. And thank you so much.

MR. CONINE: Thank you.

DR. MUNOZ: Thank you, Kathy.

John, would you like to introduce the Mireles family?

MR. HENNEBERGER: I -- Ms. Favila and the
Mireles family will describe the situation that one farmworker family again, who can't speak for all farmworker but certainly a farmworker family who illustrates the struggle to build a home for themselves have gone through.

MS. FAVILA: Good morning.

MR. CONINE: Good morning.

MS. FAVILA: First of all, my name is Irene Favila. And it is indeed an honor and a pleasure to be here this morning, to be invited. And so we thank you so much for extending the invitation.

And to my right I would like to introduce a farmworker family that lives in Plainview. And this is Mr. and Ms. Mireles, Vicente Mireles and Ramona Mireles. I also, like Kathy Tyler, am employed by Motivation, Education and Training in Plainview. And when I talk about farmworkers I'm also a product of a farmworker family.

Not only from the time I was born -- I was born and raised in Lockney, you know, which is the Abilene-South Plains area. And from the time I was born up until I was 18 years old every summer my parents would travel and migrate to Kansas and Colorado. And we would hoe sugar beets and pick cucumbers. And I was seven years old
when my parents put me to work in the fields. And so --
and it's sad to see that at that time, which has been very
many, many years ago, housing was bad. And unfortunately,
farmworker housing continues to be very bad.

So indeed it is a pleasure to be here this
morning. I served -- my husband and I used to live in
Plainview. And a couple of years ago we moved to
Hereford. And while I was in Plainview I got to serve on
the city council there in Plainview. And through my
association with MET I have been involved in housing.
I've been employed by the Agency for 34 years now.

And because of the experiences from my youth
housing has always been a big part of my job. And I
always get involved to see what it is that I and other
people that are concerned about housing situation for
farmworkers can be able to do to try to improve it.

When I served on the city council we applied
for CDBG funding and we were very fortunate to receive
funding. And so since the City of Plainview didn't have
housing staff I took it upon myself to take applications
and get the word out to people that needed housing
improvements.

And so I still have to this day a list of about
100 families just in the city limits and the County of
Hale. And unfortunately, because the City of Plainview only got funded every other year a lot of those names and applications that I took, people waited for years and they passed away. And farmworker was -- farmworker housing was never approved. And they never got to share in that. So it's a tragedy. Because not only in Plainview, but I get to work throughout the whole South Plains and Panhandle of Texas. And there is just such a great need for housing assistance for farmworkers.

So this morning I want to talk to you a little bit about the Mireles family. In the beginning every couple has a dream. Vicente and Ramona Mireles' dream for the future was to build a home together. They are unquestionably a couple of hardworking seasonal farmworkers.

The Mireles became legal residents in 1990. And for the first ten years they lived in farm labor housing that's located there in Plainview and then other private housing. In the past 20 years they have labored by hoeing cotton, hoeing sugar beets, planting and clipping onions. They have also picked jalapeno peppers, cucumbers and cabbage and loaded them in baskets to carry on their shoulders to unload in trucks.

Vicente and Ramona worked in produce sheds
sorting and cutting carrots. The Mireles have also picked pumpkins that sometimes weighed up to 50 pounds. And what they would do is that they would roll them with their feet before they literally picked up the pumpkins themselves and had to load them and put them in the semi trucks that were waiting.

They have worked in communities throughout the South Plains and Panhandle, such as Lorenzo, Dimmit, Hereford, Lubbock, Floydada, Olton, Petersburg, Tulia and Plainview.

In 1996 the Mireles purchased two residential lots that cost them $3,000 and by 1998 they started to build their dream home in Plainview. Every payday they would set aside a little bit of money to help purchase any building materials for their home. Two compassionate local residents in Plainview donated two older homes to them for wood and materials to be able to build their own home.

The Mireles' home was built solely by Ramona and Vicente except for a licensed plumber and electrician that they had to hire. The plumber charged them $6,500 and which they still owe $2,500. Every month and with every yearly income tax return is how they continue to pay off the remainder of the debt. The electrician charged
$1,800. And that has been paid in full.

The home was finally completed in 2008. So it took them ten years to be able to finish building their home. However, Vicente did not install any insulation within the home because he didn't really know that it was needed and instead, he filled the walls with cement. He knew that it was essential to install heating and air conditioning. But because they did not have the money at the time -- so it was not installed.

In December, 2009, which was just last month the Mireles noticed that mold was forming in two of the three bedrooms, two bathrooms, the kitchen and the hallway. And I believe that John Henneberger -- we've got some photographs of the mold. But I don't think you can really see it that clear. But anyway, I think that in your packages there's photographs in there.

Vicente receives $407.90 per month and Ramona receives $180.60 per month from social security for retirement. That is a total of $588.50 per month income. Since this monthly amount is not adequate for living expenses they continue currently to work in the fields on a seasonal basis. To make financial situations more extreme Vicente and Ramona are also raising a six year old granddaughter on a full-time basis.
They both have several health concerns of their own. Ramona is 63 years old and she has high blood pressure and high cholesterol, diabetes and arthritis. Vicente's 69 years old and has severe arthritis.

The Mireles family is only one of several hundred farmworker families here in the South Plains and Texas Panhandle that need housing assistance. Before today this very humble family has not asked for any housing assistance from any agency whatsoever.

Because I was aware of their circumstances I'm the one that approached them and asked them if they would do us the honor of attending this meeting so that we could talk about their circumstances. And since you have been made aware today of their circumstances I hope that you will assist this family with their housing needs. Thank you so much for your time.

And if you have any questions -- but I'd like to offer something to you all. I know that the state is so huge. But I would like to offer that if you all should have any time any one of these days that I would love to take you on a tour and take you into peoples' homes so that you can actually see for yourselves how it is that they live. And also, when people are out in the fields harvesting the crops we could be able to set up a tour for
you all to do that, also. And that way if you have any
direct questions of farmworkers you could ask them
yourselves.

So thank you so much. And Mr. Mireles would
like to say a few words. Thank you. I'm going to
translate for him. Because he doesn't speak any English.

MR. MIRELES: (Speaking Spanish)

MS. FAVILA: Mr. Mireles is saying that the
reason that he is here this morning is because I went to
his home to ask him what housing needs they had. Then he
showed me his house and so that I could see for myself the
problems that exist in his home. Then I invited him to
come out here with me today so that we could see what it
is that can hopefully be done to assist him.

MR. MIRELES: I need for my home an air
conditioning system and heating system.

MS. FAVILA: And again, I invited him to come
with me today to see what it is that can hopefully be done
to assist him.

MR. MIRELES: And again, to see if you could
please help us out with our needs.

MS. FAVILA: And that's all that he can say.

MR. MIRELES: Gracias.

MS. FAVILA: Thank you.
MR. HENNEBERGER: There are according to your state Low-Income Housing Plan, 728,000 -- I'm sorry -- 778,434 Texas households who have comparable incomes to this family. And I know that the challenges that they face are enormous.

Had the Bootstrap Program been here in the Panhandle, Mr. Mireles would have been able to build his program under your program, which would have let him build his house in several months instead of over nine years and he would have insulation and a heating system and the like. I know your Weatherization Program may be one option for him. And I know we -- I would hope you would be able to explore some options for him to be helped.

But we did want to illustrate that there's more than three-quarters of a million households who have similar incomes and live in similar dire situations.

And then finally, Diana Lopez is providing some of the solution with your help.

MS. LOPEZ: Good morning. Welcome to West Texas. My name is Diana Lopez. I'm the executive director for Guadalupe Economic Services, a local non-profit agency housed here out of Lubbock, Texas. Our agency encompasses a wide area of West Texas from Floydada as far west as El Paso and as far north as Dalhart and as
far south as Big Spring. So that's generally the area that we serve.

And the reason I'm here today is to explain some of the issues that are facing some of the farmworkers and some of the solutions that I think are possible for these families.

Generally speaking, farmworkers are a matter of national security interest. They handle our food supply on a daily basis. They're the first persons to come in contact with the final food product. And with the recent scares we've had with salmonella with the spinach, the peanut issues, the lettuce issues, the pepper issues it's important that we look closer at these populations and how they serve -- how they've become part of our food supply system. And some of the reasons that they are so significant is because they do handle our food and these food supplies end up in our homes at our tables.

While these families suffer from health and housing issues and only get worse because of the conditions they live in and the health that they suffer from how can we expect our food supply to benefit from those conditions?

Some of the issues that the farmworkers face are limited English proficiency. They suffer extreme low
poverty. They have limited year-round employment. They have a propensity toward health-related problems. They are the most underserved in our educational system nationwide.

There's no precise count of farmworkers for the entire United States but a great concentration of these families are in Florida, Texas and California. The majority who are in our Texas region are generalized in an area from Del Rio to San Antonio and from Corpus Christi to Brownsville.

These families migrate throughout various regions of the United States through the seasonal -- during the seasons of the various crops. These families have -- and generally speaking, these families lack training or need additional training to remain employed year round.

And some of the things that we're trying to address for these families along with our colleagues -- and that educational training focuses on training these families so they can remain employed throughout the year. Our agency provides a safety net for these families for them to continue onward as they travel through these various regions of the state and the United States for that matter. We provide emergency services for those
families.

But we also see the needs that they have as they come back from those regions. The injuries they've suffered as they've been on the jobs in the various different jobs. The back strains, the various health concerns, the lack of continuity for care for these families. Because if you think it's difficult to get care here in Texas imagine having to travel several states without your primary care physician nearby. So those are the issues that we're looking at and some of the things that we want to address with affordable housing for farmworkers.

In 2009 Guadalupe Economics was awarded a 514-516 rental housing project which we're going to develop in Dalhart, Texas. It's a 28-unit modest apartment development. It's the first in Texas in eight years. As my colleague previously stated, most of these awards are given to other states, primarily California. Some of that housing needs to come to Texas. A lot of our families come from Texas and go other parts of the United States but they primarily reside here in Texas.

And our efforts to develop this farmworker housing has been met with challenges, quite frankly. We see a dire need for pre-development funds to be able to
facilitate some of this application process. Because once you've applied for the grant or the loan and you've received an award for these types of housing and you have concerns about pre-development costs. Many non-profits are not prepared to take on the expense of these development efforts.

And so if we're to become serious about providing farmworker housing then we need to be serious about some of the things that are out there as we progress forward with trying to develop that housing.

TDHCA has done an excellent job of addressing many of the issues along the Colonia region. But many of those families are the very same families that come to work in West Texas and eventually reside here with us. So I applaud the efforts of TDHCA in those efforts and I hope that at some point some of those monies can make it here to West Texas where we can take care of some of these families and address some of the health and housing concerns that we have for these families here in West Texas. Thank you very much. And welcome to West Texas.

MR. CONINE: Thank you.

DR. MUNOZ: Thank you.

MR. HENNEBERGER: That concludes our presentation.
DR. MUNOZ: Is there a Christine Rodriguez?

(Pause.)

MR. GERBER: Mr. Chairman, if I could interject for just a moment? I think we've heard some very compelling testimony this morning. And I hope that this is the start of a dialogue about the picture of farmworker and migrant labor housing in Texas and the challenges that we face and the difference that this Department can hopefully make.

There's significant need all around. I mean, the word we hear all around from -- you know, wherever we go in Texas, wherever we travel in the United States, for all of us who've been in housing for a long time, is that word more. There's just a tremendous need for more resources and more targeted resources. Especially to our most vulnerable citizens, like farmworkers and others.

I want to touch on just a couple of things that we're doing at TDHCA. And then much of this discussion I hope will translate into you all participating in some of the discussions we're going to have in the next several months involving the Tax Credit Program, the HOME Program, our Housing Trust Fund Programs, that we'll have real resources, rewrites of rules and thinking about new approaches to make sure that we're really hitting the
needs of our most vulnerable citizens.

TDHCA has a fairly small research budget. One of the things that we are doing is working with Kathy and MET and others to try to use $20,000 -- which is just a drop in the bucket -- to try to figure out what area of data collection we can do a little bit better to get our hands around the problem and hopefully, be in a position to provide better information to our Legislature, as well as to our partners at the federal funding agencies that are going to be so key to this.

MET also did a tremendous job in pulling our friend, Ms. Trevino, who is now a senior leader with the Department of Agriculture and has oversight for these programs, but who comes from Texas and who led the charge with FUTURO communities for many, many years and which continues to -- and FUTURO communities continues to be a strong partner of the Department.

We're hopeful for some innovation from someone who's been a housing practitioner on the ground here in Texas. And that's translating into greater opportunities for synergy between TDHCA and USDA.

Frankly, we also are struggling with the issue of inspections. That we have been partnered with our colleagues at the -- in the Manufactured Housing Division,
which as you all know is a separate division of the Department, has their own ED, but they have a field structure that lends itself nicely to these -- to inspections. But we only inspect a fairly small percentage of migrant housing that's out there. And we hardly ever get into the single family issues that are so -- you know, where there's such tremendous need like the Mireles family is facing and so many others that we know of.

So there's a tremendous amount of need out there. Some opportunity, some real funds coming to try to address the data collection picture. We're also using some additional increases in the Housing Trust Fund. We've taken $2 million and we're making that available for the production of affordable housing in rural Texas. And some of those funds can be used and partnered to meet the needs of migrant farmworkers.

We are also looking obviously, at the big guy on the block, which is the Low-Income Housing Tax Credit Program and in what way that program can be used to better meet the needs of farmworkers. Obviously, there's a lot of need and there's a lot of folks in this room who know of equally deserving Texans who have tremendous housing challenges.
And so striking that balance and figuring out what it is so that we put appropriate seed money in trying to address a lot of different needs across our state is going to be an important part of that discussion this spring.

But I will say that Jean Latsha, who had intended to be here but who is about 80 weeks pregnant or something -- she's been pregnant forever. She is on the verge of having a baby and had intended to be here to talk about the work that the United Farmworker Service Center has done. That's an outgrowth of the Caesar Chavez efforts in California and across the country. And we have been in partnership with them on a couple of deals to try to put housing on the ground.

And we look forward to seeing other organizations build up their capacity, as well so that we can make sure that other non-profits have the tolls that they need to put real housing on the ground. So capacity building becomes a big part of this discussion.

And I know we've worked some on the capacity-building question here with Guadalupe Services and we have been in partnership with them in the past. We hope for more partnerships in the future. And with all of you. But I guess the message is this is the start of a
discussion. And we'd really welcome any thoughts or questions from the Board. I know there's other issues on the agenda.

But I think the staff wanted to roll this out as an issue that we've been interested in and concerned about, there not being enough resources to address it and that there's a unique opportunity now for some additional synergy between the Department, the federal government, local initiatives and non-profits and cities that are all coming together to meet the needs of a very tough-to-serve population.

So with that, Mr. Chairman, I'll --

DR. MUNOZ: All right.

MR. CONINE: We have -- Dr. Munoz, sounds like to me again, you don't -- sometimes you don't think about things until we're presented with some ideas and some concepts that I'm glad, you know, we had a chance to do today.

The map impressed me about what parts of Texas and how many people are certainly affected by the conditions that are out there. And I'd like to see us take up this issue as we move forward into some of our roundtable discussions. And you talked about the Tax Credit discussion this spring. Obviously, the rural folks
around the state will be playing an important role here. The ag folks around the state will play an important role here.

And to pull together, you know, more than one state agency. We can obviously, take the lead. But there's other state agencies that this particular population affects, as we've been told this morning. And to have some joint meetings and discussions at staff level, for sure. At the Board level, you know --

DR. MUNOZ: Uh-huh.

MR. CONINE: -- we'll obviously be glad to participate in that. But it's certainly something we need to take a look at. So --

DR. MUNOZ: We have a rural working group that Brooke is heading that actually has its first meeting, I think, on Friday. And we'll make sure that this issue comes up. And let's try to get the other agencies at the table for maybe a follow-up discussion.

MR. CONINE: And for the rest of the Board members, Jean Latsha, like Mike said, couldn't be here. And she is normally at our meetings. But there's a letter in your packet, in your material. Make sure you take a look at that.

DR. MUNOZ: Also, I'd like to see if there any
Board -- other Board members that would like to comment.

MS. BINGHAM-ESCARENO: Yes. Thank you, Doctor.

Just wanted to express my gratitude to the Mireles family for coming and sharing with us this morning. And we're talking big picture here. So Dr. Munoz encouraged us all to think big. And this opened our eyes to a bigger issue. But I feel very strongly and I just want to make sure that we let the Mireles know that we hear about what's going on in the Mireles household and that if there's anything we can do from the Department's standpoint to help them with their current situation that we'd very much like to do that.

DR. MUNOZ: Any other Board members?

(No response.)

DR. MUNOZ: Okay. We'll continue with our public comment. Let me invite Carlos Chacon.

I'll remind you, Mr. Chacon, there's a three-minute limit.

MR. CHACON: Sure.

Good morning. I'm Carlos Chacon with McCord Development. And I'm here today to comment on Windfern Point, which is an existing affordable apartment community in Houston, Texas, for which a pre-application has been submitted for program year 2010 9 percent tax credits.
As you may recall, a full application for 9 percent tax credits was submitted for Windfern last year but was terminated on the grounds that it was ineligible in light of program year 2009's QAP Section 49.6(a) which prohibited properties located the 100 year flood plain.

Windfern's prospective buyer at the time came before you last July to appeal the flood plain issue and to present documentation of the ongoing flood mitigation work being completed by the Harris County Flood Control District in the form of the White Oak Bayou project. That project would ultimately remove Windfern from the 100 year flood plain, along with about 1,500 other properties.

Unfortunately, at the time the QAP did not contain an allowance for flood mitigation of projects located in the 100 year flood plain. So Windfern didn't technically meet TDHCA's requirement. While the Board agreed and accepted staff's recommendation to uphold Windfern's application -- the termination of Windfern's application, Mr. Conine did point out to Ms. Gamble [phonetic] to make note of this issue for the 2010 QAP. Accordingly, this section of the QAP was refined and made part of the 2010 QAP, which we thank you for, by the way.

The new language reads as follows. "No buildings or roads that are part of a development
proposing rehabilitation or adaptive reuse will be permitted in the 100 year flood plain unless the local political subdivision has undertaken mitigation efforts and can establish that the property is no longer within the 100 year flood plain."

We’re actually currently in the process of working with TDHCA staff to confirm that the evidence of Windfern's forthcoming removal from the 100 year flood plain meets the standard set by the new language in the 2010 QAP.

And finally, I just wanted to thank you for your support and understanding and ultimately assistance with respect to this issue and also, for your support of existing developments whose flood issues have been mitigated but await the redrawing of maps to technically be removed from their respective 100 year flood plains. Thank you very much.

DR. MUNOZ: Thank you, Mr. Chacon.

I'll ask if any of the Board members have questions about this kind of item.

(No response.)

DR. MUNOZ: Seems that the new language will help alleviate -- ameliorate this issue in the future.

Justin MacDonald?
MR. J. MacDONALD: Thank you, Dr. Munoz, Board members, Mr. Gerber. My name's Justin MacDonald, Kerrville, Texas. I am not here today speaking on any specific development or project but rather, an item in the QAP that has come to -- at least come to light in my mind as I have been looking at the 2010 application round and looking at filling out applications.

And that is in the selection criteria QAP Section 50.9(I)(9), Tenant Services. This year was a change from previous years in that in the past developers, in order to get points for this section, would just certify that they were providing several of a list of services but not specifically select which services they were providing.

This year however, it actually assigned an individual point score to each of those services. Which is good, I think, because it does hold the developers, the project sponsors accountable for actually providing a specific set of services for that project.

However, in looking at the list it seems like it is skewed against seniors-only developments. There's quite a few items in there such as youth sports programs, GED preparation, which I guess could be utilized by seniors but is less likely to, after-school tutoring,
childcare.

There just seems to be a disproportionate number of items targeted to families with children. Which I won't argue that there isn't a need for. But it seems nearly impossible and definitely more difficult to get the same level of points for a seniors-only development, given the list of services that's there now.

I don't know if there's anything that this Board can do about it for this year, since the QAP has already been signed by the Governor and approved. But I just wanted to point this out for future situations. And also, I don't know. You may want to have your counsel look at that. I don't think that there would be a fair housing violation, a familial status, you know, sort of skewing one way or the other. But it might be worth looking into.

Thank you.

DR. MUNOZ: Thanks, Justin. Appreciate it.

Any questions?

(No response.)

Granger MacDonald?

MR. G. MACDONALD: Thank you, Mr. Chairman.

I -- my name's Granger MacDonald. I'm here today representing TAP ON [phonetic] as their chairman of the Policy Committee. First, though, let me say that I think
that sometimes we get a little too carried away and too
busy thinking about compliance issues and QAPs and all the
various things that come before this Board on a regular
monthly basis.

And seeing people like the Mireles, I think,
should re-energize us as to what our job really is and
what needs to be done for the people of Texas. And maybe
we need to see a few more of those folks at a few more of
these meetings now and then to kind of keep our focus.

What I came to speak about today was that we've
been through a long and arduous task on the TCAP and
exchange closings. And that started almost a year ago.
And we're just now seeing the finish line on the first
deals thanks to the staff's hard work. And the staff has
overcome a herculean task of trying to figure this thing
out and documenting it. And so I'm going to spin through
that with them. Appreciate the efforts the staff has
made.

We are running up against a time delay of March
31 to have all these deals closed. And because the task
was so great I think that at your next board meeting,
which I understand is in March, maybe an extension of
those dates needs to be considered. Strictly because of
the amount of paperwork. Some lenders have caused some
problems. People had to shift and go to another lender who would not be happy with the documentation. And there's a whole host of reasons.

But the time has really gotten away from us. We'd all hoped to have had some closings in October and it ended up just making it under the wire in December. So I would like for you to consider that at your next meeting, if you would. Thanks.

MR. CONINE: Is there a staff response to -- I saw a schedule that we'd -- a closing schedule that we'd put out for TCAP and exchange. Can we get just a little feedback from staff or you want to wait till later on in the agenda?

MR. GOURIS: I don't think we had -- did we have a item that we're going to talk about? I'll just mention -- Tom Gouris, deputy executive director for Housing Programs. We were looking at the possibility and likelihood of bringing a request to the Board next month for extending that. There are a number of transactions that are ready to close, that are getting close to close. But there's a large body of transactions that are still working through processes with their lenders and others. And they're a bit further away.

So -- and it's something of the order of, you
know, half to two-thirds of the exchange deals probably are not ready in that regard. But we're working through it and we're moving folks here. And I'm pretty -- I think that it's important that we keep short deadlines to keep things moving and extend as we need to so we can keep the process running as quickly as possible.

MR. GERBER: But I think it's fair to say staff will not hesitate to come to this Board in March if we feel like we're not going to get folks across the finish line.

VOICE: Absolutely.

MR. GERBER: We want to use all these funds. But we're going to keep the pressure up to -- people need to show their cards to us. We need to show our cards to them. And there's just a lot of legal documentation that has to be gone through. And I think hopefully, we've cracked the code and a lot of deals will now move. But invariably we'll have -- you know, we're going to push hard. But we'd like to reserve the right to come to you at the March meeting to ask for additional time should we need it. But our hope is we're going to push the lines here through by then.

MR. GOURIS: And, in fact, we hope that we have to have 75 percent of the TCAP funds committed by mid-
February.

MR. GERBER: Right.

MR. GOURIS: And we think we're on track to do that. But that's our big push right now, to make sure that rate agreements are signed and those are set up in the system to -- with HUD to get those funds set up. Exchange takes a little bit -- there are more moving -- different moving parts there. So --

MR. GERBER: If I can just interject. Maybe just sort of in the form of a shout out. Cynthia Bast, Shackleford's back there. There's a couple of other lawyers back there, Tony Jackson, you know, have really been very helpful in trying to work through the legal issues, which have been a mess. And we appreciate the community approach to trying to help us work through some of that.

DR. MUNOZ: Are there any other questions from Board members, comments?

(No response.)

DR. MUNOZ: Let me invite Cynthia Bast.

MS. BAST: Good morning, Dr. Munoz, Board members.

And thank you, Mr. Gerber.

As you -- I'm Cynthia Bast of Locke Lord in
Austin. And as you did hear, we worked on behalf of a client with your staff to close the first TCAP and the first exchange deals on New Year's Eve. It required incredible focus and commitment from your staff to get there over days that for most were holidays. And we are grateful to all of them for the effort that they put in. Because it was a huge milestone. There's still a very large boulder to roll up the hill. But we have made some very important steps. So I'm grateful to the staff.

And I wanted to in particular give some gratitude to Monita Henley and Leah Rosas of your legal staff. They don't tend to come to these public meetings and they don't tend to get public recognition in any way. But they dug in and went way above and beyond the call of duty to make those closings happen. They are fine legal professionals. We enjoy very much working with them. And I wanted to give them my thanks. So thank you very much. And we look forward to more closings to come in the next few weeks.

DR. MUNOZ: Thanks, Cynthia.

MR. CONINE: Thank you, Cynthia.

DR. MUNOZ: Our next public comment, Rainer Andrews?

MR. ANDREWS: Hi. My name is Rainer Andrews.
I'm on Item Number 5, Elm Ridge Apartments. I'm with Summit Housing Partners. We're just wanting to call and say we're really excited about this property. It's 130 unit, 100 percent project Section 8 deal in Austin. We are looking at about $20,000 unit rehab. Ready to move on it. Once you all approve -- if you all approve the tax credits today we should be able to close in February and get everything rocking and rollin' with the Board. Say thank you.

MR. CONINE: That's great.

DR. MUNOZ: Thank you.

Any questions?

(No response.)

Lewis Williams?

MR. WILLIAMS: Chairman Munoz, members of the Board, Mr. Gerber, my name's Lewis Williams and I represent Abilene Senior Village, which is 09175. During the November Board meeting Abilene Senior Village was selected to be first in line for any residual funding of exchange funds after the round one and round two. And as such, we performed all the necessary engineering and we're ready to permit. We've lined up our debt and everything. But the problem is our Achilles heel is the finite time frame of our control of our land there in
Abilene. And as such, we're -- I'm asking the Board to ask staff to -- whenever they feel that it's reasonable to keep me informed. And I'm sure the people behind me in line would like to be informed so that we can make an informed business decision when or if the residual funds may be available.

I know there's a lot of stuff going on behind the scenes. But it appears that the -- with what I've requested for exchange funds that there's possibly enough there. And I'd hate to lose my project a week before you all call me up and said, Hey, we've got it. And what I'm asking -- the favor I'm asking of you guys today is just to ask staff to, when they think is reasonable and prudent, to give me a call so we can proceed. Because like I said, I've got a definite shelf life on the land.

Is there any questions? I'd be glad to answer them.

MR. CONINE: Could we get Tom to comment on that?

MR. WILLIAMS: Thank you.

MR. GOURIS: Tom Gouris, deputy executive director for Housing Programs again. We do believe that they'll be residual funds, exchange funds that are being reduced from the requested amounts. We haven't reconciled
that completely yet. We have about 25 underwriting reports that are still outstanding pending completion of the 86 for exchange. And so they're -- we're still working through some of those -- some of that to make sure that we do have some residual funds available.

We also -- part of the deadline issue is keeping things on track so that folks who aren't able to move forward resolve that. And if they fall out, they fall out. So that those would be funds that would be available.

And then the third element of potential funds is legislation that's pending for another round of exchange or another allocation of exchange that would ultimately assist some of these '09 tax credit awardees who aren't able to move forward with their regular tax credits. So there are a couple of avenues that we're working on, we're watching. And we're trying to move forward as quick as possible.

At this point, though, we are hesitant to release at the next exchange award until we know for sure that we've got return funds that aren't appealable to fund the next deal. We do anticipate that we'll be able to. But we just have -- we're just not there yet. Soon as we -- as soon as we get clear confirmation that we have
exchange awards executed we will move forward with the tax transactions.

    MR. CONINE: Yes. I think what I heard him say was not to go ahead and notify him that he's got it, but to give him a two-minute warning on, you know, that you're next in line, there's some funds that may or may not, you know, you'll know in the next 30 days. Is any of that kind of conversation going on?

    MR. GOURIS: Yes. We're talking. In fact, I encouraged him to continue to make his presence known at this meeting and to us. So, yes, we've been talking regularly. And our -- you know, have told him what I just told you, as far as his -- so that he knows what his options are and what his likelihood of moving forward are. And as soon as we do have confirmation we'll send him a notice, too. What he'll have to do is apply for the exchange. And we'll go through the process of underwriting his transaction.

    MR. CONINE: Okay.

    DR. MUNOZ: All right. Okay. Thank you, Tom. Does Board members have any additional questions?

    (No response.)

    We have one more, Terri Anderson.
MS. ANDERSON: Good morning, everyone. I'm Terri Anderson, Anderson Capital. Thank you for giving me the opportunity to speak. I wanted to compliment the Department. TAP set up three separate workshops that were effectively designed to coordinate TDHCA's efforts working on tax credit developments with HUD. And I certainly wanted to congratulate TAP on doing that. But then also congratulate staff on trying to work closely with HUD.

As many of you all may be aware, that seems to be many of the only options for a lot of the tax credit developments. And I just wanted to continue and encourage working on all of the programs, the Housing Tax Credit Program, the TCAP Program, as well as the Exchange Program on HUD developments.

Thank you. I appreciate your time. And one of the developers, when I walked up, said, Every developer who's here should get extra points and extra credit.

MR. CONINE: You mean for coming to Lubbock?

It's as easy as going to Austin.

MS. ANDERSON: It's perfect. Thank you.

MR. CONINE: Thank you, Terri.

DR. MUNOZ: That concludes our public comment.

I just would like to amplify something that the executive director said earlier, in terms of periodically engaging
in much greater depth than is normally the case some areas
that don't enjoy some of the attention of the more
glamorous programs.

And I'm talking about migrant farmworker
housing and weatherization and these areas that generally
don't enjoy the kind of attention that other programs --
those -- periodically it's the desire of the Agency and
the Board that they enjoy a greater degree of attention,
as you have seen this morning. And as we identify
strategic programs that require that attention you'll see
these kinds of presentations I hope in the future.

At this time I'd like to thank the Chair for
the consideration, the courtesy and the privilege of
serving in a temporary capacity of the Chair. And now
I'll return true authority to its rightful place.

MR. CONINE: Not bad for a rookie. Let's give
him a hand. We're appreciative of Juan. Juan did a lot
of background set up for today's meeting and actually
provided this particular place, which is a new building on
campus. I hadn't been in here. This is pretty new, or at
least new since I've been here. But we are thankful for
Juan for what he's done in setting up the tour this
morning and so forth.

We really appreciate it. And thank you very
much.

Let's move on to Item 1, the Consent Agenda, Board members. Any -- you see several items in both the Multi-Family Tax Credit, the HOME Program. Anybody have anything you want to pull off? Or do I hear a motion to move forward.

MS. RAY: Mr. Chairman, I move to accept the Consent Agenda and move forward.

MR. CONINE: Motion by Ms. Ray. Is there a second?

MS. BINGHAM-ESCAÑERO: Second.

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

(No response.)

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

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Per my prerogative as the Chair, let's move to Item 5 if we could.

Pick that one up, Mr. Gerber.

MR. GERBER: Mr. Chairman, I'm -- before we go on to Item 5 let me just mention in the vote you just
took, one thing just to highlight for you, that you did approve two-and-a-half million dollars in project funds that will get awarded in HOME funds to seven organizations that help 44 families. And I think it's just important to kind of keep the focus on the folks we're trying to serve.

Turning to Item 5, which is the presentation, discussion and possible issuance of determination notice for credits associated with mortgage revenue bond transactions with other issuers, this is the Elm Ridge Apartments that Mr. Andrews referred to. It's a tax-exempt bond application. And it's requesting 4 percent tax credits from the Department. The Austin Housing Finance Corporation is the issuer of the bonds. This is a priority two application proposing the acquisition and rehabilitation of 130 units in Austin that will target the general population.

During the compliance review of this application staff did identify that there were a couple of properties in the applicant's portfolio that have material non-compliance issues because the LURA for the properties were not submitted properly by the required deadline. After Board posting Department has received both LURAs and we're still working through the review of it. But we feel comfortable in going ahead and recommending to the Board
that a determination notice should be issued in the amount of $296,913 for Elm Ridge Apartments. And so we would recommend and commend to you a motion in that amount.

MR. CONINE: Okay. There is a recommendation for a motion. Do I hear one?

MS. BINGHAM-ESCARENO: So moved.

MR. CONINE: Motion by Ms. Bingham.

MR. GANN: Second.

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

(No response.)

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

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

At this time we are going to break for lunch.

We have the opportunity to have lunch with some of our partners I think that were here this morning, as well as Chairman -- or Chancellor Kent Hance is going to come have lunch with us. And then he will address the Board immediately after lunch. I'm going to say 1:00 probably would be a good target to come back.
So right now we'll go into recess for lunch and be back about 1:00.

(Whereupon, at 11:55, the hearing was recessed, to reconvene this same day, January 20, 2010 at 1:00 p.m.)

AFTERNOON SESSION

MR. CONINE: Reconvene the Board Meeting of the Texas Department for Housing and Community Affairs this afternoon. And I'll turn it back over to Dr. Juan Munoz for an introduction.

DR. MUNOZ: Thank you, Chairman Conine.

I'd like to introduce to all of you a figure that some of you may already know from much of his service to the state, our Chancellor here. We have the privilege of having Chancellor Kent Hance serve as the leader for the Texas Tech University system, which includes the university, the medical school, the medical school in El Paso, Angelo State and all of the appendages related to the system.

Chancellor Hance was, some of you know, a former railroad commissioner, a former state senator, a former U.S. Congressman and now, of course, his most recent accomplishment, leading Texas Tech to become the next national research university. It's my profound honor to introduce to you our Chancellor, Kent Hance.
MR. HANCE: Thank you, Juan, and to everyone that's here, thank you for visiting Texas Tech. We're very proud of our campus and we have a lot to be proud of. And we have 30,000 students here. We have 6,000 in Angelo State and we have almost 3,000 in our Health Science Center, which includes two medical schools, three pharmacy, four nursing and several allied health. So we're doing great things in research and also, in teaching.

And I -- for this Board I just want to say a special thanks. I have been in the business. I am not right now, but my son and daughter-in-law still operate our tax credit projects. And one thing I shared with a board member I'm going to share with everyone. You know, TDHCA does not get the credit they deserve to be such a helping agency. And they create a lot of happiness for people.

And once we had -- we've got some apartments in Cleburne and I was there visiting and I met a lot of the people. And I'll bet you 70, 75 percent of them were single moms, where the gentleman was no longer in their life and they were raising children. And we provided them a great place to live, the best place they'd ever had. And we couldn't do that without your help, without the
federal government.

And housing is an issue that gets overlooked sometimes. But it provides stability within our system and within our society. And it gives people hope. And if they have a nice place to live it gives them hope in the day-to-day job that may be a drudge.

If you look at the people that you take care of they're the working people that do not have abundant sums of income. They may have 30,000, may have 32,000 and raising two children by themselves. And you address those issues. And other people here that are here as not board members, but as participants --

And like I said, had this been the July meeting this would have been completely full. Everybody would have been here, you know. And -- but this means a lot to us that you're out here. It means that you care about this area. And the fact that you brought $8 million with you didn't hurt. In fact, we'll see you again next Tuesday and then next Thursday and just any time you want to come.

But the Governor has made great appointments to this committee. And he's to be commended for that. You handle yourself -- Mike does an excellent job and Kent does. And Juan is our -- is a vice-president in charge of
problems. If there's a problem that I need to handle I send it over to Juan. And I think one of my great moves has been making him a vice-president. He loves Texas Tech but he loves the State of Texas and he gives it his time and service so that people may have a better life. And that's exactly what you're doing.

One thing I shared with the Board earlier, that because of my involvement in housing I have a better feel of some of the things. And one program I came up with at Texas Tech is the Red Raider Guaranty Program, where is a student comes from a family or 40,000 or less income we pay their tuition and fees. And we do that through Pell grants, state grants and scholarships. We find a way to do it. And we had 632, somewhat, in that program. We're averaging around 750 a year now.

But those are kids that wouldn't have had the opportunity if it had not been for us. And a lot of those kids come from a single-family mom that is living in one of the projects that one of your developers has been able to build.

And so what happens to that student, when they get out they won't be making a low income. They'll have an opportunity to help not only their parents, but they'll be helping the State of Texas as they provide better jobs
and they do a better job at making income and paying taxes and being a very productive member of society.

So I understand what you do. You don't get a lot of thanks. And from time to time you get sued. And I've been down that route. In fact, I'm going down that route now. But anyway, in leadership positions sometimes you just have to do what is right. And you have to just move forward. And I just appreciate this board being here and doing what's right.

And I hope you have a good stay. and sorry that most of you couldn't stay for the basketball game tonight. We're due a victory. And I hope that we pull it out tonight against Iowa State. If we were playing A&M or Texas or Baylor, a Texas school, well, you might have conflicts. But with Iowa State I don't think there will be any conflicts.

But thanks for coming. And Go Red Raiders.

MR. CONINE: Thank you very much. Appreciate it. And now we'll move on to Agenda Item Number 3.

Michael?

MR. GERBER: Item 2, actually.

MR. CONINE: Two?

MR. GERBER: Yes, sir.

MR. CONINE: Did I skip one? Yes, I did. Two.
MR. GERBER: Mr. Chairman, Board members, Item 2(a) is a presentation and my request of you for authorization to procure a provider to perform an analysis of impediments to fair housing for the State of Texas.

As part of the consolidated planning process the U.S. Department of Housing and Urban Development requires the state to certify that it will affirmatively further fair housing. And this includes the preparation of an analysis of impediments to fair housing, also known as an AI, and taking appropriate actions to overcome the effects of any impediments identified through the analysis and maintaining records reflecting the analysis and the actions taken because of that.

The analysis of impediments is a review of impediments to fair housing choice and serves as the basis for fair housing planning, provides essential information policy makers, administrative staff, housing providers, lenders and fair housing advocates and assists in building public support for fair housing efforts.

Previously, the analysis of impediments was conducted in-house and took significant time to develop and approve. The issue of the current status of the analysis of impediments has come forward really as a result of the Hurricane Ike/Dolly action plan approval.
process.

In a complaint filed with HUD regarding the proposed methods of distribution that were -- was prepared by the Texas Department of Rural Affairs for how those disaster recovery funds would be used the issue has been raised of how the analysis of impediments that the state currently has on file relates to that, as well as other forms of HUD financing, not just the disaster recovery dollars.

HUD has been conducting national meetings in which many groups have requested that HUD do more to affirmatively further fair housing by providing more detailed guidance of the AI process. The Department last revised its AI to fair housing in January of 2003. It was approved by HUD in 2004. But obviously, a lot has happened between disasters, foreclosures, the current economic crisis that are [indiscernible] face, there's a need to do an updated AI.

We believe that HUD's going to be producing some rules that will give us some clear guidance -- or clearer guidance as to what that AI needs to look like. But I want to put it very clearly on the record. This Department is committed to affirmatively furthering fair housing. This Department is committed to full compliance
with our both national and federal fair housing and civil
rights laws. And we will do everything we can to more
vigorously enforce them.

Moreover, we are committed to doing a serious,
thorough, thoughtful and comprehensive analysis of all
areas of fair housing to ensure that we are adequately and
appropriately affirmatively furthering fair housing. And
we will have that expectation laid on all of our business
partners, as well.

And so this is a request for proposals that --
you all were generous enough to provide me with the
authority to move forward with procurement. But I felt
that this was a significant enough issue and has a
significant enough impact on other programs within the
Department, that I wanted to bring it to you all and ask
for a motion to proceed with a release for a RFP
consistent with that latest HUD guidance and to get a
qualified firm to just underscore the Department's very
serious approach to this issue.

And we understand and can expect additional
guidance coming from HUD as they take a more serious
approach to it, that we are -- you know, we want to be
leaders in that effort to make sure that our programs
serve Texas -- serve Texans that look like Texas.
So with that said, we'd ask for such a motion. I don't know if there's any public comment on that. But many folks in the room have been active on that issue. And if they'd like to certainly we welcome their joining the conversation.

MR. CONINE: Okay. Any further discussion or questions for Mike at this point?

(No response.)

MR. CONINE: Do I hear a motion?

MS. RAY: Mr. Chairman?

MR. CONINE: Ms. Ray?

MS. RAY: I move that the executive director and his designees to be authorized and empowered on behalf of this Board to procure a qualified third party to perform an analysis of impediments to fair housing choice as required by the Department of Housing and Urban Development.

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

MR. GANN: Second.

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

(No response.)

MR. CONINE: Seeing none, all those in favor of

ON THE RECORD REPORTING
(512) 450-0342
the motion signify by saying, Aye.

    (A chorus of ayes.)

MR. CONINE: All opposed?

    (No response.)

MR. CONINE: Motion carries.

MR. GERBER: Mr. Chairman and board members, on Item 3 we're going to bring forward to you several rules. I'm going to let Brooke Boston walk the rules that are within her jurisdiction.

    MS. BOSTON: First, Item 3 -- Brooke Boston, Deputy for Community-Based Programs. The first rule we have for you is a draft rule, this to be released in the Texas Register, to then be made -- released for public comment. And it's for the Neighborhood Stabilization Program.

    And in a nutshell, NSP, as you guys know, was awarded quite awhile back -- it was a 2008 fund under the Housing and Economic Recovery Act of 2008. And the reason we're bringing you rules today is our contracts and the NOFA had guidelines and expectations on our recipients but we've never been able to get them into rule yet because we've been busy getting the program up and running. And we believe that there's stronger force behind what we require with it being in the rules.

ON THE RECORD REPORTING
(512) 450-0342
So -- and if you like I can talk you through them. But in a nutshell, you saw they are very short and essentially, we are just kind of codifying those things that are already contractual benchmarks for our subrecipients.

MR. GERBER: And, Brooke, in seeking approval from the Board on this we'd be also be asking -- there are some small technical corrections --

MS. BOSTON: -- that some of you pointed out.

We'd like to just have that flexibility to make those small tweaks.

MS. BOSTON: Correct. Yes, if we see typos or inadvertently saying TDHCA instead of the Department, that kind of thing, we'll make that clean up, as well.

MR. CONINE: Okay.

Do I hear a motion?

MS. BINGHAM-ESCARENO: Move to approve.

MR. CONINE: By Mr. Bingham to approve.

DR. MUNOZ: Second.

MR. CONINE: Second by Dr. Munoz. Any further discussion on Item 3(a)?

(No response.)

MR. CONINE: Being none, all those in favor of the motion signify by saying, Aye.
(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

MS. BOSTON: Item 3(b) is the Housing Trust Fund Program rules. Similar to the NSP rules, will be -- once you approve of the draft today they'll go out for public comment and then we'll bring them back to you for final approval.

These also are a lot of the changes that you see. It looks like a significant amount of black line. But again, there are a lot of things in the Trust Fund Program that were in manuals or contracts that were not in our rules. And so to the degree that we felt it was important to get those into the rule itself and kind of more formalize that, we've taken those steps.

There's actually very little programmatically that changed through this rule. One of the beauties of Trust Fund is that it provides the Board the flexibility to program funds in a variety of ways. And so we've tried to keep the rules from being too specific in any one activity so that we don't limit ourselves through the course of the year in what you may decide to do with the funds.
I think that's it. I mean, if -- I don't know if any -- again, similar to the other rule, we'd like authority to make any small typo or administrative clarifications. But unless there's specific questions about any of the sections of the trust fund rule --

MR. CONINE: Okay. Any questions on the Housing Trust Fund from the Board?

MR. GERBER: And, Brooke, just to be clear, these will be the rules that will govern all of the programs that we roll out using Trust Fund dollars?

MS. BOSTON: With the exception of Bootstrap. Thank you, Mike, for clarifying that. The Bootstrap Program has its own set of rules under Texas Administrative Code. And they are governed separately.

MR. GERBER: And could you give the Board maybe just 30 seconds on the status of the roll out of those other programs? Because we're talking about a fair amount of money, including the $2 million for rural that we talked about --

MS. BOSTON: Sure.

MR. GERBER: -- during the --

MS. BOSTON: Sure.

MR. GERBER: -- migrant discussion.

MS. BOSTON: As a refresher, the Trust Fund
plan that you guys approved has six -- seven activities. The first two are Bootstrap and then Disaster Recovery Gap financing. And so those are not administered through our Housing Trust Fund Division but through our Disaster Recovery Division and through the Office of Colonia Initiatives.

We then have -- and let's see if I can name all five -- we have a Home Ownership Activity Program, we have a Rural Expansion Program, a Unique Rental Development Program, a Capacity-Building Program and -- let's see -- a Barrier Removal Program for people with disabilities. I got it. I passed. So all of those -- the Barrier Removal NOFA actually will be submitted to the Texas Register next week to be published a week or so after that. And we've had two roundtables.

We've taken a somewhat different approach with the Trust Fund Programs this time. And instead of just releasing NOFAs and then getting general feedback about people's likes or dislikes we are doing roundtables, drafting a kind of preliminary draft, doing another roundtable on that draft and then bringing it to you -- releasing it for -- to be available for funding.

Two of the NOFAs you guys had asked that we bring back to you because were not able to get into enough
specificity at the time that we approved the plan. And that's the rental NOFA and the Rural Expansion Program. And so those -- one of them, if not both of them will be back before you guys in March with much more meat on their bones.

And the Rural Expansion, as Mike alluded to, we are -- he just recently created a Rural Housing work group similar to our Disability Advisory work group. And we're meeting on Friday. And one of the items on that agenda is to talk a little bit about this Rural Expansion Program with Trust Fund dollars.

And then the Rental, because it's a very broad category relating to Rental, but the activity itself is supposed to be focused on unique housing needs, we are having another roundtable on that to fine tune it a little bit more before bringing it back to you.

MR. CONINE: Okay.

Do I hear a motion?

MR. GANN: I'll move the recommendation of the Board approval of the publication in the Texas Register.

MR. CONINE: Thank you, Mr. Gann.

Is there a second?

MS. RAY: Second.

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

(No response.)

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

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

5(c) -- or 3(c). Excuse me.

MR. GERBER: 3(c), Mr. Chairman. Mr. Chairman, this item relates to the Weatherization Assistance Program that we've talked about a lot today. And the request of the Department of Energy to have a structure to move weatherization funds from one agency to another in order to assist in full expenditure of the state's $327 million in funding.

Staff is recommending the approval to discuss and draft a rule that outlines a de-obligation and subsequent re-obligation policy and the benchmarks that would be used in that analysis.

We are working and are going to be working very closely with our colleagues, the Texas Association of Community Action agencies and with the cities that are impacted and all of the community action agency partners...
who've been long-standing WA providers to make sure that they all know of the benchmarks that are attendant with the program, understanding that since we don't want to leave any of this money on the table that at some point we know that some agencies are just going to naturally perform better than others.

We hope all will be successful. But at some point as it becomes clear at the end of the day there's always a shake out of funds. And we want the ability to move funds from those who are performing less well to those that are performing very well and have the ability to expend those dollars. Because helping alone a person in another region is -- you know, that's -- you know, that's the goal. We'd prefer to serve them in the region that receives the dollars initially. But sometimes that's not always possible.

We wouldn't be looking to remove any funds from any agency probably until well into the fall of next year -- of this year, rather. We are going to have clear benchmarks, though and be working with folks and asking them for mitigation plans and other kinds of things to get them back on track should they not -- you know, should they fall behind.

But at some point, because there is a set
deadline that these dollars have to be expended by, you know, we want the ability to move funds where necessary. So just sort of lay that out and that it will be a work in progress with our partners to develop that rule and then get it out for draft comment and hopefully back to you all at the March meeting. That's what we're seeking your approval for today.

And, Brooke, or, Michael, do you have anything you'd like to sort of add to that mix?

Brooke?

MS. BOSTON: I would just specify we did -- because it is a little unusual for us to only ask for permission to take out a draft a rule and not actually show you guys the draft rule. We did specify in the write up what the -- kind of the parameters and what some of the criteria would be so that it's -- you guys are at least informed and prepared about what the rule would include.

MR. CONINE: Okay.

Any further questions?

(No response.)

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

MR. KEIG: I move that the Board adopt the resolution set forth by staff in Agenda Item 3(c).

MR. CONINE: Motion by Mr. Keig. Is there a
second?

    MS. BINGHAM-ESCARENO: Second.

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

    (No response.)

    MR. CONINE: If not, all in favor of the motion signify by saying, Aye.

    (A chorus of ayes.)

    MR. CONINE: All opposed?

    (No response.)

    MR. CONINE: Motion carries.

    MR. GERBER: As Tim comes up to present the next item, Stella Rodriguez with TACA is here.

    And I know you'll work with us closely on the development of this one. We appreciate you making the journey out here.

    MS. RODRIGUEZ: You're more than welcome.

    MR. IRVINE: Thank you, Mr. Chairman, members.

    Item 3(d) relates to the rules covering the Disaster Recovery Program. This Board had previously approved rules that were out for public comment. And we had rather extensive public comment. And the public comment really went well beyond the scope of the initial proposed rules. Therefore, staff is recommending that those prior
rules be taken down and that the proposed revised rule be
offered for public comment.

   Especially like to thank Madison Sloan of Texas
Appleseed for her comments and her thoughtful input.

   The proposed rule really raises three issues.
   One is benchmarks for performance under the program. Two
is the collection of statistical and demographic data
about the program. And three is emphasizing the
importance of affirmatively furthering fair housing.

   MR. CONINE: All right. Questions of Tim?
   (No response.)

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

   MS. BINGHAM-ESCARENO: Move to approve the
resolution to withdraw the proposed Disaster Recovery
rules.

   DR. MUNOZ: Second.

   MR. CONINE: Motion by Ms. Bingham, second by
Dr. Munoz to remove and re-propose. Any further
discussion?
   (No response.)

   MR. CONINE: Seeing none, all those in favor of
the motion signify by saying, Aye.
   (A chorus of ayes.)

   MR. CONINE: Any opposed?
(No response.)

MR. CONINE: Motion carries.

Moving on to Item 4, I believe.

MR. GERBER: There are no appeals, which is indicative that the staff's doing everything right. And we've already done Item --

MR. CONINE: You want to put that up for a vote?

MR. GERBER: And we are, I think, okay on Item 5. We knocked that one out --

MR. CONINE: Yes.

MR. GERBER: -- before lunch. So --

MR. CONINE: Item 6.

MR. GERBER: -- Item 6 is Disaster Recovery. And I'd like to turn your attention, if you'd actually turn to that page of it, you'll see that we are making tremendous headway as we wrap up the COG Program. 91 percent of the dollars, almost 92 percent of the funds have been expended. The COGs are wrapping up their last 20 or so houses. And we believe that they'll be done with that program probably March/April time frame.

You will also note that we have crossed the 50 percent milestone with our funds for Round 2, that 503 -- that $428 million of which the Department is responsible...
for the vast majority of it. In our Homeowner Assistance Program we have just cleared our 850th home. So we're very excited about that. And 38 percent of the money has been expended.

On our Sabine Pass Restoration Program more than 50 percent of that money has been expended. And we're actually using some of those resources to go and do additional hardening and other -- provide other features that will help those homes which are particularly vulnerable because of where they sit to withstand the next storm. And so we're feeling good about our expenditure rate there.

Strong progress being made in our Rental Housing Programs, as well. Some of the developers who have been involved in those programs are here in the room. Mr. Fisher has been very active in it.

I think you're property is opening --

MR. FISHER: It's open.

MR. IRVINE: All open? You're good.

There's another property that's opening, Virginia states, on January 27, I believe. And then we'll have others that will be coming on line the next 60 days. But that program is winding down, as well.

City of Houston has made tremendous headway in
expending their dollars for both police overtime, which was one part of their funds and the other part of it was using it for multi-family rehabilitation. And so we're expecting that to be closed out before the end of the year.

Harris County continues to be a problem in that they are shifting money to other priorities. And -- but we think they've got -- finally got the right priorities. I mean, things have shifted as they try to serve the needs of Katrina evacuees that settled in the county. They've made the decision that the best way that they can spend their remaining funds is to move them into multi-family rehab, as well. And so we feel confident in the city -- in the county and their ability to put those remaining funds into multi-family properties that will make a difference and increase the rental stock and the quality of the rental stock for Katrina residents that are --

MR. CONINE: Is that that 15 million?

MR. IRVINE: That's that 15 million. Yes, sir.

And then, of course, our partners at the Texas Department of Rural Affairs continue to make strong headway on critical infrastructure, expending about 55 percent of their money. And we believe that they are
going to probably have to take out another NOFA because some interest -- some communities have not been to proceed with their infrastructure projects.

So that's going to delay some funds getting out. But we'll enable those funds to help, you know, others that are ready to proceed and have been waiting far too long for that critical help.

Moving forward to Hurricane Ike, we're continuing --

MR. CONINE: Before you --

MR. IRVINE: Sure.

MR. CONINE: Let me ask a question if I can.

MR. GERBER: Sure.

MR. CONINE: I see where we've got 850, you said I think, homes that are completed and you got close to 400 under construction.

MR. GERBER: Uh-huh.

MR. CONINE: And we knew the program in general could do -- call it 3,000. I don't know what the real number is.

MR. GERBER: 2,800.

MR. CONINE: 2,800. First, I'd like an indication on where we are as to qualifying the individual families, whether the ACS has finished the process of
identifying all the available 2,800 families or not; and then -- and second, I understand we have some new builders that have been introduced into the scene, you know. I kind of expected the curve to do this, you know, rather rapidly. I understand the start up slowness and so forth. But are we to the point where we can kind of blow the other 1,800 that we got to do out the back door?

MR. GERBER: We feel good about the rate that we are having starts and that we're completing homes. We are bringing on some additional capacity. We've got three new homebuilders that are coming in as a result of a -- of an RFP that we had out. And homes are being assigned now and next week to those new builders. So that will bring a little additional capacity.

We've also seen one or two homebuilders who have dropped out of the program or been able to perform. And so that's also had implications and the need to bring in new folks.

We have identified all the families that we're going to serve. We have not completed all the paperwork for every family that we're going to serve. And that process continues being done by our partners at -- through ACS at the resident group. There's just a lot of the eligibility and selection of home process that has to
be --

MR. CONINE: Okay.

MR. GERBER: -- undergone. But we know the universe of who we're serving and that they've met those initial thresholds to be qualified and where they can proceed.

MR. CONINE: Could we get a deadline proposed from ACS and the subcontractors on the paperwork side?

MR. GERBER: Sure.

MR. CONINE: That's what I'm most interested in.

MS. RAY: Mr. Chairman.

MR. CONINE: Yes, Ms. Ray?

MS. RAY: We would like a clarification on the 1,800 that we're talking about. We just mentioned 845 homes rehabilitated or reconstructed, 391 homes currently under construction. The delta between the 1,800 and these numbers that we're talking about here -- where is the remainder of the homes we're talking about?

MR. GERBER: Well, 28 homes total will be built in the program. Of that 2,800 to date we have completed about 850. That's the -- or that 845. This was as of --

MS. RAY: Right.

MR. GERBER: -- you know, last week. And of
that -- and --

MR. CONINE: I went to Texas Tech. It's probably closer to 1,600 than 1,800.

MR. GERBER: 1,600 still to go.

MR. CONINE: That's probably what the problem is. I was just doing it quickly on top of -- but I think it's closer to 1,600.

MS. RAY: I thought that was what you were talking about but I just --

MR. CONINE: Yes.

MS. RAY: -- wanted to get clear in my mind that that was what we were talking about.

MR. GERBER: Thank you.

MR. CONINE: Okay. Any other questions? I'm sorry to interrupt. But I --

MR. GERBER: No, no, no. That's --

MR. CONINE: -- just wanted to get a clear view of --

MR. GERBER: -- my straight answer.

MR. CONINE: -- where the paperwork's at on this thing. And if you could have that by the next Board meeting that would be great.

MR. GERBER: We can do that. We --

MR. CONINE: Good. Okay. Move on to Ike, I
guess. That's where you're at.

MR. GERBER: Tim, anything else you want to add on Rita?

MR. IRVINE: (No response.)

MR. GERBER: On Hurricane Ike our local partners continue to develop their programs and stand them up. Applications are being taken in Galveston. Interestingly, there was an article in the Galveston newspaper over the weekend that had about 475 families that had come through the door for the program. We thought there were going to be far more who were going to apply for it.

So we're working with the city and talking about just the real needs that continue to exist there, given that that's really sort of Ground Zero for the storm and also talking with them about how the programs are being stood up and marketed to make sure that we hit those folks that, you know, may not have -- may not be aware of the program as ready to go. But we are working and providing lot of technical assistance on the requirements of the program for each one of these 18 subrecipients.

On Round 2 we are struggling with method of distribution. The lead agency for developing that method is the Texas Department of Rural Affairs. They are using
a weather model to identify how funds should be divided. And that has caused some significant issues with the U.S. Department of Housing and Urban Development.

Several administrative complaints have been filed by the Texas Low-Income Housing Information Service and Texas Appleseed and we are unclear as to sort of what the breakdown of that will -- what it means ultimately as to how much housing we'll get and how much this agency will be responsible for.

But we'll keep you posted on that. I've been to Washington a number of times. And I think HUD feels very strongly that we as a state need to more closely correlate these dollars with where they can document that housing damage occurred. And -- which makes a lot of sense.

There are some other variables to be considered and are worthy of consideration. But at the end of the day making sure that those areas that got hardest hit, like the ones we saw in Galveston when we were there, you know, not too long ago, that those get the lion's share of the funds. And so the Governor's Office is very involved in this process, as are we again, helping to provide some technical help where we can on the housing side. But it may be some months before that issue is fully resolved.
And on these funds, as with the 1.3 billion that's already been distributed, we are committed to sort of back filling and making sure that we're doing all we can on the -- affirmatively furthering fair housing. A piece of it. We'll be doing trainings.

We'll be making sure that we have not waived any rule or law. We've had requests to make waivers for accessibility features in homes. We're not doing that. It's caused some consternation. But we -- you know, we want these homes to be available to all Texans and have features that can serve all Texans. And so we're working through those and it's challenging work.

And our Disaster Recovery Team is not here today because they're back there again, in Austin doing a lot of the [indiscernible] work. It's a lot of hand holding to stand these programs up. But we'll keep you posted certainly between now and March as to the status of those dollars. Because they're going to have big implications for the Department and its budget and there's a lot of legislative interest in it, as well.

And I'm sure some of you may have questions. And be glad to respond to those. Or if anyone from the public would like to comment, as well.

MR. CONINE: On the Round 2 we've submitted our
multi-family plan to HUD. Have we gotten any feedback from that --

MR. GERBER: We --

MR. CONINE: -- at this point?

MR. GERBER: We have not gotten feedback. We submitted it on -- at the request of the Governor on December 23. We were of the belief we were going to get some feedback last week. And HUD released their next round of Neighborhood Stabilization Program funding. And that has delayed things. And we're not clear that the professional staff at HUD has fully worked it up their food chain to -- on what they can tell Texas.

And it all fits into the money and how that money's going to be divided. And I think in general the little bit of feedback that we have gotten is we're generally okay with the approach. And it's consistent with what they've seen already from Rita and in Round 1 with that $58 million that you all approved, you know, funding for.

The only difference is is that with the 174 we added some scoring criteria that if you're building in a -- and if you're building in an area that is intended to expand housing choice and make it possible for folks who are living in very poor, blighted areas to live in a
community that has better schools and is safer or has other -- you know, other benefits and attributes, that you can get scoring for that, as well. And the effort to sort of help expand housing choice and mobility options for folks who, you know, may not have had many options before. Other than that, it's essentially identical. And the initial staff response from HUD is, Looks good. But again, it all sort of stems from, you know, the money and the bigger picture about how that gets divided.

MR. CONINE: Okay.

Any other questions of Mike?

(No response.)

MR. CONINE: There's no action on 6, other than just the report.

MR. GERBER: Just --

MR. CONINE: Right?

MR. GERBER: Just the report item.

MR. CONINE: Okay. Moving on to Item 6(b).

MR. GERBER: Item 6(b) is a report on homes that have been considered and reviewed by me for services -- for -- where they exceed the established cap of $10,000. You asked for me to provide you with that list. And so, as you can see, we continue to have homes that do have additional needs and where we've exceeded the
cap. And again, taking a very common-sense approach to it and making sure that things, you know, fit within certain parameters. But nothing has been outside of the bounds of reason and we feel it's important to address these well and septic issues and water line and other repairs to make sure that they're -- the families can have a quality home to live in well into the future.

MR. CONINE: Okay.

Any other questions on Item 6?

(No response.)

MR. CONINE: Moving on to Item 7.

MR. GERBER: Item 7 is an update on our ARRA funding. I'm going to ask Brooke Boston to come back again and -- she has a much more pleasant voice than I do -- and walk us through the ARRA funding.

MS. BOSTON: Great. In your book you guys have a table that we've been giving you periodically. And staff's in the process of coming up with a new tool for sharing information with you guys on ARRA and at the March meeting we'll have kind of a more of a -- something punchier and gets across the data a little bit more impressively.

But what I would like to do since we have a couple moments is just kind of give you an update of where
we are. On January 15, just a couple days ago, we submitted our second quarterly report to the Recovery Accountability and Transparency Board, RATB. That's our 1512 report. We -- also, the Legislative Budget Board has requirements relating to reporting. And this quarter was our first quarter having to submit that. And so that also was due on the same day.

But we have achieved both of those deadlines. And so with your permission I'd like to tell you a little bit about just where we are with each of the ARRA programs.

First, with the Weatherization Program the total -- and the numbers I'm going to give you are all based on what we just reported in our 1512 report federally unless I indicate otherwise. The total we've had drawn by subrecipients is 6.6 million, which is approximately 2.1 percent of the funds. We've weatherized 47 units.

According to the December monthly reports that our subs give to us, which is not part of the 1512 report, we have 2,100 units that are in progress. And that's something -- remember earlier on our tour we talked about they have to let us know what they have in progress so we can work out cash advances. And so that's the number that
our last set of cash advances was based on. So that's a fairly concrete number, in terms of what they have in the pipeline.

While the percent expenditure, that 2.1 percent, is small we hadn't necessarily anticipated those numbers to be greater yet. And so while we know we've got a long stretch to go, I wouldn't say we were surprised by that figure. And the reasons for that are many. And I'm sure others could testify to this, as well, if asked. But, you know, we had Davis Bacon requirements that were very significant and there's been a lot of training on that.

Just getting folks up to speed on all of the DOE regulations, in particular for the expanded network who didn't necessarily -- while they may have done, let's say, a local weatherization program, they hadn't done a DOE program. And so we -- that has taken a little bit of time.

We expect that by the April 15 report that we will have to submit that reflects January, February and March, we'll see a significant boost. And we really think even that won't be our biggest leap to where we'll be then at a plateau. And we actually think the April, May, June period that will be reflected in July will be the first
quarter where we see what will then be consistent reporting through the rest of the period.

We have some good controls in place as it relates to the Weatherization Program. We do -- every Monday morning our staff calls and talks with the staff of every single one of our recipients, finds out from them what do they have going on that week, in terms of number of units, if -- expenditure issues, if they're having -- do they need any TA from us at all. And so that's been helpful, a new step.

Mike Gerber has also been making calls to most of the subs consistently. We communicate with them electronically to be in touch with them. And so I think that's been effective, as well.

We also have been in close contact with the Department of Energy through all this. As you guys recall, the -- I think there were three or four different meetings in late fall 2009 all the way through December where you approved plan amendments for our WAP plan for DOE. And those are in the process of being submitted.

They actually have a kind of tricky software system that for us to enter the program so it's taken a little while. But they're actually the ones kind of tutoring us on this and they're our partner in getting us
through this. So they don't feel like we're late or anything like that. It's a collaboration as we get through doing this.

They also have -- we've kept them informed as we go along of where we are with our plan amendment, our expenditures. And while I think, of course, they would have probably liked to see us better than 2 percent, they feel pretty comfortable about where we are. And I think they're confident, also based on the infrastructure we have in place and our monitoring plan that we'll get to where we're supposed to be with high quality units that meet all the regs, which is a critical part of all this.

And lastly, as you have heard us speak before, the GAO -- we are one of the Sweet 16 agency -- states where the GAO comes out quarterly to visit us. And for TDHCA it's been primarily been focused on Weatherization so far. And we -- they are back in the office right now. We did an entrance conference last week and they this time are meeting with a lot of staff individually. They're going out and starting to meet with the subs. And so we expect -- even though the visit is now, we won't be expecting a report on these set of visits until May. But we'll obviously keep you guys apprised of that information as that final GAO report comes out.
Any questions about WAP? Or I can talk about --

MR. GERBER: I think it's fair to say at the next Board Meeting, though, you're going to start seeing agency-by-agency breakdowns and how people are fulfilling their requirements. So you'll start to get a sense of performance and the ramping up of folks' work.

As we talk to different agency executive directors and we're asking a lot of questions about, you know, Do you have everything you need, Do you have all the trainings you need, Do you have all of the -- Have you, you know, gone to the training academy that we have and gotten all the technical information that you need in order to be able to use stimulus dollars given the -- you know, the fairly short time frame we now have to -- you know, to burn through these funds and really make a difference.

And really, from my talking to a number of agencies, with the exception of one most folks have said that right now they've got what they need. And so now they're ramping up those programs. So we're looking for some significant upticks in numbers in February and March. I mean, we might not hit what our stride is. But we're going to be seeing a pretty big ramp up.
MS. BOSTON: And one of the interesting things about weatherization activity, as well, is you can have an agency who may not do anything for a month or two and then they do weatherization on an entire multi-family property and hit their target for four months in 30 days. So we also have been kind of talking a lot with them about trying to focus in on multi-family activities as a way to achieve their production numbers. So --

MR. CONINE: When we fill out our quarterly report, you know, we've been reading all these news accounts of all these agencies reporting jobs that are saved or created, do -- are we making estimates on the stuff that we're involved in? And how do we go about doing that? And --

MS. BOSTON: We are. They're not estimates. They're actuals. And if you'd like -- I don't want to get too far into it because Brenda Hull is our expert at the actual formulas behind it all. But it's based on FTE hours worked under the given programs. And that's reported up from the subrecipients to us. And when we report the numbers federally it includes both the subrecipient's data, as well as the FTEs at TDHCA.

And if you'd like I can make sure at our next meeting we have a component that focuses on the jobs to
give you guys a better understanding, not only of how we're gathering it but what the numbers are so far.

MR. GERBER: And the Workforce Commission has developed a fairly standardized approach to how we calculate those numbers --

MS. BOSTON: Correct.

MR. GERBER: -- for all agencies. So --

MS. BOSTON: For the state FTEs.

MR. GERBER: -- that it all looks the same.

MS. BOSTON: Right. And then each of the federal agencies involved in each individual program also give additional guidance on how to do this. So we have the guidance from OMB and then we have additional overlaying guidance that would come from either HUD or Department of Energy, whatever the case may be.

MR. CONINE: Now, I -- I guess the rest of the board might want to see some of that. I just would like to see just for my own edification, see what the impact has been.

MS. BOSTON: Sure. Okay. For the next program -- it's for the CSBG Program, the Community Services Block Grant Program. And the total drawn by subs so far is 7.4 million, which is approximately 15 percent of the funds. That's good in some respects. This
program, though, is a one-year program. It's not a two-year program or three-year program like most of the other ones. Because we only have one year -- and they are 38 percent of the way through their contract period. So the fact that we've only expended about 15 percent means we're behind.

One of the interesting factors about CSBG is federally -- whereas earlier Mike was talking to you guys about the possibility of us recapturing funds and reallocating to other agencies, we are not permitted to do that in these cases. So really, all of the ability to get the money moved is very much at the local level. So we, you know, deal with them weekly. We get in touch with them. We've been trying to, you know, work with them on plans. We're being very flexible about them amending their plans to us for how they're going to get their money expended.

We are confident that they will because this is their mission. And we know they don't want to lose the money for their part of the state. But unlike the other ones, kind of the -- our ability to reallocate is not there.

Another exciting thing about CSBG that I would like to mention is 1 percent of the funds, which is about
$481,000, is required to go towards benefit coordination. And what we've done is we're in the process of entering into an MOU with the 2-1-1, Texas Information and Referral Network, to purchase software jointly so -- and use our money to help purchase that software so that the coordination efforts in regional areas across the state are more collaborative and talk to each other better from tech -- that's my layman's technological terms. But right now by what 2-1-1 has shared with us over 50 percent of the calls that are received by 2-1-1 relate to either utility assistance or housing assistance. So it makes a lot of sense for that partnership to be with TDHCA.

Any questions on that program?

(No response.)

MS. BOSTON: The next one is the HPRP, which stands for the Homelessness Prevention and Rapid Rehousing Program. This one is plugging along. We have expended 3.4 million, which is about 8 percent. And that's a several-year program. And so we're okay. But we're on track. This one is a program that was modeled off of the Emergency Shelter Grant Program. So that is a program that we already ran.

This one is different enough that HUD has
decided to keep tweaking it and releasing new regulations intermittently, which has added some interesting dynamic to it. But we've actually been successful in keeping our subrecipients informed in that regard. And we -- on that program preliminary pre-monitoring visits for all 58 subrecipients will have happened by mid-March. So --

Next, for TCAP the total drawn by the subrecipients to date is 2.4 million, which is approximately 1.6 of 6 percent of the funds. We have 11 written agreements executed, which represents 1,400 units, just around there. We anticipate having 50 more written agreements executed within the next 30 days and having -- as of the 15th we've had one loan closing but we expect another 15 within the next 30 days.

There are approximately 20 deals still left to underwrite. And as Tom mentioned earlier, 75 percent of all the written agreements are required to be executed by February 17.

For the Tax Credit Exchange Program the total drawn by the subrecipients is 5.9 million, which is approximately .8 percent of subrecipient funds. Total written agreements executed so far is one. And that one also has closed. And that one property was 73 units. And we expect another 15 written agreements in the next 30
days.

For TCAP and Exchange, as you guys mentioned earlier, we do have a closing log that has gone up on our web site that helps make information available about when closings are scheduled and what our availability is. We also have an RFP for asset management that you guys, I know, are aware of.

And that is currently being reviewed by the Comptroller's PAT RAD [phonetic] system, which is we're required to send any RFP through that system. And they're reviewing that right now. We have reason to believe we'll have it back in the next few business days and then we'll be able to get that released and posted publicly.

And then I -- the only other ARRA activity was NSP-2. We had applied for Neighborhood Stabilization Program funds. And I think Mike mentioned this a little bit earlier. But we applied about six months ago and had expected to hear in December and we found out this past week that we did not receive an award.

Interestingly, only one state agency -- state government at all across all of the requests was awarded and that was in Ohio. You know, Texas' foreclosure data just is not as dire as many of the other states. And so we were not given funds.
There were three entities in Texas who did receive funds. Total, the three of them together got about 53.6 million. So that's great. And now they'll put that directly into their local areas.

MR. GERBER: And one of the best things about that funding decision was that Habitat For Humanity received about $27.9 million. And their model of dealing with foreclosure prevention has been a little bit different than the state's. And, you know, as we are concerned about monitoring and compliance issues, it's just been a little different approach. And so this direct allocation of funds should hopefully add to, you know, yet another prong in sort of the, you know, available funds there to help folks in foreclosure and to, you know, work through the Habitat system, as well. And they do a lot of good work.

MS. BOSTON: That's it.

MR. CONINE: Okay. Any questions of Brooke?

(No response.)

MR. CONINE: Thank you very much.

Okay. Item 8, compliance and asset oversight.

Mr. Irvine.

MR. IRVINE: Tim Irvine, Secretary. If I might present this item, Mr. Chairman. At the last board
meeting United Housing Foundation came to this board seeking reinstatement of a terminated application under the '09 round. This had been terminated because of the material non-compliance of their affiliate, Blue Lake at Marine Creek.

The Board did approve the reinstatement but directed staff to go back and seek the pursuit and collection of administration penalties for the violations of Blue Lake at Marine Creek. In that regard staff has negotiated with Blue Lake via their counsel, Cynthia Bast of Locke Lord, who I believe is here today. And we have reached what we believe is an appropriate, agreed resolution of this matter.

I would like to point out several things about it. First of all, it is precedential. This board has never assessed administrative penalties before. This is our first. This is putting the ball in the hoop and actually setting precedent for the penalties. And in that regard we're certainly within the parameters of our rule.

We certainly met our statutory requirements.

But I would like to note that the preponderance of this penalty relates to physical condition violations. And the rule does provide for a range of penalties up to $1,000. And what we negotiated settled out in the middle
of that range and we think that's appropriate because obviously, they took long enough to fall into material non-compliance.

But once they were accosted with the realities of the situation they did move quickly to clean them up. These penalties are allocated and addressed all of the violations, all of which have been cured. And staff recommends the adoption of the resolution in the form in your board materials. Be glad to answer any questions.

MR. CONINE: Okay.

MS. RAY: Mr. Chair, I'd like to comment on this process.

MR. CONINE: Sure.

MS. RAY: I understand we have not issued penalties in the past. And I understand that this is setting a precedent. But I want to share with the Board and the staff we appreciate the means by which you negotiated the penalties before you bring it to the Board for consideration. I think that's very helpful to us and I think its' very -- it also sends a message to the rest of the community that we are, in fact, serious about administrative penalties.

MR. IRVINE: Thank you very much.

MR. CONINE: Any other comments?
MR. CONINE: There a motion?

MR. GERBER: Mr. Chairman? With Tim, just to clarify, United Housing Foundation has -- in negotiating this out I know -- I've sort have been watching -- they are a non-profit.

MR. IRVINE: Correct. The foundation itself is.

MR. GERBER: In the negotiation that you had was there any concern about their programs or any implications for this? Absolutely want them to continue to be successful and to maintain those properties well.

MR. IRVINE: Well, that's certainly an issue that we did bandy about as we were discussing the penalty. You know, on one hand you really want administrative penalties to be severe and of great consequence to get people's attention and bring about compliance.

But on the other hand, you know, the real objective isn't collecting penalties, it's getting compliance. And we don't want to assess penalties that are going to be so financial burdensome that they're going to imperil the development that's paying them. We believe that this one is certainly something that they will be able to absorb and get on down the road. We don't believe
it will imperil the development.

MR. GERBER: These penalties go to the General Fund --

MR. IRVINE: That's correct.

MR. GERBER: -- not -- they do not stay with --

MR. IRVINE: Statutorily, they --

MR. GERBER: They do not stay with housing?

MR. IRVINE: Right.

MR. CONINE: Any other questions?

(No response.)

MR. CONINE: I'll entertain a motion.

MS. BINGHAM-ESCARENO: Move to approve recommendation.

DR. MUNOZ: Second.

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

(No response.)

MR. CONINE: Seeing none, all those in favor of the motion --

(A chorus of ayes.)

MR. CONINE: -- signify by saying, Aye.

(A chorus of ayes.)

MR. CONINE: All opposed?
MR. CONINE: Motion carries.

Item 9, Bond Finance. Mr. Dally?

MR. DALLY: William Dally, Chief of Agency Administration. Today we're bringing before you discussion and possible approval of Resolution 10-012 authorizing the application to the Texas Bond Review Board for reservation of the 2009 Carry Forward and H.R. 3221 single family private activity bond authority and presentation, discussion and approval of our underwriting team for Program 77.

At the beginning of each new TDHCA Single-Family bond issuance our board petitions the Texas Bond Review Board to start the process in the form of a resolution followed by an application to draw down our private activity bond cap authority, also known as VYIN CAP [phonetic]. Staff was not seeking today -- or -- and the board is not giving final approval on the final bond issue with respect to the finance structure, target mortgage rates, timing or size of the review. That will come back to you at a later meeting.

Staff is seeking approval today, though for an underwriting team for Program 77. And that team that we're recommending to you today would have as the senior
book running senior manager Morgan Keegan, as co-senior
managing underwriter J.P. Morgan Securities. George K.
Baum and Morgan Stanley would be co-senior managing
underwriters. And then we would round out the team with
Piper Jaffray, Fidelity Capital and First Southwest.

MR. CONINE: Okay.

Any questions of Mr. Dally?

(No response.)

MR. CONINE: Take a motion.

DR. MUNOZ: Mr. Chair, we'll move to approve

the resolution.

MR. CONINE: Okay. That's Resolution 10-012 by

Ms. Ray. Is there a second?

MR. GANN: Second.

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

(No response.)

MR. CONINE: Seeing none, all those in favor of

the motion signify by saying, Aye.

(A chorus of ayes.)

MR. CONINE: All opposed?

(No response.)

MR. CONINE: Motion carries.

Thank you.
Mr. Gerber?

MR. GERBER: Mr. Chairman, those are all the items to come before the Board today. We'll obviously convene our next board meeting in Austin. We'll have an Audit Committee meeting associated with that meeting. And so we'd ask for those members who are members of the Audit Committee to -- hopefully, we'll try to do that the night before as we have done in the recent past. And I think that's been a very effective way for us to have a more thorough discussion about different issues that the internal audit team is working on.

There are a couple of report items at the back of your agenda -- at the back of your board book, including outreach activities of the Department. You had asked for an update on the release of the land use restriction agreement for East Main Apartments. And you will see information on that.

And lastly, as we always do, a balance report on the HOME Program. You'll be pleased that one of the items you took up during the consent agenda was the issuance of a notice of funds availability for many of the HOME-related programs. And so we look forward to heavy subscription of those funds and doing a lot of good for housing in rural Texas and for persons with disabilities.
with those dollars.

I do want to take one last moment to give you all an update really through Tom Gouris of our Tax Credit Program. As you know, the game is on. Pre-applications have been submitted. Applications will be due in March. And Tom is going to walk through the calendar just for those of you who are maybe newer and those of you who may like a refresher, as I do each week. It may be helpful to sort of see the calendar. And there's certainly copies available to the public, as well. And it's on our web site.

VOICE: Do you have a copy?

MR. GERBER: I don't think we do. So why don't we pass that out. I was just going to tell you where we are on that process. And, of course, a lot of the work of this board doesn't come until the May, June and July meetings. And so -- but there are many things that you can be doing to sort of follow along and we'll point those out to you. But I thought the calendar was probably the best place to start.

So, Tom, in a minute or two why don't you just sort of describe where we are and --

MR. GOURIS: Sure. Tom Gouris, Deputy Executive Director for Housing Programs again. The
calendar starts on the second page of this. The first page is kind of a brief overview of the Tax Credit Program generally. Kind of give you a reminder of what the Tax Credit Program does and what's it's done in the past. You know, it's a good one-pager for you all.

The calendar talks about the pre-application, as Mike said, was due on the 8th. We received, I think, 250 -- right around 250 pre-applications, which is somewhat surprising given the fact that -- the state of the market. I think a lot of folks are expecting that there will be another Exchange Program. We received a number of duplicate -- not duplicate -- but number of applicants who submitted well over the -- you know, well -- you know, five or ten applications, which is surprising.

And I think they, you know, looked to see where other things fall out. It's a good thing, though. Because pre-application is an easy process for them. And so it doesn't cost a lot to get into the first initial part of the game.

We'll publish -- if you look at the list there we'll publish the clarification log later this month on the 22nd and on the 28th a final pre-application log will be published. That will all help folks make a decision on
whether to make a full application, which will be due by
the 1st of March. Just before that they have to submit an
application for electronic submission. And this year
we're making everyone submit their applications to us
electronically. So that -- on the FTP side so that we can
reduce the amount of paper that flows through the
Department. So we're pretty excited about that. But we
want to make sure everybody knows they need to go ahead
and make that application to -- to electronically supply
that to us.

And then there are a number of deadlines for
notices to senators and representatives and things like
that. Those are due on April 1, along with the other
third-party reports that are due that day.

We will publish a final scoring log on May 22.
And by the end of June we will publish a initial list of
anticipated recommendations, along with all the applicants
in the scoring order. And then late July you will approve
that final award. Of course, carry over is then due in
November and 10 percent test moved to June of next year.

So keep -- we'll keep things moving along.
We're really hopeful that we can keep the pressure on to
keep this program moving forward. I think there's --
there are -- there is still demand in Texas for tax credit
acquisition from investors. And we're hoping to maximize the number of transactions that can get done.

Questions about the list?

(No response.)

MR. GERBER: And we'll continue to provide you with updates about the tax credit round at each board meeting just so you can follow along. And certainly, as logs are issued we'll send copies of those to you. And if you have specific questions staff's available to answer those.

And some of you, you know, may hear about different properties within your respective communities. Always be mindful of the ex parte rules that the developers are well aware of and that we ask you to be, you know, mindful of, as well.

And beyond that I would just want to once again thank our staff for the great job they did in preparing the Weatherization tour that we took this morning. And I want to especially thank Dahlia [phonetic] --

I'm sorry. What is the last name?

DR. MUNOZ: Guerra.

MR. GERBER: -- Guerra of Dr. Munoz's office who did just yeoman's work in trying to pull all of the logistics for this together and has helped to make it look
a lot easier than it probably was.

And most importantly, I want to thank Dr. Munoz for his warm hospitality in welcoming us here to Texas Tech. It's great to be in Lubbock. And appreciate all you've done today and the chance that we've had to meet with folks who -- you know, to hear about local issues and concerns. This is where the real work of housing gets done. And we'll look forward to more visits to other communities in our state. But thank you again for your hospitality.

MR. CONINE: Yes, I would echo those comments, Dr. Munoz. We really appreciate your hospitality here and Texas Tech's hospitality. And it's good to see all the good people of Lubbock this morning. And look forward to hearing about their future successes in some of the programs we saw earlier today.

Anybody else have anything else for the good of the order?

(No response.)

MR. CONINE: If not, we stand adjourned. Thank you.

(Whereupon, this meeting was adjourned.)
CERTIFICATE

IN RE:          TDHCA Board Meeting
LOCATION:      Lubbock, Texas
DATE:      January 20, 2010

I do hereby certify that the foregoing pages, numbers 1 through 114, 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.

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