TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

Room 140
John H. Reagan Building
105 West 15th Street
Austin, Texas

Thursday,
June 26, 2014
9:10 a.m.

MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice Chair
LESLIE BINGHAM ESCAREÑO, Member
TOM GANN, Member
ROBERT THOMAS, Member

STAFF:

TIMOTHY K. IRVINE, Executive Director
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MR. OXER: All right. Good morning, everyone; like to welcome you to the June 26th meeting of the Texas Department of Housing and Community and Affairs governing Board. We'll begin as we do, of course, with roll call. Okay.

Ms. Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. OXER: Mr. Gann?

MR. GANN: Here.

MR. OXER: Mr. McWatters will not be with us, and I'll make you a comment on that in just a minute.

Dr. Muñoz?

DR. MUÑOZ: Present.

MR. OXER: I'm here.

Mr. Thomas?

MR. THOMAS: Here.

MR. OXER: Okay. We've got five here. That's a quorum, so we're in business. So, let's begin with our salute to the flags.

(The pledge of allegiance to the United States flag was recited.)

(The pledge of allegiance to the Texas flag was recited.)

MR. OXER: All right. As most of you know, or
maybe some of you don't know, but I'd like to make the announcement. Professor McWatters, who's been a stalwart member of this Board for a couple of years now, was recently appointed by President Obama to the Board of the National Credit Union Administration. So, he was the -- it's a three-person board, and he was appointed by -- at the request of Senator McConnell, so we -- I miss him already.

Technically he remains a part of the Board until his replacement arrives, but I wish Mark the best, and I think any of you who know him and what his approach to life is, he took this seriously, as the rest of us do, as well.

So, -- all right. With that, let's get to the Consent Agenda. I understand -- Michael, we want to pull 1(e), and we've got some comment on 1(e).

MR. LYTTLE: Yes, sir. I believe we have some public comment on 1(e).

MR. OXER: Okay. I have a request to pull 1(l). Is that correct? Okay. Do Board members have any questions of the -- for the Consent Agenda, apart from the fact that we're going to pull 1(l), and I think there'll be comments after the motion?

MS. BINGHAM ESCAREÑO: Mr. Chairman, I move to approve the Consent Agenda as presented, with the
exception of items 1(e) and 1(l), which will be pulled.

MR. OXER: Okay, 1(l) will be pulled, but we'll just have a comment on 1(e) --

MS. BINGHAM ESCAREÑO: Okay.

MR. OXER: -- I think, if that's acceptable.

Okay. Motion by Ms. Bingham. Do I hear a second?

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. Okay. Is there a public comment -- we'll have that public comment on 1(3) now.

MS. LATSHA: Excuse me. I do need to make one clarification, for 1(j).

MR. OXER: Jean?

MS. LATSHA: I'm sorry, Jean Latsha, Multifamily Finance. This is -- let's see -- an inducement resolution for Highland Oaks, and it simply needs to be changed from 9 million to 10 million.

MR. OXER: Okay. All right. So we've pulled one that the -- motion by Ms. Bingham, second by Mr. Gann -- pulled 1(l) on the Consent Agenda and heard comment on 1(e).

On 1(e) -- all right. Do you have a comment for --

VOICE: They'll read their own comments.

MR. OXER: Okay. All right. We've got a long
meeting today, folks. We're going to have a -- it's going to be action-packed and a lot of fun. I just can't tell you how much fun this is going to be today.

So we're going to run a hard clock. When the -- when the buzzer goes off, we're going to have to stop you because we've got a lot of other people who are going to want to speak also.

This is a -- we're just getting comments on this one. If the three of you have comments that are consistent, we can just add your name to them, just have you reinforce those and let them be -- I want everybody to understand we're here to make sure that you're heard, but if you have the same thing to say as the previous speaker, just say you agree with that and you'd like to add your comment to it.

Given that, if you have comments -- Homero, are you going to translate, or is Jorge going to translate?

MR. CABELLO: Jorge's going to translate.

MR. OXER: Jorge, there you are. Okay. All right. Entonces?

MR. LOPEZ: Good morning. My name is Josue Lopez, and I live in the colonia, and I'm a neighbor in the colonia; I know how our people live. And I have lived in the colonia for 30 years.

And I would present our research concerning
quality and Our Rights, which are the issues that I have.

And Our Rights is a grass roots organization of women, mostly women for women, and it's about building strengths and respecting the dignity of each individual.

It's about spiritual, cultural values and personal growth. Through my church and my job, I have seen my people living in very bad situations.

Most of them rent, and they live in the most horrible housing conditions, so I support the recommendation that people be able to move out of that area, an area that is so poor, an area where it usually floods.

And I support that people can move out of that area to get better schools, better jobs; have -- for the family to have better chances to succeed.

So for those reasons, our community organization's made three comments on the proposed rule. First one is that people who are building a new house, through the Self Help Center, be able to move out in the -- out of an overcrowded situation, or flood plain, or high-poverty area to an area of higher opportunity; number two, that Self Help Centers be able to make their phones available as payable loans.

I want to thank you for supporting these two comments. And on the third one, I encourage you to sit
with us and work, which is the following: that the Self Help Center be able to select the so-called model subdivisions.

And one more and last thing is that -- for the repaid loans not to go back to the State but to stay in our support centers.

Our support centers are reliable. They are very professional, that will make things easier. Thank you very much.

MR. OXER: Thank you. Are there any comments for Mr. Lopez?

(No response.)

MR. OXER: Good. Thank you, Mr. Lopez. We appreciate your comments. Okay.

MS. GOMEZ: My name is Maria Gomez, and I have lived in the colonia Hidalgo Park for more than 20 years, and volunteer at the organization, Lupe La Union Del Pueblo Entero.

Our organization serves more than 7,000 members, most of whom are low-income and who live in colonias. Lupe was formed by Cesar Chavez, rooted in the belief that members of low-income communities have the responsibility and obligation to organize themselves, in order to advocate solutions to the problems that impact their lives.
I was on the waiting list of the Self Help Center in Hidalgo County for 20 years. I was ready and willing to take my hammer and help with the construction of a better home for myself, as well as to pay off a loan, but there were never enough funds to assist me.

Again, there were not enough funds to help me, and there was always a long waiting list for the funds. It wasn't until Hurricane Dolly hit that funds became available and I was finally able to obtain a new home.

I now live in a much more comfortable home, regardless of the heat or cold, and at my age, that helps a lot. We're glad to see that staff supports our recommendations to allow Self Help Centers to make funds available as low-interest loans.

And we're glad that this is an option, because paying off the home makes it more our home. And were happy to help the Self Help Centers to make this course of action become a reality.

Thousands more Colonia residents need help with their living conditions, that could be served with the current funds, and they would really get a benefit from these funds.

Lacking better choices, these Colonia residents borrow money at steep, predatory interest rates to buy lots and build their homes. Interest rates can reach up
to 300 percent or more and represent a burden on
low-income families who oftentimes don't have a steady
income, who work the fields or in construction.

At the same time, nonprofits in our area have
been able to successfully lend money to colonia residents
and recycle the payments of continuing loans for more low-
income families.

The funds must be used to help very low-income
people so that the Self Help Centers can recycle the funds
to help other families. The fact that these families have
been able to pay the loans back, it's proof that these
funds have been working. Thank you for your help.

MR. OXER: Great. Are there any questions from
the Board members?

Juan? Okay. I think you have a question.

DR. MUÑOZ: Homero, I was just going to invite
you up to offer any comments or --

MR. CABELLO: We accepted -- or we agreed with
their comments about relocating out of colonia for reasons
other than overcrowding. We agreed with repayment of
loans.

We have seven separate Self Help centers.
Hidalgo county is the only county that is considered an
entitlement community that receives the community
development block grants directly from HUD.
And because of that, the funds that we use to fund the center only allows them to work on colonias that were established prior to November 28, 1990.

So when they talk about the model subdivision colonias, those are the newer colonias, if you will, and we're unable to go in there because of the restrictions of the federal dollars.

And then they mentioned repayment to the Centers, to relend the money. We're exploring the possibility of doing revolving loan funds for the program income that they generate.

We need to, you know, get a better understanding of the federal regulations, the possible amendments of current rules, the possible amendment of, you know, the one-year action plans that we submit to HUD.

So there's a lot of research that we've got to do before we get to that point, but we hear what they're saying.

MR. OXER: So essentially what you're saying is we're taking all their comments seriously.

MR. CABELLO: Yes, sir.

MR. OXER: And we're trying to engage those, and Hidalgo county is a unique circumstance because it gets direct funding, and we don't manage that funding.

MR. CABELLO: Correct. The thing about Hidalgo
county, while we are limited to be working in colonias established prior to November of 1990, the County can work in those newer colonias, with their funds that they get from HUD. They don't have that restriction.

MR. OXER: So would the counties be able to set up these revolving funds?

MR. CABELLO: It's a eligible activity.

MR. OXER: Then, the question becomes, do they have enough horse power to be able to manage a program for a revolving fund?

MR. CABELLO: Yeah. There's a lot of things that need to be thought out, worked out, to ensure that we remain in compliance with those funds.

MR. OXER: All right. Okay. All right.

Thanks, Homero.

DR. MUÑOZ: [Speaking Spanish.]

MR. OXER: Okay. All right. Any other comment? All right. We have a motion by Ms. Bingham, seconded by Mr. Gann.

MR. IRVINE: And since Jean Latsha offered a clarification after the motion was formulated, I'd like confirmation that it includes her clarification too.

MS. BINGHAM ESCAREÑO: I'll amend my own motion to change --

MR. OXER: To include --
MS. BINGHAM ESCAREÑO: -- to change from --

MR. IRVINE: Nine million to 10 million.

MS. BINGHAM ESCAREÑO: -- 9 million to 10 million --

MR. OXER: Is that on 1(j), Jean?

MS. BINGHAM ESCAREÑO: -- on (j).

MR. IRVINE: Yes.

MS. BINGHAM ESCAREÑO: Yes. Number 1(j) for Highland -- right, Highland Oaks.

MR. OXER: Okay. Clarify that Jean. Let's make sure it's clear.

MS. LATSHA: Jean Latsha, Director of Multifamily Finance. As Ms. Bingham just revised, that motion was correct.

MR. OXER: Okay. So only on 1(j), as in --

MS. LATSHA: Correct.

MS. BINGHAM ESCAREÑO: Yes.

MR. OXER: -- Joann.

MS. LATSHA: Yes.

MR. OXER: Okay. Any other questions of the Board?

(No response.)

MR. OXER: All right. All in favor of the Consent Agenda, as moved by Ms. Bingham?

(A chorus of ayes.)
MR. OXER: And to be clear, is there any opposition?

MR. THOMAS: No. There's no opposition. Sorry, but I had to do that.

(General laughter.)

MR. OXER: All right. Ms. -- Ms. Bynum, that means it was unanimous. We all voted for it. Okay, so -- all right. With that, let's go to the -- all the report items are done. Okay. Anything else?

Oh, we have to take 1(l). That's right. We're going to take 1(l). Okay. Who's presenting?

Jean, I think you're listed on 1(l).

MS. LATSHA: And -- Jean Latsha, Director of Multifamily Finance. 1(l) is a HOME award for Majors Place Apartments, located in Greenville, Texas, for 176 units, 36 of which will be HOME units.

The award is $3 million. It's a pretty standard application, but I understand there was some public comment.

MR. OXER: Peggy, do you have a comment?

MS. HENDERSON: Yes.

MR. OXER: Let's have that.

MS. HENDERSON: Peggy Henderson, TDHCA, speaking on behalf of Massoud Ebrahim, who is the city manager for City of Greenville, regarding a letter that he
sent to Andrew Sinnott of TDHCA; notification of affordable rental housing applications proposed in your city.

"Mr. Sinnott, this is in response to your letter dated January 10, 2014, pertaining to the notification of affordable rental housing applications. As you well know, the city of Greenville is 2.46 units per capita on tax credit housing, and we have 528 units already in Greenville.

We understand this is not a tax credit project. We are pro business and development in Greenville, Texas. However, a 176-unit apartment complex with mandatory designated 36 low-income units, at 50 percent capped for area median income, would not be beneficial to our community since we already have a large share of this market.

Therefore, based on the aforementioned, it is my opinion that this project is not in the best long-term interests for the city of Greenville.

Sincerely, Mayor Steve Reid."

MR. OXER: Okay. With regard to -- and Jean this action approves -- or does the staff recommend approval of this action?

MS. LATSHA: Yes, sir.

MR. OXER: Okay. So it appears that the
mayor's not particularly in favor of that. So --

MS. LATSHA: I believe it's the city manager.

MR. OXER: City manager; my mistake. Okay. We need a Board -- we need a motion to consider --

MR. THOMAS: So moved, to approve staff recommendation.

MR. OXER: Okay.

MS. BINGHAM ESCAREÑO: Second.

MR. OXER: All right. Motion by Mr. Thomas to approve staff recommendation; second by Ms. Bingham. Was there any other comment?

Kent, you up for the next one?

MR. CONINE: No.

MR. OXER: Okay.

MR. CONINE: I was on this one, and you if don't need me, I don't -- I'm fine. I'm glad for the motion.

MR. OXER: You're getting what you want. You sure you want to say anything?

MR. CONINE: That's fine.

MR. OXER: Okay. No other public comments?

Okay. Motion by Mr. Thomas; second by Ms. Bingham. All in favor?

(A chorus of ayes.)

MR. OXER: And for the record, is there any
opposition?

(No response.)

MR. OXER: And there is none. It's unanimous. Thank everybody. All right. Now, --

MR. THOMAS: I think -- Chair, I think we just need to wait until we get into the heavy stuff.

MS. BINGHAM ESCAREÑO: We'll remind you.

MR. OXER: All right. Back to the action on item agenda. Let's start with Item number 2.

David, good morning.

MR. CERVANTES: Good morning. Good morning, sir. How are you doing?

Good morning, Mr. Chairman, members of the Board. I'm David Cervantes, Chief Financial Officer for the Department.

This morning, we're bringing three items to present to you. The first two are associated with the 2015 operating budget for the Department, and the third one is in relation to the upcoming submission of our legislative appropriation request for the Agency.

As you know, we're in the final quarter of state fiscal year 2014, and in accordance with our government code and our enabling legislation, we're required to come before you to present a proposed budget for the upcoming state fiscal year.
So behind Tab 2A what you find is a proposed budget for 2015, and I'll just cover the highlights, but the budget, as a whole is proposed at $25.6 million. It contains resources of 309 full-time equivalents. It is a -- it represents, actually, a slight decrease from the last budget that we presented last year. So it's about $332,000 before, which represents a 1.2 percent decrease overall.

Inside this budget, when -- actually, as you look at the comparison report, that I believe we included under page 7, you'll notice a couple of items that actually will increase. One, in particular, has to do with the resources, and included in there is a 2 percent legislatively appropriated and authorized increase for staff members.

So that's included in there, as well as a 1 percent for any potential considerations on actions such as promotions, reclassifications, equity type of adjustments.

Those types of costs in there, when you look at that schedule, it actually shows a 1.8 percent increase, but that's as a result of some of the attrition that's happened at the Department.

We still have a couple of -- well, one program,
in particular, that is ramping down, which is our
Neighborhood Stabilization program. So you see a few
staff members that are -- we're seeing some contraction
there.

And so the counter of that, in association with
a couple of other federal programs, FTEs drive that down
to about a 1.8 percent increase -- net increase. You'll
also see in the temporary help line item -- I believe
several Board meetings ago there was a procurement that
took place, in relation to a services contract in relation
to monitoring and providing assistance to community action
networks.

So you'll see an increase in there of I think
173 percent. That's the continuing funding for that
particular endeavor there. Aside from that, I think most
of the categories that you'll note there are showing a
slight decline.

And the credit for that goes to the work that
we've been doing with all of the divisions and the
sections over the last three or four months, in terms of
looking at historical trends, spending patterns, things of
that nature.

We've also diligently looked at the fixed costs
of the Department. And so with those types of efforts,
we've been able to arrive at a Department savings. And so
at the end of the day, it's a 1.2 percent decrease from
where we were a year ago.

I would also note that there is also -- the
legislature approves the capital budget for the
Department, and over the last year, capital budget was
about $374,000 overall. The capital budget for this year,
the second year, is actually a little lower. So that's
another piece of contraction that you also see within the
budget.

As far as the financing, we included a
definition of the methods of finance that are used to --
to cover the costs for the Department. And what you see
in there are descriptions of the general revenue that we
get from the State. You see federal funds that we get
from the federal government; and associated earned federal
funds that are kind of a derivative of that; and then of
course, fees that we're authorized to assess that are
typically referenced as appropriate receipts.

And I think -- and so what I can tell you is
that this particular budget we feel comfortable
certifying. It's in compliance with the General
Appropriation Act.

And I think it's also important to note that,
according to the internal auditing standards and the
internal audit charter that the Department maintains, it
requires that we include an internal audit budget and that we coordinate with that particular area of the Department to ensure that there's consensus on what is in this budget and that it's included in here, and that we've gone through that process, as well.

So I'd like to make you aware of that regarding this particular budget.

MR. IRVINE: And we have representation from internal audit here if they have --

MR. CERVANTES: Representation --

MR. IRVINE: -- questions or comments.

MR. CERVANTES: Ms. Donoho is away, but Betsey is here as a representative for that area. So I believe there is consensus along those lines.

MR. OXER: Ms. Bingham?

MS. BINGHAM ESCAREÑO: Where's my button? I don't want to push the wrong one.

MR. OXER: I'm the one with the wrong button, right here.

MS. BINGHAM ESCAREÑO: All right. There you go.

Mr. Chair, Betsey and I met earlier, and we're comfortable with the audit as included in the operating budget.

MR. OXER: So the operating budget includes
sufficient staff, without restriction of resources, makes sure they can do what they need?

MS. BINGHAM ESCAREÑO: That is correct.

MR. OXER: Good, thanks.

MR. CERVANTES: Yes, sir. Okay. And -- and so with that, we're recommending the adoption of the 2015 operating budget.

MR. OXER: Okay. Any questions of the Board?

MR. THOMAS: Mr. Chair?

MR. OXER: Mr. Thomas.

MR. THOMAS: I move to approve the adoption of the fiscal year 2015 operating budget, as presented by our Chief Financial Officer, Mr. Cervantes.

MR. OXER: Okay. I have a motion by Mr. Thomas to approve our staff recommendation on Item 2(a). Do I hear a second?

MS. BINGHAM ESCAREÑO: Second.


Is there public comment on this item?

(No response.)

MR. OXER: Okay. And just for a matter of housekeeping record -- come forward with -- the front row up here is for those who wish to speak.

This chair right here, the little single chair, with the wire that comes up under here -- we have the 463
phase put through for the staff. And you thought I was
the one that had all the fun up here. Right?

All right. Any other questions for the Board?
(No response.)

MR. OXER: All right. Motion by Mr. Thomas,
second by Ms. Bingham, to approve Item -- staff
recommendation on Item 2a. All in favor?
(A chorus of ayes.)

MR. OXER: Is there any opposition?
(No response.)

MR. OXER: Nays, none. It's unanimous. Thanks
very much.

MR. CERVANTES: Thank you very much. Moving on
to Item 2(b), one additional requirement that we have in
our enabling legislation is Section 113. And in addition
to the agency-wide operating budget that we bring for your
consideration, there's also a requirement that we bring to
you a housing finance budget.

And the housing finance budget and the
legislation -- it says that we are to bring a housing
finance budget to you that outlines the departments that
will receive the funding and identify the uses and how it
will be used throughout the agency, for the upcoming year.
And so the schedule that you have behind Tab
2B, outlines those specifics. And it's a budget that
includes -- it's slightly under $15 million this year. And once again, we feel confident in certifying that the revenues -- the matching revenues are available to support the housing finance budget for this upcoming year.

It is a subset of the agency-wide budget as a whole.

MR. OXER: So essentially we have approved this already.

MR. CERVANTES: In essence, yes. It's somewhat --

MR. OXER: Okay. Again, we're just going into the detail about where the source is on the larger budget. Right?

MR. CERVANTES: Yes. And I'm making sure that there're specifics, in relation to Section 113 --

MR. OXER: Okay.

MR. CERVANTES: -- in terms of compliance with that provision there.

MR. OXER: Okay. Questions of the Board?

Okay. Motion to consider.

MR. THOMAS: So moved.

MR. GANN: Second.

MR. OXER: Okay. Motion by Mr. Thomas, second by Mr. Gann to approve staff recommendation on Item 2(b).

Any comments on this one? Okay. All in favor?
(A chorus of ayes.)

MR. OXER: Are there any opposed?

(No response.)

MR. OXER: No. It's unanimous. Thanks.

MR. CERVANTES: Okay. Thank you so much. The final item is an item related to the submission of our Legislative Appropriations Request. And as I mentioned, we're kind of at the end of the '14 state fiscal year.

We'll go -- we'll move in September. We'll move toward '15. But we're also looking to the future, and that's '16, '17 and where we're headed there. And so today I kind of want to walk you through where we are in the process at this time in terms of the development of the Legislative Appropriations Request.

We've been working with executive staff and our Board liaisons to work through some initial steps that we need to take for some of the key components of the Legislative Appropriations Requests, so that we can -- as we compile, we can include some of these assumptions, some of these concepts and include it in the compilation of what we'll see come through.

As you know, session will begin this upcoming January, and so we're pretty much in a process, right now, to help us establish where we're going and get the official submission of the LAR in.
And so as you look in your packet, what I would do is -- just walking you through kind of where we are --
I think, at the last Board meeting Ms. Yevich, I think, and her staff came before you and submitted a strategic plan.

And I think, you know, what I would tell you about that is that's one of the first pieces of the puzzle in the whole process, because the strategic plan is kind of the umbrella of everything that you see for a long-term vision, which is, I think, for '15 through '19.

So not only is it '16-'17 biennium, but it goes across even -- we're planning past that, so we've taken that step. Early on in the process, as we started this past calendar year, there are also opportunities that are provided to us by the LBB and the Governor's Office of Budget, Planning, and Policy, to request either changes to our riders or measures, things of that nature.

And this go-around, we have submitted a couple of requested changes, and two in particular as it relates to measures. The first being that we wanted to see if -- as performance measures are in place -- to see if we could move away from targeted types of measures and move towards actually types of provisions in terms of measures.

We engaged the LBB and the Governor's Office of Budget, Planning, and Policy, and they agreed to allow us
to make changes in terms of moving towards actual. So as we build the LAR, those'll be some of the changes that you'll see on the performance side.

The construct of the LAR also has a component related to compliance initiatives. And in there we also requested to see if we could include an additional measure to outline community affair types of programs and the contract oversight that we do in those areas.

Once again, the request was made; the request was accepted. So again you'll see a couple of things in terms of our measures along those lines. I think those were the two main things as it'll relate to the measures.

As you move over toward riders, the riders that you have in there in the LAR are typically directives in terms of the direction of the agency and what it's intended to do, and certain provisions.

The first measure deals with performance measures, and I've just touched on the changes that we've offered up there. The second rider typically talks about capital budget.

And in the previous biennium, we had a capital budget of $588,000. This year, we're proposing to adjust the rider for the capital budget, and it will be a $492,000 submission.
You have the opportunity to include any capital project that you think is coming around in the future. In our particular case, it will continue to be only one capital project, and it's for IT services and things of that nature. Okay?

The $492,000 pretty much will be for critical need, and so therefore we're trying to bolster up security measure to prevent any potential breach at the agency. So we're including some additional hardware that we'll use to try to move in that direction.

We are also including -- and we have computers that are going to be older than five years. So again, we're playing catch-up with those types of things to ensure that we're going to have computer systems that are more up to date.

And then of course, we're looking at hardware and software that also will reach end of life in '16 and '17, and so we're looking to improve those conditions, as well. Okay?

Those are the top two riders that are there.
The remaining types of riders -- the other one that I would mention to you, there's one that relates to our sunset legislation that existed in the last biennium.

And in accordance with legislation that passed last time around, House Bill 3361, the previous version
indicated that it was pending passage by legislation for
the continuation of the agency.

House Bill 3361 is the one that gave us 12
years of life during the last session. So we're
respectfully asking to see if the rider can be -- to
remove that particular section of the riders. Okay?

So we've gone through measures, we've gone
through riders. The next thing that we're right in the
middle of is what they call a baseline request. And we
are requested to submit a baseline request to the
legislature -- well, to the LBB and the Governor's Office.

And what that does, it pretty much -- they
request us to reconcile in the current biennium that we're
in right now, in '14 and '15, because every agency and
every state agency is submitting these, and it establishes
a base for the state as a whole.

And so right now, what we have in submission is
our base request. And even though it includes all kinds
of financing for the Department, the key to the base req
is the general revenue component of it because, of course,
that's the measure that they're trying to put down or lay
down in terms of the starting point for state-funded
initiatives. Okay?

So the base is in. Once the base is certified,
then the next step is asking agencies if there are any
exceptional items over and above the baseline. In our particular situation, we are not recommending any exceptional items this coming session. Okay?

So that's where we stand, as far as the base, at this juncture. I think the only thing that remains is in relation to a policy letter that typically is issued out by the LBB and the Governor's Office.

We received that letter this week, and that particular letter, what it does is it outlines expectations of where the state is headed as a whole through this next session.

And it also lays down what we've experienced in the past to be a 10 percent reduction schedule. Okay? And as you know, probably two, three sessions back, when budget times were much tighter, it was common for them to not only request the schedule but to also enact provisions to create savings statewide to be able to maintain services all the way around.

So we are in the process of developing a schedule that will be submitted in the LAR, and it will be compiled with the basis of obviously trying to minimize any impact toward direct services to the public.

So we'll look in house first to see if there are any savings that we can generate internally, primarily in the administrative wings and then we'll move from...
there, in terms of any reductions that we'll recommend, in priority order that way.

So in summary, I think those are my remarks this morning in relation to where we are on the LAR. We'd like to request your approval to move forward, again, with the understanding that those are the conditions that we're working through.

And our LAR will be due August 4, so we're on the fast track now and have probably about four weeks now --

MR. OXER: Great.

MR. CERVANTES: -- to be ready to go.

MR. OXER: Okay. Robert, do you have questions?

MR. THOMAS: Just a statement of kudos to our Executive Director and his staff for continuing to exercise a high level of fiduciary responsibility to our citizens, to our state.

The reductions and the planning are phenomenally difficult. I would only say that I encourage you to -- as our chair pointed out earlier, as we're doing -- working on the LAR, to make sure that you are comfortable; while you are committed to lean operations, that you don't feel so lean that you're concerned about making sure that you're able to do your job.
I don't think anyone can question the incredible job this State agency did to these residents.

MR. IRVINE: Well, in regard to that, you know, I would note that we've been operating below our appropriated FTE cap. And one of the traditional approaches that you might have would be to look at moving down to the lower operating levels, but we're actually seeking to retain the FTE cap.

We are looking at ways that we can use savings to produce opportunities to fund positions, specifically to address such things as heightened compliance responsibility under the new HUD HOME rule, under the new OMB-adopted supercircular rule with regard to expanded asset management requirements.

We are absolutely looking to ways to rebalance operations to take care of those extraordinary challenges, you know. I think it's -- something that we are always mindful of is that Patricia Murphy and her responsibilities in compliance deal with an ever-expanding portfolio, so we're looking to ways to put more resources there.

And I think a big component of the ultimate success in this regard is going to be some of the efficiencies that we're achieving in other ways.

UNK: All right. Here, here.
MR. CERVANTES: Yes. Mr. Thomas and members of the Board, the other thing -- just to kind of fast forward a little bit -- you know, we'll submit our LAR in August. And then the LBB and the Governor's Office will be making their recommendations as we move toward the end of the calendar year.

Typically in September, October, as we start the new fiscal year, is when we'll have our first hearings, and those'll be sponsored and hosted by the LBB and the Governor's Office.

And that'll be our first opportunity to go on record and present what we have in there, after baseline certification and our LAR submission. And then of course, we'll get to January, and then the Senate Committee on Finance and House Committee on Appropriations will take over, and we'll go through our legislative process from January through May.

And then of course then there'll be Comptroller certification. And of course, then the Governor will have the final say in terms of any veto power that he would exercise or anything like that.

And so that's that's kind of the progression. And then you'll hear the term General Appropriations Act, and it's basically the end product of what we are going through this entire process, from one calendar year, all
the way -- cycled all the way around to another as we engage and move toward '16 and '17.

And that'll be the culmination, and it will -- it, of course, 84th Legislature General Appropriations Act will be the final product. And that's what we'll be around next time, to tell you, you know: We're here to try to present the first year, hopefully, of the next biennium, in terms of our interim budget and so on.  

MR. OXER: Any other questions from the Board? Just a comment. From a strategic standpoint -- and I know you're working on this as a rolling estimate to what's going on in the future -- from a -- just -- since I am involved in the strategic planning for the agency, we're not looking for things to do.

One of my first admonitions was I'm not over here to figure out what to do. I'm over here to figure out how to do what the Governor and legislature decided needed to be done.

MR. CERVANTES: Right.

MR. OXER: That said, there still needs to be -- and I think you're doing a good job of this, as is Tim and the entire agency, which I appreciate more than you can measure. We have to take a look at the conditions or the context that we're going to be working in, because I don't think anybody here or anybody in this room that
really knows anything about this sees any expanding budgets coming out from any government, you know, particularly the state.

MR. CERVANTES: Right.

MR. OXER: So being able to do more with less, and optimizing the efficiency with which we deploy our intellectual and our financial capital and the costs that we can manage, are critical components; that I take note and appreciate the fact that you're looking a couple of cycles down the road.

MR. CERVANTES: Sure.

MR. OXER: And even for the ones that were not legislative -- for which we have no legislative mandate to consider, in terms of our planning, -- numerical, financial planning -- we need to start thinking -- or we need to continue to be thinking in terms of context of like what does the world look like in those three to five years out --

MR. CERVANTES: Sure.

MR. OXER: -- not just in the next two budget cycles out.

MR. CERVANTES: Yes. I mean, it's -- it's very interesting times. I mean, you know, Curtis stands behind me, but I mean, you know, we can start talking about cloud computing and things of those types and of course all the
risks that are associated and coming around the corner, as well. Yes.

MR. OXER: You're just trying to get of Windows XP now. Right?

MR. CERVANTES: Well, yes, probably. So I mean it's --

MR. OXER: I would think your job -- whatever they pay me. Okay?

MR. CERVANTES: I find it extremely interesting, and we have conversations with different groups, DIR and others, and it's just amazing that the -- whether it's technology or just the pace that we're working through, and the many challenges that we have to provide high quality services to the citizens.

So we're certainly keeping all of that in mind and working with, you know, all of the problematic areas to ensure that we're going to try to do everything possible to meet their needs, to --

MR. OXER: Curtis, it's --

MR. CERVANTES: -- try to provide --

MR. OXER: -- it's hard to get those vacuum tubes with that big box down in the basement these days.

Right?

MR. CERVANTES: Okay. And so with that, I guess I would like to, before I close, a thank you to the
division of the Department, and the sections. We've been working very closely with them since March.

And in terms of the 2015 operating budget, we still have some work ahead of us, in terms of the LAR, in the next four to five weeks; but I do want to extend a thanks to all of the divisions for their cooperation and assistance along the way.

Last, but not least, I'd like to recognize a couple of my staff members. In the audience, I have Ernie Palacios and Joe Guevara, if you can kind of wave. I get the luxury of coming here and making few remarks, but the heavy lifting is really taken place by these gentlemen back here.

We've also included a couple of new staff members in the budget process, Christina Vavra and John Tahney [phonetic], who are new members to the organization and to this particular process.

So again, we're trying to develop some depth there and include them in process, but they're the ones that deserve the credit for this product that you see here today.

MR. OXER: Yes. Thank you for those comments. And, you know, this is a tough job. You've got a tough job. It's made harder by the fact that we're working with less money.
So it's an important thing that we're trying to do for the state. It's even more important that we're all working, sort of paddling in the same direction.

MR. CERVANTES: Yes, sir.

MR. OXER: So just from all the folks -- I think I can speak for most of the Board members up here, the Board appreciates that the agency staff works together to get this done, because we know this is not easy.

MR. CERVANTES: Okay.

MR. OXER: All right. Any questions of the Board, that we have? Where are we back -- who did the motion? We're -- we haven't had one of these. All right.

Good.

MR. GANN: Are you ready for one?

MR. OXER: Let's have one. Mr. Gann?

MR. GANN: I move we approve the Legislative Appropriations Request for the fiscal year -- let's say, for fiscal year 2016 and 2017.

MR. THOMAS: Second.

MR. OXER: Motion by Mr. Gann to approve staff recommendation; second by Mr. Thomas. Is there any question?

(No response.)

MR. OXER: Any comment, public comment? All right. We have one public comment.
MR. CLOUTMAN: Thank you, Mr. Chair. I'm Charles Cloutman with Meals on Wheels and More, here in Austin. And as such, we're one of the administrators for the Amy Young Architectural Barrier Removal program.

I'm here before you today to ask you to think outside the proverbial box in your LAR. We need much more funding for the Amy Young program; the Amy Young program is terribly underfunded.

$4 million in a biennium is almost sinful when we have 3 million low-income disabled people in this state. We must have more funding. We must ask for more funding.

Staff cannot advocate; they can just advise, as I've been reminded numerous times and numerous locations, that we're in this as administrators, and advocating for the persons with disabilities.

And their lack of ability to be served by this state is our responsibility, as one board that's set here to represent the poor, the disadvantaged, persons with disabilities.

You're the one that's going to have to say, Legislature, we need more money; Mr. Governor, we need more money. We must have more funding to help these people.

It's in your purview. It's in your
responsibility to ask for this. I am here before you to
just wave the flag. I'm here before you to shine a light.
I'm here before you to ask you to stand up, to represent
the hurting of this state.

I'm here before you to ask you to ask the
legislature for at least $10 million every year, $20
million biennium, for the Amy Young Barrier Removal
program, not for the Housing Trust Fund but for this
wonderful program, wonderfully administered.

It is very fleet of foot, very accurate, very
easy to implement, and does wonderful work. Please do
this. It's a mandate we must do. We basically are
deceiving ourselves into thinking that we're actually
serving the people of this state with a bowl of Cheerios
and trying to spread it out to 3 million people.

It won't work. We're not doing our job.
People are hurting. They're looking to you; they're
looking to me, and I'm here before you, sharing the load.

So please, make a rider, make a stand, wave the
flag, shine the light, and we'll take it from there. But
we need you. Without your recommendation, we are hollow.
We're there saying, We need help; and yet the Board
doesn't request it. And they're easily capable. They're
easily and willing to dismiss our cry if you're not crying
with us.

So please stand with us. We'll carry it, but stand with us. Thank you.

MR. OXER: Thank you, Mr. Cloutman. Appreciate your comments.

MR. CLOUTMAN: Thank you.

MR. OXER: Any other public comment?

(No response.)

MR. OXER: David?

MR. CERVANTES: No, sir. That's it.

MR. OXER: Okay. All right. Motion by Mr. Gann, second by Mr. Thomas to approve staff recommendation on Legislative Appropriations Request, Item 2(c). All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. Thank you.

MR. CERVANTES: Thank you for your continued support. Appreciate it.

MR. IRVINE: Mr. Chairman --

MR. OXER: Yes, sir.

MR. IRVINE: -- if I might, just with respect to Mr. Cloutman's comment, in our last session, there were similar requests regarding the Homeless Housing Services
program, and the Agency did not ask for any exceptional items, but the local interests that were extremely engaged on that program took the matter up in the legislative process.

And the legislature called upon us, as they always do, as a resource to explain the operation of the programs, the needs of the programs, and so forth, and that was an effective mechanism.

And I think that certainly the budgetary and programmatic oversight areas of the legislature are well aware of the significant needs in Texas, and this department is always there as a resource to help the legislature navigate those tough decisions.

MR. OXER: And I would also make note that I think the Amy Young Barrier program has its 500th project. Do you have some comments on that, you can -- someone can tell us some more about it?

(No response.)

MR. OXER: Guess not. Anyway, I think we were going to celebrate -- Homero?

Just put it in the record, because I think it's a fine achievement that we had on there, and I think it would appropriate for you to say a few things.

MR. CABELLO: Yes. The --

MR. OXER: And you have to identify yourself,
you know.

MR. CABELLO: Homero Cabello, the Director for Office of Colonia Initiatives and the Housing Trust Fund.

The Amy Young Barrier Removal program was launched in 2010, and within just over three years, we have assisted 500 persons with disabilities -- households -- and making their home accessible and addressing some health and safety issues.

And we were going to celebrate the 500th home in Marble Falls. Unfortunately, the lady had a health issue, and it was postponed. But it's a program that's in high demand, and we're assisting many persons with disabilities under 60 percent of the area median family income.

MR. OXER: Okay. Thanks, Homero.

Okay, Item 3, Bond Finance. Good morning, Tim, Eric.

MR. PIKE: Good morning, Board Chairman Oxer, Board members. My name's Eric Pike, Director of the Home Ownership division. I'm here to speak on behalf of Item 3, which is presentation, discussion, and possible action on Resolution Number 14-035, which is authorizing publication of a Public Notice for Mortgage Credit Certificate Program; as we call it, MCC Program 83.

As a part of this Item, the TDHCA executive
team has asked me and Tim Nelson, our Bond Finance Director, to give you a little historical overview and report on the Department's MCC programs.

The division that I oversee, the Texas Home Ownership division, is responsible for administering the Department's My First Texas Home, Taxable Mortgage program TMP-79, as well as the Texas Mortgage Credit Certificate Program.

First of all, an MCC is an instrument designed to assist low to moderate income persons with home ownership. The procedures for issuing MCCs were established by Congress as an alternative to the issuance of single-family mortgage revenue bonds.

Under an MCC program, no bonds are issued, no mortgage money is lent by the Department, and lenders are required to pay nominal up-front fees. An MCC helps make home ownership more affordable by entitling the home owner to a personal tax credit up to $2,000 against their federal income tax liability.

This is on an annual basis. The amount of the tax credit is calculated based on the credit rate established by the housing agency, and it's based on the annual amount of mortgage interest paid by the borrower.

The MCC credit rate can range anywhere from 10 percent to 50 percent. TDHCA's rate is currently set at
40 percent. Again, that's our MCC credit rate, set at 40 percent.

And it's typically set based on the historical average loan amount for the programs, as well as the current interest rate environment at the time the program is launched.

The credit reduces the federal income taxes of the buyer and has the potential of saving the MCC holder thousands of dollars over the life of the loan. To claim the tax credit, borrowers file Form 8396 with their IRS 1040 tax return.

Instead of waiting until year end to benefit from the tax credit, borrowers may instead, if they choose to do so, revise their W-4 withholding forms with their employer to reduce the federal withholding tax by up to $166.67 a month.

That figure is derived from taking the $2,000 that someone may receive on an annual basis and dividing it out by a 12-month period of time. This allows the borrower to increase their disposable income on a monthly basis and may assist them for loan qualifying purposes.

For illustrative purposes, a homeowner that purchases a home with a mortgage loan of $140,000 and an interest of 4.25 percent for 30 years would have a principal and interest payment of approximately $689.
The amount of the interest paid during the first year would be approximately $5,950 in this scenario; multiplied by the 40 percent credit rate that the program has established by the program, the borrower would realize the full benefit of the $2,000 tax credit.

If the calculation exceeds $2,000, $2,000 is the max that they may claim. Program eligibility requirements are stipulated by the Internal Revenue Code. Borrowers must be a first-time home buyer and occupy the property as their primary residence.

And they also must comply with their applicable income and purchase price limits. MCCs cannot be used when mortgages are funded with tax-exempt bond programs, so in the past, they were never able to be used with our bond programs when we funded our mortgage loan program through the sale of mortgage revenue bonds.

But now that we have this taxable mortgage program, TMP-79, the two can be combined, so it provides a significant -- or can provide a significant benefit to a borrower.

The Department made available its first MCC program back in the 1980s. I've been around a long time, but I wasn't here back then.

But after several years, the program was suspended, but it resumed again in 2003 with the release...
of a $60 million program. The program struggled initially
to gain momentum but soon began to catch on in popularity.

Subsequent program releases have followed since then. The last several programs have grown significantly,
from $120 million to $260 million to $525 million, which
was the last program that we released.

And it has now grown to become one of the
largest programs in the country. Subsequently, the number
of MCCs issued by staff has risen dramatically over the
past four years, from 625 households to a projected 2,044
households to be served for fiscal year 2014.

Due to increased demand, the current program --
and it's called Program 82 -- was launched five months
early, in March of 2014, in order to allow a continuous
availability of funds.

At the current rate of reservations, we expect
to be fully committed by February of next year. Due to
efficiencies created with the use of a new online
reservation system, a shared approval process with our
program administrator, increased training and other
technology upgrades, we have been able to vastly improve
our ability to handle the increase in MCC activity.

Now, to explain how the programs are funded and
our plans for the next program, I want to turn it over to
Tim Nelson, our Bond Finance Director, to describe that to
you.

MR. NELSON: Good morning, Mr. Chairman, members of the Board. Before I begin my comments, I did want to --

MR. OXER: Tim --

MR. NELSON: -- want to reiterate --

MR. OXER: -- you have to say who you are.

MR. NELSON: Oh, Tim Nelson, Director of Bond Finance.

I did want to reiterate a couple of comments that Eric made regarding the MCC program, and that is to say that even though this is available to every state, not every state has an MCC program.

And those states that have an MCC program vary in sort of the success that they've had with the MCC program. So I'd like the Board to know that, largely due to the efforts of Eric and their staff, our program is, I believe, the largest one in the country and one of the most successful ones.

MR. OXER: Why -- just as a question, why is it the other states aren't as successful?

MR. NELSON: Well, it's -- as Eric said, when we first started ours back in the '80s, it's -- I think there is certainly a difference between going to someone and saying, I will give you a mortgage loan; maybe
I'll give you some down payment assistance; and that rate is 4, versus, Okay, go to Wells Fargo or someone else.

Go ahead and get your own loan and then go through this process, and I'll give you this piece of paper, and when you file your taxes at the end of the year, you'll get some money back.

I think it's a difficult concept for the type of borrowers that we're dealing with. And so it takes a lot of, I think, education on their part. I also think, for lenders, having to -- there's a difference in -- again, of course, lenders -- they every day originate mortgage loans.

So it's a lot easier for them to understand a concept of, Okay, we're offering a mortgage product. As long as you meet these guidelines, you can go ahead and do that loan.

So it's a different animal, and like I said, there's -- out of the 50 states -- I don't know, Eric -- there's probably, I don't know, maybe 10 or 12, and a lot of those are fairly recent programs.

And frankly, I think people who've looked at the success of our program and said, you know -- I think Eric fields calls from these other states on a daily basis as to, Hey, we're thinking about starting an MCC program, and what do you do to make yours successful?
MR. OXER: So it's just one more major program that Texas is leading the way on.

MR. NELSON: That is correct.

MR. OXER: I like that answer.

MR. NELSON: Okay. So turning to my comments, as Eric said, you know, he's given you some of the programmatic background. What I want to talk about is what we do, in Bond Finance, in terms of assisting and getting these programs done.

And I would sort of break the MCC down into three stages. And the first stage is getting approval to publish for the program, which is why we are before the Board today, looking for that approval for Program 83.

The next stage is that we need to somehow get our hands on some volume cap because, similar to a tax exempt bond program, even though you've got demand, unless you have volume cap, you do not have a program.

And then finally we would come to the Board, and the Board needs to approve, just like in our bond deals, the MCC documents and to set the various terms for the MCC program.

The first item is publication. That is required by IRS regulations. I think the best way to look at publication for an MCC is it similar to a TEFRA hearing for a bond issue. That's sort of the corollary for it.
And we're required to publish in the Texas Register, and we are required to publish in newspapers of general circulation.

In working with our bond counsel, we have identified 12 newspapers statewide that fit that definition -- the Austin American-Statesman, San Antonio Express, Fort Worth Star-Telegram, Lubbock, Corpus Christi, and so forth.

So you can see one of the challenges that we've got, as opposed to most other states, who might have one large city, perhaps one newspaper that is the newspaper of general circulation, we've got 12 of them that we have to coordinate with.

And the publication date is important, because we cannot issue an MCCs until 90 days after your publication date. But again that's just in the IRS rules. And the corollary to that is you cannot have a loan closing date for which the MCC is being issued -- cannot be earlier than that publication date plus 90 days. So I want to point out to the Board, though, that it's important to realize that, at this point, we're not sizing the program; you're not even agreeing to do a program.

We're just out there publishing that we're looking to do a program, announcing that to the public and also for lenders, primarily, to say, Okay, if you're
interested in this program, here's whom you contact. This is how you get information on it.

So the cost to the Board, at this point -- I can tell you, the cost to publish, for Program 82, which Eric said that we had published that late last year and released it this spring, was $18,000.

And you know, some of these newspapers, it cost a couple of hundred dollars; a couple of these newspapers, it cost a couple of thousand dollars to publish. It varies by the paper.

So once we have done that, then the next thing that we have to do, as I pointed out earlier, is the Department has to apply to the Texas Bond Review Board for volume cap.

Every state is, since 1986, given a volume cap for which they're to fund not only their single-family but student loans and multifamily and all the other private uses.

For this year, it's $100 per capita, with a minimum of $297 million. I can report to the Board that the set-aside for the Department for 2014, for single-family programs is $247 million dollars.

The volume cap for the entire state of Texas is $2.6 billion. That is the second largest in the country, after the state of California. As I said earlier, we do
go through the Bond Review Board, which has a myriad of rules, which I'm not even going to attempt to review here, but I do want to point out that they do have some various deadlines that we do have to be aware of.

There's a deadline of August 7 for us to apply for the amount that is set aside for us, that $247 million. After that, it all collapses into a housing set-aside.

The deadline to apply for housing set-aside monies is August 15. At that point, if it's not been requested by a housing issuer, it collapses into an open pool for everyone.

So the Board can expect in -- I think since I've been at the Department, we've pretty much done this every year. We'll come to you at the July 31 meeting, asking for a resolution to go in and apply for some of that volume cap.

And it could either be our set-aside volume cap or it could be some of the housing set-aside volume cap. But we will typically every year go in and ask for some of that volume cap.

The next deadline we have to deal with is November 15. That is the deadline, if everything collapses, for you to apply for volume cap of any type.

And then the deadline to request what the IRS
refers to as a carryforward allocation is December 23. So again, the upshot of this is, you can expect staff -- and we've done this before -- to come back to you in the fall, probably in October or November, and ask for a resolution, to go and apply for any of those carryforward amounts that are available.

It's important for the Board to note that volume cap that's carried forward can be used for up to three years. So when you're dealing with that application, that isn't money that you have to use by the end of that year. You have up to three years to use any amounts that you request in carryforward.

In fact, the Department has, as I said, done this before. We currently have 400 million, in 2013 carryforward that we asked for last year, that's still available to us.

MR. OXER: You understand that's one of the few places in this Agency where "forward" actually has a positive connotation.

MR. NELSON: I understand that. It's also important for the Board to recognize that volume cap that is not requested or not carried forward by the end of the year is forfeited. It just goes up in smoke.

And in fact, the State of Texas has forfeited one and a half billion, with a B, dollars of volume cap in
the past two years. And so anyway, when we come to you in
the fall and ask for that, again, that's what we're
looking for.

Better for us to go in and get some of that
cap, in particular when we have programs that are in need
of it, than to have the cap just be forfeited and go away.

The cost to the Board, at this stage, is for
each $100 million of volume cap that we request for MCC
programs costs us $12,500. That's as opposed to if we
were going in for bond volume cap; that's $25,000 for each
$100 million; plus we have to pay $500 for each
application that we put in.

So finally we will come back to the Board, once
we're through with all this process, and we will look for
you to approve the MCC documents and to set the terms for
that particular MCC program.

One of the terms that you'll set — remember, I
said earlier we haven't determined the size of the deal —
when we come in to approve these documents, it's at that
point that we set the size of the deal.

And to give the Board some perspective, as Eric
said, we've had a huge growth in our programs. Our
Program 75 was $120 million in cap that we used for that.
We then, on Program 78, went to $180 million.

Program 82, which is the one we just released,
was $525 million. Program 83, which we're looking for, again, authorization to publish today -- not going to size it till later -- but based upon the demand that we're seeing today, we certainly expect that program to be in excess of the 525 million that we used for Program 82.

Similar to the carryforward, it's again important for the Board to recognize that the Department -- once you issue your MCC program, you have three years in which to issue those MCCs.

Actually, more accurately, you have until December 31 of the third year following the release of the program to use it. So that means you don't really have three years, and it also means that's what you typically see, that we try to release our MCC programs in the early part of the year, because if you issue your MCC in December, you have two years; if you issue it on January 2, you have three years.

So unless we're forced to -- and we certainly have had times where our demand has been unexpectedly increased, where we will release a program in the fall, but we typically don't like to do that. The IRS rules allow volume cap to be converted for MCC use, based on a four-to-one ratio.

So when we talk about these volume caps that we're using, when we turn those in, we're allowed to get
basically 25 percent; whatever the volume cap we turn in, we get an MCC credit for that.

So turn in 100 million in volume cap, you get 25 million in MCC credit authority for that. As Eric said, our MCC credit percentage is currently 40 percent. It's been 35 or 40 percent on our more recent programs.

As he said, that all varies according to the size of the deal, where interest rates are, what other people are offering, I'd say, is a third item that we take a look at.

The other thing that the Board will do is, again, set the fees for the program. Similar to the bond program, we have MCC issuance fees, review fees, application fees.

Those are all set forth in the program, and under our statute, the Board needs to set all of those. The cost to the Department, at this point, is about another 30- to 50,000 for attorneys fees to go through and generate all these documents; whether on the lower or higher end of that range depends on the complexity of the deal.

For instance, on the Program 81 that we did last year, since we had our TMP program out there and we wanted to combine the use of those, we went through on all of our forms and made them sort of compliant, so that you
could use the same form, whether it was TMP-79 or the MCC program. So that required a little bit more legal time.

In closing, I guess I would say that the challenge for the Department, moving forward, is really managing this volume cap. I know I've thrown a lot of numbers out here, but you might recall that I said the amount we have set aside for us is 247 million.

And obviously the last several MCC programs have been in excess of 247 million. And fortunately, because our TMP program is a taxable program, we don't need to use volume cap for that.

If we ever convert back to where we're doing tax-exempt bonds, our annual volume on loan programs is anywhere between 250 million and 300 million. So we could be in a situation where we have a loan program that needs 250 million of cap and an MCC program that needs 3- to 500 million, let's say.

We've only got 247 at least at the present, so we've got to go in and hopefully, be able to garner some of this additional cap. And so with that, I will say that staff recommends approval, and we'd be more than happy to address any questions.

MR. IRVINE: If I might just put the plain English capstone on this, this is a really impactful business development and economic development program. We
are really doing great things in the way that these guys have geared up the program with their incredible team, some of whom are here.

You know, in an average day, they're doing 1 or $2 million of new home ownership activity. Recently we had the unprecedented, what, $7-1/2 million dollars in a single day.

I mean, this is a really significant, vibrant engine, and we just want to pave the way that if there is available bond cap which is administered by the BRB, we want the Board's authority to go and try and exercise and acquire that cap to keep this program running at current levels.

MR. OXER: Even better, keep it running at higher levels. Sounds like it's doing a pretty good job for the folks out there, too. And using the MCC program or the bond cap for the reservation for the MCC, seems like that puts a lot more responsibility and accountability on the borrower and is less impactful, particularly if we have to buy that cap and then manage it. If we buy too much, you're in a difficult balancing mode.

MR. NELSON: Well, and also --

MR. OXER: Do you have to buy it up front and then use it out, or do you pay for it as it's extracted,
Tim?

MR. NELSON: Well, you currently pay the $500 application fee every time you go in to get it. The way the way the issuance fee works is that that's basically paid at the time you use it. So you can bank this and then like I said, up to three years to use it. At the time you draw it down and use it, that's when you make your payment to the BRB.

But it's looking at, again, two different programs, two different sort of growth rates, trying to manage all the time lines, it can be challenging.

And again, right now, since we're forfeiting cap, it's -- there's not -- I won't say there's not a huge demand, but it's pretty easy to go in and get it. There were times when --

MR. OXER: You're not going to have to claw your way in to get this this time.

MR. NELSON: Yeah. There were years years ago, when that wasn't the case, but we could go back to that in the future. So we're trying to manage this carryforward process so that we always have the maximum amount available to us, given, frankly, what we see our next three years of issuance needs being.

We would certainly never recommend going in,
taking down 2 billion dollars in cap or whatever, if
that's not something you think you can use, but --

MR. OXER: Well, yes, that limits -- or
diminishes your credibility with the Bond Review Board.

So -- all right.

Any questions of the Board?

(No response.)

MR. OXER: Okay. Let's have a motion to
consider, then.

MS. BINGHAM ESCAREÑO: I'll move staff's
recommendation to publish the Public Notice, I think, is
what we're doing today. Right?

MR. OXER: Right.

MR. NELSON: That's correct.

MR. OXER: We're just getting started. Right?

MR. NELSON: Just getting started.

MR. OXER: Okay.

DR. MUÑOZ: Second.

MR. OXER: All right. Motion by Ms. Bingham,
second by Dr. Muñoz, to approve staff recommendation to
get started on Item 3. No public comment?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: Opposed? There are none. Thank
you. Yes, I have to -- I do have to say, just as a
comment, you know, we've got a fine finance team.

Okay, on Item 4. Okay, Item number 4.

MR. IRVINE: That's been pulled, Chairman, till
next time.

MR. OXER: Okay. All right. Then, Item number
4 has been pulled, for the record, so let's jump into the
deep end of the pool here, Jean.

MS. LATSHA: Morning again. Jean Latsha,
Director of Multifamily Finance. First, I'd like to do
just a little housekeeping. This item is a presentation
of appeals, waivers, and requests for preclearance.

So if there's --

MR. OXER: Let's do this. I think -- you know,
I know you list them in numerical order, their --

MS. LATSHA: That's right.

MR. OXER: -- application number. And I think
we would be better served in this to look at the one
that's going to be the most contentious first, and then
take the rest of them, grouped together -- they're grouped
under terminations and appeals.

MS. LATSHA: That's right. So first there are
a number of these, so this list isn't nearly as long
anymore as it appears to be. First we can cross some off.

The first one, Pine Terrace Apartments, they've

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withdrawn their appeal. Savannah Park also was withdrawn.

I think that was shown in your Board book, but that way -- Stoneleaf at Glen Rose, withdrawn.

Manor Lane Senior Apartments, that has been pulled; that may or may not appear at the next Board meeting. Tays has been pulled and also may or may not be at the next Board meeting.

Those, we just had appeal deadlines kind of running into the Board meeting. We're trying to get them here but didn't quite work out. Liberty Square and Liberty Village, that appeal's been withdrawn.

You may recall that was actually at the last Board meeting and was tabled, but they decided they did not qualify for the USD set-aside; Prairie Gardens, also withdrawn.

So that leaves us with one request for preclearance, and then the remainder are appeals. Those appeals -- we could group them as appeals of terminations of applications and then appeals of scoring items if the Chair so chooses.

MR. OXER: Yeah. Let's do that.

MS. LATSHA: All right.

MR. OXER: Let's take them in the terminations, because that's sort of a --

MS. LATSHA: Sure. So --
MR. OXER: -- rule of application. Then we have the -- is there one for which there is --

MS. LATSHA: There's one that is simply a preclearance request.

MR. OXER: Let's take that.

MS. LATSHA: That's Wheatley Courts.

THE COURT: Let's take that one first and then --

MS. LATSHA: 14191.

MR. OXER: -- the terminations, and then the appeals.

MS. LATSHA: Right. And then the terminations are Selinsky Street Supportive Housing and Palm Parque. We could take those second; then Residences at Rodd Field, third; then Waters At Granbury, fourth. Those are all appeals of terminations.

MR. OXER: Okay. Let's take Wheatley first.

MS. LATSHA: Okay.

MR. OXER: Okay. One more time, just sort of as a matter of housekeeping, which I see everybody pretty well got the message: first row up here, on our left, is for public comment.

This is the staff chair for the item we're addressing. If you need some overflow, just go to the left. We'll make sure everybody gets heard. Okay.
MS. LATSHA: All right. So this agenda item is simply a request for preclearance. It might feel similar to some other items we had the last couple of Board meetings, under the same rule, undesirable area features.

In those cases, however, we were dealing with staff had terminated the application, and they were appeal that termination, although the termination was made under the same rule.

This application's not been terminated. Staff simply felt that this was a preclearance request that should be brought to the Board's attention. So you will see that we don't have a firm recommendation as far as approval or denial of their request.

This is a determination of eligibility of the site, and that is all. We still would need to complete our review of this application, although it's pretty close to being completed. So this wouldn't address any other eligibility or scoring items. This simply has to do with the rule regarding undesirable area features.

So this is an application in San Antonio. The overall plan is a reconstruction of a 246-unit public housing site into -- I'm sorry -- I think it's currently -- 246-unit public housing site, and then it's going to be reconstructed into a 423-unit mixed income community.
They can -- all of these folks here are going to be able to speak to that in a little bit more detail. It's located on the east side of San Antonio. Staff did visit the site and the surrounding area. The pictures in your Board book were taken on staff's site visit. Those are all pictures of the area right around the site, within that 1,000 feet.

You'll see there's a number of residential and commercial buildings that are boarded up and seem to have been vacant for quite some time.

Staff also did a bit of research on crime in the area, and luckily, I guess -- I don't know if it's luckily or not, but San Antonio actually does have a web site that allows you to pull up each instance of crime over a month, in a particular spot. So we were able to gather a lot of information with respect to that.

You'll see in the write-up, we did see -- and this is pretty recent, just in the few weeks of June of this year, we did find that there was a murder and assault with a deadly weapon, two burglaries with intent to commit a felony, and some other minor offenses.

We were on that site and found some rather disturbing instances of crime in the area. There was definitely evidence of crime in other parts of San Antonio, but there was definitely an establishment of a
high crime area in this part of town, on the east side of San Antonio.

So staff obviously had some concerns with the site; however, there seem to be definitely some mitigating factors at play here. There is a substantial amount of investment, public investment, into this side of town, both from the city, from the Housing Authority, and some substantial federal grants that I think these folks can also speak to as well.

So staff feels, quite frankly, a little caught in the middle. This is a bit of a troubling site, but there does seem to be evidence of significant investment in this area.

However -- and I think these folks are going to speak to that a little bit, too -- it's difficult to see exactly at what point that investment is. We talked before about not wanting to be the first in the water on these.

I'm not sure if we're first or second, but considering the current state of the site, it's difficult -- at least, the optics make it difficult to see that that investment's already been made.

Again, I think that these folks here are going to speak to the substantial nature of that investment, and I think that, considering some previous action, we could
come to the conclusion that, if there's enough evidence
that this revitalization effort has begun and is under way
and we're confident that it's going to continue, that
staff could recommend preclearance of the site. And with
that much, do you have other questions for me?

MR. OXER: But at this point you're ambiguous
about --

MS. LATSHA: I hate to say that, but yes. Yes, sir.

MR. OXER: That's being clear. You're not --
you've come to us because you didn't make a decision.

MS. LATSHA: Unfortunately, yes.

MR. OXER: That's not -- no, no. That's one of
the reason we're here. Like I told Cameron, we get all
the fun ones. If it's easy, you do it.

MS. LATSHA: This is a fun one.

Unless you have any other questions for me, I
think we have quite a number of people here that would
like to speak to --

MR. OXER: All right. I have a -- and thanks, Jean. Please, you can be seated for a minute, but
let's --

MS. LATSHA: Sure.

MR. OXER: I have a procedural question, Mr. ED
and Madam General Counsel.
MR. IRVINE: Actually I had another comment.

MR. OXER: Well, let's hear that.

MR. IRVINE: I think another reason that this certainly bears this kind of public discussion and opportunity for input is because this is in a proposed newly-created Promise Zone, which is something unique.

And it's an effort at the federal level to coordinate the channeling of resources into an intensive redevelopment, revitalization effort. But as Jean indicated, we do have our own standards for what constitutes a qualifying community revitalization plan.

And we've met with these folks who are going to be testifying to you, or some of them. We'll also be getting some new information today. And one of the things that I observed was that there are different kinds of investment and effort that are being involved here.

Some are what I would call services related, and it's hard to see the impact of services. In terms of the tangible, physical attributes of the area, I think Jean has summarized it pretty well.

MR. OXER: Okay. And the procedural question that I have, Madam Counsel, is with no staff recommendation the Board has to make -- must resolve to vote whether or not we follow staff recommendation or deny it. And given that there is none --
MS. DEANE: Well, no, in this case -- right. In this case, the Board would make -- either make a motion to grant the --

MS. LATSHA: The preclearance.

MR. OXER: To grant the preclearance --

MS. DEANE: -- the preclearance or deny the preclearance and then --

MR. OXER: Only with respect to the preclearance.

MS. DEANE: -- for this to get started.

MS. LATSHA: That's correct.

MR. OXER: Only with respect to the preclearance.

MS. LATSHA: The preclearance decision, should it be denied, would deem the application ineligible. Should it be granted, there is still some review of the application that needs to be completed, but the site itself would be eligible.

MR. OXER: Okay. So denying the preclearance takes them out of the game.

MS. LATSHA: Correct.

MR. OXER: Okay, just to be clear. All right. Given that, we have an abundance of public comment, it appears.

MR. THOMAS: Do we make a motion?
MR. OXER: We don't make a motion yet.

MS. DEANE: Well, yes, we need a motion --

MR. IRVINE: If I could speak for staff, I mean, until the case has been made that it meets the requirements for preclearance --

MR. OXER: Right.

MR. IRVINE: -- I think you have to assume the absence, so --

MR. OXER: Yes,

MR. IRVINE: -- I think the staff recommendation would be not to grant preclearance.

MS. LATSHA: Really?

MR. IRVINE: Yes --

MR. OXER: That's --

MR. IRVINE: -- unless you're comfortable that it absolutely does.

MS. DEANE: I would agree with Tim.

MR. OXER: We're still questioning Jean at this point.

MR. GANN: Can I make a point?

MR. OXER: Yes.

MR. GANN: It seems to me that we -- the correct way to do this is, instead of going blindfolded and approve it, we need to deny it so we can have the
discussion from all these people --

MR. OXER: Well, I didn't --

MR. GANN: -- then we can change our motion --

MR. OXER: Right. And then it --

MR. GANN: -- if we need to.

MR. OXER: Bear with us, folks. We're -- this is a procedural thing, because we're trying -- we've worked a long time, and the principal policy contribution that this Board makes is in trying to use or create a very well defined set of rules that the staff uses to articulate or to evaluate whether the applications are inside the line or outside the line. Okay?

So when it comes down to it, absent the fact that you prove that you do meet the regulation, that they do meet the rule, the assumption is that you do not.

MS. LATSHA: Right. And I think, to provide a little bit more detail to what Tim was saying, I think that, yes, this site is ineligible with respect to the undesirable area features rule.

The reason for the lack of recommending denial of preclearance is because we recognize that there are possibly some mitigating factors here that would allow for that preclearance to be granted, quite frankly.

But under the strict reading of the rule, I think it would be a denial.
MR. OXER: Okay. Well, that's important to be clear about that, because when it comes down to it, you know, what the Board -- we can make any motion we want, but we have to define and describe why we -- because our statute requires that we define why we would deny staff recommendations. Okay?

So you can't be ambivalent about any of -- we can't and you can't, tragically, but -- so given the current circumstances, if they do not meet the rule as written currently, you would vote --

MS. LATSHA: Then staff's recommendation would be denial.

MR. OXER: Okay.

MS. LATSHA: Yes.

MR. OXER: All right. Then we can entertain a motion for that consideration at this point and then hear public comment to determine whether or not we would agree with the staff recommendation.

MR. GANN: I'd like to make the motion to approve staff recommendation for the purpose of discussion.

MR. OXER: Okay, noted.

DR. MUÑOZ: Okay. Just for my clarification, once again, what is staff's recommendation?

MS. LATSHA: Denial.
DR. MUÑOZ: I see a blank line.

MS. LATSHA: You know, after this short discussion, staff's recommendation is denial of preclearance.

MR. OXER: Recognizing that from a procedural standpoint, that they recommend denial, Mr. Gann has moved to approve staff recommendation to deny for the purpose of discussion, with the idea that the vote is yet to come, and we'll hear public comment. Okay?

Motion by Mr. Gann to approve staff recommendation for denial of preclearance. Is there a second?

MR. THOMAS: Second.

MR. OXER: Second by Mr. Thomas. Thank you.

From a procedural standpoint, we stay clear like that.

All right. As you come up, state your name. Make sure you get signed in. Annette -- I'm sorry, folks, but we're going to have run a really hard clock here today, because we've got a lot of folks that want to do this. Five minutes and that's -- and we'll ask questions. You get all five minutes to speak, and then we'll ask questions.

MR. IRVINE: If I might offer one more clarification before the testimony begins, as you hear the testimony, I think you really need to be filtering it in
two perspectives: one, whether they bring additional
information that would indicate that, no, this site does
comply with the rule or, two, to get a sense of whether
the revitalization efforts, which they're going to be
describing, are of such a magnitude and impact that they
will overcome the negative site features.

MR. OXER: And I would offer also, if there's
anybody -- and there's a variety of folks, and I
appreciate that you've come all the way up here; we all
do, but if anybody's got something to say and there're six
of you; five minutes apiece; another half an hour -- if
you've got any of you that are going to be saying the same
thing, just say, I agree with whoever said this before,
and then that'll save us all some time, because we
understand what is going on here, and we understand that
you'd like to approve this.

So unless you have new information, I would ask
you, just as a courtesy for the others that are waiting to
speak on other items later today, just to be as brief as
you could possibly be, succinct.

MS. BINGHAM ESCAREÑO: Mr. Chair, one more
question.

MR. OXER: Ms. Bingham.

MS. BINGHAM ESCAREÑO: Just for Tim. So what I
just heard you say is as we're listening to comments, then
we're either listening for features that may change the position in terms of it is appropriate for clearance, or that there are other conditions that are such that make it -- what did you say?

MR. IRVINE: Basically either that they can provide information that shows that we misassessed the site and that it does comply. That's one possibility.

The other possibility is that they can describe the revitalization efforts that they are undertaking and convince you that they are sufficient to overcome the deficiencies of the site.

MS. BINGHAM ESCAREÑO: Okay. And then is there anything statutorily or that could -- that we have to meet in order to convince us of that? Okay.

MS. DEANE: Let me just mention that the rule itself, -- when you talk about undesirable area features, this particular rule looks more holistically. It's whether a confluence of the undesirable features, such as crime and blight -- whether there's a confluence such that would cause the site to be ineligible.

And so it's a little bit more of a holistic view than when you look at the undesirable site feature like a railroad track or something like that. So you do have the ability to look at it as a whole.

I will say that, just thinking of the past
actions that have been somewhat similar, what you would
look for is -- and what the Board has looked for in the
past is whether or not there -- you know, here again,
what's the confluence of it all coming together in light
of what's going on today.

But, it also looks at -- you know, as Jean has
said, the questions that the Board has asked of other
similarly situated developments is, does it appear to
already be turning the corner in transition, such that,
you know, perhaps it has some of these features but it is
already appearing to be transitioning into revitalized
area.

And that goes to the question that came up on
the other issues. Are we the first ones in, or does there
already appear to be actions going on that causes it to
appear to be, you know, so to speak, turning the corner
already.

MR. OXER: And to my perspective, which I
present as mine alone, that's with the interest of
protecting the health and safety of those folks who would
live into any facility that we're trying to build on these
locations and also recognizing that if you don't have the
revitalization or effort put forward -- you know, housing
doesn't do this by itself.

You know, housing is a very important tool in
what we're doing, but it's not the only tool, and it can't be -- it typically is not very useful as the first tool.

So what we continue to look for is that there is an effort and we're not the first money in or the first effort in. I personally am looking for some evidence that there is -- as General Counsel mentioned, that that there is -- this effort is ongoing; a commitment has been made to the area, knowing that it's going to take us -- I mean, for this housing to be built there, eventually, it's some period of time, but I want to see if there's evidence that there's going to be something improving that site here within the two years that it'll take to get that site built.

MS. TAYLOR: Okay.

MR. OXER: So with that, may I offer you --

MS. TAYLOR: All right. Thank you.

MR. OXER: Welcome.

MS. TAYLOR: Thank you so much. Good morning.

My name is Ivy Taylor, and I'm a member of the San Antonio City Council, representing District 2, which includes the site in question and the Eastside.

I've served in this capacity for five years, and I'm here to present testimony that shows that the scope and magnitude of the activities that are ongoing on the Eastside are such that it does overcome any negative
features of this site.

And so during the time that I've been on the City Council, from pretty much the beginning of my tenure, Mayor Castro and I have worked closely together to focus on Eastside revitalization.

We had a series of community meetings in order to develop a joint vision with the community and stakeholders in the city. And so after the those meetings, the City of San Antonio began a very intensive effort, a comprehensive initiative, to address many of the negative features and the decline in the area.

We started out with code compliance. We addressed crime, public safety. We picked up a lot of stray animals. We focused on illegal dumping, graffiti, and a number of other basic city services.

With that approach, we were able to get the area what we consider to be investment ready. Building on that energy and enthusiasm from that progress, the United Way of San Antonio, as well as San Antonio Housing Authority, applied for and received both planning and implementation grants for the Promise Neighborhood Program and the Choice Neighborhood Initiative.

And so today we're focused on successful implementation of those two federal grants, as well as the new designation of the Eastside Promise Zone.
So the neighborhood is at a key transition point, and it's poised for a major upswing. A critical component of the success of these initiatives is the comprehensive redevelopment of the Wheatley Courts. Wheatley Courts, we expect, will be a major catalyst for change and complement the ongoing activities.

The City of San Antonio and other public and private partners all agree that rebuilding this distressed public housing will change the face of this community in a visible way and create a foundation for future development.

The City has demonstrated confidence in this project and the area by formalizing our participation through several key initiatives. For example, our 2012 bond program has seven projects, totaling $26.5 million, within this area.

We've been working closely with our police chief, who you'll hear from, in relation to public safety in the area, and we have experienced a decline in relation to crime.

Code Enforcement has responded to almost 700 cases since 2010, and we've demolished 137 vacant houses in the area. The City and the Housing Authority have worked together on an infill and rehabilitation strategy in targeted blocks around the Wheatley Courts so that we
can provide more mixed-income housing and eliminate blight.

Notably the City of San Antonio has committed $19.6 million in gap financing for some of the housing projects, for public infrastructure, and for streets surrounding Wheatley Courts.

Our other public partners have been equally committed. Bexar County has committed $4 million to supplement the 6.5 million that the City allocated for the Menger Creek linear park project, which will run straight through the Wheatley neighborhood. This project will be a destination park for the community, with hike and bike trails, lighting, and picnic tables.

The San Antonio Independent School District has created an early college high school at Saint Philip's College, which is in the footprint of the revitalization area, and that's set to open in the fall. So students will be able to earn college credit, while still in high school, and earn an associate's degree by the time they finish their senior year.

The community is currently planning to create a community-based school at Wheatley Middle School, which is directly across the street from the Wheatley Courts, and so that will provide additional services and amenities to the entire community, outside of the normal operating
hours of the school.

We have a nonprofit in the area, called SAGE, San Antonio for Growth on the Eastside, that's been focused on economic development in the area, and they are in the midst of developing a $2 million Grow Eastside Fund to provide low interest loans and target the major commercial corridors in the area.

And they're also working on an economic development plan. Just yesterday, Bexar County, through their county health system, announced a partnership with the Housing Authority to construct a $4 million healthcare facility -- family healthcare facility just minutes away from Wheatley Courts.

We've also seen an investment of private capital by entrepreneurs and developers. We have 10 major catalytic projects under way in the Eastside area that totals $219 million: a micro-brewery, apartment complex, townhomes, charter schools, and senior housing.

So the other speakers will speak more about the dollar investment for the Promise and Choice, but as you can see, we have quite a bit under way that's going to eradicate the vacant housing, revitalize blighted and commercial strips, and create jobs for our residents.

It's been mentioned that we also have the Promise Zone designation, which will allow us to focus
more specifically on economic development, workforce development; had a meeting with Hope Andrade yesterday to talk with her about that specifically.

And then finally I'll just say that I live in the area, a proud resident of this part of town; could walk to the Wheatley Courts. And so this area really is on the upswing. We have more and more middle-income families coming in, fixing up homes. We're in the midst of a major transformation, and we hope that the State of Texas, through the Texas Department of Housing and Community Affairs, can be part of this historic transformation of San Antonio's Eastside.

Thank you for your time and attention.

MR. OXER: Thanks for your comments, Ms. Taylor.

Anybody have any questions of Ms. Taylor?

(No response.)

MR. OXER: All right. I'm going to exercise the Chair's discretion here. We appreciate your comments. Chief, I have a question from your -- my question will be specifically for you, but I'd like to hear your comments first.

MR. McMANUS: Comments now?

MR. OXER: Yes, please.

MR. McMANUS: Okay. My name is Bill McManus.
I'm the Police Chief in San Antonio, Texas, and I've come up here today in order to address and hopefully alleviate the crime issues that have been talked about in that area.

Wheatley Courts is indeed an area that's in transition. Since 2010, it's been part -- what you heard about was about all the city departments that have been involved -- Code Compliance, Animal Care, Public Works. They're all part of a community policing initiative.

That's what Councilwoman Taylor was talking about, a community policing initiative. And it was started by the mayor and the Councilwoman, spearheaded by the police, and we've made great strides in decreasing crime, because of that community policing initiative, and in improving the quality of life in those neighborhoods, including Wheatley Courts.

Now, not only is SAPD heavily involved in that area, but I've invited and have partnered with federal agencies as well: the FBI, DEA, ATF, the U.S. Marshal Service. So they are all involved in this, with us, and we have operations going on there right now.

Wheatley Courts lies within the EastPoint Neighborhood Initiative area. And that area is, as the Councilwoman mentioned, being flooded with resources. So we remain involved in that EastPoint Initiative heavily, as well.
We have both Police Athletic League -- not both, but we have the Police Athletic League heavily involved in that area to provide activities for the youth of that area, to keep them off the streets, keep them out of trouble.

So our commitment is steady, and it's continuing. And as police chief, I think it's important for you to know that I understand fully well the effect of economic development on crime and the effect of crime on economic development.

By moving these resources and getting these tax credits, it enables us to better develop that area economically, and that again will -- as has been proven in the past, in many cities in the country, knocked out crime.

MR. OXER: Good. Thanks very much.

Do I have questions from the Board?

(No response.)

MR. OXER: We're entirely sensitive to the idea that economic development has an impact on crime, and housing is a secondary or a corollary component to that economic development. You have to have people there to do it.

I have a question. Do you have children?

MR. McMANUS: I do.
MR. OXER:  Would you let them walk to school by themselves to go to Wheatley Elementary School?

MR. McMANUS:  I would.  And I don't say that because I think that's what you want to hear.  I would.

MR. OXER:  I assume, with that badge, you come here, giving your official testimony, so --

MR. McMANUS:  Yes.  There are people in every city that live in a subculture of violence.  These people are gang members, they're drug dealers, they're prostitutes, people who use prostitutes, people who buy drugs from an open market.

They are the people that are involved in the violence that occurs in the city.  It's not your normal, everyday folks that go to work nine o'clock to five o'clock, walk to school every day.

So I say, yes, I would be comfortable having my kids in that area --

MR. OXER:  Well, now -- and to --

MR. McMANUS:  -- but -- walk to school in that area.

MR. OXER:  Not be a victim of that violence.  I know the implications of all that.

MR. THOMAS:  Is there -- I have a question.  --

MR. OXER:  Mr. Thomas.

MR. THOMAS:  Is there anyone to speak against
preclearance?

MS. BINGHAM ESCAREÑO: Yes. I want to know that, too.

MR. THOMAS: Is there anyone here that's to speak against preclearance?

(No response.)

MR. THOMAS: Okay. Thanks.

MR. OXER: Hold on, Bill.

MR. McMANUS: I just was making sure you could see the --

MR. OXER: Yes.

MR. McMANUS: Thanks.

MR. OXER: You want to make sure I can see you.

MR. McMANUS: Okay. But one of the things that I didn't mention was that since 2012, we also had an initiative going along with the DA. It's a gang injunction. And since that time, combined violent crimes fell by 6 percent.

I won't go through each one of the, but there's about six of them, and most of them are all double digit declines in crime, that have been the effect of the police working in that area with the DA, not to mention the work that we're doing in the area with the other federal agencies that we're working with.

MS. BINGHAM ESCAREÑO: I have a question --
MR. OXER: Procedure --

MS. BINGHAM ESCAREÑO: -- for the Chief.

MR. OXER: I'm sorry, go ahead.

MS. BINGHAM ESCAREÑO: Just out of curiosity --
we all have photos that we're looking at that were taken
that I think Jean referenced. And just -- curiously,
there isn't any graffiti.

How did -- is there a specific initiative that
was addressing -- I think the Councilwoman addressed
graffiti. Did you all see graffiti on any of the -- I
mean, it's clearly some blight, but we see a lot of photos
where -- and to me -- I used to be a teacher -- but
graffiti was also kind of a sign of lack of productive
things for folks to do, lack of supervision and that.

And there's no graffiti in these photos. Is
that a step in the right direction?

MR. McMANUS: I think there're two reasons for
that. Number one, the pictures that you've seen -- many
of them have been boarded up as a result of our code
compliance effort.

And the other part of it is the gang injunction
that, you know, we had going with the DA's office helps
to get rid of those --

MS. BINGHAM ESCAREÑO: Right.

MR. McMANUS: -- folks from those areas. And
the City has a quick-cleanup policy. So we try to -- you know, it's difficult to arrest the problem away. But the -- on the other end of it, the clean up end of it, you know, the quicker you do that, the better off -- the more it prevents it from happening again; you know, broken windows theory.

MS. BINGHAM ESCAREÑO: Yes. Thank you.

MR. OXER: Reducing the environmental opportunity.

MR. McMANUS: Correct.

MR. OXER: Yes. Okay. Thanks, Chief.

MR. McMANUS: Thank you.

MR. OXER: All right. Let me ask this. Of the folks here that want to -- Bill, I've got your -- is there anybody here -- of the other four of your there, are any of you going to rise to oppose this preclearance? (No response.)

MR. OXER: Everybody here is supporting of the preclearance. Is that correct? Did I hear that right?

VOICES: Right.

MR. OXER: Okay. Well, I assumed that they were, you know --

MR. THOMAS: Mr. Chair?

MR. OXER: Yes?

MR. THOMAS: I would like to withdrawn my
second.

MR. OXER: Be happy to do that, but as a point of order, we can maintain that vote and vote that -- it's an informational point, a procedural point.

We have to have the motion. We can deny that one, then reconsider it.

MR. THOMAS: What if we -- Mr. Chair, what if we were to hear those that may be --

MR. OXER: Yes. Here's what I want to do, I want to hear -- everybody here obviously -- the Councilwoman's made a recently strong case that there have been resources, and the Chief has, too -- that there's resources and effort being put in to developing this that would satisfy certainly what I'm looking for.

And, Bill, you're here opposing the preclearance. Okay. Well, we'll the opposition, recognizing that Mr. Gann's motion was to approve staff recommendation, which was to deny the preclearance, okay, and seconded by Mr. Thomas. That's on the table at this point.

We have the option, should we feel satisfied, to vote not to approve that and reconsider, but we would like to hear the opposition first.

So if that's the case, if there's nobody here that's going to say anything else, apart from the fact
you're just adding on, you've got a fairly strong case
made in your behalf already.

So the question is you want to just leave that
sit, and then we'll hear the opposition.

Does anybody feel strongly about wanting to be
heard?

VOICE: We may be heard later, if necessary, if
that's -- that it would be appropriate to be heard later,
if necessary.

MR. OXER: Yes. We'll give you an opportunity
to rebut the charge --

VOICE: Thank you.

MR. OXER: -- or rebut the comment if that's --

VOICE: Thank you.

MR. OXER: -- that fair? Okay.

Bill?

MR. FISHER: Good morning, Board members. My
name is Bill Fisher. I am with Sonoma Housing Advisors,
and I'm here to speak to speak against the preclearance
waiver request for Wheatley Court.

It's not your policy. The site is ineligible.

It's in a combat zone, high crime, three times the
average in San Antonio. Yeah, they talk about some
improvements, but the bullets are still flying. There was
a murder on Wheatley Avenue two days ago, Eastside, Daniel
Cordova, shot in his car, in the head.

The issue of what's going on in the community I think is well articulated. It's clearly a difficult area. They're making efforts to do it. The Agency has a policy that's generally against being first money in. Well, we're already first money in.

The Agency's invested nearly $40 million in this area. They've awarded and funded Sutton Oaks Homes, and the Sutton Oaks Homes initiative II, with the San Antonio Housing Authority, 3,500 feet from Wheatley Court.

So what they're asking us to do is put more money in, which will raise your investment to about $60 million, which is frankly more than they're putting in. I think we need to see the results.

I think we need to see that Sutton Oaks is contributing to that economic -- that community revitalization, before we put any more money on the ground in this area for an application that's ineligible.

That's really not your policy. Who's being disenfranchised by the approval of Wheatley Court? Other housing authorities that are following your policy, that are furthering your policies.

The Laredo Housing Authority has an application down the list that is highly unlikely to get funded if Wheatley Court's ineligibility is approved -- or waived by
you in this preclearance.

What are they doing? They're demolishing public housing and moving into a nicer area of town. Now, this Housing Authority participated with other housing authorities in helping shape your policy.

They came to the staff and said, Please, in this set-aside allow us to demolish and reconstruct in a high-opportunity area: higher incomes, more amenities, certainly better school, and low crime.

And that's what they advocated for, and that's what your policy is allowing them to do. So we have money on the ground. We're now into another policy issue that you all have said, We're not going to do.

We're not going to concentrate public and low-income housing in the same neighborhood, but that's exactly what they're asking us to do -- 3,500 feet. We have $40 million 3,500 feet away to help in what's going on there.

Staff's already terminated another application similarly situated in El Paso due to these combat zone features: crime, drugs, poor schools, very high concentration of poverty, 55 percent in the Wheatley Court neighborhood.

So let's consider those applicants down the list that are furthering your policies, that are taking
their public housing out of these ghetto-ized areas, demolishing them, and rebuilding in a second quartile area of Laredo, for example. That's the best application.

It's the one down the list that certainly, in my math, is going to not get funded if you approve them but would certainly get funded if you did not. So I advocate that we follow your policies, reward the applicants that are furthering your policies, reward your policies regarding deconcentration of low-income and public housing in the same area.

Those applicants need your support. That's really what I'm advocating for. It's less against Wheatley Court and more for the other applicants that are furthering your policies.

What's the solution to Wheatley Court, really? What's the solution? It's simply to wait. It's not at risk. It's not really going anywhere. Let's see some tangible results.

Let's get the blight out of there. Let's show average crime statistics. Let's show vastly improved schools before we put more money on the ground here. It's not like you all haven't already done your part 3,500 feet away.

So what other solutions are there for Wheatley Court? As you can imagine, they have a ton of resources:
these developers, McCormack Baron Salazar. We're familiar with them from Galveston. Right?

They've got all the resources they need to do whatever they want with Wheatley Court. They could easily do a 4 percent execution, if you remember what they did in Galveston, and there was even concern there from staff and the Board that they even needed those resources to do what they were asking.

So for Wheatley to take basically 25 percent of this set-aside, disenfranchise the housing authorities down the list that are doing your policies and furthering your policies doesn't seem to be consistent with this Board's message.

They really need to do what they advocated for basically when this policy came up. They need to demolish Wheatley Court and move it to a nicer area of San Antonio. It's not like San Antonio's land locked. There are plenty of good properties in other areas, where the schools are already good, where the crime rate's already reasonable, where there aren't gangs, where there aren't drug activities.

That's where our money needs to go. And if they were doing that, I would be advocating for them. So I'm asking you to reject their preclearance simply on the grounds that it violates your own good policy.
It's an ineligible application. We need to reward those folks down the list who are furthering your policies. We need to make sure that we're advocating for fair housing choice, which is a duty, and it's a commitment that we've made in other jurisdictions. Right?

We're not going to concentrate these deals all in one area. We're not going to subject these families to these neighborhoods and have nothing of the housing in there but the low-income and public housing.

I ask that you wait until they show way more tangible results. Staff has said in their writeup, despite what they say, that they don't see any evidence. They know there's money working, but they haven't seen any evidence yet.

And I suggest that there are better Housing Authority applications down this list who are furthering your mission, and those are the ones that we need to fund. I wanted to call your attention, just real quickly, to a letter that Laredo Housing Authority provided to you regarding their application, that may or may not be in the record; I don't know what staff's position is on it, but --

MR. OXER: You need to sum it up, Bill, because we're running a hard clock today.

MR. FISHER: There's a letter in here from the
Laredo Housing Authority chairman I think confirming much of what I said.

MR. OXER: Okay. All right. Thanks very much for that.

Any questions from the Board members? Okay.

MR. THOMAS: Very quickly.

MR. OXER: Okay, Mr. Thomas.

MR. FISHER: Yes, sir.

MR. THOMAS: Do you consider the razing of I think it was 137 homes as making progress --

MR. FISHER: In this --

MR. THOMAS: Of abandoned homes?

MR. FISHER: Not given the vast scope of --

MR. THOMAS: Okay. Do you --

MR. FISHER: It's all -- I was going to say I don't know, because I just -- it's a matter of perspective.

MR. THOMAS: How much do you think?

MR. FISHER: If there's a thousand, it's not a lot. If it's half the inventory, it's a lot.

MR. THOMAS: I've got you. Just some quick questions here.

MR. FISHER: Yes, sir.

MR. THOMAS: Then on the issue of not order of magnitude of amount of money invested, but in first
dollars in, if we've already invested and if it's clear
that the community is already invested, if not us, who,
then?

Is there an opportunity for the investment to
raise -- additional investment in this community to raise
the standard of living and the opportunities and economic
development for this community?

MR. FISHER: Well, I --

MR. THOMAS: Is it nonexistent? Is that what
you're arguing?

MR. FISHER: Well, all I can tell is what the
statistics say. They have a $21 million grant, and
they've spent 300- of it, so I'm just suggesting it's
early.

It's not that the efforts aren't there. I'm
not -- they have planning, and they have funding, and they
have good intentions. I am not undermining those at all.
But this is really against your policy, and it's too
early.

We're not seeing any tangible -- they haven't
even deployed the money yet. They've got good plans, and
they've got stuff in the pipeline, but it's not there, and
we have other choices. That's my message. I'm not --

MR. THOMAS: Tell me the specific -- because
I'm not sure I agree with you, but I'm not arguing with
you. I just need to see where you're saying it's against our policies when, as our Chairman clearly pointed out, if the applicant is able to and the supporters are able to show improvement or opportunity for advancement.

I'm trying to see where you're -- tell me the line that I need to be focusing on to --

MR. FISHER: The staff has told you the application, under your policy, as they view it, is ineligible. That's all I'm --

MR. THOMAS: The staff -- no, that's not what they said. What the staff said is that they were torn here, and they needed our direction. And then in order to get some further clarification for the Board, the Chair asked the staff to take a position here on the record so that we can figure out where to go from there, so --

MR. FISHER: And I respect your right, Board member Thomas, for -- I respect this Board, and I respect your right, and I know that you will make a good decision. But I do believe I sat there and heard the staff say that the site was ineligible. If I'm wrong, then I apologize. I understood they were saying it was ineligible.

MR. OXER: Okay. Anything else?

MR. FISHER: No, sir.

MR. OXER: All right. Thanks, Bill.
Jean, one quick question right quick. I just want to make a point of clarification here. This is simply for preclearance.

MS. LATSHA: That's correct.

MR. OXER: It has nothing to do with any other point, any other waiver, any other application. This is either in to be considered, or not.

MS. LATSHA: That's correct. It's preclearance, under undesirable area features, which -- you know what? I think it might be a good idea to just read the rule real quickly.

MR. GANN: Yes, that would be --

MS. LATSHA: Okay.

MR. OXER: Yes, okay. Let's hear that. Actually, I'll tell you what'd be an even better idea right now. We're going to take a brief break. You get your rule ready, and we'll hear it when we come back. Nobody get excited; nothing's being decided. We can't talk about this amongst the Board members outside of the public forum.

So we're going to take about a -- give us a 10-minute break. It's 11:10 a.m.; we'll be back in our chairs at 11:20 a.m.

(A brief recess was taken.)

MR. OXER: All right. Let's get back under
way. We're pretty close, on time, so -- all right. We've heard -- do you have your rule?

MS. LATSHA: I do.

MR. OXER: Let's hear the rule from Ms. Jean.

MS. LATSHA: Jean Latsha, Director of Multifamily Finance. All right.

The rule reads, "Undesirable Area Features. If the development site is located within 1,000 feet of any of the undesirable area features in subparagraphs A through H of this paragraph, the applicant must disclose the presence of such feature to the Department.

"The standard to be applied in making a determination under this paragraph is whether a confluence of undesirable area features are of a nature that would not be typical in a neighborhood that would qualify under the Opportunity Index, pursuant to 11.9(c)(4) of this title.

"The presence of such features must be disclosed at the time that the application is submitted to Department. An applicant may choose to disclose the presence of such features at the time the preapplication, if applicable, is submitted to the Department, if requesting preclearance.

"Disclosure of such features affords the applicant the opportunity to obtain preclearance of a
particular site from the Department, in accordance with 10.207 of this chapter."

I can go on. "Should Department staff withhold or deny preclearance, applicants may appeal the decision to the Board, pursuant to 10.902 of this chapter.

"Should the Board uphold staff decision, or initially withhold or deny preclearance, the resulting determination of site ineligibility and termination of the application cannot be appealed."

And the factors listed are: a history of significant or recurring flooding; significant presence of blighted structures, blighted being the visible and physical decline of a property or properties due to a combination of economic downturns, residents and businesses leaving the area, and the cost of maintaining the quality of older structures; fire hazards that could impact the fire insurance premiums of the proposed development; locally known presence of gang activity, prostitution, drug trafficking, or other significant criminal activity that rises to the level of frequent police reports; a hazardous waste site or a continuing source of localized hazard emissions, whether corrected or not; heavy industrial use; active railways, or landing strips or heliports.

MR. OXER: Okay. So they're asking for
preclearance. Let me put some context on this, just for a second.

They're asking for a preclearance, and this is June. We're about to make an award in five weeks.

These applications were in in March?

MS. LATSHA: True. That -- you know, that's just a factor of the application process itself. We didn't take these requests in any particular order.

And in addition to that, some of these reviews, especially when they involve staff going out to the sites -- even though this one was relatively close, it just took some additional time.

MR. OXER: Okay, just making sure, because that's --

MS. LATSHA: Sure.

MR. OXER: If you're working on a preclearance for a site, and you're down to the championship and you don't know if you're in the game or not. That's a question, folks. You understand that. So it's a procedural thing I'm just trying to clear up here, so -- okay.

Any other questions of Jean from anybody?

(No response.)

MR. OXER: Okay. Thanks, Jean.

All right. Is there anybody else here who
wants -- hi, John. Hold on just a second, John. Anybody else here who wants to speak? Chief, would you like to say anything else?

MR. McMANUS: Yes, sir.

MR. OXER: Okay.

MR. McMANUS: The murder that Mr. Fisher described earlier was actually not near Wheatley Courts. It was actually 3.5 miles away from Wheatley Courts, so it was not in that specific area.

MR. THOMAS: Chief, Chief, I thought I recalled Mr. Fisher having said it took place on Wheatley Boulevard.

MR. McMANUS: It was on a street named Yucca, not Wheatley Boulevard.

MR. OXER: Good. Thank you.

Any other questions?

(No response.)

MR. OXER: Okay. Is there anybody else here, who would like to speak on behalf or to make any other comments? Hold on -- hold on just --

DR. STRIBLING: Mr. Chairman, we do have other speakers we'd like to have speak --

MR. OXER: Okay.

DR. STRIBLING: -- please.

MR. OXER: All right. We'll -- I gather you're
going to be in favor, so what I'm going to have to do is I'll offer you three minutes apiece on this. Okay? Annette -- all right. Who's first?

DR. STRIBLING: Thank you, Mr. Chairman, and to the Board. My name is Dr. Morris Stribling. I am a commissioner with the San Antonio Housing Authority. I did have some prepared remarks, but I think I'm going to go at this a little bit differently, just based on what your staff has said and The gentleman who is opposed.

I am a member of Antioch Baptist Church, which is two blocks from Wheatley. I'm also Chairman of the Antioch Community Transformation Network. That's a nonprofit that's been in existence for 12 years.

Our purpose, 12 years ago, was to help to try to change some of the things that you've heard in terms of the negative responses about Wheatley and that particular area.

And so we've been working with the kids in that area. We have a sports complex where we bring the kids in after school so they can have something to do other than get in trouble.

We have tutoring programs for adults and children. We have seniors programs. So we've seen a significant change in a positive sense. Now, when Choice and Promise and the Byrne grant came into this area, that
is an unprecedented conglomeration of government entities that came into an area that would help with education, housing and also to look at this whole area of crime, through the Byrne grant.

And so for us it was a welcome sight. I mean, when you're a nonprofit in an area like that, you almost work on an island, but now we work with the City and the County.

And I think someone mentioned just yesterday we have a health component to Choice, and we have been talking to the University Health System about building a clinic, because three areas that we have to combat in that area are education, poverty, and health.

And if healthcare is denied or there's bad access to it, then those people suffer greatly. And so when they made the announcement yesterday that the University Health System was going to build a clinic, and they were putting in $4 million and that we have money through our Choice grant though what's called Critical Community Improvements, we can also aid in that regard, as far as health is concerned.

The other thing that I'd like to mention is that we do have residents here that are from the Wheatley area. And I think for them to hear that it would be better to move them to another area -- this is where they
live. This is where the people have committed their lives to for decades.

And so I think, just like in my neighborhood, I'd like to live in my neighborhood and let that neighborhood be better and not be moved to a different part of town just for financial reasons. Thank you.

MR. OXER: We appreciate your comments, Dr. Stripling. Are there any questions from the Board?

(No response.)

MR. OXER: Okay. Please make sure you've signed in, if you would.

Next speaker.

MS. RAMIREZ: Good morning, Mr. Chairman and members of the Board. I'm Lourdes Castro Ramirez, and I serve as the President and CEO of the San Antonio Housing Authority.

And I also wrote -- I had, you know, prepared remarks, but I want to have the opportunity to respond to some of the comments that were made by Mr. Fisher.

First and foremost, many of the facts that Mr. Fisher provided or statements that he provided were inaccurate. I'm not sure where he's getting his data from, but, you know, I'm very troubled by the fact that he was providing data that was not accurate.

With regard to the level of investment that is
taking place and the evidence that, you know, this community is on the upswing and is in transition, and it is going through transformation, let me provide you with a few data points.

First, owner-occupied home values have increased by 95 percent in the EastPoint census tracts. This is in the last two years. One of the key components of the Choice and the Promise effort is for us to ensure that we are keeping track of socioeconomic indicators. And as a partner to this effort, we are working closely with Trinity University, a very reputable academic institution, that has been part of this process. And so some of this data is coming both from Trinity and also from other data sources.

Second, population growth is up by 28 percent in the Choice Neighborhood footprint. This is, you know, compared to 17 percent in the city of San Antonio. So what does that say to us? People are moving into the neighborhood. We see that, both through the schools, where school enrollment is up, and we see it also most recently with the Sutton Homes development.

As mentioned, we just celebrated the grand opening of 208 units at Sutton Homes. Thirty percent of those units were market-rate units with no subsidy, no Section 8 assistance.
All 30 percent of those units have been leased.
We're at 99 percent leased. So that's, you know, a key indicator that, you know, there is demand, that families are moving in. They want to be part of this revitalization. Median household income for the area also has increased, by 46 percent, in the EastPoint Census tracts, as compared to 24 percent for the city of San Antonio overall.

The number of workers employed has also increased by 24 percent. As was mentioned by the councilwoman, this is a very comprehensive initiative that's under way, that's not just focused on the built environment and the physical transformation, but it's focused on the people, the people's transformation and ensuring that we are making sound investments in folks that -- you know, people are a part of this process.

And you know, the fact that we have the number of residents that are here today demonstrates that not only do they support what is taking place, but they have been part of this. They have been part of this transformation, and they are eager to -- to see the re-development of Wheatley Courts.

The last piece that I think is really important that I just want to, you know, highlight is that the staff
report specifically says that, It's staff's view that the undesirable site and area features may be considered in the context of appropriate mitigation, taking into account such things as current and ongoing revitalization efforts.

What we have here is a comprehensive revitalization effort that is focused on people, that is focused on housing, and that is focused on the overall neighborhood.

And so we respectfully ask that the Board approve the preclearance of this application. We think that this is a partnership that bodes well for TDHCA. There is strong neighborhood and city and federal support.

And the focus of preserving existing affordable housing and transforming this neighborhood into a neighborhood of opportunity is something that we all are looking forward to. Thank you.

MR. OXER: Okay. Thank you.

Any questions from the Board?

(No response.)

MR. OXER: Lourdes, I had a question. You're welcome to come up and be signing in, if you like, but I have a question for Lourdes.

There is at least some measure of statistical evidence gathered by -- not our agency but by agencies like this all over, and through some HUD, that it's
economic development that builds the vibrance of a
neighborhood, and housing supports that; housing doesn't
build the economic strength of the unit.

So the question is, if there is availability of
jobs, economic wherewithal and vigor, then how far is this
site from downtown San Antonio?

MS. RAMIREZ: It's less than three miles away
from downtown San Antonio.

MR. OXER: So it's a good chance that somebody
could live there and could actually take a bus to work
downtown, or there'd be investment --

MS. RAMIREZ: Exactly, exactly.

MR. OXER: Okay.

MS. RAMIREZ: Not -- and not only that, you
know, that --

MR. OXER: I gather that's --

MS. RAMIREZ: Well, and we also just --

MR. OXER: For the record, I see you guys
brought a bus up here. Right?

(General laughter.)

MS. RAMIREZ: Well, and just across, you know,
the highway, we have the military base which also is a
great sort of job creation and economic engine.

Many of the military families are also choosing
to live in the EastPoint neighborhood. The other --
MR. OXER: Tragically, that's what some of them can only afford, from our military, but that's another conversation we ought to have one afternoon over some adult beverages.

MS. RAMIREZ: I would like to do that. You know, the other thing that I think is really important to note is that -- and Councilwoman Taylor mentioned this -- is that we have a very strong economic development partner, which is San Antonio for Growth on the Eastside.

Their focus is to support small businesses and to grow small businesses. They are working on a number of different incentives, you know, to be able to do that. Of particular significance for us is we are working closely with SAGE around a facade improvement program.

And just in the last two years, 23 businesses have been supported by the facade improvement program. We are seeing businesses come into the area, and small businesses, as we all know, are also a great, you know, generator of jobs for community folks.

So, Mr. Chairman, I would agree with you. I think it's not -- you know, is it economic development, or is it housing, or is it services? What you see here is that it's all three and more, you know.

There's a concerted effort on improving the housing starts, making sure that we're providing not only
rental -- quality rental affordable housing, but there's also a very strategic infill housing policy and plan that has been developed with the City of San Antonio that is targeted on owner-occupied projects and also that is looking to renovate and rehab homes that are in the area.

From an economic development perspective, I, you know, shared with you the focus of SAGE, but also we're working closely with the Casey Foundation, with Goodwill, with the local community college on developing a workforce development strategy.

And many of our residents that have been relocated from Wheatley Courts are part of that effort. So there is a focus on workforce development, employment, and education.

And then lastly, you know, you see that the City -- that this is a very important initiative for the City. The City is all in. This is a priority for the City.

We think that what we have here is the shaping of how you turn distressed communities around into a community of opportunity. I think we will become not only the model for San Antonio, but the model for the country.

MR. OXER: Thank you.

MS. RAMIREZ: And we hope that you will be part of that.
MR. OXER: Mr. Thomas.

MR. THOMAS: And honestly, ma'am, I'm already worried about affordability. I'm so impressed with just the efforts. I'm starting to think, with all the opportunity that's being -- opportunity for advancement being driven to the area, the passion for the people that live in that community, I'm worried about, in five years, that it's going to be too pricey.

MS. RAMIREZ: Thank you for that comment. And you know, I think that one of the things that has been really constant for us is that we want to ensure that families that live in the neighborhood have an opportunity to stay in the neighborhood.

MR. THOMAS: Amen.

MS. RAMIREZ: So there is a focus on home ownership. There is a focus on ensuring that, you know, families are part of the economic stability and prosperity of this neighborhood. It's not --

MR. OXER: And if I may interrupt, Ms. Lourdes, I'm sorry to suggest this, but while it's important that they have affordability for the housing -- for housing, for individually-owned housing, one of the things we have to be concerned with, as a component of the discussion and certainly decision we have to make; we're under an obligation, under HUD, to affirmatively further fair
housing, which means we have to deconcentrate.

And what we're showing is -- what you continue to say is, it's a low income neighborhood, which we appreciate, while it's growing, if we're putting these things in there, all we're doing is concentrating -- an argument can be made that what we're doing is concentrating that low-income housing.

And if I might offer another comment, that got us in trouble recently, and we'll still sorting that out. So one of the questions we have to look at is, does this -- in the context of all of the decisions and all of the projects that we accommodate for this program, how does that fit within the context, because we've been under a judicial mandate to find locations in high opportunity areas.

High opportunity doesn't mean -- tragically, I think of this -- what you're suggesting there -- that's a very high opportunity area to get in. That's not the way high opportunity is defined at this point.

MS. RAMIREZ: Yeah. And if I may, I just want to clarify that, you know, what we are proposing, with the redevelopment of Wheatley Courts, is to created a mixed income community.

So this is -- you know, a mixed income community includes units for public housing residents, tax
credit units, and market rate units. So we're truly looking to create a community that integrates different socioeconomic groups together.

So it's not about just simply creating deeply affordable housing. It's about creating a mixed income community. In addition to that, you know, as I shared earlier, there is a strategy and a plan under way that is focused on ensuring that those vacant lots, those abandoned homes are renovated or turned into a for-sale product.

And so we're working closely with the City on what we call the Owner Rehab and Infill Housing Project. On a parallel track, we also are providing home ownership services and training to ensure that there are, you know, opportunities for families to be able to own their home and be part of that, you know, revitalization.

So it's not -- we're not concentrating affordable housing. We're creating opportunities for families to have an improved quality of life, but also we're creating opportunities for new families to want to move into the area because they see that it has good infrastructure. They see that there are good housing options. They see that the proximity to the downtown and employment sector --

MR. OXER: And Chief McManus is sending a few
people every once in a while, just to run through, yeah.

MS. RAMIREZ: Well, and also, you know, you'll hear from Mary Ellen with United Way and as our Promise partner, the transformation that's taking place in the schools is also very significant.

And we all know that, you know, when you have children, when you're looking to move to a neighborhood, you're looking to see the performance of those schools. And so, you know, that's also a key component.

So I just wanted to clarify that we're not looking at creating, you know, just an affordable community; we're looking to create a --

MR. OXER: A community.

MS. RAMIREZ: -- a community, right, that's integrated --

MR. OXER: That has affordable housing.

MS. RAMIREZ: -- that has affordable housing, that has good infrastructure, that has good schools; and that has good access to the amenities that we all have, possibly, in our own communities.

MR. OXER: Okay. Thanks for your comments.

MR. GANN: Chairman, I have a question --

MR. OXER: Yes, sir, Mr. Gann.

MR. GANN: -- or maybe two. Is there a time line on either redoing or demolishing these houses,
1 because there seems to be a lot of them.

2 MS. RAMIREZ: Well, we are -- yes. So we've
3 actually already started that process, but we have
4 eight -- we are in contract negotiations with 11
5 homeowners in the area, who have, you know, these
6 abandoned homes that they're not taking care of.
7 So the time line is over the next five years to
8 strategically go block by block, either renovating
9 existing homes or building new homes on vacant lots. So
10 that process is already under way.
11 We've identified the first four blocks that are
12 focused. In addition to that, we are purchasing about two
13 and a half blocks right along Walters Street, literally
14 two blocks away from Wheatley Courts. The goal there is,
15 you know, to convert that area into a mixed-use type of
16 environment.
17 MR. OXER: And what's your schedule for doing
18 that?
19 MS. RAMIREZ: In the next three years. MR. GANN: My other question was --
20 MS. RAMIREZ: Well, the schedule for acquiring
21 it is in the next six months. We've already begun the
22 process. We've noticed all the families. We have a
23 number of contracts already under way.
24 MR. OXER: Yeah. What I'm looking for is,
what's the schedule for when somebody can say things like,
Man, they built -- tore something down, built something
back in it's place, and acquires it.

MS. RAMIREZ: Well, Wheatley Courts, we
completed the relocation of the families three months ago.
Some of the families that lived at Wheatley Courts that
have already been relocated are still very involved in the
process.

Wheatley Courts has been fenced off. We're,
you know, hoping to have a favorable response from TDHCA
to begin the demolition of the site, to begin construction
by the end of this year.

MR. OXER: And that's on the site for this
housing --

MS. RAMIREZ: Right.

MR. OXER: -- but I'm talking about the rest of
it, where there's other opportunity -- physical evidence
that there's -- in addition to the services and the
education -- and I'm more than happy to hear Mr. Stribling
has opportunity for kids to come into a sports center,
because idle hands don't do well at 14 and 15, you know,
so the --

MR. GANN: One more question.

MR. OXER: Yes, sir.

MR. GANN: My question is, you're out three to
five years, probably. Why now? Why not next year, when
you've got more evidence that you're in compliance, and
they come back and say, You're in compliance. And then
all we have to do is vote on this. Why now, when it's
not --

MR. OXER: And it's not even a question.

MR. GANN: -- even a question. Why do it this
year instead of next year?

MS. RAMIREZ: Well, sir, let me clarify that we
are -- this is the time for us to do this. There is
significant progress already under way, as I shared
earlier, in terms of the economic numbers that I provided.

Families are eager to see the demolition of
Wheatley Courts because that will, you know, sort of be a
catalytic project that will signal, both to the business
community and to the community in general, that we are
serious.

I mean, we have been working on this for the
last two years. When I speak to, you know, how long will
it take, you know, the next three to five years are
critically important for the entire area.

For our particular site, we need to start now.

We need to start with the demolition this summer. We'd
like to begin construction by the end of the year. We'd
like to have the units in place by the end of next year,
to begin to, you know, move families in.

The infill housing and the owner rehab project, that's well under way. With regard to the two and a half blocks that are being acquired, people will see visible change there within the next six to 12 months.

We're in, you know, contract negotiations. So beyond the Wheatley Courts site, you know, there's going to be very visible change on the Walters street, because that will be, you know, part of the revitalization of the area.

MR. GANN: That's my point, is next year you could show the evidence that you're probably there and there wouldn't be the issue that Jean has right now, that she can't say that it has that development coming in. It's on the way, maybe, but it's not --

MS. RAMIREZ: Well --

MR. GANN: -- but it's not there yet.

I have one question too, Jean. Jean, how many -- if you don't mind, how many applications have we got? -- because this is just really an application section.

We haven't -- they haven't been approved. Nobody's been approved on points or anything yet, so --

MS. LATSHA: That's -- well, we have scored the vast majority of our applications. Now, we received 161.
This is competing in the at-risk set-aside.

MR. GANN: How many in that area is what I'm trying to say.

MS. LATSHA: In the San Antonio area?

MR. OXER: With at-risk set-aside, but is --

MR. GANN: Set-aside.

MS. RAMIREZ: Just one.

MS. LATSHA: In the at-risk set-aside, yes. I think this is the only one that's in the at-risk set-aside and then also competing in the San Antonio area. This would be the only one.

MR. OXER: Okay. So the question continues, if you waited a year -- you know, if you're trying to get this built by the end of next year, 18 months from now, you'll have people moving in, is what I hear you trying to say.

So the question is, amongst the Board -- and I'm not -- the question in my mind is do we think that there's going to be enough motion and evidence in this, so that when these folks move in there, they're -- you're on that upswing, hard on that upswing, you know, for an economically viable area; that if you waited till next year, it wouldn't even be a question.

And we have had occasion on other rounds on this and on other projects, where they were denied, and
they came back the next year, and I can recall at least one that came back the third or fourth time they came through.

And they finally checked all those boxes and got it done, demonstrated the evidence, and brought -- while I appreciate your data, Chief McManus, you know, it -- and it's going down; your crime issues are declining, certainly, there would be more evidence to say, Here's a lot more data to support that this is not even controversial; this satisfies a preclearance. That's what I'm looking for.

MS. RAMIREZ: Well, you know, Mr. Chairman, there is a lot of data already that supports that this community is in transition and is going through transformation.

And I think it would be helpful maybe to have a few of my other colleagues be able to provide some data to you; but I will just say that we strongly encourage, you know, the Board to consider preclearance, to allow us to be able to move this project forward now.

MR. OXER: Just for the record, we never get anybody that says, Yes, leave our project till next year.

MS. RAMIREZ: And you know, there's -- we have -- not only do we have evidence that this is a community in transition, and not only do we have data that
supports both, you know, from a crime perspective, but also, you know, from an investment perspective, you know.

The $55 million that -- of federal funding that is coming into the area from the Department of Education and through the Department of Housing and Urban Development has leveraged over $180 million more.

That's both in public funding, where the City is making public commitments to improve the streets and infrastructure and utilities, but it's also in private investment that we're seeing in the area.

There's significant, you know, private investment that is coming in. So you know, now is the time. We think we have all of the -- not only do we have the neighborhood support; we have the business support.

This community is ready, and we would strongly encourage you to allow us to --

MR. OXER: So tell me this. Tell me, by the time -- under the schedule you just suggested, and this gets cleared off, they can build the site, and you have people moving in --

MS. RAMIREZ: We break ground this year.

MR. OXER: You break ground this year, so it's built by December of next year. January of 2016, people are moving in. Okay?

MS. RAMIREZ: Exactly.
MR. OXER: Now, are they going to have --

MS. RAMIREZ: And I --

MR. OXER: Are they going to have new roads and infrastructure that are going to be rebuilt by then?

MS. RAMIREZ: Yes, yes. We've identified -- we've worked closely with the City. All of the streets have been identified. They're already being --

MR. OXER: Identification is not the issue. It's execution.

MS. RAMIREZ: Yes. The design is already under way. The funding has been --

MR. OXER: Councilwoman Taylor's still here?

MS. RAMIREZ: Yes.

MS. TAYLOR: Yes, I'm here. Thank you. Yes. The answer is yes. We've been working through our city budget process to allocate the funding that's necessary. We have made a commitment.

MR. OXER: I'm sorry; I have to do this. You have to say who you are again.

MS. TAYLOR: Oh, my name is Ivy Taylor, District 2 Councilwoman for San Antonio. We have committed -- the City of San Antonio has committed to $19.6 million over a number of years.

MR. OXER: And that number -- that wasn't the issue, the number of years, three to five. I'm talking
about by December of next year.

MS. TAYLOR: Yes, yes. We are working in conjunction with SAHA and MBS so that the work that we do on infrastructure and also working with our utilities is in line with their time line. So yes, we're --

MR. OXER: So you're telling me the streets -- the streets and utility department are -- the City sewer department has this -- this is a top priority in the city.

MS. TAYLOR: Yes, it is.

MR. OXER: Okay.

MS. TAYLOR: We have allocated staff. Mike Etienne is here. He's the City Manager's representative. He is full time working on this project.

MR. OXER: I believe you. I trust you. I just want to hear an answer so she can put it on the record and make -- okay. All right, then thank you, Ms. Taylor.

MS. TAYLOR: Thank you.

MR. OXER: I'm going to ask for our next speaker.

MS. RAMIREZ: I'm going to -- let me go ahead and sign. Thank you very much for the time. I'm going to, also, for the record, share the list of private investments that are taking place in the area, and I'll pass this around. Thank you.

MR. OXER: I don't think -- we can't --
MS. DEANE: No, we can't take --

MR. OXER: We can't pass those. We can't --
you can't do that. You can't do that. [indiscernible] later on.

MR. BERNARDY: Actually, the same information was in your packet.

MR. OXER: Right. I think it's in here already, so --

MR. BERNARDY: Good morning. My name is Louis Bernardy. I'm a vice-president with McCormack Baron Salazar, in charge of our development activity in the state of Texas.

Thank you for the opportunity to be here today.

I wanted to just speak on a couple of points that you asked the councilwoman about, real quickly. With respect to the planned infrastructure and the remediation, demolition, and grading that needs to take place on the site, we are ready to go at this moment.

We have selected a contractor; made that recommendation to the Housing Authority. We will be overseeing that work. With respect to the public improvements, we'll be overseeing that work as well, in conjunction with the city, the city's water department, and the CPS, the energy department of the city.

All have made significant commitments to --
dollar commitments to the effort to redo the streetscape, the undergrounding of utilities, street improvements, sidewalks; you name it -- lighting.

We have a budget. We have for months worked on that budget. We have detailed that budget. We are ready to go once we begin the housing construction, which as Lourdes said, if we're able to get the credits, we can close by the end of the year and initiate construction on the site.

MR. OXER: Sounds like you folks that came up in a bus are going to need a Jeep to get around this place with all the construction going on.

MR. BERNARDY: But that's a good thing because what that means also is opportunity, and one of the things that I wanted to say today is that our firm, as you may know, is one of the leading developers -- for-profit developers in economically-integrated communities across the country.

Our previous experience with Hope VI, which is a predecessor to Choice Neighborhoods -- we have developed the same types of -- we have redeveloped the same kinds of projects in neighborhoods across the country.

We've completed over 30 phases of Hope VI, the predecessor to Choice, and we have been successful in the cities that we've worked in, and we want to be successful
in San Antonio, in addition to the other Choice neighborhood initiatives that we're working on across the country.

Our process incorporates integrating mixed-income development with schools, jobs, construction, opportunities for minority-owned business, women's business companies, neighborhood amenities, and social services.

This approach has not only transformed distressed public housing projects, but it's helped revitalized neighborhoods and really did and really does attract new investment in communities where the market previously was absent.

The same transformation will occur at Wheatley -- developing the Wheatley development. It will serve as a catalyst for additional mixed-income residential development, and it will attract increased economic development activity.

We've provided extensive information. This is a copy of the binder that you all have seen. We compiled much of what you've heard today in terms of the investment and the partnerships that are in place to execute, on all levels, the revitalization plan that we've explained.

Now we need TDHCA to join our team and to be a partner with us. We appreciate -- irrespective of some of
the comments that were made today by staff, we appreciate staff's positive recommendation in its own staff report, their recognition of the substantial rehabilitation, revitalization that is under way at Wheatley and in the EastPoint neighborhood.

We want to underscore the appropriateness of this investment, given that there are well conceived strategies in place to address the undesirable features that were noted in the staff report.

And it is clear that they are working. The scale of the neighborhood investment is exceptional. It is very substantial, and it is well coordinated. So again, want to ask that you approve the preclearance, as requested.

We welcome TDHCA as a new partner to this effort. You are not the first set of resources, by any means, going into the EastPoint and to the Wheatley Courts area. We want you to be our partner, and we welcome your approval of the preclearance. Thank you.

MR. OXER: Thanks, Mr. Bernardy. Any questions from the Board?

MR. THOMAS: Yes, sir.

MR. OXER: Mr. Thomas.

MR. THOMAS: What percentage of the new units would be market rate?
MR. BERNARDY: Thirty percent of the units would be market-rate units. Our approach typically is --

MR. OXER: And that's out of 423. Is that correct?

MR. BERNARDY: Correct. We will have one-for-one replacement under the Choice Neighborhood grant. The one-for-one replacement occurs over multiple phases. So as we develop each phase, families from Wheatley that wish to come back will come back and will essentially be leasing units side by side with tax credit families and also market rate families, and that will occur in each of the phases.

MR. THOMAS: Do you have -- they can't be entered in the record; I've read everything here, but do you have any pictures of what the new development's going to look like?

MR. BERNARDY: We do. We have our conceptual design. I don't have it with me, but we do have that information that we can certainly provide. We have submitted, in our packet, our tax credit application, our conceptual design. So all of that has been submitted.

MR. THOMAS: My point is -- I'm sorry, not to interrupt you, but to keep -- make sure I'm moving forward.

MR. BERNARDY: Yes.
MR. THOMAS: That has been shared with the community. Your community is aware what --

MR. BERNARDY: Absolutely.

MR. THOMAS: -- that looks like, and you've gotten positive feedback?

MR. BERNARDY: Absolutely. They've been part of the process. We recently had community meetings to --

MR. OXER: Apparently you have a bus full of community.

MR. BERNARDY: We are beyond that, and we have great acceptance among the community about the design and the multiple designs that will be on the site. So we're very happy with the feedback and their participation.

MR. THOMAS: Further clarification: So all the shirts that I see that say Wheatley, are those all residents who've come to show support for here? Is -- everybody's that come from Wheatley, raise your hand.

MR. OXER: Raise your hands up, folks. Everybody's that's in favor of all this.

(A show of hands.)

MR. OXER: No wonder you needed a bus.

Jeepers!

MR. THOMAS: Okay, thank you.

MR. OXER: Anything else, Mr. Thomas?

MR. THOMAS: No, sir, thank you.
MR. OXER: Okay. All right. Are there others -- you have -- Lourdes, you've got somebody else?

MS. RAMIREZ: Yes.

MR. OXER: Please. And I'll assume it's going to be -- you're going to be in favor, so we're going to --

MS. ROBERSON: Yes.

MR. OXER: I have to limit it to three minutes.

MS. ROBERSON: Hello and good morning. My names is LaShawn Roberson, and I'm a resident. I'm representing a group of fellow residents here today to show support of the Wheatley redevelopment.

First, I would like to thank y'all for hearing me. And I want to say, there were 200 families relocated from the property, with a majority of those residents wanting to return to the revitalized community.

Wheatley was and still is our home, and I think we deserve the opportunity to go back. As a result of the Eastside Choice Neighborhood grant and the Eastside Promise Neighborhood grant, we, the residents of Wheatley, have access to a broad array of well coordinated supportive services.

These services will be critical, important to assisting residents to prepare themselves and their families for the return to the Wheatley neighborhood. In addition, these resources have been provided through the
Byrne grant, have resulted in many great improvements in the Wheatley Courts neighborhood and the surrounding community.

In the areas such as education, health, job training, safety and security, I and my fellow residents are actively engaged in the process of the revitalization of our community, and we have started to see significant improvements throughout.

I continue to look forward to continued progress in my community, so in closing, I would like to say once again, we, the residents of Wheatley Courts, wish to convey our strong support of the Wheatley Courts tax credit application.

I hope the Board joins me in that support and joins the partners who are actively working together so that we may return to the neighborhood with new housing and revitalized community.

I greatly appreciate the time and the Board's time for allowing me to speak on this matter, and to answer your question, I rode the bus every day to work and still do. Thank you so much.

MR. OXER: There you go. I rode the bus a long time. Okay.

Any questions from the Board?

(No response.)
MR. OXER: I have a question. Chief McManus mentioned the community policing. Tell me how you and your residents are involved in the community policing effort.

MS. ROBERSON: Well, we're not really involved in the policing --

MR. OXER: I don't carry a badge myself, either.

MS. ROBERSON: Oh, yes.

MR. OXER: Okay?

MS. ROBERSON: But I see how it's changed. Like, I used to --

MR. OXER: That's -- and I appreciate that you do, and I'm asking a specific question, okay?

MS. ROBERSON: Uh-huh.

MR. OXER: Chief, do you want to come up and give her a hand?

MR. McMANUS: Sure.

MR. OXER: Okay. Now, you're talking about the community policing. I think I understand what you're talking about.

MR. McMANUS: Sure. Okay? And I want to know how many of them out there, that showed up -- what are they doing that adds to your community policing?

MR. McMANUS: We engage residents in the
various neighborhoods, wherever community policing initiatives take place. And what the resident do -- and it could be an HOA; it could be a neighborhood group; whatever it may be -- but they work with police, what we call our Safe Officers.

Safe Officers address chronic neighborhood issues that deal with either crime or quality of life. And what we do together, as a team, is, we identify the problems. There could be five problems; there could be 10 problems.

There could be people hanging on the corner. It could be overgrown yards. It could be whatever. Together we identify those problems. We prioritize them, in order of importance to the neighborhood, and then once we do that, we pull together every city department that can touch the problem.

And once we do that, then we establish a time line. We provide a feedback mechanism to the communities that are involved in this. Some neighborhoods don't want to do it. Some neighborhoods start it off and they drop out real quickly. It's just kind of a quick flash in the pan, and we're left on our own to do it.

But we've done it successfully on the Eastside in a much larger area, starting back in 2012. And some of these folks here may not have been involved in the actual
planning of it or the actual prioritization, but we've
done it on the Eastside.

We've done it on the Southside. We've done it
all over the city, with a lot of success. So that's how
it works.

MR. OXER: And while I don't mean this to sound
quite as cold as it's going to, okay, it's one thing to
ride up here on a bus and wear a T-shirt to a meeting;
it's another thing to be involved every week, every
weekend, every day with your school and your community,
making an effort to make your community better, and
assisting him, so that's what I was looking for.

You know, the effort -- what is the community
putting in the effort in policing -- the community
policing, or do you expect him to do it by himself?

MS. ROBERSON: No, we're going to -- I mean --

MR. OXER: We're going to, or you are?

MS. ROBERSON: I am.

MR. OXER: You're not being cross-examined.

MS. ROBERSON: I mean, if I see something --

MR. OXER: He's the -- he's the attorney, over
there.

MS. ROBERSON: -- I'm going to report it. If I
see something, I'm going to report it, of course.

MR. OXER: Well, and I understand that, but
what I was looking for is, what is the active effort on behalf of the community, not to report things, but to prevent them from occurring in the first place?

You understand what I mean, Chief?

MR. McMANUS: Yes, sir, I do. And we will guide the folks along to help us in the effort.

MR. OXER: I know, and I suspect you will. And -- okay, and I appreciate your comments. Is there any more --

Members of the Board have another question?

(No response.)

MR. OXER: Okay. Thanks for your testimony.

MS. ROBERSON: Thank you for your time.

MR. OXER: Certainly. Lourdes, I have one more question -- actually, we have one more speaker with something else to say, specifically?

MS. BURNS: Yes.

MR. OXER: Okay.

MS. BURNS: Thank you. Mary Ellen Burns, United Way. We're the organization who was awarded the Promise Neighborhood grant on behalf of the Eastside. A few things: I would like to respond to the question, why now?

Before I do, I want to talk about great schools. First of all, $23.7 million in federal funds has
to be matched dollar for dollar, so United Way took that responsibility on.

We'll bring in the dollars -- we are bringing local public and private dollars to match every dollar coming down. Already -- we just finished our second year, so we have a momentum that is significant.

There is already increased attendance, decreased mobility, decreased chronic absenteeism. STAAR data is preliminary, but these are -- these used to be the schools that were the weakest in the district. That's why we chose them. No longer.

The preliminary data in 12 out of 24 measures, these six schools exceeded district average in two years, and we had already just started the STEM career plan. I just returned yesterday or -- actually early this morning, from the national conference, and the only school turn-around model that was profiled was the San Antonio model on Eastside. So there's significant progress being made.

On the question of why now, this is not a collection of efforts walking side by side. We are interwoven, we are interdependent, and there is momentum.

The Annie E. Casey Foundation came to us as a collaborative and said, What's missing? You've got significant traction. There's transformation going on. What piece is missing?
So they helped us build -- well, Department of Ed built a cradle-to-career pipeline. Annie E. Casey said, What are you doing for the parents? We said, Not enough. So they're helping us build -- we are building -- not helping us; it's in play -- an education-and-career pipeline for the parents.

We have already significant traction, so much so that last Thursday, the Secretary of Education, Arne Duncan, came down to take a look. The other reason he came down was because the other end of the pipeline, the most critical end of the pipeline actually, the early childhood side -- lot of work going on there.

Already we have these population level metrics that are saying kids are showing up healthier to kindergarten, more ready for kindergarten. This used to be a community that you -- one would -- that 30 percent to 40 percent of the community population would pass through. No longer.

They're staying. The kids are healthier. They're more ready to learn. There's a cradle-to-career pipeline. We've got early college high school. We've got a community school.

So you look -- you talk about optics. You can look at the community and then you look underneath the hood, and change is under way. If we stop at any point I
fear it's going to affect the whole interplay of these collective efforts.

Living Cities, which is the collaboration of the world's 22 largest foundations, has selected us to take a look at a further, a more deeper economic development plan; the world, not the nation -- the world's 22 largest foundations.

They would not do that had we not had all this in play, and they want to take us to the next step, and they want to make us sustainable. Thank you.

MR. OXER: All right. Thank you, Ms. Burns. I appreciate your comments.

(No response.)

MR. OXER: Any questions from the Board? Okay. We're -- I have one more question, or one -- couple of metric questions here. Okay?

Wheatley Courts -- and you'll answer, just say who you are. Go ahead and say who you are, where you -- and I'll ask a couple of questions.

MS. RAMIREZ: Yes. Lourdes Castro Ramirez, with the San Antonio Housing Authority.

MR. OXER: Okay. Now, you just -- the Housing Authority and the City had -- Wheatley Courts was populated before this project started.

MS. RAMIREZ: Exactly. Yes, 246 units.
MR. OXER: 246 units, and of those, there were 200 families that were there, more or less, something like that?

MS. RAMIREZ: Just over 200 families.

MR. OXER: Okay. And you spent some time and effort and expense to move those people into another location?

MS. RAMIREZ: Right. Well, we -- exactly. So there was a relocation plan that was developed with the community, and the relocation process was completed in March of this year.

MR. OXER: And does that period -- how long did that take, and what did you spend on it?

MS. RAMIREZ: So two phases. So first, I should mention that there was a planning process to develop the concept and the transformation plan for Wheatley Courts and for the EastPoint Choice Neighborhood community.

That took about 12 to 18 months of planning, both with the community and the City. In terms of the actual relocation, the process took, you know, between four to five months.

We started with, of course, the noticing, meeting with families, assisting -- working closely with the school district to minimize the impact to children.
that were in the school.

MR. OXER: And who bore the expense of those
relocations?

MS. RAMIREZ: We did.

MR. OXER: To what level? How much?

MS. RAMIREZ: So the Choice grant is about a
$30 million grant. We have spent about $2 million thus
far in case management services, relocation expenses, and
some of the predevelopment that's already beginning to
take place.

So those expenses are coming directly from the
Choice grant. And actually, you know, to that point, Mr.
Chairman, I was going to mention to you that -- you asked
the question, Can we wait? Can we wait another year. Why
now?

MR. OXER: I think it was Mr. Gann, but I'll
take credit for it. Okay.

MS. RAMIREZ: Oh, yes, I'm sorry. Yes, Mr.
Gann did. And, you know, my response was, you know, that
we can't wait, but I want to sort of just qualify that
also by saying that the Choice Neighborhood Initiative is
a five-year grant.

It's an implementation grant. We are in year
two. The redevelopment of Wheatley Courts will take place
over three phases. This is the first phase. As Lou
mentioned, from McCormack Baron Salazar, we are ready to
begin the demolition process and ready to begin the
construction of the site this year.

And so being able to get this project -- to get
the tax credit this year and get this project under way
will enable us to continue our strong track record of
delivering this grant on time.

And specifically the cost for the relocation
itself was $600,000.

MR. OXER: Okay. All right. Thanks, Lourdes.

Any other questions?

(No response.)

MR. OXER: Johnny, do you have a comment to
make?

MR. SHACKELFORD: I've waited a long time.

MR. OXER: Well, I know. Do you want to play?

I thought you were taking a nap. I didn't know we were
boring you.

MR. SHACKELFORD: I'll be brief. John
Shackelford, with Shackelford, Melton, McKinley, and
Norton. I am asking that this Board deny the
prec clearance.

And I appreciate these people's efforts. I'm
sure it's a wonderful project, and they've made a
compelling case before you. All their speakers have been
terrific, and I appreciate and respect all the work
they've done.

So the two things I was going to focus on, Mr.
Chairman Oxer, you've said one of them, and Mr. Gann, you,
the other. First, to you, with respect to this Board --
as you know, I've been coming here for a long time -- and
how this Board and staff did things in the past and what
you've achieved and what Mr. Irvine and Ms. Deane have
done with staff and the Board, of turning things around
and making --

MR. OXER: They all achieved it. I just got to
take credit for it. Okay?

MR. SHACKELFORD: That's wonderful, but people
can know that when they come before the Board, the rules
get enforced equally amongst everybody. And you've made
that comment several times on several occasions at past
Board meetings.

And what I would say is, this is one of those
situations where it's a tough call for you. I get that.
But there are those factors. The QAP has been changed.
The rule's been changed where you do have these confluence
of factors that I believe do make this a site that's
undesireable.

It doesn't qualify in a high opportunity area
that the rule provides. It's -- Mr. Gann, to your
question, this is in the at-risk category. There're 9 million dollars allocated to the at-risk category this year.

This award is a request for 2 million. So essentially just over one-fifth of the entire at-risk budget would go to this project. That would deny a couple of other projects that, again, they, too, are in the at-risk category.

So it's one of those things where there's not enough money, ever, to go around, to do all that we want to do for everybody. So I look at it, sort of, Mr. Gann, like you. The timing of it, you know -- they've got tons of commitments.

I heard a lot of good people here saying what's going to happen, what will be coming, the commitments; but when I look at the materials that they provided in the Board book, of all the commitments they have from HUD, DOE, the Byrne grant -- but when you look at the column of the money expended, it sort of glaringly shows not much as been expended yet, and so there's a lot to be done.

Here's a lot, it sounds like, will be done. But for this Board, I would say there's a lot of promises and a lot of great intentions but for you the decision should be -- you know, we've got limited resources; we have a fiduciary duty to this state and the citizens; what
can we do to help other projects that qualify within our rules and our guidelines that we're trying to encourage developers to follow, which by changing the QAP on this point-scoring system, you're trying to encourage people to put developments in better neighborhoods.

And also because of ICP, you're also trying to get away from concentration of affordable units. So I know it's a tough call for you, and I would just ask that you give consideration, aside from the emotional issues that surround this project that -- you know, please follow the policies that you guys have long and hard implemented the last several years.

MR. OXER: Good. Thank you, John.

MR. SHACKELFORD: Thank you.

MR. OXER: Any questions from any of the members?

(No response.)

MR. OXER: Okay. Your points are well made.

Dr. Muñoz?

DR. MUÑOZ: Just a point of order, Mr. Chair. I'd like to -- I think we've heard substantial testimony.

I'd like to call the question.

MR. OXER: Okay. One more quick question. And then I have to presume -- you know, there's a motion on the floor right now. We'll review that in a second.
But, Lou, this is -- while this is an important opportunity for this project, this is not the only source of funding available for this project, would not be an only -- there are other sources of funding. I'm looking at another -- other sources of funding.

MR. BERNARDY: The 9 percent allocation is a key and crucial part of funding for the first phase. There's no doubt about it.

MR. OXER: Let's make this 30 seconds. Make this short, because I know everybody's getting to the point they need to go up or down on this.

MR. BERNARDY: It's crucial to the success of the first phase, no question about it. It's crucial to the ability to utilize the City funds that have been committed and are ready to be spent right now, if we're able to get started and get an allocation.

There is no question that the City funds are available to be used for the public improvements that have been described, and they're extensive, and as I said, we're ready to go.

Lourdes talked about the back-end date for the deliverables under the HUD grant. Those are tight schedules. Those are tight -- very difficult to move. We've got to deliver on these units, 417 -- 423, whatever the number may be -- new units within that time frame.
And we have to get started the first of the year with this allocation. And we're going to be ready to close if we get an award this year, in July and August.

MR. OXER: I hasten to point out that what -- so that it's clear, on the record, and amongst the Board -- that we're not saying that -- we're not offering a waiver.

It only -- what we're just saying is that you get in the tournament. You get in the game on this one. Okay? You get to compete on this particular site. But given --

MR. BERNARDY: Understood.

MR. OXER: -- that it's on the at-risk set-aside, which has a limited number of applications in it, there's -- that has certain implications in terms of the competitiveness of the project, in and of itself.

MR. BERNARDY: We believe that we're very competitive, given where the scoring is now. We know we're still going through underwriting, but we believe that we're going to remain very competitive in the at-risk set-aside.

MR. OXER: Good. Okay.

MR. BERNARDY: Thank you.

MR. OXER: Thanks very much. All right.

MR. THOMAS: Mr. Chairman?
MR. OXER: Mr. Thomas -- we have an active request on -- let me review this. Do we have a -- let's see what we do have.

MR. THOMAS: I'd like to complicate it, because I'm going to withdraw my second.

MR. OXER: Okay. I was -- we have a motion on the floor by Mr. Gann; second by Mr. Thomas; there's been a request by El Doctor to call the question with the -- you have to drop that for him to drop his second.

MR. THOMAS: No, I can withdraw my second, so I'd like to withdraw.

MR. OXER: So do we have a call? But he's called the question. That's my discretion, okay. So you dropped the -- you withdraw your second on the motion, which was to approve staff recommendation to deny the preclearance. Is that correctly stated?

MR. THOMAS: Correctly stated.

MR. OXER: Okay. All right. Given that there is no second to Mr. Gann's motion, Mr. Gann, do you have an interest in retracting your motion?

MR. GANN: No.

MR. OXER: Okay. There's a motion by Mr. Gann to approve staff recommendation to deny the preclearance. Is there a second?

(No response.)
MR. OXER: Apparently not. Okay.

DR. MUÑOZ: I'd like to make a motion.

MR. OXER: Motion -- hold on a second. Motion dies for lack of second.

Dr. Muñoz.

MR. OXER: Apparently not. Okay.

DR. MUÑOZ: I'd like to make a motion that we approve the preclearance.

MR. OXER: Which is to deny -- to oppose the staff recommendation to deny preclearance.

DR. MUÑOZ: I'm not -- no. I suppose. I don't recall the recommendation of the staff. I recall a flat line, neither --

MR. OXER: They did. They came up and told us it was a denial.

DR. MUÑOZ: All right. Well, then -- and -- okay.

MR. OXER: Okay. Motion by Dr. Muñoz to deny staff recommendation to approve -- or to deny the preclearance, which would in effect confer the preclearance.

MS. BINGHAM ESCAREÑO: I'll second.

DR. MUÑOZ: Well done.

MR. OXER: It's like a double negative.

MR. IRVINE: I was -- thank you for seconding, Leslie. I was looking at Jean to making sure we got it
right before I could say -- you understood it, so okay, we're there.

MR. OXER: Leslie and I've been working together a long time, so she probably --

MR. IRVINE: I guess she knew what you were saying.

MR. OXER: Okay. So there's a motion by Dr. Muñoz, seconded by Ms. Bingham, to deny the staff recommendation which is to deny the preclearance, which would have the effect of providing the preclearance, which is not an offer point; it simply allows the application to continue.

Did you have a comment, Mr. Irvine?

MR. IRVINE: I request to clarify the rationale for that is essentially that the testimony provided --

DR. MUÑOZ: No. I can provide my explanation.

MR. IRVINE: Okay, perfect.

MR. OXER: It's even better to let him say what he thought.

DR. MUÑOZ: I take very carefully to mind counsel's direction, and it was that there be sufficient evidence to overcome the deficiencies presented by these undesirable features and to take a holistic view.

I can't help but have appreciated the commentary, and to my mind, I am utterly satisfied that
there is remarkable investment being made to completely
transition this community into one that in a short period
of time represents a high opportunity neighborhood.

This is precisely what we try to do, to create
and advance housing of the high quality that remains
accessible for working people. And I tell you, I -- some
of the -- I appreciate the procedural sort of points made
by some in opposition, but I also took a little bit of
exception to some of the language used, in terms of
ghetto-ization.

You know, as someone that grew up in one of
those barrios, I couldn't help but recognize some of these
homes as similar to the ones around where I grew up and
many in this room grew up, and with fine people of great
character and ambition and vision.

And this is exactly what I think we should be
supporting. So put that down in the record.

MR. OXER: Okay. Thank you. I think it just
went in the record, for the record.

And just for purposes of the Chairman's
comment, I don't want to have HUD calling us and abusing
us because we're concentrating low-income housing. Okay?

VOICE: That's going to happen.

MR. OXER: You know, they're the ones that put
the money there to start with, so we're supporting what
they're doing. In the event that this passes, I just want to make sure that's on the record, too. All right.

Motion by Dr. Muñoz to -- we'll skip to the detail -- to offer the preclearance, or to confirm the preclearance; second by Ms. Bingham. All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

MR. GANN: No.

MR. OXER: There is one. It's Mr. Gann. Motion passes, four to one. I can hear some stomachs rolling. It's -- all right, hold on. I've got to -- can everybody sit still and be quiet?

Here's what we're going to do. We have a long session this afternoon. We're going to go into Executive session, and it's going to be relatively short. I'm not going to give you a fixed time. If you want to speak on the first item coming up, you better stick around and stay close, because I don't expect it to be very long.

I have to say this, and it has to go on the record, so listen: The Governing Board of the Texas Department of Housing and Community Affairs will go into closed session at this time, pursuant to the Texas Open Meetings Act, to discuss pending litigation with its attorney under Section 551.071 of the Act to receive legal advice from its attorney, under Section 551.071 of the
Act; to discuss certain personnel matters under Section 551.074 of the Act; to discuss certain real estate matters under Section 551.072 of the Act; and to discuss issues related to fraud, waste, or abuse, under Section 2306.039(c) of the Texas Government Code.

The closed session will be held in the anteroom immediately behind us. The date is June 26, 2014, and the time is 12:29 p.m. We'll be back as soon as we can, because we're going to make this short and get back to a fairly long afternoon that I expect. We'll be back in a little bit.

(Whereupon, at 12:29 p.m., the Board met in executive session.)

(Whereupon, at 1:18 p.m., the Board reconvened in open session.)

MR. OXER: Okay. The Board is now reconvened in open session at 1:18. We heard advice from our legal counsel and made no decisions, so we have no open items to consider after that. So we will jump right into Item 5, I believe. So Jean.

MS. LATSHA: That is correct, sir.

MR. OXER: All right. Saddle up.

MS. LATSHA: Jean Latsha, Director of Multifamily Finance. So Item 5 is appeals of Housing Tax Credit, 9 percent Competitive Housing Tax Credit.
MR. OXER: Based on what we decided earlier, when we started all of this, before we went to Wheatley, we were going to do the terminations first.

MS. LATSHA: If you like. We can do it that way.

MR. OXER: Or put these together, because --

MS. LATSHA: That is totally fine. Yes.

MR. OXER: Let's do that.

MS. LATSHA: All right. So in that case, first we will go over 14083 and -084. Those are taken together. Selinsky Street Supportive Housing and Palm Parque. Then 14097, Residences at Rodd Field. After that, 14114, Waters at Granbury, then 14063, Hudson Providence.

MR. OXER: And for the record, this is for everybody out here who is listening, we are going to take these in this order. So you will know what is coming up next. And we will announce each one of them as they come.

MS. LATSHA: Right. So those first three are --

MR. OXER: They will be taken up one at a time.

MS. LATSHA: Yes, sir.

MR. OXER: Right.

MS. LATSHA: Those first three were terminations that are being appealed.
MR. OXER: Okay.

MS. LATSHA: They we start with the appeals of the scoring items.

MR. OXER: Okay.

MS. LATSHA: That would be 14063, Hudson Providence, 14209, Riverside Village, and 14215, Village at Harvest Time.

MR. OXER: Okay.

MS. LATSHA: So just really really quickly, to kind of go over how we got here, I think most of us know this. We receive about 300 preapplications each year. This year, we received 161 full applications.

Of those, 95 to 100 received a full review, which consists of staff member viewing at least 400 pages of documentation, issuing deficiencies, and reviewing the responses to those. I kind of point that out just because this process, Cameron always like to describe it as an assembly Ford line, or a Ford assembly line.

Sorry. Yes, I can't be Cameron. It is never going to happen.

MR. OXER: We like you just the way you are.

MS. LATSHA: Thank you. So but my point is this, you know, it feels a bit bureaucratic. And it feels like we are being a little bit nitpicky on some of these rules. And I think we might see a couple of these up here
that certainly sound that way at first.

And so I just want to kind of touch on how that process works. And when we are sifting through these applications and we issue administrative deficiencies and that process is a tool for staff to use, we say, hey. It looks like something is wrong in your application, Applicant. Can you clarify that for me?

And then the appeals process is really their way of being able to point out to us, hey, you know, I think you took this set of circumstances, and you didn't apply the rule correctly.

And I think we are going to find here too, that in order to get where the applicant wants, it is not necessarily the granting of an appeal, but it is really a waiver of a rule that they are requesting. And so I will try to point out as we go through these, when that is the case.

So that being said, we can jump right in to 14083 and 14084. That is Selinsky Street Supportive housing and Palm Parque. The reason is --

MR. OXER: Why are they being considered together?

MS. LATSHA: They are considered together, it is essentially the same applicant, the same organizational structure. Two applications that have exactly the same
circumstance, which is why they were both terminated.

MR. OXER: Okay.

MS. LATSHA: So in this case, applicants are required to submit a market analysis summary with the application submission -- that's on February 28 -- and then a full market analysis on April 1.

Not only our rules, but also state statute and federal requirements, Section 42, require that these market studies be prepared by a market analyst approved by the Department. That language is used in Section 42 and 2306, and then in our rules, too. That that analyst has to be approved by the Department.

This application was submitted with the summary prepared by Mr. Jack Poe, who, as of February of 2013, was not an approved analyst. He had been approved prior to that date, but as of February of 2013, last year, he was not approved.

So staff received this application on February 28th with the summary. On March 19th, we terminated that application because the rule really applies to the summary as much as it does to the full market analysis that is due on April 1. So March 19, we terminate that application.

The applicant then did submit a full market analysis on April 1, but it was also prepared by Mr. Poe, who still at that time was not an approved market analyst.
Just as a little history, Mr. Poe was on the list. And as of February 16, 2012, the next list that was published was March 27 of 2013, and Jack Poe was not on that list. Another list was published on February 1st of 2014. And he was not on that list of approved analysts, either.

DR. MUÑOZ: Who would that be? The last date?

MS. LATSHA: The last one was February 1st of ‘14. But prior to that, March 27th of ‘13, Mr. Poe was not an approved analyst.

So while Mr. Poe was preparing and submitting this market analysis to the Department, he was not approved. Because this is not only a requirement of the rule, but also a federal and state requirement, staff does not really believe that there is a mechanism to grant this waiver.

And this would be a waiver of this rule that the applicant needs in order for the market analysis and therefore the application to be eligible for an award. So staff recommends denial of the appeal. Unless you have any questions for me, I think we have some public comment.

MR. OXER: Are there any questions of Jean?

All right. Do we have a motion to consider first.

DR. MUÑOZ: Move staff recommendation.
MR. OXER: Okay. Motion by Dr. Muñoz to approve staff recommendation.

MR. THOMAS: Second.

MR. OXER: Second by Mr. Thomas. Is there a comment? Public comment.

MR. SIMS: Yes. Rick Sims. I submitted the application. And my opinion, I believe that staff put the cart before the horse.

I have been doing this ten years. I have -- did nothing but submit special-need housing for ten years. I have more terminations of special-need housing of any one person in this state.

And then there is a moral issue I deal with, because I am in that protected class. And I have said that over and over again. So I look at it. Do I just overlook myself, or do I try to help myself, and try to help others.

And I have dealt with these issues of terminations, 2005. This issue came up with a third-party report. Look at the minutes. Jennifer said, I issued Rick a deficiency notice; he addressed the deficiency notice, number one application in the region. But I submitted a third-party report after the fact. But it was not for that issue. But then when it came to the Board, the Board said, Well, Rick, had you gave us that
information -- it was a identify-of-interest issue.

Had you gave us the facts, that you addressed the deficiency, but we got an appraisal, a third-party report. But you did not address the issue of showing us proof that the price of the land -- that the original purchase price of the land was greater than what they sold it for -- okay -- where they bought it high and sold it low.

And I argued, the rule doesn't require the third-party part, why are you applying it? Why are you applying that rule? Well, the Board went and said, well, confusion. You should have added it when we asked for it. And we can't add information now at the Board.

So I can say, give me a reasonable accommodation. They say nothing. So finally, ten years later, asking about reasonable accommodations, you adopt a reasonable accommodation, Texas Administrative Code 1.1, reasonable accommodation.

Here is a person in a protected class that has a disability, history of a disability, or assumed to have a disability, can ask for a reasonable accommodation, a modification or exclusion for the rule. February 18, I saw some challenges that was beyond the normal realm of this application process. Because of -- now, the new -- I didn't have a program.
Because of the wording of the QAP -- and we had discussed this the last time, 2011, that it is easier for me, when I file on staff, staff every time they do their QAP, when there is something that is changed, they highlight it. They don't use a blue or a red. And I follow it.

Because I told them, I do have attention deficit disorder, because I am going to -- I have to be perfect when other people have imperfections. Because they didn't get a deficiency. But you are saying, hey, Rick. I can find a word you can't see.

And I have told people. They say, you are not paying attention. Just because you say I saw it, that don't mean I saw it at the moment until you brought it to my attention. So you exploited it.

But anyway, let me get back to my thought.

Well, during the process, this is what happened that was different. Before you put out the QAP, what was coming up --

MR. OXER: Rick, I'm glad to give you another two minutes. Okay.

MR. SIMS: Well, anyway, I requested a reasonable accommodation to the rule. And I would just ask the staff, which we have done before, just extend the process.
MR. OXER: And that accommodation was what?

MR. SIMS: Just extend the time for me to get the market analyst on the list. That is it.

MR. OXER: Was he on the list when you engaged him?

MR. SIMS: Was he on the list?

MR. OXER: Was he on the list.

MR. SIMS: I never saw the list, never saw the list. They brought that to my attention. What happened in that process, I had already engaged -- when they brought to my list -- I said wait a minute.

When I engaged Jack Poe, when the rule says, whether he is on the list or you put him off, or whatever, negligence, if you are commissioning 90 days before the start of application acceptance period, and inasmuch as that does not invalidate the market study, right.

But he can get back on the list either through -- if he is put out, I get my interpretation, adjust the market study you review, or get a new market study. We got a new market study from a person that was on the list. And then because -- and I sent a check in, saying, Wait a minute. I got terminated because of my mistake.

I paid Jack Poe $7,500 for that area. And now, guess what? He owes me a market study, and I am
already -- now, here's the thing that is funny.

Because of you said in the QAP, if I am going
to choose to do supportive housing, and the wording about
how it had to be with the City of Houston for scoring and
for the preapplication, the City of Houston -- usually we
can get to November -- I mean, April, to do the
application. They put the application due for supportive
housing January 5.

We have already committed it to -- regardless,
committed to spending $15,000. Nobody else in the
application -- what do you call this? -- the application
process are committed to.

And we don't even have a preapplication score.
Just to say hey, if we just stand a chance. And then
that's where the moral issue come in. That's just like
killing myself.

So I ask, well, we can get around this,
reasonable accommodation. They just kept doing like they
do all of the time; they just put it to the side.
Knowing, that, hey, man, a reasonable time is seven to ten
days.

I said, I am not appealing it. I am not coming
in here. I would like for you to grant me a reasonable
accommodation because I have the right to exercise it, to
extend me the period of time, just to get him on the list,
because like you said today, it is just an application. It is just me and the application.

MR. OXER: That may be true, Rick. But my understanding, under ADA, we have an obligation to provide a reasonable accommodation for the communication to you of what is necessary, not to extend deadlines.

And I would hasten to point out to you, those two little letters on the back end of my title card up here, if I don't have my license certified, I don't get to stamp anything and anything that I do is out of order, if I'm not --

MR. DORSEY: I know.

MR. OXER: Do you see those?

MR. SIMS: Oh, you did.

MR. OXER: So my question is this: You've asked for a reasonable accommodation.

MR. SIMS: Yes.

MR. OXER: What are you asking for?

MR. SIMS: I am asking for the staff to extend the time for me to get him on -- back on the list.

MR. OXER: Changing the rules in the QAP is not an accommodation for -- to be able to communicate with you.

MR. SIMS: That is my request, for the Department to extend the time for me to get him put on the
list for you to evaluate the application to continue to participate in this process.

MR. OXER: Okay. All right. We understand what your request is.

MR. SIMS: Yes.

MR. OXER: So now given that you have made a request for an accommodation, our obligation is to determine whether or not it is reasonable.

MR. SIMS: Reasonable or not.

MR. OXER: Okay. Good. Thanks very much for your input.

MR. SIMS: Okay. Thank you.

MR. OXER: Let's see. We had a motion. Who did this? Are there any other comments?

MS. LATSHA: No.

DR. MUÑOZ: I was the one that made the motion.

MR. OXER: Okay. Motion by Dr. Muñoz and second by Mr. Thomas to approve staff recommendation to deny the appeal. That is correct.

Right, Jean?

MS. LATSHA: Yes, sir.

MR. OXER: Okay. No other public comment?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)
MR. OXER: Those opposed?

(No response.)

MR. OXER: And there are none. It's unanimous.

MS. LATSHA: All right. Next on the list is application 14097, Residences at Rodd Field in Corpus Christi.

So this application was terminated for having a material deficiency. This application, when it came in, there was an indication that this applicant was applying for not only a 9 percent Housing Tax Credit but also TDHCA administered HOME funds.

Staff issued a deficiency clarifying the request for HOME funds, because it was discovered that the site was in an area that was not eligible to receive our HOME funds. That deficiency was part of a number of other deficiencies, all told, 33 separate issues in the application that were deficient.

And so staff asked for all of this clarification, part of which had to do with the HOME request. And the applicant returned over 20 exhibits. Again, another set of deficiencies was issued on a second review.

Some of those also still kind of related to the HOME funds. Some things not really matching up. Now the rule regarding the administrative deficiency process
reads: a review of the response by the applicant may
reveal that issues initially identified as an
administrative deficiency are actually determined to be
beyond the scope of the administrative deficiency process.
Meaning that they in fact implicated matters of a material
nature not susceptible to being resolved.

And basically we had to say we took another
look at this application after all of these deficiencies
and responses and, quite frankly, still have questions
about what is going on. If this application were to be
reinstated today, I would have to issue another set of
deficiencies to again figure out what happened.

A large part of what happened in this is that
they had a request for a million dollars in HOME funds
that, like I said, they were not eligible to receive from
the Department. So in order to remedy that situation,
they submitted a new development cost schedule which
indicated that their development costs had been reduced by
that million dollars.

Specifically they reduced their acquisition
costs. But there was no purchase contract revision to
basically match up with that reduction in costs. So we
still have questions as to how they can prove up that this
is their actual development costs, and that they have the
sources and uses to -- the sources to take care of those
costs.

So I think there is some comment here. Just one quick thing about our staff. When we review these, we have five staff members, who their core responsibility is to review these applications. Out of those five, the least veteran has been doing this for five years. And so, they have reviewed hundreds of applications.

So I guess, when having that in mind, this application really looked a lot different than a lot of other applications that receive maybe even a high number of deficiencies and come back, and were able to resolve those issues. So staff recommends denial of the appeal.

MR. OXER: Okay. Any questions from the Board?

Ms. Bingham?

MS. BINGHAM ESCAREÑO: Jean, just so I heard you correctly, there was an initial deficiency notice that went out, kind of pertaining to 30-some-odd. And then the applicant submitted supportive documents. And then in the process of looking at those, there were still some deficiencies and a second notice went out?

MS. LATSHA: That is correct.

MS. BINGHAM ESCAREÑO: And then so, just so I understand. So the rule, the Section 10.201.7 rule that you just read, so basically what you are saying is, that upon review, that second time, your team kind of looks at
it and says, you know what, these are still so substantial, that they really take more than just another deficiency notice.

They are really an indication that -- they implicate matters of a material nature that are not susceptible to being resolved. Like they are --

MS. LATSHA: That is correct.

MS. BINGHAM ESCAREÑO: And then when you went over the million-dollar question just now, that is kind of the most visible example that that rule would apply to, of where, you just didn't really see how they got from Point A to Point B. And how that was ever really going to be proved up. Okay.

MS. LATSHA: That is right.

MS. BINGHAM ESCAREÑO: Okay. Very good. I understand.

MR. OXER: All right. Any other questions?

Mr. Thomas.

MR. THOMAS: So that just so that I am clear, picking up on the 10.202.(b), this triggers the material deficiency issue.

MS. LATSHA: Exactly.

MR. THOMAS: Under -- okay.

MS. LATSHA: And I believe part of that definition talks about a substantial reevaluation of an
application, which is really what this would require.

MR. THOMAS: Okay.

MR. OXER: Okay. Motion to consider.

MS. BINGHAM ESCAREÑO: I will move to approve staff's recommendation.

MR. OXER: Okay. Motion by Ms. Bingham to approve staff recommendation.

MR. THOMAS: Second.

MR. OXER: Second by Mr. Thomas. Okay. Do we have comment on this item?

MR. ALLGEIER: I am Dan Allgeier, Vice President of NuRock Companies. We are the applicant for Residences at Rodd Field in Corpus Christi.

Briefly, the background, this is an application for a new 100 units of family housing in a high opportunity area of Corpus Christi. We do have a support resolution from the City, the state rep is for it, and a commitment of funds from the Corpus Christi Housing Finance Corporation.

The market in Corpus is incredibly strong right now, thanks to the Eagle Ford Shale, among other things. I disagree about the substantial nature of the deficiencies. We did make a mistake applying for the HOME funds.

There is, however, precedent here, which I will
point out. Another 2004 application was challenged this year for that very reason; same elements, with a HOME funds application. And since challenges are public knowledge, we can look into that in a little more detail.

We see that staff denied that challenge and allowed that application to proceed with removing the HOME funds.

The details, the underwriting, I don't know. But I know it is a fact, and I know it is done. That is the same situation we have, and they denied that challenge.

So let's talk about the application itself.

She said there was 33 deficiencies. Eleven of those were the result of HOME funds. If you've never done an application, if you change one number, you change six forms. You change a number on the sources and uses, you change a lot of things.

So we responded to all of their deficiencies on a timely basis. We got six more comments. They were important considerations, like the percentage on the ownership chart doesn't agree with the percentage in this form.

You show a permanent loan source of Impact CCL. We show Chase Bank. Well, Impact CCL is Chase Bank; it's just a subsidiary of. Our letter was from Chase Bank. They both showed Impact CCL as the permanent lender.
Some numbers issues. The side work cost was signed by an engineer, who also has those same initials after his name. Unfortunately, it's not third-party, because I signed it, so we gave it to the engineer to sign. The same numbers; only the signature changed.

Those are pretty small changes. They don't affect the economics, the underwriting, the points of the deal. So how did we fix this? We have a contract, a company -- a NuRock subsidiary has a contract to purchase 20 acres. We put all 20 acres in the initial app.

We can't get the HOME funds. We only are using six acres for this. Six acres are shown on the site plan, that were shown on the original site plan. So some of the changes were, we went back to six acres.

We provided in the administrative deficiencies a revised development cost schedule with the new number and the new acreage in a note, changing this. Second, we provided a new assignment of the land contract to the applicant. It is in there, that says we are only doing six acres. The rest of it the subsidiary is keeping.

And third, we provided a revised title commitment with new legal description. We changed all of the numbers in the application to change it to six acres.

I don't know what else we could have done to justify and tell them what we did to get rid of the million bucks that
we needed.

Understand this. Land cost is not going to
development basis. And because it doesn't go into
development basis, it doesn't go into the calculation of
the tax credits. It didn't change the credit allocation
request. Very simple. A million out here, a million out
here. It's the same numbers.

The precedent I told you about. Now, look, I'm
the last one to guess how those things are going to float
in the tax credit realm. That is your decision. That is
not mine. I wish at least it was partially mine
sometimes.

But there's only two applications in Region Ten
in the urban area, and you've terminated this one. There
is only one application. Assuming they make it through
underwriting, assuming they make it through threshold and
everything else, you're going to underfund this region.

Put us back in and give us an opportunity to
proceed. You don't have to overturn a rule. You don't
have to change a rule.

The QAP and rules have no definitive number of
deficiencies. That is the threshold for termination. It
is a subjective decision; it is strictly subjective.
There are no deficiencies that weren't resolved.

We can proceed with this application. We would
request that the application be resubmitted. It has already been through threshold underwriting. Then we get to go on to the number crunching and go from there. I am open for questions.

MR. OXER: Okay. Thanks, Dan.

Any questions from the Board?

(No response.)

MR. OXER: Okay. Jean, did you have anything you want to read on this one, or it's on the next one?

MS. LATSHA: Uh-huh.

MR. OXER: Okay. Any questions from the Board?

(No response.)

MR. OXER: None from the Board. Okay. Motion from Ms. Bingham, second --

DR. MUÑOZ: I just might ask.

Jean, any response to --

MS. LATSHA: Sure. We did have two other applications this round that were similarly situated, where they requested HOME funds and were in participating jurisdictions and so were not eligible for those HOME funds.

I have stressed a few times that that is not the reason that this application was terminated. It is because that, combined with the response to not only that issue but the other issues, called for a complete
reevaluation of this application that to date is not resolved. Speaking to the other applications --

DR. MUÑOZ: Just a minute.

MS. LATSHA: Sure.

DR. MUÑOZ: Because I heard the gentleman say that there is nothing that hasn't been, and I think his words were, resolved.

MS. LATSHA: I believe what he is probably talking about is the purchase contract that is currently in the application, which the last time I checked -- and I have looked at this thing ten times, if I have looked at it once -- indicates a $2.7 million purchase price for 6.048 acres. And his revised development cost schedule indicates $1.6 million in acquisition costs.

And the fact is those things just don't match up. So I would have to go back and ask him to reconcile those figures. I'm not saying he couldn't. Maybe he could. But the point is it's still deficient as of this date.

MR. OXER: Any other questions?

(No response.)

MR. OXER: Okay. There has been a motion by Ms. Bingham and a second by Mr. Thomas to approve staff recommendation to deny the -- not to deny -- to approve staff recommendation. Those in favor?
(A chorus of ayes.)

MR. OXER: Those opposed?

(No response.)

MR. OXER: There are none.

Okay. Next case.

MS. LATSHA: I believe Kathryn has got the next one; 14114, Waters at Granbury.

MS. SAAR: Good morning, Mr. Chair, Board. For the record, my name is Kathryn Saar, Competitive Housing Tax Credit administrator.

MR. OXER: Welcome to the kitchen.

MS. SAAR: Hopefully, it won't be too hot. The next item on your agenda is an appeal of the termination of application 14114, the Waters at Granbury.

I believe your writeup says that the termination happened on June 4th. That is actually a typo. That was the date that Tim issued his denial of the appeal.

The application was actually terminated on May 16, 2014. And that was for failing to meet the procedural requirements for application submission, which specify that an application must be submitted in a single individually bookmarked PDF file. The Waters at Granbury was not submitted with the required bookmarks.

I would like to take a moment to explain why
this requirement exists. As mentioned in your writeup, the Department received 161 applications this year, and each application is several hundred pages long.

The bookmarks provide a searchable table of contents allowing the reader quick and easy movement through these hundreds of pages. In the old days, we required the applications be submitted in hard copy. But they were required to have specific files and tabs so that they could be easily understood.

Bookmarks provide the same organizational structure to an electronic application, without which the submission would be seemingly a random pile of paper. These organizational bookmarks are not only necessary for staff but other interested parties to review these applications, such as state Representatives, neighborhood organizations, and competing applicants.

Including the bookmarks is relatively easy to do. It takes only a few minutes, and can be easily checked by an applicant before submitting the application. Of the 161 applications received, Waters at Granbury is only one of two applications that have been identified as failing to include these bookmarks.

The other is also on your agenda today, but that applicant has asked to be heard at the July meeting. I believe that was Manor Wayne. Yes.
In this instance, the applicant concedes that the bookmarks are in fact missing but argues that they should be afforded the opportunity to correct this through an administrative deficiency process.

While it seems like an easy thing to fix through a deficiency, when only one or two applicants have failed to provide the bookmarks, it would be unfair to the other 159 applicants who complied with this simple organizational structure.

In order to fix the issue as an administrative deficiency, the applicant would be submitting an entirely new application file after the submission deadline and would thus be subject to termination pursuant to 10.202, which relates to ineligible applicants and applications.

More importantly, it would be virtually impossible for staff to ensure that the new application was identical to the originally submitted file, but for the bookmarks. A single page out of order, and the original unbookmarked application would be like looking for a needle in a haystack.

Additionally, this could give such an applicant a distinct advantage over the other applicants who submitted files in compliance with the rule. They would not only have additional time to review their application for error, they would also have time to review a
competitor’s application and potentially improve the competitiveness of their own application.

While staff has no specific reason to believe that the applicant would take advantage of such an allowance, opening the door to this kind of remedy would be highly problematic and would be disruptive to the orderly and transparent administration of the program. As previously mentioned, the appeal letter concedes that the bookmarks are not at all concluded, and asks that the omission be treated as an administrative deficiency rather than a material deficiency by which the application can be terminated.

However, this application was not terminated on the basis of a material deficiency. The termination is based on the simple fact that the applicant failed to meet the general submission requirements. Consequently, there is no review. And therefore the administrative deficiency process is actually irrelevant.

You may also hear the applicant suggest that the plain language of the rule does not call for staff to terminate an application for not meeting these requirements. While there, the applicant claims that only violations of 10.202.2 related to ineligible applications are subject to termination, staff again disagrees with this assessment.
While it is true that this section lists a number of reasons why an applicant could be found ineligible -- an application, rather -- this is not an exclusive list. The general submission requirements not only specify that the application be bookmarked, but also that it is submitted on a CD-R, containing a single PDF file and a single Excel file of the complete application.

The applicant's argument implies that staff could not terminate an application that was submitted in hard copy or in several separate files or that did not include the required Excel file. In fact, the Board sustained a termination of a preapplication last year that failed to meet the general submission requirements by not including the Excel file.

Now, I fully appreciate that this has the potential to feel bureaucratic. It is true that such a simple problem could be easily corrected. But unfortunately that correction should have occurred prior to submission. Allowing for correction now would compromise transparency and be unfair to the other applicants.

The rule provides no alternative but to terminate this application on the basis that it failed to meet the general submission requirements. For these
reasons, staff further recommends denial of the appeal.

MR. OXER: Okay. Thanks, Kathryn.

Any questions from the Board?

(No response.)

MR. OXER: Okay. And from the standpoint of transparency, one of the other risks we run is it would have been easy to remedy, but it also would have been easy to avoid in the first place.

MS. SAAR: Correct.

MR. OXER: Were you allowed to do this, that would make us susceptible to an audit evaluation of lack of transparency, essentially.

MS. SAAR: Correct.

MR. OXER: Yes. So we have an audit requirement, since we have all our processes internally are audited through Internal Audit. It is just -- yeah, you've got to pay attention to details.

MR. THOMAS: Motion to approve staff recommendation.

MR. OXER: Okay. Motion by Mr. Thomas to approve staff recommendation.

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. Do we have public comment? And I would remind you, just as a -- not to point at you, but as a housekeeping item for

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everybody -- you're on the clock.

MR. ESQUEDA: Okay. My name is Ruben Esqueda.
I am with Atlantic Housing Foundation. I was -- I am
here to offer a little background on us. We are a
nonprofit based in Dallas.

The Waters at Granbury was a -- it is a rural
development. And Kathryn basically gave the outline. We
submitted our application, had a clerical oversight. We
didn't have the bookmarks. We did not try to lie about
it.

We didn't try to say, Oh, it was a technical
difficulty. We didn't do it. We were up front about it.

We were transparent. And we said, okay. Can we address
it?

It seems to me like other applicants when we
were talking about being fair, if there was a problem with
the application itself, we have the ability to address the
deficiency. But a clerical, for some reason, is treated
differently. We're not asking for two weeks to take
advantage of the system; 24 hours, we'd had a new CD down
here. I personally dropped it off.

It's a clerical oversight. I don't know. I
can't justify why that's given more weight than you know,
material deficiency. It appears to me to be to be
immaterial. And it is preventing us from competing to
provide housing to a region that needs it. And if we had
even been given the opportunity to address that, I think
we would have done it very quickly.

    Thank you.

    MR. OXER: Okay. Thank you, Mr. Esqueda. Any
questions from the Board?

    (No response.)

    MR. OXER: I might offer up, Mr. Esqueda, that
this region needs the housing. I haven't seen an
application yet come up for a place that didn't need
housing.

    MR. ESQUEDA: Right.

    MR. OXER: So every one of these projects -- as
I pointed out before, we're not looking for projects.
We're looking for money. You know, it's a competitive
process.

    Unfortunately for some, for these clerical
oversights, because of the process that our staff is going
through and in such detail and such volume and magnitude,
you know, they seem like they are very -- they're
nitpicking, they're bureaucratic.

    But they are there for a purpose, because
coming back and making sure that that application had
exactly the same format, lacking only the bookmarks is a
good 30, 40 hours' worth of staff time to compare those
line by line and page by page. So I point that out as a
comment just for -- so that when we go through this
process and do the QAP, these rules are here for a
purpose.

Okay. And that is because part of what we have
got to do is flush a lot of work through a really small
tunnel in a really short period of time. So thanks for
your comments. Okay. Any other questions?

(No response.)

MR. OXER: Motion by Mr. Thomas. Second by Mr.
Gann to approve staff recommendation to uphold the
termination.

Is that correct, Jean?

MS. LATSHA: Yes.

MR. OXER: Okay. We're basically supporting
staff recommendation on this one. Okay. All in favor?

(A chorus of ayes.)

MR. OXER: Those opposed?

(No response.)

MR. OXER: There are none. It is unanimous.

MS. LATSHA: All right. So moving on, I think
we are at 14063, Hudson Providence in Hudson. This is an
appeal of a scoring notice. And this --

MR. OXER: We are out of terminations and into
the appeal?
MS. LATSHA: Out of the terminations.

MR. OXER: Okay.

MS. LATSHA: So the applications we are dealing with now are still alive; it's a question of how competitive they are.

So this scoring appeal relates to a commitment of funding from a local political subdivision. The rule allows for this funding to come from either the city in which the development is located, the county in which the development is located, or a government instrumentality whose board makeup meets a couple of different requirements.

The other way that an applicant can qualify for these points is if there is a governmental instrumentality providing funds --

MR. GANN: Can I break in just for a minute. I need to recuse myself from this particular item.

Mr. Chairman, do you mind? I'll recuse myself.

MR. OXER: We will accept that. Let the record reflect that we retain quorum on this. Will there be any -- that is the only one. Right?

MR. GANN: That's the only one.

MR. OXER: Okay. Because I am concerned about maintaining a quorum later.

Jean.
MS. LATS喜: 确。另一种方式，申请人可以获取积分是，如果一个政府实体可能不满足正确的委员会组成，首先分配资金到城市或县。然后，基本上，这些资金最终符合其中的一个要求，即资金基本上来自城市或县。

所以，原提交申请在这一点上有点混淆。但似乎表明，Deep East Texas COG正在管理VASH优惠券，然后Angelina县将把这些优惠券分配给发展。在原始提交申请时，有一些矛盾的文件。所以，我们发出那个行政缺陷。但当我们收到额外信息时，它变得更加明显，那些VASH优惠券实际上是通过DETCOG管理的。

所以，我们就看了看那个委员会，看看它是否符合委员会的组成要求。其实没有。在反驳和撰写中，关于用“多县”替换“县”的术语，如何它并不起作用，它并不满足规则的要求。

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I am happy to get into that, but I don't think that that is really the direction that the applicant is going to go here anyway. I think they submitted some documentation that -- I am not sure if you have or not, but some letters that just came to our attention this morning that go -- revert back to the original application.

And it claims that DETCOG actually administered those vouchers to Angelina County, and it's Angelina County that is awarding that to the development, in which case, this would be eligible for the points.

I still find those letters a little bit confusing, but I think it might be best if the applicant explains that process and maybe the letters that they submitted to --

Yes? Right.

MS. DEANE: Let's mention, the letters -- we have two letters that were brought to the meeting. I don't know if they are in the -- are they in the Board book already? Or are they being supplied today?

MS. LATSHA: They are not. And that is why we are still here, too. Even if I were able to -- let's say I read those letters this morning, and I said, yeah, it looks like you guys are good to go, we are outside of the appeal process deadlines and things.
So we still really do need to be in front of y'all to grant this appeal. We wouldn't even have the discretion to award those points at this point. Not without --

MS. DEANE: Are there copies provided out front for everybody to see? Was a PDF copy given to staff under the rule -- given a PDF copy?

MS. LATSHA: I don't know if I have --

MS. DEANE: Hang on.

(Pause.)

MS. DEANE: You have the PDF?

MR. PALMER: And the copies were provided outside the Board.

MR. IRVINE: Okay. Teachable moment here. These are significant, substantive letters. The Chairman now has to make a discretionary call on the dais as to whether to allow them in or not.

MS. DEANE: Subject to any objections of the other Board members.

MR. OXER: Subject -- before --

MS. DEANE: You have the ability to object, under the rule, if you have an objection.

DR. MUÑOZ: After he decides -- I mean, why would I object if he decides not to --

MS. DEANE: No. You have an ability to object
now, before he decides.

        DR. MUÑOZ: My question is why would we even consider them right now?

        MS. LATSHA: Instead I think you could probably consider his testimony, and he might speak to those letters himself, but I think you could definitely do that without actually entering the letters in, which is kind of why I wanted him to speak to them, since I really didn't -- I gave them a glance earlier. I have been trying to read them as we were dealing with everything else.

        MS. DEANE: Or they could be read into the record, but they are pretty long.

        MS. LATSHA: Okay. Yes.

        DR. MUÑOZ: Shouldn't this documentation already have been obtained?

        MS. LATSHA: That would have been ideal. Yes.

        MR. IRVINE: By law we have to post our Board materials three days before the Board meeting.

        DR. MUÑOZ: I presume that this hasn't been --

        MR. IRVINE: Right.

        MR. OXER: It has not been posted. Hold on, Barry. You will have a shot, Barry. Don't worry about it. Okay. So the Board -- the individual Board members have a right to object and ask that it not be considered.
Is that right, Barbara?

MS. DEANE: They have the ability to voice any objections to you about whether or not they --

MR. OXER: About whether they would -- but ultimately I make the decision?

MS. DEANE: Yes. That is what the rule says.

MR. IRVINE: That is what the initials mean.

MR. OXER: That doesn't mean -- that PE doesn't stand for target, does it?

MS. BINGHAM ESCAREÑO: Mr. Chair, I would just share a concern, not necessarily an overt objection, that, you know, in a competitive bid process, if there was something material that everyone should have had the ability to review, that making them available right now may have eliminated opportunity to review it.

MR. OXER: By others, apart from the staff? Is that correct?

MS. BINGHAM ESCAREÑO: Yes, sir.

MR. OXER: That is your point?

MS. BINGHAM ESCAREÑO: Uh-huh.

MR. OXER: Okay. Any other comments from the Board?

DR. MUÑOZ: I just would extend on my colleague's comment that I, too, am concerned, when the Executive Director indicates that by law we are required
to post anything that is substantive and that this may
have substantively influenced the outcome of a competitive
process. I don't know. I haven't seen them.

MR. OXER: Mr. Gann or Mr. Thomas have a
comment?

MR. THOMAS: Mr. Gann has recused himself. And
I would --

MR. OXER: I guess he wouldn't have a comment.

MR. THOMAS: But I do echo my colleagues'
comments.

MS. DEANE: I will add that one is -- just so
you'll know the entities providing the letters, one is
from DETCOG and one is from Angelina County. I don't know
if them being from a governmental entity makes a
difference or not. I just wanted you to know that.

MR. OXER: I have to say that I am moved in Ms.
Bingham's direction with this, that it provides an unfair
advantage. We will keep them out. We will hold them out
for now.

But we will hear testimony. Okay. So all
right, on this item, we still need a motion to consider.

MS. LATSHA: And staff's recommendation is
denial of the appeal. I can go into some more detail if
necessary.
MR. THOMAS: Would you just -- because --

MS. LATSHA: Sure.

MR. THOMAS: Would you mind giving us a succinct, clear reason?

MS. LATSHA: Sure. So staff's position right now, with the documentation that we were able to thoroughly review, it appears that Deep East Texas COG is administering the VASH vouchers, possibly through Angelina County in a similar kind of raft that we do, where they might be administering those vouchers in a way to where Angelina County would get X number and Shelby County would get Y, based on population or something like that. I'm not sure exactly how they do it.

MR. OXER: Some sort of proportionment in it.

MS. LATSHA: Right. I think that there is a factor as to which county they are going to. But it became clear to us that DETCOG was really administering those vouchers to the development.

DETCOG's board makeup does not meet the requirements of the rule. It is made up of over 50 members from elected officials from twelve different counties, so clearly not appointed by Angelina County, which is what would make that an eligible governmental instrumentality for providing funding. It is a -- yes.

MR. THOMAS: I understand.
MS. LATSHA: Okay.

MR. THOMAS: That was perfect.

MS. LATSHA: Great.

DR. MUÑOZ: Hey, I just -- this is sort of related, just so I understand what that DETCOG is.

MS. LATSHA: Sure.

DR. MUÑOZ: In Lubbock, in the South Plains, they had that SPAG, South Plains Association of Governments. Would that be like a counterparty? Would that be an equivalent?

MS. LATSHA: Yes. I believe it is, actually. Yes.

DR. MUÑOZ: Okay. Because some of those people on that SPAG are appointed, and it is a sort of -- it is an aggregation of appointed, elected, other kinds of representatives from the counties in that area.

MS. LATSHA: And I am not sure exactly how this board is appointed. It is made up -- DETCOG is clearly made up of elected officials from these twelve counties.

Some of them elect in the counties. Some, it looked like there were some mayors on there, some county attorneys and things like that, too. Elected officials, though. Yes.

Now, the rule calls for 100 percent of the Board to be appointed by the county in which the
development is located. So for it to be eligible under
the rule, Angelina County Commissioners, those four orive guys, would need to appoint 100 percent of DETCOG's
board, and that just isn't the case.

MR. IRVINE: Okay. And this really goes back,
as I recall, to the concept behind local political
subdivision funding.

Local means it's the county where you are
located, it's the city where you are located. It is not
participation in some much larger body.

MR. OXER: And the intent is for the community,
smaller -- not the region but the community to demonstrate
support for a project.

MS. LATSHA: That is right. And I just kind
of -- I want to throw this out there, some options, right,
in a community like this. Right. This is a town of a
little over 4,000 people.

So the way our scoring system works in the
scoring item, we actually do account for the fact that
those kinds of towns aren't going to have the resources
that Houston and Dallas have -- right? -- so we use a
factor of population to determine the amount of funding
necessary to achieve points.

In this case, the applicant had requested
eleven points, which means you take that population of
4,175 and you multiply it by .025. You get $118 per unit. It is an 80-unit deal. They would need less than $10,000 from the county or city, committed, to get a couple of extra points.

The $10,000 would afford them eight points. So if they were to get that $10,000 in the form of, let's say, a fee waiver and then get that committed through a resolution from the county or city, eleven points and done.

So we do account for it in our rules, these smaller communities. And I realize that they don't have their own housing authority that is administering this funding like some other larger communities do. But I think that the rule is written in a way that an application in Hudson, Texas, could achieve the points.

MR. OXER: Well, it was written specifically to address the potential disparity between the larger early regions and those out there struggling to compete with those, with those projects. Is that not correct?

MS. LATSHA: Yes, sir.

DR. MUÑOZ: Jean, you know, back to the SPAG, an analog where I live, one of the reasons that that group exists is because in West Texas, you have got some small towns of 4,100, 6,200, and they just haven't the human capital or the resources to create some of these boards.
I recall at our last meeting, where a gentleman said, you know, I have served as mayor, as city councilman, as et cetera, as school board. Here is my question.

Do you know of an instance where we've made an exception on this rule based on an applicant being from such a small community that they themselves could not populate 100 percent a panel or committee or commission to undertake the administration of these kinds of dollars?

MS. LATSHA: No. But this rule has only been in place in this manner for two years. It got a pretty good overhaul in 2013.

MR. OXER: So essentially we're trying -- and the point of this was for those areas it would have only taken -- I say only, it would have taken the County Commission, because they are elected. It is not a matter of appointing a board. If they are appointing this and providing the money into this, $10,000 appointed by -- or appropriated by Angelina County would have solved this, would it, more or less?

MS. LATSHA: Right. And the other solution would have worked, too; what it looked like they were trying to convey in their application, which was that these vouchers flow through the county.

The problem is that you do have this separation
from the local government, the county or the city, and the
development itself. Even if you have Angelina County
participating in appointing this larger board, if the
authority is still with that larger board, then the county
does lose some say.

DR. MUÑOZ: And you're certain that the
authority lies with that larger board. Or is that -- are
you definitively certain, or is that your interpretation?
Because I suspect Barry might have some --

MS. LATSHA: I think that is where it might be
important to hear what Barry has to say. The
documentation, like I said, that was submitted, as of the
posting of this Board book -- again, I read those letters
over and over.

And it was clear to me -- and we did some
independent research where we contacted DETCOG as well and
contacted Angelina County, and it became pretty clear to
us that it was DETCOG administering the vouchers.

MR. OXER: Okay. Any questions?
(No response.)

MR. OXER: Ms. Bingham, anything else?
(No response.)

MR. OXER: All right. Then we need a motion to
consider before we have comment.

MS. BINGHAM ESCAREÑO: I will move staff's
MR. OXER: Okay. Motion by Ms. Bingham to approve staff's recommendation.

DR. MUÑOZ: Second.

MR. OXER: Okay. Second by Dr. Muñoz.

Barry, do you want to go first?

MR. PALMER: Barry Palmer with Coates, Rose.

We represent the developer. So DETCOG is a regional housing authority in East Texas.

Much like you described, Dr. Muñoz, in East Texas, the counties -- it encompasses 12 counties. It is the only housing authority for those 12 counties. Angelina County does not have the resources to run its own housing authority.

DR. MUÑOZ: Barry, do you mind if I interrupt to ask just clarifying questions? Is that all that they do? Housing authority? Or do they have other responsibilities, DETCOG? I mean, Deep East Texas Council of local governments?

MR. PALMER: I think they have other responsibilities besides that, yes.

DR. MUÑOZ: All right.

MR. OXER: The answer is yes, they have other. Let him tell us what they are.

MR. PALMER: Yes. But DETCOG is the only one
that has Section 8 vouchers in this 12-county district, the only one that also has VASH vouchers. The VASH voucher program from HUD allows high performing housing authorities to apply for what is called VASH vouchers: Veterans Affairs Supportive Housing voucher for homeless veterans.

That is what DETCOG applied for and received from HUD. And they in turn allocated over half of their vouchers to Angelina County. Now, staff pointed out, in the rule, if you don't have money directly from a city or a county, there is three ways that you can qualify for the points.

And I think staff talked about a couple of them, where it is determined by your Board makeup. But the other way that you can qualify for the points is if the instrumentality awards the funding to the county and then it comes back into their project. And that is what happened here. And the two letters that we --

DR. MUÑOZ: The instrumentality being?

MR. PALMER: The instrumentality being DETCOG got the vouchers from HUD. They awarded half or more than half of their vouchers to Angelina County. And then Angelina County in turn uses DETCOG to administer those vouchers, and the vouchers were then awarded to the project.
So that is what — in the Board writeup, the staff mentioned that they contacted DETCOG and there was no contract in place between DETCOG and Angelina County to prove that the vouchers had been awarded from DETCOG to Angelina County. But the QAP doesn't require a contract; it just requires that the funding be awarded.

And so that is what these two letters that came in late -- were from DETCOG and Angelina County to confirm and verify that in fact the vouchers had been awarded by DETCOG to Angelina County. The reason -- first the Department's protocols on admitting late information like this is it has to be provided to the staff in advance of the meeting.

Copies have to be -- enough copies for everybody outside. And there has to be a good reason as to why it is coming in late. Here, the Angelina County Judge was out of the country traveling, and he just came back.

And we got the letter from him as soon as he got back into the country. And we couldn't get the letter from DETCOG until Angelina -- they wanted the Angelina County Judge to sign off on it, so that's why the letters came in late.

But the only purpose of those letters is just to confirm in writing that, yes, these vouchers have been
awarded by DETCOG to Angelina County. And then DETCOG is
the instrumentality that is administering those vouchers,
because they are the only housing authority in Angelina
County.

So we have -- it literally complies with the
QAP. We have got the VASH vouchers in the project. And
then we have another speaker that is going to talk some
more about the project, if that is okay.

DR. MUÑOZ: I have a question.

Jean, so as I understand it, there are several
ways to sort of satisfy these points, one being, of
course, the 100 percent appointment of the board that you
described, the other being the route that Barry has
described in terms of the instrumentality, providing to
Angelina. Do you dispute the veracity of that?

MS. LATSHA: Not at all, sir.

DR. MUÑOZ: Then I mean --

MR. OXER: So do you have --

MS. LATSHA: And --

DR. MUÑOZ: In which case, they have

apparently --

MS. LATSHA: Right. Which came to our
attention, like I said, probably today. And I want to
clarify, too. Our question about the contract was for
this reason.
When we have these confusing situations, where we are not sure who is doing what, it is true that we are not requiring to see a contract between someone. But that tells us who is actually administering the funding.

DR. MUÑOZ: Does the QAP require that a contract be materially presented?

MS. LATSHA: No. And the only reason we asked was -- I mean, we didn't ask for the contract.

DR. MUÑOZ: That is all right.

MR. OXER: It doesn't require a contract, but a contract is unambiguous.

MS. LATSHA: Right. And it was for our clarification purposes. That way, I can clearly -- I can call up Angelina County and I can say, Will the contract be between you and the development when these vouchers are administered?

DR. MUÑOZ: Now here is my point. Does it require a contract? Because --

MS. LATSHA: No.

DR. MUÑOZ: A minute ago, we voted that because due to the absence of what's required by the QAP, bookmarks, you know, this person didn't continue. Does it require it? So I mean --

MS. LATSHA: Right. And we weren't going to require to ever actually see it. It was our way of asking
the question to clarify what is going on here. Right? I was never asking for the contract itself. I just wanted to know what it was going to look like, because that gives me a definitive answer as to who is actually administering anything.

MR. OXER: So your point on the second point -- to Barry's point, there is one -- there is the first way you talked about satisfying this requirements for qualifying for these points.

There is also an alternative which you concede, I concede, agree that he has achieved. Did I hear that correctly?

MS. LATSHA: I am not sure if he has achieved it at all yet. Let me explain.

MR. OXER: Come on, Cameron.

MS. LATSHA: When I talk about these contracts and things, okay. So if DETCOG was acting the way that we kind of thought that this might be happening, which is us regionally allocating -- right? -- so we can say, sure. We allocated X number of credits to subregion -- Rural Subregion Nine. Right. But when these developers come to actually get those tax credits, they are -- it is between the Department and the development; not the county, not the region.

There is not some regional contract between
Region 9 and the development community. That's not how this is working. And I think that is how DETCOG is working. I think they have a formula to which they are awarding a certain number of vouchers to each one of these counties. But they are not actually involved in picking out the particular project. That is the county's -- they actually are involved in that, and not the county. But it is really confusing. I mean, the documentation that the --

MR. IRVINE: I think at the heart of it is, it really is pretty simple. The premise in the rule is that the local political subdivision -- i.e., the county or municipality in which the application exists, the development, the proposed development will be located -- makes a decision that it likes this deal so much it is going to put some of its funds into it.

And in this particular situation, that local political subdivision, the county, Angelina County did not make that decision directly. It has representation on a larger regional body, and it made the decision to put some of its funds into that development. And it seems that the clear policy language, at least from my reading of the statute is, what does the local government think about this deal?

MR. OXER: And conceivably -- this is a far
edge of one spectrum, okay. But conceivably DETCOG could have chosen to put funds in this and had everybody vote. Everybody in Angelina County vote against it, and they could have still approved it.

MS. LATSHA: That is my understanding of how this process could work. That's right.

MR. OXER: They are large enough that there are twelve counties, 50 people, four from Angelina County. They could have been overridden, potentially.

MS. LATSHA: Potentially.

MR. OXER: We have got -- Cameron?

MR. DORSEY: Yes. So --

MR. OXER: Cameron Dorsey.

MR. DORSEY: Cameron Dorsey, Deputy Executive Director of Multifamily Finance and Fair Housing. Here is my concern.

The information that this entire discussion is now based on has not been reviewed by Legal. I've just had an attorney whisper in my ear that that's not how the VASH program works. I haven't reviewed it. Tim hasn't had an opportunity to review it. And we haven't been able to contact the county.

Now, this is a concern for a very specific reason, because it was represented previously that the county was administering the vouchers, and we called the
county, and that didn't end up being exactly how it was.

And I am very concerned about certain optics being used to suggest that it meets the rule when in fact if we look at the reality of the situation, we -- staff may disagree. But we haven't had the opportunity to review any of this information and vet this information. We work on a trust-but-verify basis. And the verification is not here.

MR. OXER: I have got it. Okay. Have another comment, Barry? Sixty seconds.

MR. PALMER: Okay. And we would not be opposed to tabling this appeal to give more time to get confirmation -- now that the Angelina County Judge is back in the country -- that this does in fact meet the actual letter of the QAP, where the funds from the instrumentality, being DETCOG, have been awarded first to Angelina County.

And that is what has happened here. And then the vouchers are being awarded to the project, and administered by DETCOG, which is the instrumentality referred to in the QAP.

MR. OXER: All right. Let me jump in and interrupt here, and I'll exercise the Chair's discretion.

I hear where you are going and I know what -- I think I see at least something we need to consider here,
because staff didn't have a chance to review this, the
Board didn't have a chance to review this. I've got
these. I had 60 seconds to look over these.

I think if Ms. Bingham and Dr. Muñoz are
willing to withdraw their motion and second, I would offer
that we should table this until this could be vetted and
there will be enough time.

MS. BINGHAM ESCAREÑO: I will withdraw.

MR. OXER: Dr. Muñoz?

DR. MUÑOZ: Withdrawn.

MR. OXER: Okay. All right. That considered
we will have a motion to table. I will entertain a motion
to table.

Do you have a comment, Cameron?

MR. DORSEY: It is very possible that if we can
confirm that fact pattern that we could --

MR. OXER: And this goes away. We don't even
have to deal with it, right?

MR. DORSEY: Well, I am curious if -- I don't
know, Tim, if you would be comfortable with this. But we
can confirm that in fact that is the case if the Board
authorizes us to take a look at that. And we get
comfortable with that being the case, then let's move on.

I mean, that would be the intent anyway. In
late July, that -- if not -- if what they are saying is confirmed and in fact the funding would be eligible, then let's put it to bed the moment they verify it, if staff gets comfortable with it.

MR. OXER: What you are saying, this is not on --

MR. DORSEY: Right. I don't want to have multiple scenarios at the late July meeting that we have to toggle and run through if we are able to just deal with it based on this information. Does that makes sense?

MR. OXER: I certainly appreciate that that would be an option. I think that would be the top of my option list, if everyone else is generally -- okay. Given that that is the case, then, the motion has been retrieved or rescinded. So we need a motion to table this one. Or not table this.

MR. IRVINE: No.

MR. OXER: But offer staff --

MS. LATSHA: I think tabling is appropriate. I think what we would either do is, staff would not -- we wouldn't change our mind, and then their appeal still stands and they can be heard again, in July. Is that --

MR. OXER: Or --

MS. LATSHA: Or staff gets comfortable. We simply issue a revised scoring notice and you don't see it
again.

MR. OXER: Okay. So the suggestion would be to
table this item to the next -- if it still exists, in the
next meeting.

MS. LATSHA: Right.

MR. OXER: Counsel?

MS. DEANE: I think that works. With staff
having the ability to resolve it.

MR. OXER: Mr. Thomas, do you care to make a
motion to that effect?

MR. THOMAS: I adopt that motion just as you
said, exactly.

MS. BINGHAM ESCAREÑO: Second.

MR. OXER: Okay. Motion by Mr. Thomas. Second
by Ms. Bingham. Is there any other -- Barry have you got
anything else? Do you want to jump in?

(No response.)

MR. OXER: Okay. Those in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. All right.

MS. LATSHA: All right. Last on the list, this
is -- sorry, Mr. Gann -- Number 14215, Village on Harvest
Time. This is an application in Houston.
This application was denied points under 11.9 (d)(7) related to community revitalization plan. There is no evidence that the City of Houston, in the creation of a Tax Increment Reinvestment Zone, a TIRZ, performed an assessment of at least five of the eight factors listed in the rules or that any such assessment was performed in a process that allowed for public input.

The documentation in the application and the appeal indicates that the City of Houston adopted the TIRZ on August 26, 1998, effective September 1. The ordinance itself indicates that the City found that the area covered by the TIRZ had -- and I quote -- "a substantial number of substandard, slum, deteriorated or deteriorating structures, and a lack of public water distribution, wastewater collection and storm drainage facilities."

This supports aspects of meeting the requirements of the rule. The rule calls for these communities to assess five of eight factors. We gave them a list of eight to choose from.

It does support aspects of meeting the rule; showing that the adopting municipality determined that certain conditions were in need of being addressed; those two factors were identified as such. However, the QAP, like I said, requires five of them.

The appeals suggests that some of the language
included in the ordinances passed in relation to the adoption of the TIRZ, as well as the articles of incorporation of Greater Greenspoint Development Authority, which is charged with administering the plan, can be read in a way that indicates that other factors listed in the QAP were assessed.

But this language is only a charge to promote economic development and not necessarily a response to an assessment, finding a lack of local business, or a need to promote diversity where it had been identified in the planning process as lacking.

These are some of the other options that were -- that the rules gave for -- as factors for those communities to assess. This language, again, was not in response to any assessment that concluded there was a lack, a poor condition, or performance of public education or a lack of local business providing employment opportunities in the area.

There is simply no evidence that these issues were addressed at any time during the formation and adoption of the TIRZ. And just to spell that out a little bit more, this rule, what it is looking for is for the local elected officials to go out and talk with the community and say, community, what are these -- what is wrong here, what needs to be addressed in your community?
And we come up with five of these eight factors that we thought were pretty appropriate in the rule. The community says, we need to address blight. We need to address crime. We need to address lack of local business, et cetera.

And so then planning begins. A plan is put together. It is taken back to that city council, and it is adopted.

That just doesn't seem to be what happened here. It looked like what appears to have happened was some local elected officials or a planning group got together and said, There's a little bit of crime and blight over here in Greenspoint. We should adopt a TIRZ, take that idea to City Council, adopt the TIRZ, and we are done.

So there was some steps missing there. And there was some assessment missing that is required by the rule. No doubt that the TIRZ exists. That probably aided in economic development of this area as well. But it just wasn't what the rule was really looking for.

MR. OXER: So it essentially, at heart, it says that a TIRZ is not a revitalization plan?

MS. LATSHA: That is right.

MR. OXER: Okay. Any questions?

Ms. Bingham?
MS. BINGHAM ESCAREÑO: No.

MR. OXER: Okay. Mr. Thomas?

MR. THOMAS: No.

MR. OXER: Okay.

MR. THOMAS: Thank you.

MR. OXER: We will have a motion to consider. We have to do that before we take public comment.

MR. THOMAS: I so move.

MR. OXER: Okay. Motion by Mr. Thomas to --

MR. THOMAS: Accept the staff recommendation.

MR. OXER: To approve staff recommendation.

MS. BINGHAM ESCAREÑO: I will second.


MS. ADULA: Good afternoon. Tamea Adula with Coates, Rose.

MR. OXER: Hi, Tamea.

MS. ADULA: I am here on behalf of the developer. And we are appealing the denial of six points for the community revitalization plan.

I think that you have to take this in kind of a holistic view. Cities are constrained by the Texas Constitution. If they have federal funds, they can use those federal funds for housing and community development and revitalization; they cannot use general tax revenue, except under certain specified circumstances.
The Constitution prohibits cities -- and small cities in particular are very aware of this -- from using the general tax revenues to assist private interests. However, the Legislature has given us a couple of ways in which to handle this.

One way is the concept of the Tax Increment Reinvestment Zone, a TIRZ. And this TIRZ was created in order to spark the revitalization of the Greenspoint area in Houston. You also have to holistically look at the creation of the TIRZ, which was started in 1998, and established in 1998 tax base, from which the tax increment would be measured.

Then in 1999, there was another ordinance, which established the Greater Greenspoint Redevelopment Authority, which is the implementation of the TIRZ purposes. The redevelopment authority is the administrator of the TIRZ. The redevelopment authority -- all of this happened almost 20 years ago; 15 to 20 years ago.

The persons who created the TIRZ were looking at the statute that says, this is what you have to have to create a TIRZ. They were not looking at the 2011 QAP, or 2014. A little behind the times. So 20 years ago, they didn't know that they had eight different topics that had to be addressed.
However, I think that they addressed at least five of them. I think they addressed six of them. And in that regard, the ordinance establishing the TIRZ indicated that they had to have -- there was too much vacant land, land that was being inappropriately used.

Obsolete land use, significant decline in property values and other conditions that impeded growth. This is hit by the topic -- the portion of the ordinance that says that this area has deteriorating structures and improvements and therefore needs to have the TIRZ.

Additionally, the ordinance that established the TIRZ referenced the fact that there was no storm drainage infrastructure. And so that hits the part about natural or manmade adverse environment conditions that you want to have addressed in a 2014 community revitalization plan.

Another element that should be addressed in the plan is the inadequate infrastructure. And the ordinance establishing this TIRZ says there is no public water distribution, there's no wastewater collection, and theirs is no working storm drainage, and we need them all, so that is why that are creating this TIRZ.

Another element to be discussed in a community revitalization plan is the lack of business providing employment opportunities. Here there was a determination
that the redevelopment would not occur solely through private investment in the reasonably foreseeable future. And when the Greater Greenspoint Redevelopment Authority was established, they were specifically given the right to change the boundaries of the TIRZ in order to encourage employment, to encourage commerce and economic development. So that hits the concept of employment opportunities.

Another concept to be addressed in the perfect community revitalization plan is the availability of public education. And in the ordinance it says it is a purpose of the Redevelopment Authority is to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development, which hits numerous of the items.

They go on to say that the Authority has to maintain diversity insofar as its procurement requirements are. And it said that they had to stimulate the use of disadvantaged businesses through procurement and the administration of the TIRZ, which is minority- and women-owned businesses, because it is limited to those that are recognized by the City of Houston.

Crime was not addressed, although it was addressed in the newspapers in 1999. Health care and social and recreational infrastructure was not addressed.
But we hit six out of those eight issues in the ordinance, using 1998 and 1999 language, admittedly. But those concepts were addressed.

Another issue that was raised was whether or not there was a public hearing. The City ordinance recites that on July 28, 1998, there was a published notice of a public hearing that was published in the Houston Chronicle, telling everybody that it was going to be held on August 5; that on August 5, there was a public hearing held with regard to the creation of the TIRZ. In the City's consideration of the ordinance, public comment to that ordinance is always held the day before a City Council addresses the issue.

So on August 25, 1998, there was a public comment session of the City Council at which the public can get up and discuss elements of the rest, the ordinance, the TIRZ, that they do like or don't like. It appeared from the documentation from staff that the issue was whether or not the public actually participated.

Well, a TIRZ is subject to the Open Meetings Act, just as this body is. And when you have public comment availability, you don't always have somebody come up here and talk. The TIRZ had a public hearing with regard to --

MR. OXER: The record. Does anybody recognize
that. Anybody remember a time when we didn't have anybody show up at the mic?

MS. ADULA: Under general discussions.


MS. ADULA: So it was read into the ordinance that this public hearing was held, the plans were discussed, and that nobody opposed them. Okay. That means that the people really wanted the TIRZ.

So why is this not a community revitalization plan? This is how you did it in 1998. Do you really want to have a QAP that only permits a community revitalization plan that is drafted last year with the ordinance in front of the person who is saying, now we have to discuss environment issues?

We need to be realistic and reasonable about this. This is a redevelopment entity that has been in existence for over 15 years. This is how it was done. This is the way that the City of Houston and other big cities do it.

MR. OXER: Thanks, Tamea.

MS. ADULA: Thank you. Any questions?

MR. OXER: Yes. Any questions?

(No response.)

MR. OXER: Okay. One more.

MR. COLVIN: Good afternoon. My name is Clark
Colvin. I am Senior Vice President of the ITEX Group. We fully appreciate that rules had to be established by TDHCA for the formation of a community revitalization plans.

I know that in past years, there have been revitalization plans that were formulated at the last minute, for zones approved by city councils whose land area extended no further than the property line of the proposed multifamily development. The new rules were established to prevent the creation of sham community revitalization plans with no budget, no history and no purpose other than to gain points.

We certainly support the creation of these rules, which give sites in poorer census tracts that can't qualify for up to seven points, and the opportunity index, points to the option of pursuing six points under the community revitalization plan. But it would be wrong to assume, as Tamea pointed out, that all community revitalization organizations were created solely for the purpose of receiving points under the 2014 QAP.

And what we have done is, we have unintentionally, I believe, created a higher hurdle for long-established revitalization organizations than for new organizations without any history or funding. As an example, we would like for you to consider the very successful revitalization organizations within the City of
We requested six points because of our work with the City of Houston's public nonprofit Tax Increment Reinvestment Zone Eleven, otherwise known as the Greater Greenspoint Redevelopment Authority. As Tamea said, it was created 15 years ago by a City ordinance and encompasses the Village at Harvest Time site. Attached to the 1998 ordinance, creating the TIRZ was the articles of incorporation and bylaws which set forth the community need and purposes.

A public hearing, as Tamea just said, was held on August 5, 1998, after proper notice was given. Community needs specifically mentioned in the articles of incorporation included, number one, that the zone is underdeveloped; two, that it had an inadequate water supply; three, inadequate wastewater collection, four, substandard and deteriorating structures, all of which are described as impairments to growth.

It is stated that the mission was to promote development and encourage and maintain housing, educational facilities, employment. And then it mentions commerce, economic development and to redevelop residential, education and commercial properties, and such other duties as may be required.

Since its creation, the TIRZ plans, its
projects and budgets have been developed in open public
sessions and through committees that currently consist of
over 60 local citizens. There have been major long term
plan amendments. There have been two major long term plan
amendments to the original plan that was presented in
1999.

The Greater Greenspoint Redevelopment Authority
is a real community revitalization initiative. And based
on TIRZ Eleven's latest amendment to its original 1999
plan, more than $227 million has been approved by the
Board and the City of Houston. All items included in the
TIRZ plan or budgets were fully discussed in open
sessions, both before the Board and the Houston City
Council.

TIRZ Eleven's current 2014 through 2018 project
budget, and its 2014 operating budget, also approved by
ordinance show that money has been, or will be spent in
seven of the eight categories in the 2014 QAP. For
example, under adverse environmental conditions, they
spent $1.2 million has been expended on a tire dump in its
remediation. Over $18 million has been spent on various
drainage projects.

Under blight and decline in property values,
the plan calls for expending up to $10 million for the
development of affordable housing. Inadequate
transportation and infrastructure, $9.2 million has been
or will be expended on street, highway and bridge
improvements.

Health care, police, fire and social
recreation, $2.6 million has been expended for a new fire
station, 8.2 for a new skate park and $2 million for bike
trails. Presence of significant crime, $5 million has
been planned for the development of a new multipurpose
detention and recreation facility.

Six, the lack of, poor condition and
performance of public schools, $13.9 million has been
expended for school building improvements. All of this
within the Zone.

And number seven, the lack of local business
providing employment opportunities. The Redevelopment
Authority continues to have an experienced economic
development staff that is working diligently to help the
Zone recover from the loss of jobs and tax base associated
with Exxon-Mobil moving its offices from Greenspoint to
the Woodlands.

Now, we certainly feel that TDHCA's policy
makers, that it was never their intention to exclude long-
established revitalization initiatives, because they can't
prove with a high degree of certainty that in at least
five of the eight items developed in late 2013 were
actually addressed in a public hearing 15 years ago, or if
the City's procedural plan for the development process for
its TIRZ doesn't provide for an unscheduled midterm plan
reassessment just so a developer like me can get some
points. The historical record is very clear, that TIRZ
Eleven has in its current plan the funding of projects and
activities in seven of the eight threshold areas required
by the 2014 QAP.

These were all discussed and approved in open
session. And we would appreciate TDHCA's Board's
consideration and the reinstatement of the six points
requested.

And we would hope that maybe in the 2015 QAP
that there would be certain language in that to mitigate
the height of the hurdle that long-existing revitalization
organizations face, that newly created ones don't. And we
think that would only be fair.

Thank you so much for hearing me.

MR. OXER: Thanks, Clark.

 Okay. Any questions?

(No response.)

MR. OXER: Jean is coming back. Okay. Can you
address those items?

MS. LATSHA: Sure. You know, I think Mr.

Colvin actually did -- has a really clear understanding as
to where staff is coming from. And not to constantly be reading from the rule, but let me read from the rule, the part of this that is giving us heartburn.

"The adopting municipality or county of the plan must have performed in the process providing for public input an assessment of the factors in need of being addressed as part of such community revitalization plan."

And I will just go back to -- I think that is really what we saw as missing. Although it does seem clear that through their articles of incorporation, they were charged with maintaining local business and encouraging economic development and all of these other things, what was missing was this: having performed in a process providing for public input, an assessment of these factors.

There seem to not have been that assessment that was performed in a process that would allow for the community to come and say, these are the problems that we have going on here right now, in 1998. I am happy to entertain any --

MR. OXER: Any more verification on that. He says that they did not do that in 1998, or they haven't done it recently. They did it in '98, which seems evident.

MS. LATSHA: And maybe that is where I -- I am
not sure that that is entirely evident from the
documentation.

MR. OXER: Okay.

MS. LATSHA: Right.

MR. OXER: So --

MS. LATSHA: So maybe that is where the
disagreement lies.

MR. OXER: Okay. Did you have a question?

Okay.

Clark, do you want to address it?

MR. COLVIN: I just wanted to say that Jean is
correct.

MR. OXER: You can't do it from there. You
have to come to the mic.

MR. COLVIN: I'm sorry.

MR. OXER: And you have to say who you are
again.

MR. COLVIN: I am Clark Colvin with ITEX.

Jean is correct. And I think it is, you know,
we cannot, unless we go back and it gets into this higher
hurdle, that existing operations would have to do.

I would have to go back and examine basically
15 years of monthly minutes to be able to pull this out
and see if this happened, where a new organization that is
trying to just -- you know, walk in and say okay. We are
going to discuss these five. All in favor, say aye. And we go to the City Council, and get an ordinance. And we are there.

We really felt like, because this was an established organization, that it spent so much money on these seven items, and all of this is on their website. It is right there on the City's website. And this is just one of a number of Tax Increment Reinvestment Zones in Houston, that do a very good job.

We just felt like it was too much of a hurdle that was really unintended. We knew what the intention was. It was try to prevent sham revitalization efforts. And this TIRZ is clearly not one of those. It has got a wonderful history, and has spent millions and millions of dollars.

MR. OXER: And that is evident from the data that you provided the --

MR. COLVIN: Yes.

MR. OXER: And I guess what I am looking -- I am trying to get clear in my mind. Yes, it is ongoing. For these applications is what we are looking for. And tell me this, Jean, what we are looking for is a recent evaluation?

Because you can say 20 years ago, 15 years ago, yes, it meets all of this stuff. Okay. And you are
putting all of that money in there. And that is evident, and we recognize that. The question is, what does it need now?

MS. LATSHA: Well, even without the time line, I do want to point out that we reviewed a number of community revitalization plans this year, that you're not seeing here because they really did hit on all cylinders, were legitimate plans. And I am thinking of El Paso, Waco.

I know there were at least one or two more that -- these were not cut-and-paste jobs from our QAP. These were legitimate community revitalization plans that did exactly what we were looking for.

MR. OXER: Greater Greenspoint Redevelopment Authority is not an illegitimate, okay.

MS. LATSHA: Right. I mean, and just to address that point that they were making about how the rule is written to you know, to prevent those shams that --

MR. OXER: That were all too evident before.

MS. LATSHA: I would say the rule worked in a lot of ways. The plans that I saw this year were great. They hit on all cylinders. Which is why this is -- you are not seeing them here.

MR. OXER: I guess I am looking at also, what
is it that they could have done that would have satisfied the rule?

MS. LATSHA: I think some additional evidence as to how the plan came to be in the first place. It did seem -- the assessment of what was going on in the community at the time, seemed to only address a couple of things.

And then it also didn't seem to include that input from the community. I think input is a little bit different than saying, hey, we got together in a room and we realized that there's some blight going on over here. Throw it on the agenda. Do you agree?

And I think that is a little bit different than, we are going to create a plan, community, we want your input as to what is going on in your community. And that was not evidenced, at least not in the documentation that I reviewed.

MR. OXER: Okay.

MR. THOMAS: Jean, this is just a hard one.

MS. LATSHA: Agreed, sir.

MR. THOMAS: Yes. I'm sorry. This is just a hard one. And this is not to -- and I think you have done a phenomenal job.

I am just struggling to synthesize this. And it really does seem to come down to as simple as it has
been defined is, does what happened in 1998 -- let me you ask you differently.

We keep talking about five, possibly six of the elements were being met. There are eight that we were talking about total. That staff in its review would need to see to be able to award the points. Did I get that right?

MS. LATSHA: Five of eight.

MR. THOMAS: Five of eight. Five of the eight.

Okay. That makes -- okay. I guess it still comes, is it in your mind, as simple that trying to go back and determine whether 1998's actions were --

MS. LATSHA: Partially. I think it is something else, too. I think there is a difference between assessing a problem and saying this is our plan to address that problem, and saying now that this authority has been created, you are charged with economic development.

And there wasn't that realization that it is -- I think we are keying off the word "assessment." There wasn't a realization that these are the problems that exist in our community right now. There was a more general charge to maintain things like education and local business so that economic development could continue to happen.
Which I realize, that that is nuanced, and why this is difficult. But I think that is what we were trying to see. And we couldn't quite get there.

MR. THOMAS: Well, I mean, the topic for me is, it is economic development focused, versus housing focused. The TIRZ which, I am tired, and it is late. And so that just sounds funny to me. I guess, I'm sorry, Mr. Chair.

But I guess what I am trying to figure out is are we really trying to pull this camel through the eye of a needle. I really feel, I am trying to get a sense, if we are trying to -- and I don't know what to say.

(Simultaneous discussion.)

MR. OXER: Let me -- let's offer -- we have got a question from Tim. And I will also just add into it. Clearly, there is economic revitalization and development going on. Okay.

And it gets down to the question, was there an assessment from -- you know, this is paleohistory in the TDHCA realm of things. So we are hard pressed to figure out what people were doing. And so there is a constant requirement.

If there is effort going on, there is a constant involvement of whatever the legislative and appropriation efforts are going on in this area. So the
question then is, unfortunately, we are the ones with the muzzle, with the bridle on the camel, trying to yank it through this needle, okay.

And so, I assume if this was easy, you would have already taken care of it. Right. So we get all the hard ones, you know. And this may be one of those that is just one of those little quirks. We found a few.

We find a few every year, and try to iron out some of those wrinkles in this whole process. But with the idea that where we go through with this gives us a chance to go back and make -- even if it is appending the notes to the QAP, this is what we want. Go get it.

Clark, have a public meeting. Have some people out there. What do you think is necessary. You can say, yes. We talked to them, and they are checking all of these boxes.

And that is just a thought. It is not an obligation. I don't want you to understand, or don't want you to think that if you come back and did that last next year, that is what is going to happen.

Tim, did you have a question?

MR. IRVINE: Yes, actually. I am looking at the rule. And it says -- I think this is the key language.

The adopting municipality or county must have
performed in a process providing for public input an assessment, blah, blah. When the TIRZ was created in the late '90s, you mentioned a 60-person body?

MR. OXER: Join us back at the mic.

MR. COLVIN: Again, I am Clark Colvin with ITEX.

MR. OXER: Thank you.

MR. COLVIN: I think what we are seeing, Mr. Irvine, is that as the TDHCA has --

MR. OXER: Let's -- hold on.

MR. IRVINE: I actually have a line of questioning that goes right to --

MR. OXER: Okay. Let's let him prosecute for a minute. Okay.

MR. COLVIN: Yes. Please. Okay. The 60 persons is something that they currently have.

MR. IRVINE: They had a significant --

MR. COLVIN: Yes.

MR. IRVINE: And the 60-person makeup, is it a diverse group?

MR. COLVIN: It is committees. Yes. It is diverse persons.

MR. IRVINE: Persons who reside in the general area of the TIRZ.

MR. COLVIN: Yes.
MR. IRVINE: Okay. So they reflect public input.

Has this body, in recent years, gone about updating its assessment to address this five, six, seven, eight things that you laid out? So those activities, some of which are clearly revitalization, like getting rid of tire dumps, came out of a process where that large public group was participatory?

MR. COLVIN: That is correct.

MR. OXER: The real question is, are they -- surely they are not working on a plan that was developed 15 years ago and they've updated --

MR. COLVIN: No. What I had mentioned was that they had developed the original plan in 1999. What we can't do is, we really can't prove what went along there, how much public input was there.

But what we see today is that we see two amendments that have gone to that plan. The latest one was in 2008, which is a long term plan, and provides for this $227 million that is being spent in at least seven of the eight categories.

Public input has been great now. I can't tell you what happened in 1998. I haven't been able to find anybody that was there at that time.

MR. OXER: I can't remember most of what
happened last week.

MR. COLVIN: Yes. I am there myself. But today, this is a -- this has got tremendous public input. In fact, I am missing a meeting tonight in Houston at another TIRZ, in which we are addressing, which we are addressing an affordable housing issue, in which they are providing funds for. And this TIRZ has agreed to consider that as well.

So we are -- this is one that is not just an economic development group that is out trying to get jobs. They are dealing with all of these issues, like education and housing and the various things.

MR. OXER: The fundamental question Jean, comes back to the fact that you didn't see the documentation that supported their public input or engagement -- the development -- what the deficiencies were there. And basically he can show that.

MS. LATSHA: I think they might agree with that statement -- right? -- that there is a lack of documentation showing that technically the adoption of this plan met that specific requirement of the rule.

DR. MUÑOZ: Are the TIRZ meetings open?

MR. COLVIN: Yes.

MR. OXER: All right. That is all right, Clark. I know you --
MR. COLVIN: Yes, sir. They are.

MR. OXER: Here is -- we will accept that they are. All right. Here is another question, since we are slicing this really thin, okay.

If there were -- we just gave somebody some extra time to find some documentation to support their position, in the item before that came up, before this one. If -- this is a discussion question -- if this was tabled, or left, and they were able to provide that documentation, would this meet that rule?

MS. LATSHA: I am not sure that that is the question here.

VOICE: I'm sorry. I am agreeing. I think I know where you are going.

MS. LATSHA: I think all of those are documentation related to the original adoption of the TIRZ has been submitted by the applicant and then some, in the appeal. I think the real question is, perhaps, a more nuanced interpretation of the rule. And if there is one out there.

MR. OXER: All right. Let me ask this. How often does the TIRZ meet?

MR. COLVIN: The TIRZ that I am most familiar with is TIRZ Seven, where we are doing a project. They typically meet once a month. They typically don't meet in
August. But they can meet at any time that they want. If they don't have any issues --

MR. OXER: And they are public. Do they have public --

MR. COLVIN: Yes. And they have --

MR. OXER: And so input is being made, public input and assessment of what the situation is, I am trying to find a way --

MR. COLVIN: Yes. The first item on the agenda is just open public comment. And then everything is open. And it is all presented, including the budgets and plans and everything else.

MR. OXER: Okay. Thanks.

Tamea.

MS. ADULA: Yes. Tamea Adula, Coates, Rose. I wanted to bring to your attention that the evidence we do have of the public input is in the city ordinance in 1998 that says, "Whereas, at the public hearing on August 5, 1998, interested persons were allowed to speak for or against the creation of the proposed Zone, its boundaries, or the concept of tax increment financing. And owners of property in the proposed Zone were given a reasonable opportunity to protest the inclusion of their property in the proposed Zone."

"And whereas the evidence was received and
presented at the public hearing in favor of the creation of the proposed Zone under the provisions of Chapter 311, Texas Tax Code, and no one appeared or presented evidence in opposition to the creation of the proposed Zone;

"And whereas no owner of real property in the proposed Zone protested the inclusion of their property in the proposed Zone" -- and then it goes on with several other whereases.

But the first finding is, A, that the facts and recitations contained in the preamble of this ordinance are hereby found and declared to be true and correct and are adopted as part of this ordinance for all purposes. So you have the City, the City Council, which is the creator of the TIRZ, making a determination. Admittedly, there is a certain amount of self-interest there. But there wasn't a TIRZ to take notes at the time.

The City Council has, in their ordinance, the circumstances of the opportunity for public input. Now whether any one person took advantage of that fact, I am not able to say. But there was opportunity for public input.

MR. OXER: Okay. All right. Thank you.

MS. ADULA: Thank you.

MR. OXER: Anything else?

(No response.)
MR. OXER: Okay. Jean. Anything else? Wrap it up?

MS. LATSHA: I am not sure if I have anything further.

MR. OXER: Okay. Anything else?

MR. THOMAS: I just -- there needs to be some level of discussion, maybe amongst ourselves to try to get our heads around. I have got some concern that -- I have got concern that this is such a narrow -- this seems to me to be an instance in which our QAP, we are being choked on a technicality, that maybe it would have been impossible for us or our staff to have anticipated. Our staff is clearly struggling to provide the full context of the information for us and for our constituents to all hear at the same time.

I just feel like -- I feel like in essence -- I feel like the opportunity, if it becomes as simple as our interpretation of the rule, then the opportunity to present it globally has already occurred. And then I would be very concerned about whether or not a preexisting entity would be held to a standard today that globally existed to further the interest of --

MR. OXER: Which is the applicant's position.

So --

MR. THOMAS: So the question that I have for
you, Chair, is there enough communication or understanding on the Board level? I am not even sure.

I would like to hear some of my colleagues' thoughts, I guess, is what I am trying to say. I would like some guidance from people who have been on here for a while, that have struggled with some of this.

MR. OXER: Some comments on this.

MR. THOMAS: Yes.

MR. OXER: Anything to add, Ms. Bingham?

MS. BINGHAM ESCAREÑO: You know, I think I am struggling most with -- I understand the nuances. And I don't mean to trivialize it at all. It is a points issue, right? It is really not an issue of, is the application qualified or not.

And I guess I am still in a position that, that these are just not points that this TIRZ satisfies. That is just -- I mean, you are asking for my own impression. Hearing everything, and maybe there is some color commentary that we are missing.

We are talking about stuff that happened in 1998. But we are also talking about the meetings still, that occur monthly. But we are finding back to things that happened in the 1998 meeting, as if that is the only history that we have access to.

So there is something there that just isn't
connecting for me. And I appreciate that it is an area that is -- you know, that has a need. And I know that you know, all of the developments are about points. And that is how you, you know, get your developments done.

But I guess I am just not hearing what I need to hear that helps me understand why they would qualify for these points. It still could be an awesome -- I am sure it is an awesome application. But that is where I am.

MR. OXER: Okay. Dr. Muñoz?

MS. LATSHA: I don't mean to interrupt this, but perhaps I can give you a little perspective on this scoring item. It has flip-flopped quite a bit. And what it has been, it has been worth as little as one or two points, four or six over the past decade.

It at times, has been as simple as a letter from a City Manager, saying sure, we have a community revitalization plan. And then it evolved into something that went through a pretty lengthy preclearance process, much like the desirable site features.

And yes, in this latest QAP, dictates pretty specifically what the Department is wanting to see. And maybe that -- I don't know if that helps where you are, this discussion at all.

But just to provide -- we have always tried to
find the right way to craft this portion of the rule, so
maybe it is somewhere in between this dictating everything
exactly what it should look like. And a letter that quite
frankly doesn't mean anything. If that is helpful.

MR. THOMAS: It is. Thank you.

MR. OXER: And, recognizing as we do that this
is a -- has become and continues to be and we expect will
continue to increase, is an extraordinarily competitive
process. That because of the extraordinarily competitive
nature of this, those little details make a lot of
difference.

And so, we are measuring at the literally, not
at the margin, but at the edge of the margin, you know.
And that is -- the good news is, it is a very competitive
process and there are lot of people in it. The bad news
is, there is just not enough money to go around.

We have to figure out a way to sort that out.

So I add that.

Dr. Muñoz, do you have a comment?

Robert, want to hear some thoughts from anybody
else?

DR. MUÑOZ: Well, I suppose I am in agreement
with Board member Bingham. On the face of it, it seems
that back in ‘98 it may have addressed many of the
expectations.
I just have some reservations as to, you know, I mean, whether all of what it has set out to do is currently today addressing the concerns of the item. I mean, that is -- I suppose, that would be a distillation of my just inherent reservations.

MR. OXER: Okay. Mr. Gann, do you have any thoughts?

MR. GANN: I have mixed emotions over it.

MR. OXER: Don't we all?

MR. GANN: Yes. I could go either way at some point, but I think that -- I don't think you can get the right wording out of the 1998 documentation. But at the same time, I wonder why the gentleman didn't go down there and ask them for that proclamation, including that one more thing.

MS. ADULA: May I address that?

MR. OXER: Certainly.

MS. ADULA: We were trying to -- this is Tamea Adula, Coates, Rose. Trying to comply with the requirements of the QAP. The issue is what happened when the plan was originally adopted. Not what is going on today.

And this was adopted a long time ago. So that is why we are all in 1998, and not last week at the meeting. If you wish to table this, and ask us to bring
you more information, we will be happy to do that.

   MR. OXER:  Jean, back to the box, here.

   MS. LATSHA:  Thank you.

   MR. OXER:  In the event that we table this, let's see.  What benefit do we gain from tabling, Mr. Irvine?

   MR. IRVINE:  It just seems to me --

   MR. OXER:  That's when we are not tired anymore.

   MR. IRVINE:  It just seems to me that the rule says the adopting municipality must have performed an assessment of these factors.  And I understand that there has been a lot of good stuff done by the TIRZ in the intervening period.

   But when I look back to 1998 and the creation of the TIRZ, it seems that multiple factors were within its potential purview.  But it doesn't seem to me that there was an actual assessment of the requisite number of factors documented.  That is where it falls to me.

   MR. OXER:  Right.  Does the QAP as currently written, and I am sure this will be, as it will be written.  But as it is currently written, does it accommodate the point that Tamea had addressed, which is, if we are looking 15 years ago when it was formed, are we in any position to be able to consider assessments that
have been done recently?

MS. LATSHA: It is not --

MR. IRVINE: I think you could consider

assessments done recently, if they were done by the
adopting municipality.

MR. OXER: Not the TIRZ, but in this case, it
would have been the City of Houston?

MR. THOMAS: So then the appropriate way, if
this were to be tabled, the only reason we would table it
is to give staff the opportunity to work with the
applicant so that they could go see if they could get the
necessary action to occur. And that would be -- in this
instance, the City of Houston would then have to do go
through the study. Is that right?

MR. OXER: Well, you can't do it now in the
application. That would only satisfy next year's
application.

MR. IRVINE: It was a scoring item at the time
of submission.

MR. OXER: Right.

MS. DEANE: I think it would be to see if, my
understanding of this then, two changes to the plan, to
the minutes of the plan would be to see if any of the
ensuing amendments to the plan, in a way that brought it
closer to satisfying the rule.
MR. OXER: Okay. Here is the Chair's recommendation, okay. And I know this is hitting on the edge, on the bubble on this thing. Because there is just not a whole lot of time left, or very many more meetings about this.

I would suggest that we consider tabling this. Withdraw the motion, consider tabling this. See if the 2008 amendments and modifications to the TIRZ plan actually engaged public input to assess some things that were needed. To document that, that seems like that would satisfy those.

Now that is the documentation for the application did not include that. So what does that do for us. Since it was not included in the application? Even worse, what does it do to us?

MS. DEANE: Well, I have to admit, I am trying to figure out how we would actually manage that kind of procedurally.

MR. OXER: That is what I was trying to figure out.

MS. DEANE: You know, and if -- even if we were to figure out a way to accept the documentation, outside an appeals process that has already kind of run its course, if staff were to still be unsatisfied, would that start another appeal clock. I am not really sure how --
MR. OXER: Yes. Nor am I. And that is --
while the -- Tamea was -- we went through the entire
process for creating the TIRZ.

It did not suggest in there that it was for the
purpose of engaging public input, although public input
was involved. Okay.

Cameron, did you have a thought? And no is a
decent answer, by the way, if you don't want to talk.

MR. DORSEY: One thing I think you could
probably do is, someone with the knowledge --

MR. OXER: Mr. Dorsey.

MR. DORSEY: Cameron Dorsey, Deputy Executive
Director. I think you could -- given the knowledge of the
amendment now, you could direct staff to issue an
administrative deficiency.

I generally, when issuing administrative
deficiencies would try not to presume you know exactly
what is going to be submitted, and whether or not it would
be allowable or not. You wait until you get the
submission. And then you make that determination.

In fact, that is how the administrative
deficiency process is written into the rule. You don't
presume you know the response. And so, you could simply
do that, and we could bring the information back.

MR. OXER: It sounds like a good plan to me.
Okay. Then with the agreement that Mr. Thomas and Ms. Bingham with their motion and second will withdraw the motion, consider the motion to table, do exactly that, as Cameron just outlined, and then we will consider this for the next meeting.

And if you are satisfied with what is there, through an administrative deficiency, then we don't have to deal with this next time.

MR. IRVINE: Might I clarify then what it is staff is really looking for? Because ultimately appeals are yes/no questions.

MR. OXER: Correct.

MR. IRVINE: What I am looking for is evidence that in a process allowing for public input, the adopting municipality -- i.e., the City of Houston -- has actually considered the requisite number of factors, performed assessment.

MS. LATSHA: Then you would say at any point between 1998 and '14.

MR. DORSEY: I don't care when it did, because I don't think that the rule says when they have to do it. It just says at the time it comes to us for approval, they, the City, has to have gone through these public processes and actually assessed the requisite number of factors.
MR. OXER: And for the record, Tamea, it is not just when it was formed, it is when it was formed and amended and reformed, because that constitutes a reformation in our mind. Okay.

Go ahead, Ms. Bingham, would you -- I'm sorry.

MS. LATSHA: I'm sorry. I just want to make one last -- I'm going to sound like a crazy person.

MR. OXER: No more than the rest of us.

MR. LATSHA: But the point -- and I don't think will necessarily be an issue with the TIRZ, because there is so much funding involved.

But the points associated with this scoring item are based largely on the budget of the plan. So if we were to find that that assessment took place at X date, should we only consider the budget from X date moving forward?

MR. OXER: You're right. You are crazy.

MR. DORSEY: That's a good question.

MR. OXER: Okay. That is going to be one we will have to refer --

MS. LATSHA: I have a feeling we are going to be okay there, anyway. All right.

MR. OXER: Okay. All right. Let's go. Here we go.
Ms. Bingham, will you withdraw your second?

MS. BINGHAM ESCAREÑO: Yes.

MR. OXER: Mr. Thomas, will you withdraw your motion?

MR. THOMAS: I will.

MR. OXER: Okay. Now we will consider a motion to table, with guidance to staff to do as we have instructed, to gather that information and see if it satisfied the administrative deficiency.

MR. THOMAS: So moved.

MR. OXER: Okay. Motion by Mr. Thomas.

MS. BINGHAM ESCAREÑO: Second.

MR. OXER: Second by Ms. Bingham to table this item and allow staff to acquire additional information.

Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. You got a stay.

Okay.

MS. ADULA: Thank you very much.

MS. LATSHA: All right. And I lied about that being the last one. I'm sorry.

MR. OXER: And let the record reflect Mr. Thomas has to leave, but we still -- we retain quorum.
Okay. Jean, you have a next one?

MS. LATSHA: Yes, 14209, Riverside Village. I apologize. I read right over it. This application is in the Rio Hondo ETJ.

Your writeup indicates that no appeal was actually filed on time. It was the applicant's intention to use his response to a challenge of this application as his appeal documentation.

That wasn't entirely clear to staff at the time of the writeup, but we did have that documentation in house and believe that has been provided to you. Yes.

MR. OXER: Yes.

MS. LATSHA: Yes. All right. This is actually a pretty simple issue.

MR. IRVINE: Sure.

MS. LATSHA: Sure.

MR. OXER: Yes. Whatever you say.

MS. LATSHA: It's a simple thing. All right.

So the rule calls -- this application was denied points under 11.9 (d)(1) local government support. This is the scoring item that provides points for applicants providing support resolutions from either the City or the County.

The rule very clearly states, if your site is within the city limits of a municipality, then you need a support resolution from that municipality to achieve 17
points, the maximum number of points. If you are located outside the city limits of a municipality, then you would go to the county for that support resolution and achieve those 17 points.

If you are located in the ETJ of a municipality, a support resolution from the city affords you 8-1/2 points. A support resolution from the county affords you 8-1/2 points, for a maximum of 17. This language was written in the QAP and taken pretty much straight from the statute. Straight from the statute.

So the applicant only provided a city resolution from the city of Rio Hondo and claims that because he intends to be annexed into the city, that he should only have to provide that city resolution in order to achieve the maximum 17 points. The language in the statute reads, a resolution. Let's see.

Applications are evaluated based on a resolution concerning the development that is voted on and adopted by the following, as applicable: the Commissioners Court of a county in which the proposed development site is to be located and the governing body of the applicable municipality if the proposed site is to be located in the extraterritorial jurisdiction of the municipality.

We further clarified that in the QAP and stated
very clearly that we would consider where the site was
located at the time of application submission to
specifically address the issue of annexation. So we --
some of you may remember a discussion last year about this
concept of a site is proposed to be located here.

And how -- I suppose some folks find that
language problematic, although I have to admit I still do
not find it problematic. So we say a site is proposed to
be located here.

So where is "here"? It is either in the city
or it is in the county, or it is in an ETJ. These
applications are all about proposals. They are proposals
for development.

So we do use that word quite frequently. But
as I said, because we anticipated that this language does
seem to be confusing to some applicants, we, like I said,
clearly laid this out in the QAP, that we would consider
where that site was at the time of application, and then
the points follow as such. I think --

MR. OXER: This is largely consistent with our
market study. You have got to be on the list when it is
done.

MS. LATSHA: Yes. I think I can let Tim maybe
make his other argument. But this is an item that is very
clearly laid out in the rule. If you are in an ETJ, you
have to have both resolutions for maximum points.


MS. BINGHAM ESCAREÑO: I have a question. Just out of curiosity, is the entire application predicated on the annexation, the pending annexation? In other words, if for any reason an annexation didn't go through, would this application and development still be solid?

MS. LATSHA: Likely. You know, the applicant could probably speak to that more. He might have a little bit more difficulty getting utilities to the site or something like that, but it is certainly nothing that would stop -- that staff would stop his application for.

So we actually had this very situation, you know, last year or two years ago, when we did have an application that was proposing annexation. And so there was a lot of back and forth about how to apply the rules. And then we actually came to an agreement with that applicant.

He wound up not getting annexed. It certainly didn't bother us. And then he was able to move forward too. And I think that is the importance of this, as well. If I am supposed to consider the annexation, at what point do I consider it? April 1? Now? September. You know, when do I reevaluate this application and say, all right. You are in the city. You only needed the one
resolution.

MR. IRVINE: And I don't think that the point item really turns on whether it is viable or not viable depending on annexation. It is simply, you are applying right now at this specific location. Who has an interest in that outcome?

Clearly if it is in a county, the county has an interest. If it is also within a municipality's ETJ, the municipality also has an interest. So this is to give voice to the bodies of local government that have an interest in the outcome.

MR. OXER: Any other questions?

(No response.)

MR. OXER: Okay. So the staff recommendation is?

MS. LATSHA: Denial of the appeal.

MR. OXER: Okay. Do we have a motion to that effect?

DR. MUÑOZ: So moved.

MR. GANN: Second.

MR. OXER: A little movement up here. So okay. So motion by Dr. Muñoz to support staff recommendation. Second by Mr. Gann.

Tim, have you got a comment?

MR. LANG: Yes.
MR. OXER: Okay. You are on the clock.

MR. LYTTLE: Mr. Chair?

MR. OXER: Hold on one second, Tim. I'm sorry. My mistake. Michael has got one to read in.

MR. LYTTLE: We had a letter -- Michael Lyttle, TDHCA staff.

We have received a letter from State Representative Eddie Lucio III on this item. It reads as follows.

"I am writing to you today in support of the Riverside Village tax credit application from the City of Rio Hondo. Currently the annexation rules for small general law cities make it very difficult to annex property, and it can only be done through a voluntary petition by the owner.

"Furthermore, the State has taken away 8.5 points from the application, because the property apparently was in an extraterritorial jurisdiction and a resolution from the county was not received. House Bill 3361 set rules that state that resolutions have to be obtained from political subdivision where the project is to be located or built.

"They obtained a city resolution as required by House Bill 3361. A county resolution should not be required. In light of this information, I encourage you
to review the decision to deduct 8.5 points from the
City's application, and that this letter be read into the
record.

"Please do not hesitate to contact me if I may
be of further assistance.

"Sincerely, Eddie Lucio III, State
Representative District 38."

MR. OXER: Okay. Tim. I know we are anxious
to get on this. And we are down to the deep end, the far
long shanks of the agenda here. But we have been sitting
in our spot here for a couple of hours.

So we are going to give you the advantage of
letting us take a minute break, so we can sit still and
listen to you. So we are going to take, let's take like a
five-minute break. We'll be back. Just take a quick pit
stop.

(Whereupon, a short recess was taken.)

MR. OXER: Okay. Let's finish up. Tim.

MR. LANG: Okay. Good afternoon. Tim Lang,
Tejas Housing. Thank you for the opportunity to speak
before you.

This is a new scoring item. This item was not
in existence prior to September 1st of 2013. The way that
the bill reads, House Bill 3361 as Jean mentioned, it
speaks to where the development is to be located.
Now, I understand that we have been through that same sort of language in prior application rounds. But I strongly feel that this language is different as the Legislature intended it, as the House had passed the bill.

It doesn't speak to -- when it speaks to the proposed development to where it is to be located, to me that is its eventual place where it is going to be owned and operated and continue to do business going forward. It doesn't speak to a snapshot in time, such as the date of application.

And it only makes sense that you would have support from the entities that were governing that body where the land was, or where the development was to be located.

A case in point is in rural areas, we quite often are along the outskirts. Sometimes, we are just outside the city limits. Sometimes we are just inside city limits.

If it were the other way around, would we -- if we were just inside the city limits, we would not be asked to get the support from the county as well, even though they would be right next door on contiguous land. They wouldn't have that voice.

So this is kind of the same thing, but in reverse, to where, this development will never exist on
county land. The annexation has been applied for. It has been accepted by the City Council. And it is just one meeting away from being passed.

It would have been passed by now except for the way land purchases work. On a typical scenario in the tax credit program, similar to -- and it is very similar to how we process the zoning. The land is just under contract.

We don't own the land. Therefore, we don't have the right to change the zoning or have the site annexed. That has got to be the owner's decision. They typically don't want to do that unless they know that their land is going to be sold and the property is going to be moved forward.

I think the better way to approach this would be to make the processes similar in the case of annexation, because annexation is not -- it is not considered in the new rule, in the new QAP rule. It is not addressed in the House bill. So because these are so similar in form and function, it makes sense going forward to have the annexation and the zoning, which are -- the zoning is due at commitment.

So when you get your development, you are charged with proving up your zoning and making sure that you are properly zoned before you can sign your tax credit
commitment and move forward. This, I think should be absolutely no different. I think that it is the same process. It is just a different extension of that.

And I agree completely. If we don't get the annexation, then by all means, 8-1/2 points should be taken away. But if we do get it, it is a city property. The county would have nothing to do with the property from that point forward.

So it really -- I don't know what is to be gained at that point from having a resolution from the county. Now that is not to say that the county doesn't support it. I have got a letter here from the county judge. And they are in full support of the property.

But I just -- I disagree with staff's assessment of where the proposed development is to be located. And if it came to that, also the processing which that we are handling those sorts of things.

I think that it deserves the opportunity because of how the process works with land under contract. And you know, you are not going to close on them until you know you are going to get an award of tax credits; that we should be provided the opportunity to prove that up at commitment and not at the time of application. We are never going to get that done at the time of application.
Although prior to application, we did have the -- I think I mentioned that we did have the annexation applied for. So it is queued up. It is ready to go. It could be annexed to the city by the end of the month if the points were restored.

MR. OXER: All right. Thanks, Tim. Any questions?

(No response.)

MR. OXER: Another comment.

MR. MITCHELL-BENNETT: Good afternoon. Nick Mitchell-Bennett, the Executive Director of the Community Development Corporation of Brownsville. And I am here to ask that you uphold the findings of the staff.

The application, the QAP says what it says. At the time of application. And I followed that rule, and in my project, I did it at the time of application.

And I had other properties that I was able to put in, and I would have had to have done the same thing that this other group did, but I did not, because I could not get both at the time of application. It was very clear.

I run many different programs with the state home, NSP. The rules are the rules. I am always told the rules are the rules. Don't try to change them, Nick.

The rules are the rules. And I ask you to
uphold that now. If you want to change it next year, God bless you. It will make my life easier, too. But at this point, this needs to be upheld as it is. Thank you.

MR. OXER: Thanks, Nick.

Okay. Go on, Jean. Can you -- let's read that rule.

MS. LATSHA: Sure. Happily. I say that. Then where did it go. All right. I will get to the relevant sentence here.

"For an application with a proposed development site that, at the time of the initial filing of the application, is within the extraterritorial jurisdiction of a municipality, the application may receive points under Clause 1 or 2 of this subparagraph, and under Clause 3 or 4 of this subparagraph."

And I will say one and two -- one and three are 8-1/2 points for a resolution from the governing body of that municipality expressly setting forth that the municipality supports the application or development.

And three is 8-1/2 points for a resolution from the governing body of that county expressly setting forth that the county supports the application or development.

The other point items are lesser points for neutral resolutions that don't expressly state support.

One thing I would like to point out to kind of
piggyback on Tim's earlier statement is that when we talk about where these sites are at the time of application. You are talking about the people who live right around there, that elect those officials, that elect those County Commissioners, or elect those city council members.

In the case of being in an ETJ, if you take away the power of the county to weigh in, you are basically taking away the power of the people in the county to weigh in. And the fact is, that is where that site is located.

Let's say they don't want to be annexed. And they don't want to support this development. If you were to say, we are not going to look at any resolutions from the County, and consider them, it seems a little bit backwards.

Those folks that are in the county should be able to weigh in at the time of application, as to what they want to see there. Whether they want it to be annexed or not, whether they want that development there or not.

MR. OXER: Okay. Any questions?

(No response.)

MR. OXER: Thanks, Jean.

MS. LATSHA: Sure.

MR. OXER: Tim? Last comment. Sixty seconds.
Okay.

MR. LANG: Tim Lang, Tejas Housing. There are two things that I want to address with Jean's comments. One is that this particular site is surrounded on three sides by city land. The fourth side is agricultural land as far as you could see.

So every residence around this site and near this site is already within city limits. So this is, this basically is a little chunk taken out of what would be a more regular shape of a city limits sign. It is currently a cutout to that particular piece.

And on the second point of that, I would like to go back to what I said earlier, in that you know, we are not -- the way the statute and the rule, I mean, it is clear to me that if the development is to remain in the ETJ, and operate in the ETJ, then yes, you should be required to get both resolutions from the county and the city. I agree with that, 100 percent.

But to make the argument that in the city, or in the ETJ, if it is going to be annexed in it, you need the resolution from the county as well, is to give the voice to an entity that is not going to ever have control.

In other words, if that line was drawn now, if that annexation was taken care of now, those people wouldn't have a voice anyway.
So we are not -- and we are not doing that on the other side. If we were on the city limits, but inside the city, we wouldn't be giving the voice to the county. So we need to be either consistent with it. Or we need to make an adjustment as far as how the annexation was treated. Because it is not going to be a consistent deal going forward.

MR. OXER: Okay. Your point is noted. And how do you get around the relevant term in there, at the point -- "at the time of application"?

MR. LANG: How do I get around it?

MR. OXER: Relevant phrase in the rule, in the QAP.

MR. LANG: It is one of those things when, to me it was -- I missed it. To be quite honest with you, I missed that sentence.

It was -- when I was looking at it, I knew from the get-go this was going to be annexed into the city. It was always a city property in my mind. So to be quite honest, up until we got the challenge, it had never dawned on me that there was going to be anything other than a city property.

So I never thought -- the language in the QAP was clear, that if you were going to remain in the ETJ, you need both. If you are going to be in the city, you
need the city. If you are going to be in the county, you need the county. And it was that approach from the very get-go.

MR. OXER: Okay. All right. Any questions from the Board?

(No response.)

MR. OXER: Okay.

DR. MUÑOZ: At the point of application, it was an ETJ.

MR. LANG: That is correct.

MR. OXER: Okay. Motion by Dr. Muñoz. Second by Mr. Gann to approve staff recommendation to deny the appeal. Those in favor?

(A chorus of ayes.)

MR. OXER: Those opposed?

(No response.)

MR. OXER: The appeal is denied, Tim. Okay. This appears to be -- do you have anything else? What else have you got there, Jean?

MS. LATSHA: Yes. I am throwing paper all over the place. But that's all right.

MR. OXER: That's all right.

VOICE: Crazy person.

MS. LATSHA: All right. So Item 5(b), this is simply a list of approved competitive 9 percent Housing
Tax Credit applications for the 2014 cycle. Statute mandates that we publish this by June 30th. And so, we have.

I can -- I am happy to answer any questions about the law. We have some really similar format that we have had in the last couple of years. Yes, sir.

MR. IRVINE: Will be updated to reflect any terminations, as a result of today's actions.

MS. LATSHA: Yes.

MR. OXER: So the request, to what you are asking the Board to do is approve this list, as amended by action today?

MS. LATSHA: Yes, sir.

MR. OXER: I want to ask Ms. Bingham to make this. Because I always ask her to make -- I like to have you make the motion to get the list out there, and to approve those. And that is just, I think that is a courtesy I offer you. That is tradition for us, Leslie.

MS. BINGHAM ESCAREÑO: Okay.

MR. OXER: Tradition to me. You get to swing at this one, okay.

MS. BINGHAM ESCAREÑO: All right. Do you want to kick it off?

MR. OXER: I lined it up.

MS. BINGHAM ESCAREÑO: All right. Very good.
So I will move staff’s recommendation to approve the 2014 competitive 9 percent Housing Tax Credit program application log as submitted.

MR. OXER: And as amended today.

MS. BINGHAM ESCAREÑO: And as amended today.

MR. OXER: As through changes today, right?

MS. LATSHA: Yes, sir.

MS. BINGHAM ESCAREÑO: Correct. On the list. Yes.

MR. OXER: Okay. I get to exercise a point of discretion I have every once in a while in this bit. The Chair seconds. Okay. Are there any public comment?

(No response.)

MR. OXER: Okay. Motion by Ms. Bingham. Second by the Chair to approve staff’s list as amended today through action today. Those in favor?

(A chorus of ayes.)

MR. OXER: Those opposed?

(No response.)

MR. OXER: There are none. Thanks. Good job.

Okay. We have reached a point in the agenda, where we ask for input from those, for any item that you wish to find on the future agenda. We will not be able to act on it today. We will ask for any comments.

(No response.)
MR. OXER: Any public comments for future agendas?

(No response.)

MR. OXER: Okay. There seems to be none. Is there any comment from the staff in the audience today?

(No response.)

MR. OXER: We had a few comments due to wild and crazy Jean. So we appreciate the effort that you put forth. I know this is a hard time of the year for you and Cameron and Kathryn.

So thanks very much for that. Okay. Any comments from staff or members of the Board?

MS. BINGHAM ESCAREÑO: I would echo the Chair's commendations to Jean and Cameron and team. And you know, it is difficult.

And sometimes -- I think Jean started by saying that some of the appeals of the request that we would hear today would kind of present as if sometimes this team is somewhat nitpicky. And I appreciate you acknowledging that.

But know now that we are so very much appreciative and acknowledge what huge volumes of data you are dealing with, and your responsibility to uphold the rules and statute. That it is easy sometimes for you know, our customers to get up and expect that we be more
flexible than sometimes we appear to be.

But then truly, in the light of, you know, everything you do, and I don't think a single applicant has ever gotten up and said, you guys weren't helpful. You are very helpful. You are always good listeners. But you do uphold your responsibility. And sometimes that means you make difficult decisions. And we support those.

So I just wanted to extend my appreciation also.

MR. OXER: Okay. Any comments from any others?

(No response.)

MR. OXER: Okay. Mr. E.D.

MR. IRVINE: Yes. There are a lot of people that don't get to make it to the lectern. And therefore, they don't necessarily get the accolades.

But you know, this particular time of year, there are a ton of people. The folks I see out there, there aren't many here from REA. They have been just really under the gun. The folks in Asset Management and Compliance who push through all of the reviews necessary for EARAC to consider awards.

There is just a ton of work that goes into a tax credit round. And you know, it includes heavy duty on Michael Lyttle, dealing with members and local governments and so forth, calling him with issues. Our consigliere is just stressed beyond recognition, along with help from
Megan Sylvester.

I mean, this is an incredible team effort. And frankly, the folks that aren’t involved in the tax credit round, I apologize to them that they really kind of have to be able to keep going without as much input from some of us. And it’s a tough time of year. And I am glad it only lasts another month.

MR. OXER: Then we get to start all over again.

All right. I get to say the last words. It is a good thing that we are doing here. We do a good thing for the State of Texas. I’m glad we’re all here, and it’s reassuring to me to see how well that this team works together. And I appreciate that more than you can imagine. So with that, I will entertain a motion to adjourn.

MS. BINGHAM ESCAREÑO: So moved.

MR. OXER: Motion by Ms. Bingham to adjourn. Do I hear a second?

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz. All in favor?

(A chorus of ayes.)

MR. OXER: We stand adjourned. See you in five weeks.

(Whereupon, at 4:00 p.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF: TDHCA Board of Trustees
LOCATION: Austin, Texas
DATE: June 26, 2014

I do hereby certify that the foregoing pages, numbers 1 through 275, 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.

07/2/2014
(Transcriber) (Date)

On the Record Reporting
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