TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD MEETING

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

Thursday,
February 19, 2015
9:10 a.m.

MEMBERS:

J. PAUL OXER, Chair
JUAN MUÑOZ, Vice Chair
LESLIE BINGHAM ESCAREÑO, Member
TOM GANN, Member
J.B. GOODWIN, Member

STAFF:

TIMOTHY K. IRVINE, Executive Director

ON THE RECORD REPORTING
(512) 450-0342
AGENDA ITEM

CALL TO ORDER, ROLL CALL
CERTIFICATION OF QUORUM

ITEM 1: APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

EXECUTIVE
a) Presentation, Discussion, and Possible Action regarding the Board Minutes Summary for December 18, 2014
b) Presentation, discussion and possible action to delegate to Chair authority to perform the performance evaluation of the Executive Director

LEGAL
c) Presentation, Discussion and Possible Action regarding the Adoption of Agreed Final Orders concerning Villa Victoria
d) Presentation, Discussion and Possible Action on the Adoption of Agreed Final Orders concerning Tigoni Villas and Plainview Vista
e) Presentation, Discussion and Possible Action regarding the Adoption of Agreed Final Orders concerning Southmore Park
f) Presentation, Discussion and Possible Action on the Adoption of Agreed Final Orders concerning Port Cities Rescue Mission Ministry

RULES
g) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Subsection H, Section 8 Housing Choice Voucher Program concerning the Project Access Initiative and directing its publication in the Texas Register
h) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 10, Subchapter F, '10.607(d)(2) concerning Reporting Requirements, '10.622(d) concerning Special Rules regarding Rents and Rent

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Limit Violations and '10.623 concerning Monitoring Procedures for Housing Tax Credit properties after the compliance period, and directing its publication in the Texas Register

ASSET MANAGEMENT
I) Presentation, Discussion, and Possible Action on ownership transfers and material LURA requirements

COMMUNITY AFFAIRS
j) Presentation, Discussion, and Possible Action regarding Program Year 2015 Community Services Block Grant, Program Year 2015 low income household energy assistance program, and PY 2014 and 2015 Department of Energy Weatherization Assistance Program (DOE-WAP) awards for Cameron and Willacy County, currently served by Cameron and Willacy Counties Community Projects, Inc.

k) Presentation, discussion and possible action on award of Program Year 2014 Community Services Block Grant administrative and discretionary funds

l) Presentation, discussion and possible action on the Use of Program Year 2015 Community Services Block Grant (CSBG) Discretionary Funds

m) Presentation, discussion and possible action to Authorize the Use of Funds Contributed to the Texas Interagency Council for the Homeless

n) Presentation, discussion and possible action Authorizing Staff to Identify a Provider, through release and subsequent award of a Request for Applications (RFA) or through a direct designation, to administer the Comprehensive Energy Assistance Program (CEAP) and the Weatherization Assistance Program (WAP) in Cameron and Willacy Counties

811 PROGRAM
o) Presentation, discussion and possible action to award a contract to the

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Southwest Housing Compliance Corporation pursuant to Texas Government Code '669.003

MULTIFAMILY FINANCE
p) Presentation, Discussion, and Possible Action regarding an award of CHDO operating expense grant funds for Housing Initiative Corporation

q) Presentation, Discussion, and Possible Action extensions of 2011 awarded HOME program multifamily contracts which have not yet received their closed final development inspection letter

r) Presentation, Discussion, and Possible Action on determination notices for Housing Tax Credits with other issuers

REPORT ITEMS

The Board accepts the following reports:

1. Status Report on the Section 811 PRA Program

2. TDHCA Outreach Activities, Jan. 2015

3. Report on the Departments 1st Quarter Investment Report in accordance with the Public Funds Investment Act (PFIA)

4. Report on the Department's 1st Quarter Investment Report relating to funds held under Bond Trust Indentures

5. Implementation of 2CFR Part 200 (the Omni Circular or Super Circular) relating to Single Audits

6. Report on the Department's Fair Housing Activities

ACTION ITEMS

ITEM 2: BOARD

Presentation, Discussion and Possible Action on the election of Governing Board Officers for the upcoming biennium pursuant to Texas Government Code '2306.030

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ITEM 3:  BOND FINANCE:

Presentation, Discussion, and Possible Action regarding Optional Par Termination Rights with respect to Interest Rate Swap Transactions related to Single-Family Variable Rate Mortgage Revenue Refunding Bonds, 2004 Series B, and Single Family Variable Rate Mortgage Revenue Bonds, 2004 Series D  26

ITEM 4:  MULTIFAMILY FINANCE

a) Presentation, Discussion, and Possible Action on Timely Filed Appeals under any of the Department's Program Rules tabled 33

b) Presentation, Discussion, and Possible Action on a Request for the Reissuance of Competitive (9%) Housing Tax Credits to Royal Gardens Mineral Wells, including any necessary waivers 33

ITEM 5:  WAIVERs

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PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS.  none

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MR. OXER: Good morning, everyone. I would like to welcome you to the February 19 meeting of the Texas Department of Housing and Community Affairs Governing Board. And we will begin as we always do, with roll call. So Ms. Bingham.

MS. BINGHAM ESCAREÑO: Here.

MR. OXER: Mr. Tolbert is not here -- Mr. Chisum is not here today.

Let's see. Mr. Gann.

MR. GANN: Here.

MR. OXER: Mr. Goodwin?

MR. GOODWIN: Here.

MR. OXER: Dr. Muñoz.

DR. MUÑOZ: Present.

MR. OXER: And I am here. All right. We've got a quorum. We are in business. So, Tim, lead us in the flags.

(Whereupon, the Pledge of Allegiance to the United States Flag was recited.)

(Whereupon, the Pledge of Allegiance to the Texas Flag was recited.)

MR. OXER: Okay. Tim, you have a resolution?

MR. IRVINE: Yes. Michael, would you read the resolution?
MR. LYTTLE: Yes.

MR. OXER: That was an aggressive yes, there, Mike.

MR. LYTTLE: Michael.

MR. OXER: Can you people hear? It sounds like that ought to be able to hear if they were at the Capitol with this, so far. Is that loud enough for everybody to hear? Everybody in the back? I have got it. Okay. Michael, do you want to read that resolution, or should we have the Executive Director do so?

MR. LYTTLE: I can read it.

MR. OXER: Go for it.

MR. LYTTLE: Okay. This is Resolution Number 15-012; it reads:

Whereas, February 2015 is Black History Month, and is being celebrated with the theme of a century of black life, history and culture, in recognition of African American life, history, and culture in the United States, and the world, over the past century;

Whereas, the Texas Department of Housing and Community Affairs recognizes the significance of Black History Month as an important time to acknowledge and celebrate the contributions of African Americans in Texas=

Whereas, TDHCA encourages the continued
celebration of this month as an opportunity for all Texans
to learn more about the past, and to better understand the
experiences of African Americans who have shaped our great
state, and the nation;

And whereas, TDHCA recognizes that the ethnic
and racial diversity of Texas enriches and strengthens the
nation;

Now, therefore, it is hereby resolved that the
Texas Department of Housing and Community Affairs
recognizes the significance of Black History Month as an
important time to acknowledge and celebrate the
contributions of African Americans in Texas history, and
encourages the continued celebration of this month to
provide an opportunity for all peoples of the State of
Texas to learn more about the past and to better
understand the experiences that have shaped our Lone Star
State, and recognizes that in pursuit of the goal and
responsibility of providing equal housing opportunities
for all, the Governing Board of the Texas Department of
Housing and Community Affairs does hereby celebrate
February 2015 as Black History Month in Texas, and
encourages all Texas individuals and organizations, public
and private to join and work together in this observance
for free and equal housing treatment, and opportunity for
all.
Signed this 19th day of February 2015.

MR. OXER: Great. Thanks very much. Is that a report item?

MR. IRVINE: It is a resolution for the Board to adopt.

MR. OXER: Okay. So it is a formal adoption we will go through. So given that is a resolution, is there a motion to accept and approve?

MR. GOODWIN: So moved.

MR. GANN: Second.

MR. OXER: Motion by Mr. Goodwin to accept and approve. Second by Mr. Gann. There is no public comment. All in favor, aye.

(A chorus of ayes.)

MR. OXER: That is unanimous. So thanks very much for that, Michael.

Okay. The next item is the consent agenda.

MR. IRVINE: Mr. Chairman, on the consent agenda, we have a few requested changes. One is, I believe that there are people here who might wish to testify on Item 1(j), and therefore we would ask that that come off of consent.

Also, I believe Brooke Boston has some changes she wishes to read into the record, not necessarily pulling something off of consent, but refining the
understanding of it.

And lastly, we would ask that Report Item 6 come off consent and that Roy Davilas provide an update on Fair Housing.

MR. OXER: Okay. So it was Item 1(j). What was the other one?

MR. IRVINE: Brooke has a --

MS. BOSTON: Brooke Boston, one of the Deputy Executive Directors at the Agency. Item 1(k), which relates to the award of CSBG -- 2014 CSBG administrative and discretionary funds. There were two small clarifications I wanted to make that would be part of your consent agenda approval.

The first is that the amounts listed in the writeup are estimates. That is often the case, when we bring things to you, and we inadvertently left the word out.

MR. OXER: So you are just saying it is estimates where it reads -- it doesn't read "estimates."

MS. BOSTON: Correct.

MR. OXER: Okay. Good.

MS. BOSTON: Because it is formula based, and so, as a total amount may shift or change, it, you know, makes the amount per entity change.

MR. OXER: So it is essentially formulaic to
start with. You are just saying it is an estimate.

    MS. BOSTON: Correct.

    MR. OXER: Great. Okay.

    MS. BOSTON: Yes.

    MR. OXER: Thank you.

    MS. BOSTON: And the other clarification is

that we had -- we would like to be able to support
organizations who are absorbing or helping temporarily
other community action agencies with -- who does what they
need help with. In one of the cases, we do have a
subrecipient who has been absorbing another subrecipient,
and that is not -- it is rare, but it is not uncommon.

    So we wanted to make sure we had the ability to
use some of the funds from this 2014 pot to assist
organizations who do that. It's also something we are
recommending elsewhere in the agenda for 2015, but we
wanted to clarify that we could that with some of the 2014
dollars as well.

    MR. OXER: Do you have a question?

    DR. MUÑOZ: I do if I can figure out how to
turn on this microphone.

    Is this about a million-plus carryforward of
unexpended?

    MS. BOSTON: It is.

    DR. MUÑOZ: And how much is the total for these
groups that are -- I don't even think these agencies that are receiving these monies --

MS. BOSTON: There are eight of them.

DR. MUÑOZ: Yes. It is probably about 2 million maybe, or just under? I mean, what do you attribute such a large amount of unexpended?

MS. BOSTON: Well, the ones being awarded are out of the 1.1. So the total amount that we are reprogramming is the 1.1.

The activities that we had programmed that we ended up not using all of it related to some training money that was to allow some of our staff to do some training activities and to attend some training. We were able to spend less of that than we thought we would need.

So that was a good thing.

DR. MUÑOZ: Why not just give more to these agencies?

MS. BOSTON: That is what we are doing.

DR. MUÑOZ: Everybody -- these are the amounts in addition to what they have received that you are going to give them?

MS. BOSTON: Correct.

DR. MUÑOZ: Uh-huh.

MS. BOSTON: So each of these organizations already got their annual allocation. We wanted to give it
back out, to get more money out into the network. The reason the list is this length instead of the picture of the full network is because we tried to only give it to those that had spent 90 percent of their funds or more.

MR. OXER: So essentially we are reprogramming the funds to those who are doing a good a job of getting their funds out.

MS. BOSTON: Correct. But I don’t want to say the other ones aren’t doing a good job.

DR. MUÑOZ: Including West Texas Opportunities and Bill’s shop in Levelland.

MS. BOSTON: Sure. I think that they are all doing a good job; some have just expended more quickly.

MR. OXER: Fair enough. So these are essentially clarifications.

MS. BOSTON: Correct.

MR. OXER: Okay. All right. Thanks, Brooke.

MS. BOSTON: Thank you.

MR. OXER: So that was -- what item was that, Brooke?

MS. BOSTON: 1(k).

MR. OXER: 1(k). Is it only on 1(k)?

MR. IRVINE: Right. Those were just clarifications.

MR. OXER: Two clarifications on one item.
MR. IRVINE: 1(k), which remains on the consent.

DR. MUÑOZ: And then 1(j), somebody was going to --

MR. IRVINE: 1(j) is coming off

MR. OXER: Yes, 1(j) is coming off.

MR. IRVINE: Consent.

MR. OXER: And the Report Item 6 is coming off. Correct?

MR. IRVINE: Correct.

MR. OXER: Okay. All right. With clarifications on Item 1(k) in the action, and pulling Item (j) and Report Item 6. Motion to consider.

MS. BINGHAM ESCAREÑO: Mr. Chair, I will move to approve the consent agenda with the exception of Items 1(j) and Report Item 6, which are going to be pulled from the consent agenda, and with clarifications to (k) as reported by staff.

MR. OXER: Great. Motion by Ms. Bingham.

DR. MUÑOZ: Seconded.

MR. OXER: And second by Dr. Muñoz. No public comment?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)
MR. OXER: It's unanimous. None opposed. All right. Under the -- just to recognize Robert McElroy -- Robert McVey. I'm sorry.

(Pause.)

MR. McVEY: I'm here.

MR. OXER: Okay. Yes. Just wanted to make sure that you are here. We recognized you. This is from representative Ryan Guillen's office. I understand you have an interest in an item that we will be taking up a little bit later.

So with that, we are going to start with the first items on the report on Fair Housing, because we have a presentation that the Board will hear with respect to Item 1(j), and then we will take that up after our Executive Session. So is that clear for all?

(No response.)

MR. OXER: Okay. All right. Good morning.

MS. DeBELLAS: Good morning. My name is Laura DeBellas, and I am the Fair Housing team lead.

I wanted to briefly share some of the Fair Housing team=s accomplishments and progress since our last report in October 2014. Back in October, the Fair Housing team presented to the Board a mockup of an affirmative marketing tool, that was developed with the help of our PPPM team.
The affirmative marketing tool was presented as a report run from a demographic database kept in Access that pulls in household information from our central database system and compares that data to housing market area data from the decennial Census. The object of the tour is to assist owners in determining which populations are underrepresented in their developments when compared with populations in a wider housing market area.

I am pleased to report that as of January 2015, with the diligent help of our Information Systems Division, and in particular the work of Joe Burkhart, this tool has been transitioned to a web-based system. This has greatly improved the speed and functionality of the tool, and we are excited to release it for you on February 23, as we present our affirmative marketing training webinar.

Since we last met, a revised tenant selection criteria rule and affirmative marketing rule have also been adopted. The new rules in Subchapter F, '10.610 and '10.617 were adopted in January 2015, with an effective date of April 2015. These rules received input from property managers, owners, and fair housing and legal aid advocates.

February training webinars were scheduled on the new rules in January. And our tenant selection
criteria webinar took place earlier this week, on February 17th. We had 274 webinar participants on the call, have posted the webinar presentation on the compliance website, and will be posting a running FAQ on the new rule to assist with the rules rollout. The affirmative marketing webinar will take place next Monday, February 23, and currently has 340 registered participants.

In addition to these trainings, the Compliance Division and the Fair Housing team also rolled out the Tenant Rights and Resources Guide for TDHCA-Monitored Rental Properties, which integrates a tenant's programmatic rights brochure with TDHCA=s previous Fair Housing disclosure notice and the properties notice of amenities and services.

This effort is particularly noteworthy for its assistance in directly addressing the need for Fair Housing rights information across the state in the 2013 State of Texas analysis of impediments.

I am also pleased to report that language assistance services are now available as planned under TDHCA=s language assistance plan. With the help of our purchasing staff, TDHCA was able to contract with two existing state vendors who offer document translation services and third-party calling services.

Spanish translations will be handled by

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Universe Translation Service. And needs for non-Spanish language services will be handled by Language Line Services. An internal staff training is being planned to assist each division in understanding how to access both services.

Last but not least, I wanted to mention our traffic metrics for the new Fair Housing website section. Our site traffic metrics show that 4,088 external users have visited the section between last October and February, 71 percent of which were tracked as new visitors to the site.

While I would be remiss if I did not mention that these types of metrics are not necessarily immune from tracking imperfections, I think we can use this data to highlight that the site is being used as a resource. Our site efforts have also led other state agencies to make new efforts with their own sites.

The Texas Workforce Commission Civil Rights Division is currently planning a site redevelopment. And the General Land Office and Texas Department of Agriculture have been working to integrate changes that will make Fair Housing information more available to their subrecipients and the general public.

With all these efforts in place, TDHCA is very excited to be running forward into Fair Housing month, and
we'll begin advertising upcoming activities for April very soon. If there are no questions from the Board, that concludes our Fair Housing activities report.

MR. OXER: You should be so lucky for there to be no questions. Right?

Any questions from the Board?

DR. MUÑOZ: No questions, just a compliment.

That is extraordinary.

MR. OXER: Yes. Good job on all of that. And it is nice to see the other agencies in the State are taking note of the lead that TDHCA is making in this. So that is one of the things that is critical to our mission. If we're going to do it, do it right.

Good. All right. Let's jump into the -- unless we have anything else left on that, let's jump in and pick -- Julie. Julie Frank. Julie, hey, Good morning. The Lieutenant Governor's Office.

Nice new gig. Congratulations on that. Glad to have you here. You are now the Intergovernment Affairs Coordinator, or Intergovernment Relations, IGR Coordinator?

MS. FRANK: IGR Policy Advisor.

MR. OXER: Great. Glad to have you. Okay. Let's take Item Number 2. I guess that's for me.

MR. IRVINE: Are you going to defer the item
that was pulled off of the consent? So 1(k) will occur after Executive Session.

MR. OXER: 1(j). Yes. 1(j) is going to be deferred until we have this presentation in the exec session. So okay. All right.

It has got my name next to number 2. I think you have got it. Well, the question is, on the board, the Governor appoints the Chair.

The Governor appoints the Chair, which at this point, we have -- I assume I will continue in this position until advised otherwise. We will need to elect a Vice Chairman and pick a Secretary of the Board.

MR. IRVINE: And a Treasurer.

MR. OXER: And a Treasurer. A Secretary and a Treasurer. Can the Secretary and the Treasurer be the same?

MR. IRVINE: They can.

MR. OXER: Okay. So with that, we will have nominations for Vice Chairman.

MR. GANN: I’ll make a motion for Dr. Muñoz.

MR. OXER: Okay. Motion by Mr. Gann to nominate Dr. Muñoz as the Vice Chairman.

MR. GOODWIN: Second.

MR. OXER: Second by Mr. Goodwin.

No public comment?
MR. OXER: Come on. Somebody has got to say something after he's been up here all this time.

MR. OXER: Okay. Put him on. All in favor of having Dr. Muñoz continue his position as Vice Chairman?

(A chorus of ayes.)

MR. OXER: Those opposed?

(No response.)

MR. OXER: There are none. Welcome back.

Okay. As Secretary of the Board, our General Counsel has been serving as Secretary and as Treasurer or --

MS. DEANE: No.

MR. OXER: You don=t want to be Treasurer again?

MS. DEANE: I'm not Treasurer, I don=t think.

MR. IRVINE: David Cervantes, our CFO, has been our Treasurer.

MR. OXER: Okay. David, are you happy with that job?

MR. CERVANTES: Yes, sir.

MR. OXER: Okay. Just don=t want to be too much of a burden on you, you understand. Okay. Well, with respect to Board office as the Secretary of the Board, I will accept nominations.
MR. GANN: I’ll make the motion for Ms. Deane.

DR. MUÑOZ: Second.

MR. OXER: All right. Motion by Mr. Gann, second by Dr. Muñoz, to have our General Counsel Barbara Deane continue in her position as Secretary to the Board proper. No comment?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. Of course, that means you still have to be General Counsel. For all of the stuff, we really want you as General Counsel. Okay?

All right. With respect to Treasurer for the Board, and continuing in his position, David Cervantes has served as the Board Treasurer.

Nominations for Board Treasurer.

MR. GOODWIN: So moved.

MR. OXER: Okay. Motion by Mr. Goodwin to nominate David Cervantes as Treasurer for the Board.

DR. MUÑOZ: Second.

MR. OXER: There is a second by Dr. Muñoz. All in favor?

(A chorus of ayes.)
MR. OXER: It is unanimous. Glad you like it, David. You've got it again.

For those of you out there, it seems like a trivial matter, but because of the way the State is organized and the operating responsibility they have, there is the responsibility to the Department as well as to the Board for managing these two functions.

So I appreciate the efforts that these two individuals from the staff have offered to continue in their positions. And I always appreciate the contribution and assistance of Dr. Muñoz as Vice Chairman.

Just don't get too happy about that gavel when I give it to you next time, okay?

DR. MUÑOZ: I won't. I'll take a moment of privilege and also thank the Chair for his willingness to take on -- continue to take on these responsibilities. It takes an inordinate amount of time to prepare for these meetings. And you do it with grace, charm, and, as importantly, humor.

MR. OXER: Well, I appreciate the thought. You know, it is the State's business. And while we try to -- it is very important that we do the work that we do.

But I always -- this is a point of privilege myself. I feel like we don't do our best work until we are comfortable and can recognize that there is humor in
every situation. While there's serious components to it, the good news, at least up until recently, nobody's using live ammo in these meetings.

MR. IRVINE: Mr. Chair?

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

MR. IRVINE: Just a suggestion from staff. It might be good planning to have an Assistant Secretary in place. We've got to ensure continuity of operations. And sometimes things have to be certified right away. And Michael Lyttle, since he does sit on the dais and participate in these meetings, we'd offer that he would make an excellent Assistant Secretary.

MR. OXER: And since we have the option to create the position at our -- do we have to create the position and then fill it?

MR. IRVINE: No. You can do it all at once.

MR. OXER: Okay.

DR. MUÑOZ: So moved.

MR. OXER: All right. Motion by Dr. Muñoz to create the position of Assistant Secretary and to fill it with our good friend Michael Lyttle down here on the left.

MR. LYTTLE: Could maybe we add part of the title, Assistant Secretary and Captain Tweety.

MR. OXER: The Captain and Captain Tweety, and Assistant?
MR. LYTTLE: Well, we will start with Assistant Secretary.

MR. OXER: Okay. See, my position was Chief Deputy Assistant Junior Vice Associate Technician for Minerals Management, so anything beyond that --

DR. MUÑOZ: And Captain Tweety.

MR. OXER: And Captain Tweety. Okay. Let's see. Motion by Dr. Muñoz.

MR. GOODWIN: Second.

MR. OXER: Second by Mr. Goodwin. All in favor?

(A chorus of ayes.)

VOICE: One opposed.

(General laughter.)

MR. OXER: He is supposed to be on that side of the -- let's see. We will reflect that vote as a four to one vote with -- all right. We will assume that it is in fact unanimous. And thank you for your willingness to serve, Michael.

MR. LYTTLE: Yes.

MR. OXER: Like you really had a choice, but thanks, anyway.

MR. LYTTLE: I am sure our bond counsel appreciates the backup.

MR. OXER: Yes. And just in the event that
something untoward might occur with our current Secretary
and General Counsel on a hiking trip to Japan -- I've got
to tell you. I am jealous, okay.

MS. DEANE: Okay.

MR. OXER: In the event that something like
that happened, we did need a backup. So thanks, Michael.

Okay. Monica, it looks like you are up.

MS. GALUSKI: Good morning, Mr. Chairman,
members of the Board. For the record, I am Monica
Galuski, your Director of Bond Finance.

I am here to present Item 3, which is the
presentation, discussion and possible action regarding
optional par termination rights with respect to interest
rate swap transactions related to single-family variable
rate mortgage revenue refunding bonds 2004 Series B and
single-family variable rate mortgage revenue bonds 2004
Series D.

I will start with a brief background. The
Department currently has five swaps outstanding, all of
which are within the single-family bond indenture. The
current total notional or outstanding swap amount is
$205,530,000. We expect that amount to reduce down to
about $190 million with the March 1 debt service payments.

These swaps were implemented by the Department
in conjunction with tax-exempt variable debt that was
issued between 2004 and 2007 to synthetically swap the
variable rate to fixed rate through a swap provider. This
was a relatively mainstream technique at the time, and it
allowed the Department to achieve more competitive rates
than it would have, had it simply sold fixed-rate debt at
that time.

Two of these swaps that related to the 2004 B
bonds and the 2004 D bonds were restructured in 2014 to
reduce the fixed rate that was payable on those, to revise
the swap amortization schedules to better match the
underlying loan portfolios and to add optional par
termination rights on the swaps.

The authority sought under this item is to
allow the Department to capitalize on the par termination
rights that we negotiated for the Department=s benefit in
the 2014 swap restructurings.

Let=s talk par termination rights, which you
may have also heard referred to as optionality. The
Department has an optional right to terminate a portion of
these outstanding swaps at par, up to a specified amount,
as defined in each swap agreement.

This right is exercisable semiannually. The
Department can exercise its first optional par termination
on the 2004 D swap this March 1 and on the 2004 B swaps,
beginning September 1 of 2015.

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Because the 2004 D swap is up and coming with the March 1 payment, I will use it as an example and walk through the dynamics and the economic benefit to the Department. The details are shown in the middle of page 2 for Board Item 3. It looks like this background (indicating).

And so we will just briefly go through it. We will start with the bonds. Currently, there are 33,165,000 in 2004 D bonds outstanding. On March 1, the Department is required to redeem $3,580,000 of those bonds due to principal and prepayments that were received on the underlying loans. After the March 1 redemption, there will be $29,585,000 in bonds outstanding.

On the swap side, the current notional amount of the 2004 D swap is 33,165,000. On March 1, 1,180,000 of that amount will amortize, or will be mandatorily terminated under the swap agreement. An additional 4.5 million can be optionally terminated at par.

Because state law prohibits the Department from having more swap outstanding than corresponding bonds, 2.4 million of the 4.5 available is being terminated in conjunction with the mandatory bond redemption above; from the $3,580,000 that has to be redeemed. That leaves 2.1 million that we could optionally terminate at par, after which, if we did that, the bonds outstanding would be
$27,485,000.

Now, for savings. The Department currently pays a fixed rate of 3.084 percent on the swap. By exercising our optional par termination rights on this 2.1 million, we pick up the spread between the swap rate of the 3.084 and the current variable rate index, which is approximately four basis points, so our spread is over 3 percent.

The present value of the anticipated savings: we had put in the item, between 30- and $90,000, depending on prepayment speed. With the prepayment speed of this particular portfolio, it is probably more in the range of 35- to $40,000 in savings. If we don’t take this benefit, the economic benefit, it does accrue to Goldman Sachs, who is the swap provider.

MR. OXER: So either we get it or they get it?

MS. GALUSKI: Yes.

MR. OXER: Okay. That's good. We'll take it.

MS. GALUSKI: Okay. As far as exposure, the Department -- we're cash hedged in the indenture. We can redeem a corresponding $2.1 million in bonds with a 30-day notice period.

These bonds are optionally redeemable now, at any time with 30 days' notice, so that, if in the unlikely
event rates were to spike above the 3.084 percent, which would be a significant spike, we can always take them out with 30 days' notice.

This is the first optional par termination for the 2004 D swap. The 2004 B, as I said earlier, will begin -- we will have those rights beginning in September.

And so we are expecting that there are going to be many opportunities for us to capitalize on this and achieve a tangible economic benefit from the swaps in a manageable way.

So staff is also requesting that the Director of Bond Finance, with the approval of the Executive Director, be authorized to take such additional future actions as necessary to execute the Department=s right to optional par termination under the 2004 B and D swap agreements. In the future, updates to the Board would be provided as a semiannual report and not presented for individual approval prior to department action.

Does anybody have questions? I'm actually afraid to ask that one.

MR. OXER: Welcome to the kitchen.

MS. BINGHAM ESCAREÑO: Mr. Chair, just to clarify, so our resolution today would be to authorize the bond finance director on both B and D, even though D is going to come up first, and B will be later?
MS. GALUSKI: Yes.

MS. BINGHAM ESCAREÑO: Okay. And staff is saying that between now and then -- because the Bs will be in September, but would follow basically the same type of example that you laid out with the Ds?

MS. GALUSKI: Exactly.

MS. BINGHAM ESCAREÑO: Okay.

MR. OXER: Yeah. You are essentially saying, we've got two things to do. There is no reason -- not that there is no reason, but you can cover the authority to do this, which would be the same thing on each one of them.

MS. GALUSKI: Correct.

MR. OXER: One resolution, one Board action.

MS. GALUSKI: Correct.

MR. OXER: Okay.

MR. IRVINE: And correct me if I am wrong. I believe we actually already had the staff authority to carry this out, but I wanted to bring it back to the Board so that the two new members could understand the concept of optionality and the way that it works within our portfolio.

MS. GALUSKI: That is correct.

MR. OXER: Mr. Goodwin, do you have any questions on this? Are you comfortable?
MR. GOODWIN: (No verbal response.)

MR. OXER: Okay. So long term, Monica, what this is really saying is we are continuing to manage our variable-rate debt, so that the variable-rate debt that the Agency is carrying continues to go downward. We are taking those off the table and replacing that long-term with fixed-rate debt.

MS. GALUSKI: Correct.

MR. OXER: Good.

MS. GALUSKI: Yes.

MR. OXER: Variable rate just -- you know, my perspective of variable-rate debt, it=s not one of those things that we are strong enough as an agency to manage these days. We need to leave that to the Comptroller's Office. So all right. Any questions? Any other questions?

(No response.)

MR. OXER: Okay. Then motion --

MS. BINGHAM ESCAREÑO: So resolve, by staff=s recommendation.

MR. OXER: Okay. Motion by Ms. Bingham to resolve staff recommendation.

MR. GOODWIN: Second.

MR. OXER: And a second by Mr. Goodwin, I think was first. So there appears to be no public comment. All
in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. It is unanimous.

MS. GALUSKI: Thank you.

MR. OXER: Thanks, Monica.

Okay. Item 4. Good morning, Jean.

MS. LATSHA: Good morning. So Item 4(a), staff is actually recommending tabling this to March. The Applicant had some experts that they were expecting to provide testimony, and they weren’t able to make it.

It’s not a problem for staff to table this to March. It won’t affect our ability to administer the cycle in any way. So if you want to just hear that one in a month. It is an appeal of a termination of an application.

MR. OXER: Do we have to formally table it?

MS. DEANE: Or staff can pull it.

MR. OXER: Staff, pull it.

MS. LATSHA: Absolutely. Staff recommends pulling it.

MR. OXER: Okay. Then staff will pull that one. So go straight to (b) then.

MS. LATSHA: All right. Item 4(b), this, staff
would actually like to kind of revise the recommendation here as well.

This has to do with a credit return that was received on December 31, 2014 from Royal Gardens Mineral Wells. The Board might be aware that that development was awarded back in 2012. And on April 1, earlier this year, when they were halfway through construction, the entire property was destroyed in a fire.

There is no provision federally for an extension of a placement-in-service deadline. And we don’t have the authority to extend that deadline either. So the deadline for that property to be placed in service was December 31, 2014. The Applicant returned the credit right before 5:00 p.m. on December 31, 2014.

We planned on having some discussion here today as to the application of the force majeure provision, which is a new rule in the 2015 QAP, and the application of that rule to this return.

However, staff would also like to pull that part of this resolution for a similar reason. There is some testimony that was planned to be provided today that couldn’t be, due to a death in the family.

However, staff is obligated to submit our Forms 8610 to the IRS. Part of that form is identifying credits that were returned in 2014. The IRS does allow us to
consider any returns that happened after September 30th of
2014 as returned on January 1, 2015.

It is actually in the best interest of the
Department to consider that return that happened on
December 31 as returned on January 1. This would allow us
to qualify for national pool, which allows us to get
additional credit for our 2015 credit ceiling.

You will see the first part of the resolution
is that staff is recommending that the credits returned by
Royal Gardens Mineral Wells be considered as returned on
January 1, 2015, for purposes of reporting to the IRS.

The second part of the resolution, with respect
to the application of the 2015 provision of the rule, we
would like to take that discussion up in March. I think
there might be some testimony here as well --

MR. OXER: Yes.

MS. LATSHA: -- unless you have any questions
from me.

MR. OXER: I had a couple of questions.

MS. LATSHA: Yes.

MR. OXER: Did you have some also? Okay.

The -- obviously, this one is falling through, not the
cracks, but in a web that we had not potentially
anticipated. Since they returned the credits on December
31, we have records that that was done.

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MS. LATSHA: Yes, sir.

MR. OXER: Okay. So if we say that they were returned on January 1, what risk do we have? What risk does the Agency have?

MS. LATSHA: There is not -- if they were returned on -- considered on January 1, 2015, there is not really a risk. Either way, that credit return will go into the 2015 ceiling.

The second question is how those credits will actually be allocated. The Applicant has requested that they be allocated separately from the rest of the ceiling, pursuant to a 2015 rule.

However, regardless of that decision, the credits will get reallocated. Whether they are considered returned on December 31, 2014 or January 1, 2015, either way, they will go into the 2015 ceiling. The only question is whether or not we will be eligible for the national pool in 2015.

MR. OXER: So it is to our benefit to have them returned on January 1?

MS. LATSHA: Yes, sir.

MR. OXER: Okay. Then the -- and then since the force majeure -- modification to the QAP with respect to the force majeure was included in the 2015 QAP, and this is for a 2014 event, if I'm reading this correctly.
Is that correct?

MS. LATSHA: The credits were technically returned voluntarily in 2014. Yes, sir.

MR. OXER: Okay. So the question is, does a deal like this -- does the QAP for 2015 apply to something that had been --

MS. LATSHA: That is the second part of this presentation, which, like I said, we would recommend taking up in March and just dealing with the date of the return itself for purposes of -- only for purposes of reporting to the IRS.

MR. OXER: Okay. So it is only -- a single component to the larger item is just to look at the IRS reporting date on the return of the credits.

MS. LATSHA: Correct. The IRS I don’t think would weigh in on whether or not we applied a 2014 or a 2015 rule to the return.

MR. OXER: Well, the question I was trying to get to, will they look at this. Will it make any difference to them if it were returned in 2014 or 2015?

MS. LATSHA: To the IRS?

MR. OXER: Right.

MS. LATSHA: Yes.

MR. OXER: It will make a difference.

MS. LATSHA: Yes.
MR. OXER: Okay.

MS. LATSHA: Because if they are considered returned in 2014, we will not have allocated at least 99 percent of our 2014 ceiling, and therefore would not be eligible for the national pool.

MR. OXER: We wouldn’t be eligible for the pool.

MS. LATSHA: That is right.

MR. OXER: Okay. But since they were, and there is a track on this, and there is documentation that they were returned on December 31, where does that risk for us stand if we say they were returned on January 1?

MS. LATSHA: There is none with the IRS. The IRS clearly allows us to consider any credit returned after September 30 of 2014 to be considered at January >15.

MR. OXER: Okay.

MS. LATSHA: Right.

MR. OXER: That is the answer I was looking for.

DR. MUÑOZ: And Jean, why would the Applicant -- you said the Applicant would prefer for this to be in >14 or -- why would they weigh in if they are returning them?

MS. LATSHA: I think that they were going to
make certain arguments with respect to the application of the force majeure provision and probably thought that the return happening on December 31, 2014, would support their arguments.

MR. OXER: But it doesn’t necessarily, until we get to the second point of the item.

MS. LATSHA: That’s right, sir.

MR. OXER: Okay.

MS. DEANE: And, Mr. Chair, let me just state, that I know Jean mentioned that there was a death in the family. Applicant’s counsel could not be here today.

MR. OXER: Right.

MS. DEANE: And so that is why they requested that this particular -- that that particular issue, because it has legal issues involved in it, that we hold that specific issue until March, so that she could be here.

MS. LATSHA: Okay.

MR. OXER: Does that -- does the unavailability of the Applicant’s counsel on this change anything on the recommended action? We are just saying we are taking up this one component.

Do we need to change anything? Are you going to stay with staff recommendation? How are you going to do this, Jean?
MS. LATSHA: The only thing that I would say is that staff=s recommendation would be limited to that first resolution --

MR. OXER: Okay.

MS. LATSHA: -- that basically considers the Royal Gardens Mineral Wells return as of January 1, 2015, for purposes of reporting to the IRS.

MR. OXER: Okay. So that is the modification to this particular action?

MS. LATSHA: Yes, sir.

MR. OXER: Okay. Any other questions of the Board? We will have a motion to consider on that modified staff recommendation.

MS. BINGHAM ESCAREÑO: So moved.

MR. OXER: Okay. Motion by Ms. Bingham to approve staff recommendation as modified.

MR. GANN: Second.

MR. OXER: Okay. A second by Mr. Gann.

We have public comment on this, or did we -- okay. You guys don=t want to talk about this issue?

VOICE: No.

MR. OXER: Just being careful, because you are up there in the hot seat.

MR. LYTTLE: Mr. Chairman?

MR. OXER: Yes, sir.
MR. LYTTLE: Just for the record, we did receive a letter from the Mayor of Mineral Wells, in support of the Applicant, which we can read if we are taking that part of the issue up in March, so I just wanted to get on the record that the letter was submitted.

MR. OXER: So the Mayor was supporting the issue that we will be taking up in March as opposed to today?

MR. LYTTLE: He is supporting the Applicant wanting to get the tax credits, essentially.

MR. OXER: Okay.

MR. IRVINE: We did receive another letter, similarly recommending support of that, and we will bring all of that in the March Board action item.

MR. OXER: Okay. All right. Motion by Ms. Bingham to support staff recommendation as modified. Second by Mr. Gann.

No public comment?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. It is unanimous again.
Thanks, Jean. So we will see you again on this item in March.

MS. LATSHA: Yes, sir.

MR. OXER: Okay.

MS. LATSHA: All right. Item 5. This is a request for a waiver from two applicants. What you will notice here is that staff is actually recommending that this waiver be granted for these two applicants, which admittedly is where -- the situation is --

MR. OXER: You guys are getting soft, or what?

MS. LATSHA: I wouldn’t say that, but our rules call for -- the undesirable site features rule, which in subchapter B of Chapter 10, calls for sites to be found ineligible if they are found in proximity to certain undesirable site features such as railroads or huge oil refineries and such. Both of these applicants happen to be within a hundred feet of an active railroad track.

The rule calls for any application that is proposing rehabilitation of a development that is already federally assisted through HUD or the USDA to be allowed an exemption that is granted by the Board.

But that exemption request was required to be accompanied by a Fair Housing Compliance letter; basically a letter from HUD saying that this rehabilitation proposal was in compliance with the Fair Housing Act.
HUD has declined to submit -- to write such a letter for these applicants. I will note that the applicant for Cleme Manor went directly to a HUD office, and then I believe contacted some national folks at HUD as well, and the Bay City Manor folks tried a different route there.

It is a USDA-funded deal. And they tried to go through a USDA Civil Rights office, and also contacted HUD too. So these two applicants took slightly different paths, but the end result was they were completely unable to obtain the letter that staff was requiring in this rule.

You will see in your Board book that the Applicant for Cleme Manor included an email from HUD saying that they were not going to write this letter. We actually received that correspondence directly, too -- the Department did.

So basically, since the requirement is essentially impossible to meet, staff is recommending a waiver of this very specific part of this rule. Staff is not recommending that the rule -- a blanket waiver of the rule. The rule calls for a number of other things that these applicants actually request the exemption, where simply saying that you can request your exemption and that exemption can be considered by the Board without this Fair
Housing compliance letter.

Those actual exemption requests have not been received by staff yet, and they will come with those full applications.

MR. OXER: So this is a pre-app stage essentially.

MS. LATSHA: That is correct. So the exemptions and/or waivers are required to be requested by the time of full application submission, so --

MR. OXER: So what you are really -- what we are really saying is that we are not going to knock them out because of this. We are not going to knock them out now.

MS. LATSHA: Right. They still have time to make some mistakes.

MR. OXER: Right. It is still a pretty steep climb to get out of this, but we are not going to take this one out on them.

MS. LATSHA: Yes, sir.

MR. OXER: Okay.

MS. LATSHA: And also, I would like to point out that this is for these two very specific applications. There could very well be similarly situated applicants that have not contacted staff yet. But these were reserved for these two particular applications.
MR. OXER: Remind me again, Jean. Are these renovations or are they for new construction?

MS. LATSHA: These are rehabilitation.

MR. OXER: Rehabilitations. Okay. So there is -- essentially, these people have been living near these railroads -- somebody has been living near these railroads.

MS. LATSHA: A long, long time.

MR. OXER: For a while. How long have the facilities been in place? Do you have any idea?

MS. LATSHA: I don’t know offhand.

MR. OXER: Okay.

DR. MUÑOZ: Are they going to have to manufacture these letters later on?

MS. LATSHA: These applicants will not, no. What they will need to do is, when they submit their full applications, actually request those exemptions.

DR. MUÑOZ: Which we might grant.

MS. LATSHA: Which you could -- you could still -- that is correct. Those exemptions cannot be granted administratively; they have to be granted by the Board. So these two applicants will come back to you for those exemptions.

MR. OXER: So this is -- this is a waiver or an appeal?

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MS. LATSHA: A waiver.

MR. OXER: This is a waiver of this particular rule for these two applications, not a wholesale waiver of the rule.

MS. LATSHA: That is correct, sir.

MR. OXER: Okay. Are you good with that?

MS. DEANE: Yes.

MR. OXER: Okay. Motion to consider?

MR. GOODWIN: So moved.

MR. OXER: Okay. Motion by Mr. Goodwin to approve staff recommendation on this Item 5. Is there a second?

MS. BINGHAM ESCAREÑO: Second.

MR. OXER: There is a second by Ms. Bingham. Anybody else care to speak?

(No response.)

MR. OXER: No public comment?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. It is unanimous. Okay. Making the aggressive progress that we have on the schedule today, we are about to go into an

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Executive Session for an item that we will have some
discussion afterward. So everybody sit still and listen
for a second.

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.

Closed session will be held in the anteroom
chamber behind us with the fine officer of the DPS who has
joined us this morning, which we much appreciate, sir.
The date is February 19th, and the time is 10:20. We
expect this is going to take a little while.

MR. IRVINE: I wouldn’t think it would take
that long.

MR. OXER: Okay. Let’s just say -- it is
10:20. Let’s say 11:00 we will be back, and then we’ll
take up the rest of the agenda that we have deferred until
after this meeting.
MR. OXER: We are reconvened in open session. It is 11:32. It took us a little longer than we expected, but we received counsel from our counselor, advice from our General Counsel and from Internal Auditor.

No decisions were made. And we received information from our Counsel and Audit, as I said.

Okay. So now we will take Item 1(j).

MR. DORSEY: Good morning. Cameron Dorsey, Chief of Staff.

This particular agenda item concerns the possible award of funding. It's three specific sources of funds. Each is a formula kind of grant that goes through the formula and is provided to a network of existing eligible providers.

This particular item relates to the funding that would generally go to one of those providers: Cameron and Willacy Counties Community Projects. Just to let you know, the Board took action on the CSBG -- 2015 CSBG awards, the 2015 LIHEAP awards, and the 2014 and 2015 DOE Weatherization awards for the majority of that network at the December Board meeting.

And we had a couple where EARAC had recommended basically tabling the awards until we could -- EARAC could
get some additional information, to get comfortable that there were no previous participation issues that warranted conditions or other types of considerations associated with those awards. So today this item relates to the possible award of DOE-WAP, CSBG, and LIHEAP WAP and CEAP funding for Cameron and Willacy Counties Community Project.

EARAC originally, as I mentioned, tabled the items. EARAC had some concerns about the financial management systems.

The bulk of the concerns related to simply an inability for the Department to conduct its required compliance monitoring for these grant sources, where the Department is required under state and federal law to monitor these grants and make sure that the grants are administered in compliance with all applicable rules and laws. And in this case, we -- EARAC did not feel comfortable we had the information available to move forward with recommendations back at the December Board meeting.

So there was some back and forth with Cameron and Willacy Counties Community Project. I will just refer to the project as Cameron and Willacy from here on out, so I don’t have to say the whole long name.

But we have had some back and forth with the
organization concerning the financial management concerns and attempting to get additional information so that we could review that information and confirm whether or not the funding was being used in a lawful and compliant manner.

We -- EARAC met with Cameron and Willacy staff and a couple of Board members a few weeks ago, and at that time EARAC still had some -- there were still some outstanding requests.

We had a request, for example, that their external auditor provide a response and some additional information concerning how their audit was conducted and how deep that audit went. We also had an outstanding request for the provision of some -- a general ledger related to one of the funds that some of our funding flows through that's maintained by Cameron and Willacy Counties.

DR. MUÑOZ: Cameron, can I interrupt you?

MR. DORSEY: Sure.

DR. MUÑOZ: Say that last point again? There was also an issue with respect to a request for a ledger on a fund?

MR. DORSEY: That is right. So our funding -- when it goes to these local organizations, they account for the funds at a local level. And this particular organization uses a fund called the Equalization Fund.
And we can see basically funds flowing into the Equalization Fund, but we have not previously had access to the documentation that shows kind of how it flows out of that fund. And we just need to complete the chain from, you know, it comes from the Feds through our Agency to the locals. And we need to see it go all the way to its final eligible use. And --

DR. MUÑOZ: Have we asked for access?

MR. DORSEY: Yes, sir, we have. And we have not yet gotten that information.

DR. MUÑOZ: Like how long? A week? A month? Longer?

MR. DORSEY: We have been asking for it for a while now.

DR. MUÑOZ: More than once?

MR. DORSEY: Yes. Yes. More than once. On multiple occasions. So EARAC -- after having met with Cameron and Willacy Counties Community Project, EARAC had some outstanding concerns, and we were hoping to get some additional documentation that would help resolve some of those concerns.

EARAC was not able to get access to that documentation, so EARAC went ahead and made the following recommendation concerning each of the sources.

First off is EARAC recommended the denial of
the formula-based awards for DOE-WAP fiscal year 2014 and 2015 funds. And the approximate amounts are about 121,000 and 156,000.

In addition, EARAC recommended the denial of the award of LIHEAP funds for the organization. In order -- LIHEAP funds is a really critical source for assisting with kind of emergency utility payments and making sure that folks that are in need of funding at the local level are able to keep their utilities turned on.

And so in an effort to ensure that EARAC’s recommendation would not result in a gap in services for those individuals, part of the recommendation from EARAC today is that up to 24.99 percent of the program year 2015 LIHEAP award for Cameron and Willacy Counties be awarded to Community Action Corporation of South Texas. That is a neighboring provider.

We are allowed -- TDHCA is allowed to award up to 25 percent on a temporary basis to an organization that is already part of the network to address kind of this kind of gap in coverage situation, should the organization that is generally administering those funds not be in a position to administer the funding.

And so that is the recommendation we're making in this instance, is that 24.99 percent of the LIHEAP award go ahead and be awarded to this neighboring entity
so that we can address any gap in coverage issues, which
is of paramount concern.

Further, we -- EARAC is recommending that a
small amount of LIHEAP administrative funding be made
available to facilitate that organization, Community
Action Corporation of South Texas.

You know, taking on that additional funding;
the 24.99 percent will obviously -- in order to administer
that would require a little bit of ramp-up on their part,
administrative ramp-up. And so we want to help facilitate
that with a small amount of administrative funding.

MR. OXER: So that administrative funding is
not included in that 24.9 percent?

MR. DORSEY: That is right.

MR. OXER: Okay.

MR. DORSEY: Lastly, as regards CSBG, EARAC is
recommending the award of that money to the organization
with a series of conditions. Before I elaborate on those
conditions, I will kind of give you the rationale there.

Why would EARAC recommend the denial of the
other two sources of funds to Cameron and Willacy, with
recommending the award with conditions of the third
source?

The basic reason is that there is a process in
through that involves having the organization develop a quality improvement plan and some basic due diligence that must be done before any kind of denial of an award of that particular funding source.

So we are recommending -- EARAC is recommending the award of that funding with the following conditions: that any costs determined to be disallowed by the Department for 2013 and 2014 CEAP or CSBG costs must be repaid to the Department within 15 business days of this Board action or, alternatively, submission of documented eligible expenses expended during the appropriate contract periods; that Cameron and Willacy Counties Community Project will no longer include funds provided by the Department in its Equalization Fund account.

Given that we don’t have the records for exactly how that account --

DR. MUÑOZ: That is the one I asked you about?

MR. DORSEY: Yes.

DR. MUÑOZ: It’s that fund? That same fund?

MR. DORSEY: That is correct. So that any portion of funds provided by the Department for expenses that were historically covered using funds from this account will be documented through transactions recorded in a report specific to accounts that include only funds
from the Department.

So basically that there is not a mixing of funds and accounts, federal and non-federal funds, or Department and non-Department sources, just so that, on a go-forward basis, the administration of any CSBG funds, we can clearly see from the Department all of the way to its final eligible use.

In addition, that the quality improvement plan that was due to the Department on February 9 must be received and approved by the Department. The plan must be implemented and Cameron and Willacy Counties Community Project avail themselves of any appropriate technical assistance provided by the Department.

And lastly, that Cameron and Willacy Counties Community Project must provide the general ledger for the Equalization Fund as well as any other accounts through which the Department funds have moved.

So again, EARAC is recommending the denial of both the LIHEAP and DOE-WAP awards to Cameron and Willacy Counties, with 24.99 percent of the award that would generally go to Cameron and Willacy Counties go instead to the neighboring provider.

Again, that is a temporary basis, assuming that everything got worked out with Cameron and Willacy counties. There is still an additional 75 percent there
that Cameron and Willacy counties could get at a future
Board meeting.

That 25 percent, or 24.99, is simply to cover
any gap in service coverage that may result from this kind
of process of getting through all of the documentation the
Department needs to get through to perform its compliance
obligations. And lastly, that the CSBG award be approved
with the conditions that I previously laid out.

MR. IRVINE: And it would be suspended until
the conditions were fulfilled.

MR. DORSEY: That's correct. So that is what
EARAC and staff=s recommendation is, along with a general
kind of overview of this agenda item. And I think there
are some additional folks that want to speak. I can take
questions now, and then after these folks speak, if --

MR. OXER: We have some questions -- I'm sure
we will have some questions for you. We'll actually have
questions from the Board, because I think we need to
pursue those, and then following our normal process, we
will have questions from the Board. A motion to consider,
public comment, and then we will act on it.

DR. MUÑOZ: I have one question.

MR. OXER: Dr. Muñoz.

DR. MUÑOZ: Chairman, I have one. Just,
Cameron, you said that you have asked for access to
this -- to the ledger for the Equalization Fund. I am assuming that you have asked for that in writing other than or prior to this particular sort of condition.

MR. DORSEY: That is correct.

DR. MUÑOZ: Right.

MR. OXER: So for how long have we been asking for this?

MR. DORSEY: For a while. I am not -- I don’t have a specific date. I know that on February 4 we requested it. That was when EARAC requested it. It had been requested prior to that date as well.

MS. SYLVESTER: I believe it was included in the September 25 --

MR. OXER: Megan.

MS. SYLVESTER: Megan Sylvester, Legal. It is included in the September 25th as part of this monitoring. I believe we had previously requested it in writing as part of a different monitoring, but then we were able to close out that monitoring without having access to it.

MR. OXER: So we have asked for this before.

MR. DORSEY: Yes.

MR. OXER: Okay. Our contract -- because these are all contracts that we have -- you know, this is not just money we hand out; there is actually a contract that goes with this, that we signed with Cameron and Willacy in
this particular case.

MR. DORSEY: That is correct.

MR. OXER: And that contract has what requirements in it that suggest that we should be able to ask for this information?

MR. DORSEY: It has a requirement that the organization provide to us any documentation necessary to account for how our funding was utilized.

That is a pretty standard requirement in all of the contracts we use for all of our federal funding sources, whether it be HOME or state funding sources as well, Housing Trust Fund; it is a fundamental aspect of what the Department=s role is in overseeing these federal and state funding sources, is to ensure the compliant use of those funds.

MR. OXER: So we had -- go ahead, Dr. Muñoz.

DR. MUÑOZ: So, Cameron, in all of the different programs that we administer and the many agencies that dutifully carry out those responsibilities, and what have you, it is very routine for us to have access, or to ask and have access to different accounts in order to prove up periodically that the funds that are being allocated are, you know, being used in a way that they were stipulated for?

And we gain access fairly easily? Or are there
instances where it has to be negotiated, or are there
might be some extenuating circumstances?

MR. DORSEY: I think it is fairly rare for
occurrences where we aren’t able to, over an extended
period of time, gain access to the information. It is a
pretty rare occurrence.

Generally I think that that when that happens,
it would get kicked up to a higher level. And I can tell
you I haven’t been recently involved in situations where
we haven’t been able to get documentation, except for this
one.

MR. GANN: Cameron, is it common to use an
equalization fund, or this type of fund, to commingle
these funds by other nonprofits?

MR. OXER: You can ask for help from the
auditor, if you like.

MR. DORSEY: Sure. This is an uncommon use of
a kind of intermediate fund. There are organizations that
use funds where multiple funding sources are commingled.
But the accounting records would be such that they fully
supported how each of those dollars was used and it was
directly traceable all of the way through any intermediate
kind of fund like this.

MR. OXER: So they have an obligation under the
contract to us, and we have an obligation as the managing

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state entity managing the funds through -- it is a federal passthrough from HHS or DOE or all of the other sources that we have. So as a fiduciary to that, to the state, we have an obligation to make sure that this tracks according to the compliance that we have in the contracts.

MR. DORSEY: Absolutely.

MR. OXER: Okay. So when we ask for an audit, the nature of that audit is prescribed, I gather, under a statement of how those audits are supposed to be carried out. Is that not correct?

MR. DORSEY: That is correct. There is your most standard audit for an organization and then there is what is called the A-133 audit. And that -- the obligations under an A-133 audit are more extensive than just your more general audit.

The whole -- it's called a single audit, and the idea there is that for an organization receiving perhaps multiple federal funding sources, that you don't just look at -- what you can have is situations where there might be one agency looking at one source, another agency looking at another source.

And the idea of a single audit, or an A-133 audit is that you look at the sources holistically and make sure that each source is used in accordance with program requirements and that there is no kind of
duplication of -- you know, expenditure records from one
source used to support the same expenditure be used to
support income from two sources, basically; things like
that.

So that is kind of the overall objective of a
133 audit. But it does require some additional detail.
It does require some additional knowledge for the auditor
to perform an appropriate and compliant A-133 audit.

MR. OXER: So this type of compliant A-133
audit is not something that would be unanticipated by any
agency doing this, for which we provide funds.

MR. DORSEY: No. The A-133 audit is a pretty
common requirement once you reach a certain funding level
of federal funds, and so there are dozens and dozens of
organizations that we work with that must provide an A-133
audit, including Cameron and Willacy Counties.

MR. OXER: Okay. For the -- let=s make sure we
are clear on this. Let=s go back through the specific
items that are in the resolution.

MR. DORSEY: Okay. EARAC is recommending the
denial of the award of 2014 and 2015 DOE Weatherization
Assistance; the denial of LIHEAP, both weatherization and
utility assistance funds for Cameron and Willacy Counties;
but up to 24.99 percent go to the neighboring network
organization to administer with some administrative LIHEAP
funds being made available to that organization to help
them ramp up; and lastly, to approve the CSBG award with
the contract put into suspense until satisfaction of the
four conditions that I previously read into the record.

MR. IRVINE: And one thing I think is important
to clarify on those conditions, because one of them
involves the QIP, the quality improvement plan and so
forth, there has been a submittal of a quality improvement
plan.

We have not completed our review of that, but
we will advise the Agency, presumably, if it is
satisfactory or not.

We have also granted them additional time to
supplement that if they wish. And at the end of the day,
if the quality improvement plan is something we can work
with, we will work with it. And if we reject it, then
that triggers other avenues.

MR. OXER: Is there any prospect of the
questions that we have for Cameron and Willacy being
answered to our satisfaction that would benefit the
process to delay until the next meeting to take this item?

MR. DORSEY: I'm not sure exactly what you
mean.

MS. BINGHAM ESCAREÑO: Mr. Chair, can I
restate? Could we put it this way? Are there any of
those recommendations that it would not hurt to possibly postpone?

MR. OXER: That sounds like a better description. That is one of the reasons I have a great board up here, by the way.

MR. DORSEY: Okay. No. I think that all of those decisions could be tabled. I think we would continue to recommend that the 24.99 percent of LIHEAP funds be awarded to the neighboring entity as well as making available some administrative funds to them, so that we can make sure that as those items are tabled, and additional documentation is gathered, and we try to make sure we verify that everything is being done compliantly, we can make sure there is no gap in coverage.

DR. MUÑOZ: Cameron, in order for you to verify that everything is being undertaken compliantly, would you need access to the ledger related to this equalization fund?

MR. DORSEY: We believe that we would need access to that general ledger for the equalization fund. Yes.

MR. OXER: But under our contract, we have the right to ask for that.

MR. DORSEY: Yes.

MR. IRVINE: But we do believe we need to move on the record reporting.
forward with the CSBG award with the conditions as noted.

(Pause.)

MR. OXER: Okay. With respect to the items as described --

MS. BINGHAM ESCAREÑO: One more question --

MR. OXER: Great.

MS. BINGHAM ESCAREÑO: -- just for clarification.

MR. OXER: Ms. Bingham.

MS. BINGHAM ESCAREÑO: If the Board so chose to possibly work with EARAC to postpone the recommendation on the denial of the 2014-15 LIHEAP and DOE-WAP, could we still make a motion to move the 24.9 percent to the adjacent --

MR. DORSEY: Yes.

MS. BINGHAM ESCAREÑO: Okay.

MR. DORSEY: Yes.

MR. OXER: Can we break this up into -- or modify it. So what we are saying is we want to make every effort to ensure that there is no gap in service to those who need the services these funds provide in that particular service area.

MR. DORSEY: That's correct.

MR. OXER: But we want to give the entity every
opportunity to present what they have, although it sounds like we have been asking since September for some of this information. I mean, it shouldn't take that long to provide it.

DR. MUÑOZ: In addition to -- just a question, Mr. Chairman.

MR. OXER: Uh-huh.

DR. MUÑOZ: In addition to, potentially, a motion and a vote on the 24.99 percent, the Executive Director indicated that -- is that -- and that would satisfy moving on the CSBG -- do we have to do something on that?

MR. IRVINE: We would recommend that the CSBG award be approved with the conditions as noted.

DR. MUÑOZ: And then --

MR. IRVINE: We will work through the quality improvement plan process. The Agency will need to address the other conditions in order to lift the suspension on that CSBG award.

DR. MUÑOZ: Just for that.

MR. IRVINE: But the award will be in place. Yes.

MR. OXER: The award goes into place. You move 24-and-change, a little under 25 percent to another agency. You hold the rest in abeyance until we sort this.
out.

MR. DORSEY: That's right.

MR. OXER: Okay. And the other two are denied.

MR. IRVINE: Tabled.

MR. OXER: I'm sorry. Tabled until the next meeting.

MR. IRVINE: Well, they would be deferred. And when we bring them back, presumably --

MR. OXER: Bring them back --

MR. IRVINE: At that point, we would have more expanded information. And I would think that in accordance with our statutory responsibilities for EARAC, they would again relook at it and make their recommendation at that time.

DR. MUÑOZ: We would have expanded information or documentation related likely to the conditions that EARAC has already stipulated.

MR. DORSEY: That is correct.

MR. OXER: And those stipulations include access to the ledger for this Equalization Fund.

MR. DORSEY: That's correct.

MR. OXER: Okay.

DR. MUÑOZ: So we almost have like two actions here; maybe two separate votes.

MR. IRVINE: I think you could do it as simply

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one vote to award the 24.9 to the adjacent community
action agency along with the LIHEAP administrative funding
that would accompany it, and to approve the CSBG awards,
subject to the conditions stated, and simply cut it off
there.

DR. MUÑOZ: Yes. I move the recommendation. I
move the recommendation provided by the ED just now. Do I
need to frame it any other way?

MR. OXER: Let me see if I can frame it.

DR. MUÑOZ: All right.

MR. OXER: Although our best framer over here
is Ms. Bingham.

MS. BINGHAM ESCAREÑO: I'll give it a try.

DR. MUÑOZ: Yes.

MS. BINGHAM ESCAREÑO: Dr. Muñoz, do you
accept friendly --

DR. MUÑOZ: Yes. My paraphrasing usually
lingers.

MS. BINGHAM ESCAREÑO: Let's do this. Let's
move a motion to table -- to work with EARAC and table the
recommendation for the denial of the 2014-2015 LIHEAP and
DOE; to move staff's recommendation to approve the CSBG
award with the conditions as recommended by the staff, and
to also move to approve awarding 24.99 percent LIHEAP to
the adjacent organization plus some funding for

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administrative costs.

DR. MUÑOZ: Second.

MR. OXER: Okay. Motion by Ms. Bingham to approve staff recommendation as presented and modified by Mr. Dorsey. Second by Dr. Muñoz. We will have public comment.

MS. BINGHAM ESCAREÑO: Can I ask a question real quick. Is it just LIHEAP, or is it LIHEAP and DOE?

MR. DORSEY: The 24.99 percent would be 24.99 percent of the LIHEAP, just the total LIHEAP amount, which includes LIHEAP WAP and LIHEAP CEAP. The 24.99 percent would be of the total amount, but it would be used to provide CEAP services.

MS. BINGHAM ESCAREÑO: Okay. I just wanted to be clear we were covering all of the funding.

MS. SYLVESTER: Just for the record, Megan Sylvester with Legal Services. The administrative funding is coming out of the State=s portion of administrative funding and is not -- the 24.99 percent comes with its own administrative funding as a percentage of it. Just to clarify that the additional money is not money that typically goes to an agency.

MR. OXER: Okay. So what we are saying is we move part of the money that would be services we=ll handle -- we are basically paying for the management of
that until we sort all of this out.

MR. DORSEY: That's right.

MR. OXER: Okay. So with respect to the auditing and that sort of stuff -- and we've had other requests for information -- what has been the response in terms of additional review or invitation by other audits, or what? Anything?

MR. DORSEY: Sure. I think that Cameron and Willacy Counties Community Project has indicated a willingness to bring in someone to look at the books. I think that there have been some discussions concerning what organization or individual should perform that function. And so there were some ongoing communications concerning who might go in and help make sure everything is either good or that there are issues that need to get cleaned up.

MR. OXER: You know, we have a little few pending litigation items. And we have retained counsel, our law firm for a couple of those is the Attorney General=s Office. What is the prospect of using the Accounting Office for help on this one?

MR. DORSEY: That sounds like a Barbara question.

MS. DEANE: The Attorney General=s?

MR. IRVINE: No. The Accounting Office.

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MR. OXER: No. The Attorney General is our -- or the Attorney General=s Office is our law firm for a couple of the legal issues we have pending, so don=t we have access to the State Accounting Office to --

MS. DEANE: Oh, yes. The State Auditor's Office?

MR. OXER: I'm sorry. The State Auditor's Office. Correct.

MS. DEANE: Yes, we do.

MR. OXER: Okay.

MS. DEANE: Yes.

MR. OXER: All right. Then we have a motion by Ms. Bingham; second by Dr. Muñoz as described.

Is there any public comment. Mr. McVey, do you wish to speak?

MR. McVEY: Apparently, I do, sir, so I am told. Representative Guillen asked me to come and make a statement. My name is Robert McVey. I am Chief of Staff for State Representative Ryan Guillen. I made notes. I am not a great public speaker.

MR. OXER: I am not either, as you can tell, but that is all right. Most people know that before --

MR. MCVEY: You keep it entertaining, sir.

Representative Guillen asked me to say, he is in a meeting. He really would like to be here personally on
this, but he couldn’t come.

He wanted to thank you for the many projects you administer across South Texas that benefit families there and across the state. Your agency does great work, and we work with it all of the time.

They have been very patient working with us. They have been really helpful working with us, on this issue, and others. And I have always been impressed by them, myself. He wants things to run right. He wants the books to be right. He wants everything to be done properly.

In this case, his only request is that you defer any drastic action that would reflect poorly on the agency or the services they deliver until the State Auditor has a report that requires action. At this point, no one has actually found anything wrong. No one is alleging, as far as I know, there has been any malfeasance of any kind.

MR. OXER: I gather nobody has found anything at this point.

MR. McVEY: This is true. And there is even an argument about whether the books were available or not. I have no clue what side of the argument to get into on that.

But my understanding from conversations that I
have had in the last two days is that there is a kind of quasi agreement to have the State Auditor's Office step in, look at all of the books, make a decision, and come back to you with a complete report.

If there is a problem, the representative of course, will support you 100 percent. If there is not, he is hopeful that the standing of this agency in the community can be maintained. They have done excellent work for many, many years. A great number of people rely on them. And we want them to be able to continue to do good work, as long as everything is being done properly.

If the Board has any questions, there are several representatives from the agency here today that they said that they would be happy to speak if you want them to. That is totally up to you. Thank you all very much.

MR. OXER: Give our best to Representative Guillen also, if you would, please.

MR. MCVEY: Thank you, sir.

MR. OXER: Well, and it occurs to me, you know, that we have some questions. We are asking for our staff -- staff is asking for information. There is still a question of whether or not that information is available.

You know, we make no accusation of what the

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circumstances are, apart from the fact that we don’t have
the information that we need to properly carry out the
duty we have as a fiduciary to the State. So that is why
we continue to ask the questions that we have.

MR. McVEY: Yes, sir.

MR. OXER: Thank you for your comments.

MR. McVEY: Thank you, sir.

MR. IRVINE: And, Mr. Chairman, if I might
just -- I believe that the record should reflect that
there have been monitoring findings, including disallowed
costs, which have to be addressed in the conditions
imposed.

MR. OXER: Okay. And the conditions as
imposed, we will have to get answers on all of those,
which I assume will be a part of the criteria that would
be a part of the -- not investigation but review of the
data in the compliance audit for this. So are there any
questions?

(No response.)

MR. OXER: Would anybody from Cameron and
Willacy Counties Community Projects care to speak? I will
ask that. But if you are not up here. You don’t have to.
I am asking. The people that want to speak are typically
up here. So if you would like to speak, you are welcome
to, but don’t feel as though you are obliged to.
MS. GARZA: I would like to.

MR. OXER: Very good.

MS. GARZA: Yes. My name is Amalia Garza. And I am the Executive Director for that agency. Now, as far as records being available, they have been available for the past ten years, if not more. The Department does monitor the agency on an annual basis.

The problem, I think, has been just misunderstandings, and I think that if someone with a fiscal background would go in and look at our records, we would get all of this cleared up in California one minute, is it? But we are --

MR. OXER: I will split the New York second, as they say, I think. But that is all right.

MS. GARZA: Oh, is that it? Everything comes from California, I think. So there has never been any attempt to hold on to our records. They are open.

DR. MUÑOZ: Yes. Ms. Garza, let me ask this question. I want to be very clear. So you have heard me ask the question. I have asked several times. Have we requested access to the ledger for this Equalization Fund? You are saying that either we have never asked for it, or we have asked for it and you have made it fully available.

MS. GARZA: All of the above.

DR. MUÑOZ: Okay. Because let me -- now,
Cameron, who would have received that ledger? Okay. When we asked for it, who would have received the ledger? Who would it have come to? Mark? Who?

MR. OXER: Cameron Dorsey.

MR. DORSEY: Cameron Dorsey, Chief of Staff.

It would have come to Patricia. I think Patricia signed the letter.

DR. MUÑOZ: Okay.

MR. DORSEY: I think they had indicated that they were working on it, and that it might take them a little bit of time. I think we are past what we thought it would take to get that information mailed to us. I know that they had some concerns that it was sufficiently voluminous that they would not be able to scan it easily and send it.

DR. MUÑOZ: Okay. So do we have it, or don't we?

MR. DORSEY: We do not.

DR. MUÑOZ: Patricia, have you ever received it, or haven't you?

MS. MURPHY: No, we haven't.

DR. MUÑOZ: So I hear the staff saying we've asked for and we don't have it. I hear you saying it's available. But where is it?

MS. GARZA: It's been available.
DR. MUÑOZ: It's been available.

MS. GARZA: Every time a monitor goes into our office to monitor, we give them a manual of the things that they need. We also have our staff available for any questions that they may have. We also have all the other documentation. It is tedious. It is a multitude of information that they would have to go through.

DR. MUÑOZ: And they would have -- included in that manual, they would have had access to the full ledger, expenses, income, transactions, transfers, for this Equalization Fund?

MS. GARZA: That Equalization Fund has existed for more than 20 years with the Agency.

DR. MUÑOZ: Okay. Patricia, have you ever seen that?

MS. MURPHY: No.

MS. GARZA: She's never been there.

DR. MUÑOZ: Okay.

MS. MURPHY: Patricia Murphy, Chief of Compliance. The monitoring staff was at Cameron and Willacy in August of 2014 and requested access to the records that were needed to trace the funds through this Equalization Fund, and they were not provided such access. And so we have since, in a letter in September, in person in February, and in writing in February, requested that
documentation.

DR. MUÑOZ: Okay. All right.

MS. GARZA: So obviously we're not going to
settle it here. So whenever the State Auditor goes in, or
whomever, we will be more than happy to sit down with
them, again.

MR. OXER: Well, that sounds like that would
probably be the best thing to do. Let's get -- I mean,
your assessment is somebody with a fiscal background, a
financial background.

MS. GARZA: Exactly. I have asked --

MR. OXER: There are a couple of them up here,
but the State Auditor can make this available. It sounds
like it would be exactly the thing to do, to have the
State Auditor to go.

MS. GARZA: I had asked Mr. Irvine about
sending someone from the Department with a fiscal
background, and he said that he didn't have anyone with
that background, and I don't know what that means, but --

MR. OXER: So you have asked our Executive
Director, and he says we have no one on the staff with a
fiscal background?

MS. GARZA: That he didn't have the expertise,
unless I misunderstood.

MR. IRVINE: I believe we have the expertise to
review all of the books and records relating to the
monitoring of these programs.

MS. GARZA: If you call us, we are open. All	right.

MR. OXER: Well, and it sounds like you would
be -- you would welcome a state audit, just --

MS. GARZA: Yes.

MR. OXER: Okay. Well, then that may be the
best approach to this in the first place. So all right.

MS. GARZA: And I thank you.

MR. OXER: Yes, indeed. We are glad to have
you here. Is there any other public comment?

(No response.)

MR. OXER: There appears to be none. Don=t
forget to sign in. Penny needs to know who you are. We
know who you are, but she needs to know who you are.

DR. MUÑOZ: And, Ms. Garza, thank you for
making the trip.

MS. GARZA: Yes, sir.

MR. OXER: Okay. We have a motion by Ms.
Bingham and a second by Dr. Muñoz to approve staff
recommendation of Item 1(j) and modified in testimony by
Mr. Dorsey. Is there any other questions of the Board?

(No response.)

MR. OXER: Okay. And that was in -- to make
sure I'm clear, come back up for a second, Cameron. Make sure I am clear: Suspend the two programs, approve the CSBG -- do it one more time, Cameron.

MR. DORSEY: Okay, okay.

MR. OXER: I don’t want to put words in your mouth; I want you to put them in ours.

MR. DORSEY: So I believe the motion that is on the floor is to table the decisions concerning denial of LIHEAP funding and DOE-WAP funding until next Board meeting; to move forward with the award of the 24.99 percent of LIHEAP along with some access to administrative funds to help with ramp-up; and to award the CSBG funding with the four conditions that I previously laid out and that are reflected in your Board materials.

MR. OXER: Good. Okay. That said, all in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. It is unanimous.

We look forward to having the information. I understand the -- it sounds like you need to ask the State Auditor to see if they can give us a hand on this one, Tim.

All right. We have reached the point at the
end of our formal agenda where we ask for an open session
for anyone who wishes to speak to add anything to the
agenda for any of our next meetings.

So, Ms. Latsha, welcome back.

MS. LATSHA: Jean Latsha, Director of Multifamily Finance. I don’t have anything to add to the next agenda, but I just wanted to point out, I think that all of the guys from El Paso are probably having champagne over lunch right now.

But on the consent agenda earlier today, if nobody else noticed, you approved the termination notices in the amount of over $8.4 million in 4 percent tax credits, a $125 million bond deal that will rehabilitate almost 1,600 units of housing in El Paso.

That's tremendous, quite frankly. I honestly didn't have to work that hard, because my staff --

DR. MUÑOZ: Jean. Of course we were aware of it. We just need to, you know, restrain our enthusiasm.

MS. LATSHA: I could not restrain my enthusiasm. I'm sorry. But I am enthusiastic about that. So Brent and his staff, that is a truly amazing feat that they were able to do that.

(Applause.)

MR. OXER: I am happy to see some of the 4 percent funds going out and being exercised and people
accessing those, because typically -- come back up for a second, Jean, because we have a lot of -- there were a pretty good batch of 4 percent funding that is available that goes unused each year. Is that not correct?

MS. LATSHA: Pretty good, but it's not as good as it was, thanks to us.

MR. OXER: So we are dipping a little deeper into the bucket here?

MS. LATSHA: Yes, sir.

MR. IRVINE: A big dip.

MR. OXER: That is good. So you know, we have an obligation to do what we can on behalf of the State. So I like to -- and I guess we knew it was on there; I don't think we took proper notice of it in this.

But, Brent, you guys did -- and I would say this to every one of the staff out there. You have no idea how much we appreciate the work that you guys do. So that said, would anybody care to add anything to the existing -- or since we are finished with the formal agenda, anybody care to make comment about items to be considered for future agendas?

MR. LYTTLE: Mr. Chairman, I just want to add one item about El Paso. It is an historic deal. TDHCA has never done a 4 percent deal at that level. We are planning on working with the El Paso Housing Authority on
a press release indicating that.

And also, during the break, Gerry Cichone, the lead for the Housing Authority, came up to me and personally wanted to express his gratitude to our underwriting staff. He said they did phenomenal and amazing work.

MR. OXER: Well, we set a record at 8.4 million out of the 4 percent funds. The first one in El Paso. We had -- Monica, is Monica here?

We had a day we had reservations on mortgages that went over $7 million this past year, when they were averaging what, 1.6 something like that. So, you know, you guys are raising our expectations. I just want you to know this. You know, we expect good things out of you guys.

So all right. Is there anybody, any staff wish to make another comment?

(No response.)

MR. OXER: Terri is about to tell us our lunch is getting cold. All right. Any member of the Board like to say anything?

MS. BINGHAM ESCAREÑO: Mr. Chair, I don=t have anything on the coming agendas, but I just wanted to say that one of my County Commissioners, Sofia Benavides is out in the audience, Cameron County Commissioner. And I
feel weird, because usually I am out there, and she is up here when I go to her meetings. But she has a history of serving with expertise and grace, and she has been a really great role model for me. So I just wanted to recognize her while she was with us.

MR. OXER: Glad to have you here. Thanks very much.

(Applause.)

MR. OXER: Okay. That said, I get the last word. It is good work that we do here, and I appreciate the effort on everybody -- not only the staff but the members of the community that make every effort to do what we try to do. So that said, entertain a motion to adjourn.

MR. GOODWIN: So moved.

MR. OXER: Okay. Motion by Mr. Goodwin to adjourn. Second? I will second since I am the Chairman. I am second. I get to second. That is one I want.

No public comment?

(No response.)

MR. OXER: Those in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. We'll see you in a
month, folks.

(Whereupon, at 12:35 p.m., the meeting was concluded.)
CERTIFICATE

MEETING OF: TDHCA Board of Trustees
LOCATION: Austin, Texas
DATE: February 19, 2015

I do hereby certify that the foregoing pages, numbers 1 through 85, 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.

02/25/2015
(Transcriber) (Date)

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