## AGENDA ITEM

### CALL TO ORDER

### ROLL CALL

### CERTIFICATION OF QUORUM

Recognition of Barbara Deane upon the occasion of her retirement.

### CONSENT AGENDA

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

#### COMMUNITY AFFAIRS

**a)** Presentation, Discussion, and Possible Action on the Award of Program Year (“PY”) 2015 Department of Energy (ADOE@) Weatherization Assistance Program (“WAP”), PY 2015 Low-Income Home Energy Assistance Program (“LIHEAP”) WAP, and PY 2015 Comprehensive Energy Assistance Program (“CEAP”) contracts to Community Action Corporation of South Texas (“CACST”) to provide weatherization and energy assistance services in Cameron and Willacy counties; and its designation as the formula funded provider of these Programs

**b)** Presentation, Discussion, and Possible Action on Awards of Unexpended Program Year (“PY”) 2013 Emergency Solutions Grant (“ESG”) Funds

#### ASSET MANAGEMENT

**c)** Presentation, Discussion and Possible Action on Material LURA Amendment

**d)** Presentation, Discussion and Possible Action on Housing Tax Credit Application Amendment

#### MULTIFAMILY FINANCE

**e)** Presentation, Discussion, and Possible Action regarding Waiver of 10 TAC '10.201(1)(c), Uniform Multifamily Rules related to Procedural Requirements for Application Submission

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RULES

f) Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter A, General Provisions, '5.2 Definitions, and directing that they be published for public comment in the Texas Register.

g) Presentation, Discussion, and Possible Action on proposed repeal of 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, '5.503 Distribution of WAP Funds; proposed new 10 TAC ''5.503 Definitions; and 5.504 Distribution of WAP Funds; and proposed amendments to 10 TAC ''5.505 Subrecipient Requirements for Appeals Process for Applicants; 5.507 Subrecipient Requirements for Establishing Priority for Eligible Households and Client Eligibility Criteria; 5.516 Monitoring of WAP Subrecipients; 5.525 Eligibility for Multifamily Dwelling Units; and 5.528 Health and Safety; and directing that they be published for public comment in the Texas Register.

h) Presentation, Discussion, and Possible Action proposing new 10 TAC Chapter 5 Community Affairs Programs, Subchapter F, Weatherization Assistance Program, Department of Energy, '5.614 Deobligation and Reobligation of Awarded Funds, and directing that it be published for public comment in the Texas Register.

I) Presentation, Discussion, and Possible Action proposing the repeal of 10 TAC Chapter 23 Single Family HOME Program, Subchapter A, General Guidance; Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds; Subchapter C, Homeowner Rehabilitation Assistance Program; Subchapter D, Homebuyer Assistance Program; Subchapter E, Contract for Deed Conversion Program; Subchapter F, Tenant-Based Rental Assistance Program; and Subchapter G, Single Family Development Program, and proposing new 10 TAC Chapter 23 Single
Family HOME Program, Subchapter A, General Guidance; Subchapter B, Availability of Funds, Application Requirements, Review and Award Procedures, General Administrative Requirements, and Resale and Recapture of Funds; Subchapter C, Homeowner Rehabilitation Assistance Program; Subchapter D, Homebuyer Assistance Program; Subchapter E, Contract for Deed Conversion Program; Subchapter F, Tenant-Based Rental Assistance Program; and Subchapter G, Single Family Development Program, and directing their publication for public comment in the Texas Register

j) Presentation, Discussion, and Possible Action regarding adoption of the proposed amendments to 10 TAC Chapter 10 "10.302 (c)(2), 10.302 (d)(3), 10.302 (d)(4)(D), 10.302 (e)(9), 10.302 (e)(11), 10.302 (e)(12), and 10.302 (i)(4) concerning Underwriting and Loan Policy and directing their publication in the Texas Register

BOND FINANCE

k) Presentation, Discussion and Possible Action regarding publication of a Request For Proposal ("RFP") for a Market Rate To Be Announced ("TBA") Program Administrator for the My First Texas Home Program

l) Presentation, Discussion and Possible Action regarding publication of a Request For Proposal ("RFP") for a Master Servicer for the Texas First Time Homebuyer Program and the My First Texas Home Program

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, April 2015

b) Report on the Department’s 2nd Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")

c) Report on the Department’s 2nd Quarter Investment Report relating to funds held under Bond Trust Indentures

d) Report on the Program Year 2015 Department of Energy ("DOE")

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Weatherization Assistance Program ("WAP")
State Plan and Awards

ACTION ITEMS

ITEM 3: COMMUNITY AFFAIRS
Presentation, Discussion, and Possible Action regarding a Program Year ("PY") 2015 Community Services Block Grant Program Conditional Award for Urban League of Greater Dallas and North Central Texas and Possible Action Authorizing the Department to Issue a Notice of Hearing to Initiate Proceedings to Reduce or Eliminate CSBG Funding and to Remove Eligible Entity Status should it be deemed necessary

ITEM 4: MULTIFAMILY FINANCE
a) Report on Staff Determinations regarding Eligibility under 10 TAC '10.101(a)(4) related to Undesirable Neighborhood Characteristics
b) Report on Site Challenges Made in Accordance with 10 TAC '11.10 Concerning 2015 Housing Tax Credit Applications

ITEM 5: BOND FINANCE
Presentation, Discussion and Possible Action on Resolution 15-017 authorizing the filing of an application for reservation with the Texas Bond Review Board with respect to qualified mortgage bonds; authorizing publication of a notice of public hearing; approving an underwriting team; and containing other provisions relating to the subject

ITEM 6: MULTIFAMILY FINANCE
Presentation, Discussion, and Possible Action regarding Requests for Exemption from Undesirable Site Features under 10 TAC '10.101(a)(3) filed in the 2015 Competitive Housing Tax Credit Cycle

PUBLIC COMMENT ON MATTERS OTHER THAN ITEMS FOR WHICH THERE WERE POSTED AGENDA ITEMS.

EXECUTIVE SESSION

ADJOURN

ON THE RECORD REPORTING
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MR. OXER: Good morning, everyone. I'd like to welcome everybody to the May 7 Board meeting of the Texas Department of Housing and Community Affairs.

We'll take roll call; I'll get my roll call sheet out. Ms. Bingham?

MS. BINGHAM: Here.

MR. OXER: Mr. Chisum?

MR. CHISUM: Present.

MR. OXER: Mr. Gann?

MR. GANN: Here.

MR. OXER: Mr. Goodwin?

MR. GOODWIN: Here.

MR. OXER: Dr. Muñoz is not here with us today. I'm here, that makes five, we have a quorum, so we're in business.

Tim, lead us in the salute to the flags.

(Whereupon, the Pledge of Allegiance and the Texas Pledge were recited.)

MR. OXER: Before we get to the consent agenda, I think we have a recognition of something momentous and traumatic that's getting ready to happen.

MR. IRVINE: Mr. Chairman, we actually have several momentous and tragic things about to happen. I'd like to recognize Sandy Garcia, who has decided that after
24 years with the Department and 40 years with the State, she wants to retire and have some fun.

(Applause.)

MR. IRVINE: She's been a key member of our HOME team and creates an irreplaceable void, so we'll just, Jennifer, have to find a workaround, so good luck on that one.

MR. OXER: So where are you headed, Jennifer? You're going to take some time off and go see some other places?

MR. IRVINE: Sandy.

MR. OXER: Sandy. I'm sorry.

MS. GARCIA: (Speaking from audience.) Like I told everybody, the first thing I'm going to do is clean my garage so I can park my car inside.

MR. OXER: Hey, when you're finished with yours, can you come do mine.

(General laughter.)

MR. IRVINE: Thank you so, so much.

And the next one is our consigliere, Barbara Deane, has decided to retire after 25 years of service to the State and for at least 15 of those years you've been providing me with incredible legal advice.

MS. DEANE: Right, in various incarnations.

MR. IRVINE: Various agencies. And she's been
our general counsel now since 2012, and Barbara has
decided, you know, retire while you're young enough and
spry enough to get out and do wild and crazy things and
have fun.

MR. OXER: And be able to recover the next
morning?

MS. DEANE: Yes, that's the key.

MR. IRVINE: You know, she is incomparable.

She has set the bar so high, not just as a lawyer -- I
mean, we all know her as the state's preeminent expert on
administrative law -- but as a counselor and as a friend
and as a source of just fun and entertainment and positive
things. Everything you touch, you touch it in a positive
way, and have fun, you've earned it.

MS. DEANE: Thank you.

(Applause.)

MS. DEANE: Can I say something?

MR. OXER: I would love to hear you say
anything you want to, Counsel.

MS. DEANE: I don't want to say too much,
because I was going to get all weepy after having 25
years, and Sandy has got 40 years. Oh, my gosh. So I'm
going to try not to get all weepy.

I will say when I was the AG's office, in
particular, for I guess eight years, I had 136 client
agencies over there that were under our purview, and not
to mention the other boards that I've served over the
years, and I have to say this is one of the best, if not
the best board I have ever served.

MR. OXER: Well, I think I can speak for the
rest of the Board, and we very much appreciate that, and
irrespective of whether you may miss you, I guarantee you
we're going to miss you.

MS. DEANE: Well, I don't want to insult the
other boards I've been with. This board is very
thoughtful, careful, always prepared, always cooperative
with each other even when they disagree. I mean, this has
just been a fantastic board, well informed, receptive to
everyone that comes before them. It's just been a joy
working with this board. Thank you.

MR. OXER: Great. Thank you for what you've
done for us.

MS. DEANE: And our staff is -- I mean, I know
you say it all the time, but our staff is the best ever.
So I'm going to miss them.

MR. OXER: The staff makes it easy for us to
look good, so I appreciate that, and I would corroborate
what you say and second everything you say, but thanks for
everything you've done for us.

MS. DEANE: And our ED that I've known for 15

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years, a long time.

MR. OXER: Good hand on the tiller here, Counselor.

MS. DEANE: Thank you.

MR. OXER: Okay. That's the hard part for today for us. So with that, we'll consider the consent agenda. I understand some of the folks here want to make a comment on the consent agenda. Is that correct? Okay. Before we start that is there any member of the Board that would like to pull any item from the consent agenda? Your interest is a comment on the agenda, and is there a particular item?

MS. BINGHAM: I think it's 1(a), Mr. Chair.

MR. OXER: All right. We'll pull item 1(a), we'll officially do it, I'll do it as chair. With that, we'll accept a motion to consider.

MR. GOODWIN: So moved.

MR. CHISUM: Second.

MR. OXER: Motion by Mr. Goodwin to approve the consent agenda, second by Mr. Chisum. You'll have comments here. Any other comments from the Board?

(No response.)

MR. OXER: All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?
MR. OXER: There are none.
All right. We'll have comment on item 1(a).
Hold on just a second. That's right, it becomes an action item since we moved it.
Michael DeYoung, is there anything you need to make a presentation on this?

MR. DeYOUNG: Michael DeYoung, Community Affairs Division director.

Item 1(a) is the authorization from the Board to award a contract to the Community Action Corporation of South Texas. As you recall, a few meetings back we had a long discussion about not having services covered in Cameron and Willacy counties for two programs: the LIHEAP utility assistance program and the weatherization programs. Staff asked for your authorization to go out with a request for application to establish a new provider for those counties.

We received two applications in that process. We've scored those applications and the recommendation before you, the action is to make an award for the administration of the DEO weatherization program and the LIHEAP weatherization program, so two fund sources, one program, and the administration of the utility assistance program funded through LIHEAP to Community Action Corp of
South Texas. They're located in Alice, Texas. They're a current provider in the area around San Antonio and this would extend their services down to both Cameron and Willacy counties in both of those programs.

So this action is seeking authorization to enter into contracts with them.

MR. OXER: And obviously staff recommendation is to approve the contracts to do that.

MR. DeYOUNG: Correct.

MR. OXER: Any questions from the Board?

MS. BINGHAM: Mr. Chairman, I have questions but I don't know if it's a point of order if it's better to go ahead and move forward with the motion and then have the questions to Michael after.

MR. OXER: If it's to Michael, we have the questions now.

MS. BINGHAM: Okay. Michael, can you refresh us on just previous Board action relative to -- that I recall from looking at the minutes, our previous Board action maybe two times ago that we met had to do with taking a percentage of the funds that were available and kind of allocating them. Can you just refresh us on what we did?

MR. DeYOUNG: Certainly. The original action -- and as I did last time, I'll probably have to
rely on legal counsel to get everything exactly correct --
the original action was we were seeking authorization to
award 24.9 percent of the LIHEAP funds to Community Action
Corp of South Texas as a temporary provider as a bridge so
that we had time to figure out a proper solution. We made
that award at that Board meeting, we entered into a
contract with Community Action Corp of South Texas, they
used those funds to establish some CEAP utility assistance
services in those two southern counties, Cameron and
Willacy counties. Those services have been ongoing so the
clients are receiving services.

During that time staff then approached you
again to say now we'd like to seek a more permanent
solution for a provider. The RFO was published, we
received the applications. The recommendation is to go to
that same provider that received the first 24.9 percent.
That award was solely for utility assistance services, we
actually did not have a provider for WAP services in those
two counties during that time. This actually establish
both programs with CA Corp of South Texas.

MS. BINGHAM: Okay. Just clarification. The
24.9 percent that we originally approved, was that 2014
funds or 2015?

MR. DeYOUNG: 2015 funds.

MS. BINGHAM: And then our instruction, the
next step was the moving forward to secure a longer term agreement with a provider that could provide the LIHEAP and the WAP, and our instruction to Cameron Willacy, the previous recipient was that they could also -- and you guys correct me if I'm wrong -- they could also bid or ask to be engaged but they had to meet the provisions that originally kind of brought this all up, right, which was the data request and that kind of thing? Sorry, I'm being vague. Is my question clear?

MR. OXER: Megan.

MR. DeYOUNG: I think I understand but I want Megan to assist.

MS. BINGHAM: Okay.

MS. SYLVESTER: Megan Sylvester, legal services.

I think it's actually a two-part issue. They could have submitted a response to the RFP and they did not, and then also at the last meeting if we brought an action back if you would have to award and I said to you at that time that you would not have to and that you could instruct staff to go back and try to work with Cameron Willacy some more, but without that instruction the staff was going to proceed forward with submittals under the RFP.

MS. BINGHAM: Okay. I have no other questions.
MR. OXER: Any other questions from the Board?

(No response.)

MR. OXER: So we had the notification out for proposals to establish a different longer term structure to this, you've had two respondents, you've made a selection, and you're asking for authorization to contract with the one you selected.

MR. DeYOUNG: Correct.

MR. OXER: Is that a good summary? All right.

Motion to consider.

MR. GANN: I so move.

MR. OXER: Motion by Mr. Gann to approve staff recommendation on item 1(a). Is there a second?

MR. GOODWIN: Second.

MR. OXER: Second by Mr. Goodwin. We'll hear comments.

MR. IYER: First of all, my apologies for my accent.

MR. OXER: We think that's a South Texas accent.

(General laughter.)

MR. IYER: Instead of making a presentation, I prefer to read it as it is because it will be much quicker and it will be within the confines of the time allotted to me.
MR. OXER: Right. We'll give you three minutes.

MR. IYER: My name is Krishna Iyer. I'm a certified forensic examiner and a CPA, and I'm representing Cameron Willacy County Community Projects.

First of all, I request this Board to understand that CWCCP happened to this situation because CWCCP did not agree with the lead monitor on certain issues. The lead monitor instead of giving an opportunity for P to explain its stand on the issues took an attitude that if CWCCP does not agree with me, I will burn them at the stake. This became more a personal vendetta than any legitimate monitoring issue. Having said so, let me briefly state the following.

This is relating to 2011 DOE ARRA period. The lead monitor tried to disallow an expenditure of $750,000 for weatherization work undertook by the agency on a multifamily apartment complex under a DOE ARRA contract. In fact, this apartment complex was one of the several multifamily complexes recommended and forwarded to us by TDHCA. We were not even aware of this complex until TDHCA sent this to us for weatherization work. The monitor initially came with the objection this was not cleared by TDHCA. Then the complex exceeded 25 units under one roof. We were pressurized to send the money immediately. CWCCP
did not agree for this disallowance. After exhausting five months over back and forth correspondence, Mr. Tim Irvine intervened and after hearing our viewpoints he overturned the decision of the lead monitor and the entire cost was allowed. Not only CWCCP received a certificate of achievement, it also received a confirmation statement from TDHCA that questioned cost is zero and DOE ARRA was closed.

The it is the 2012 monitoring visit by the same lead monitor. The lead monitor was not happy with the decision taken by Mr. Tim Irvine.

The monitoring visit took place for conducting the monitoring of regular weatherization contracts. The monitor took it upon himself to reopen the closed chapter of DOE ARRA and tried to disallow a sum of $216,000. The executive director brought to the attention of the higher authorities that this was totally out of line for reopening a closed issue. Eventually this disallowance took a natural death, but the monitor's unhappiness and disappointment resulted in more anger towards CWCCP.

2012 December monitoring visit. During the December 2012 monitoring visit, the monitor again indulged in disallowing a sum of $260,000 for CEAP with a statement that CWCCP paid December 2012 bills in January 2013.

CWCCP is on accrual accounting basis and it is legitimate
for any organization to provide for accruals in the year
in which services were rendered and pay in the following
year. The contract is for January through December. The
contract also allows a closeout period of 90 days after
the end of the contract period. CWCCP has been consistent
over this for the past two decades. Again, Mr. Tim Irvine
took the initiative and after verifying the documents
provided for consistency, he overturned the disallowance
of $260,000 and decided in favor of CWCCP.

Then freezing of the funds for two months in
2012 and first seven months of 2013. On account of the
disturbance created by the monitor, our funds were frozen
for a period of nine months: two months at the end of
2012 and seven months at the beginning of 2013. After a
summit meeting which took place in Austin, Mr. Tim Irvine
instructed to release the funds. However, substantial
damage was done during this period of carrying out the
2013 contract. In spite of these obstacles, CWCCP's case
managers were able to triple the self-sufficiency cases.

2015 suspension of funds. 2015 funds were
again now suspended. Reason: the Department felt that
the information required to complete the monitoring was
not provided by CWCCP. As a matter of fact, all
documentation in the form of a manual was handed over to
the monitoring team at the time of entrance interview.
This has been the practice for a couple of decades. Somehow the monitoring team left the binder containing all information at our office. How can the monitors complain that we did not provide the information?

CWCCP has always taken monitoring and the monitoring visits seriously. We have always implemented the monitors' constructive suggestions. Legitimate disallowed costs were accepted without any question.

Whether it is a programmatic issue or if it is a legal issue, it all translates in terms of finance, because everything involves money and that ultimately ends in money. So labeling such issues as financial management practices is not appropriate. They have been calling this as financial management practices. It may be coming from program, it may be a legal issue, but ultimately now they call it as financial issue.

Lastly, and perhaps most importantly, the services rendered on Assurance 16 and program services, TDHCA is now attempting to disallow $300,000 even without verifying facts and figures. We have been following the standards and the best practices being followed in all 50 states, including Texas. This is mainly because they did not take the manuals given to them at CWCCP's office and wrote the monitoring report without the writeup documents that are part of the manual.
In my professional opinion, even now I believe that we have done nothing wrong, and on account of these things, I just request you to table the consent agenda item which was previously approved by this Board. I request you to table it. And if you have any questions, then I am prepared to answer.

MR. OXER: Okay. We appreciate your comments. Michael, do you want to make any comments on this?

Please be seated.

MS. MURPHY: Patricia Murphy, chief of Compliance.

Not unless you have any questions. Is there anything you would like me to address?

MR. OXER: Do you have anything, any comments, Mr. ED? No is an acceptable answer.

MR. IRVINE: No.

MR. OXER: Okay. Thanks, Patricia.

Anything else, Michael?

MR. DeYOUNG: No, sir.

MR. FISHER: Chairman Oxer, Board members, good morning. I'm speaking on 1(a). My name is Bill Fisher. I'm with Sonoma Housing Advisors, and I'm here at the request of Cameron County Commissioner Sofia Benavides, who is an elected official in Cameron County and also
serves on the board of the Cameron and Willacy County service provider who, I guess for practical purposes, has their CPA forensic accountant telling the Board that there's an audit going on and that they will prevail, that they will show that they've handled their money properly.

Just to give the Board members context, because this is kind of a hard decision, and I think what Commissioner Benavides has asked me to say is can the Board keep their options open. There's an audit going on, an outside audit, to determine whether they're in compliance or not which won't be completed until June. So if all the funds were awarded now, we, in essence, foreclose any options to continue with the service provider in a very needy area with a large geographic footprint perhaps forever, because these charities go away when they don't have any funding, these nonprofit.

As I mentioned, I understand they've been serving this area for more than 20 years, extremely large geographic area. They have operated it with 24 employees and ten service centers. According to the Board book, they served 20,000 people in Cameron and Willacy counties last year. So the task that this service provider has been doing is very large and they've been doing it for many years.

I really know nothing about their compliance
issue, so the only thing I understand is going on is that there is an audit that will be completed in the next 30 or 45 days which will be dispositive of the matter as to whether they're right or staff is right. So the commissioner's request is if the Board can keep their options open about not awarding all the money so that if they are vindicated by this outside monitor that they would have an opportunity to apply and receive funding and continue to serve an area that they have for many, many years.

My personal opinion is I think it's in the Board's interest to keep their options open. I think the staff would concede this is a very good provider that they're awarding funds to, I don't think we dispute that. The reality is they're not in Willacy and Cameron counties, and as I mentioned, it took a very large staff and many service centers to serve a very poor area which requires bilingual, bicultural staff. In many cases you have to drive out to the resident's location to provide the services or to fill out the applications because they don't have transportation. Again, this is one of the poorest areas of the state.

So on behalf of the county commissioner, our request today is that you leave yourself some money here, maybe make an interim award to this group, and leave some
funding out there for this group should it turn out that
they're right and staff is wrong. And with that, I'll
answer any questions.

MR. OXER: Any questions of Bill from the
Board?

MR. GOODWIN: I had a question.

MR. OXER: Okay, Mr. Goodwin.

MR. GOODWIN: You said you're a spokesman on
her behalf.

MR. FISHER: Yes.

MR. GOODWIN: And if I heard you right, you
said, I really don't know anything about this.

MR. FISHER: I don't. I got a call two days
ago, I read the Board book, I've spoken with the executive
director and their accountant, I have consulted with other
people about what I understand the status. So the only
thing that I understand for sure is that there is a third
party monitoring going on and that those results will be
in soon. And so I think the commissioner's request is
let's not execute the charity here, the nonprofit that's
been providing services for 20 years until those results
are in.

MR. GOODWIN: Well, you may not be able to
answer my question. I watched a news clip this morning
with the commissioner stating that this agency meets every
three months. I'm just curious if that is still the case. Do you know by chance?

MR. FISHER: That the county commission meets every three months?

MR. GOODWIN: The board for Cameron Willacy County Community Projects agency, the board for that agency meets every three months.

MR. FISHER: I have no idea.

SPEAKER FROM AUDIENCE: We meet monthly.

MR. FISHER: They meet monthly.

MR. GOODWIN: Has that started new?

SPEAKER FROM AUDIENCE: It started this year.

MR. GOODWIN: This year. Thank you.

MR. OXER: Thanks, Bill.

MR. FISHER: Thank you.

MR. OXER: Patricia, we've got a question here.

MR. IRVINE: While Patricia is taking the mic, may I just interject a comment? And I encourage Michael and Brooke to flesh this out if I get it wrong or don't expand on it sufficiently.

We've got priorities and our number one priority is serving Texans, and we want to ensure that there is a robust stable provider there to serve the eligible households in Cameron and Willacy counties. This is an adjacent county provider, they have a proven track
record, we want to ensure that they have the funding where they can make the investment in an expanded service network and deliver these services broadly to the eligible households in these counties, and it's for that reason that we think that this is an appropriate measure.

MR. DeYOUNG: And just some additional information. The concern from staff's part would be --

MR. OXER: Tell us who you are, Michael.

MR. DeYOUNG: I'm sorry. Michael DeYoung, Community Affairs Division director.

The concern would be if there was just an interim decision. This is a very critical time of year to get services delivered to the income eligible residents of the Lower Valley. The bills are already creeping up, the days are 90 degrees -- I've been down there a couple of times in the last few weeks with another provider -- if we have an interim provider, we are limited to that 24.9 percent with the Community Action Corporation of South Texas and that money will run out soon. If we don't have an established provider down there, we are going to go into the hottest time of the year without critical services being provided in that community until that issue is resolved.

I don't have a calendar for when that issue will be resolved. It's taken quite some time to get all
the information to the audit firm, and my concern from a
programmatic standpoint is I need to provide services to
all 254 counties, and especially two counties in South
Texas which are rapidly going to need services. These are
very large counties. The temporary provider, Community
Action Corporation, has established a presence in those
communities. In fact, they've worked with the county
commissioner that we're talking about to establish at the
precinct office some outreach centers, so they are quickly
exhausting their current supply of funds and these funds
cannot wait for two or three months. It will be very
difficult to then start paying bills when the bills are
already coming in starting this next month.

MR. OXER: Thanks, Michael.

Patricia. Or Brooke, do you have anything to
add?


I would just clarify, as well, I appreciate Mr.
Fisher's comments but I think there's a presumption a
little bit that this somehow mirrors our competitive
programs and that's not the case. With a competitive
program I think you could say let's do an interim provider
for a year and then maybe the following year you could
compete again, but these programs are network programs for
a reason and that is that they require a particular type
of infrastructure. Offices are set up, weatherization staff with a lot of extensive certifications have to be put on staff, so this isn't the kind of thing that you can do periodically.

Being set up as a provider of CEAP, which is the utility payment assistance, and weatherization is the kind of thing they're making a commitment to and then we are as well. So I think it's important to distinguish that it's not something that can simply just -- that would be easy to say, well, let's just try this for a little bit and then if it works out then we'll go back.

MR. OXER: Okay. Thank you, Brooke.

Patricia. With respect to the audit, because we are currently engaged in an audit, and as I gather, there's still information that has not been available or is unavailable, hasn't been discovered yet, can you give us a summary perspective on that?

MS. MURPHY: That is correct. It's not technically an audit. Wipfli has been engaged to determine if any of the amounts we can consider to be allowed. So there's a set disallowed amount that we believe, and we've asked that they take a look and see is any of this allowable. But Wipfli can't do that until Cameron Willacy County Community Project provides the requested information. And they requested a series of
documents on April 13, and my understanding is as of May 4
they still do not have all of the documents they've
requested.

I really would like to wrap this up, so I've
said, Can you work with what you've got? And they're
going to try to, but they still have not received the
requested list of information from CWCCP.

MR. OXER: And I understand there's been a
continuing series of requests for that that predate this
back three or four meetings back for us that I recall that
we've ask for things and they apparently are not
available. Is that correct?

MS. MURPHY: They're available but they are not
provided, but Cameron Willacy asserts that these records
are available.

MR. OXER: Michael.

MR. DeYOUNG: And just to clarify. Michael
DeYoung, division director for Community Affairs. This
action does not affect the CSBG dollars; Cameron Willacy
County Community Project, Inc. will retain their CSBG
dollars. That is a separate contract and there are
separate requirements -- we've reviewed those with you --
that's more federally instructive on how that contract is
established. So just to be sure, this is not stripping
Cameron Willacy of all their funding.

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MR. OXER: Just particular program funding.

All right. Are there any questions from the Board? We've had public comment. There's been a motion by Mr. Gann, second by Mr. Goodwin to approve staff recommendation on item 1(a). All in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. It's unanimous.

All right. We move to item 3 on the action item list. Brooke, it looks like you're up again.

MS. BOSTON: I am. Brooke Boston.

I am talking about item 3 which relates to an award for the Urban League of Greater Dallas and North Central Texas. I'll just call it Urban League during the point of the conversation.

They are a CSBG eligible entity and they are part of the CSBG network. We are recommending that they be funded. In December of 2014, along with all of the other CSBG network, all awards were made except for a couple, and this was one of the ones that we had held out because at the time they did not have their single audit submitted, so we had made all the other awards and held this aside. We are now recommended that they be awarded but suspended based on some conditions that we would like
to see satisfied.

After we had received the single audit, we identified things in that single audit that still were of concern to the Executive Award Review and Advisory Committee, EARAC, which is the group that brings recommendations before the Board. We wanted to make sure that we felt like all the issues that were of concern from the single audit finding were addressed. Those are in your Board book on page 3 and 4, they're referenced in the recitals, so I won't necessarily go through and read them all to you, but if you have questions about specific ones, either I can answer them or Patricia can.

I would also note that to ensure that Urban League is compliant with federal and state requirements as it relates to corporate governance and to tripartite board requirements that we will also make sure that is in place before a suspension is lifted.

The other part of the action item is that those conditions would be evaluated, the information that's submitted would be evaluated by our chief of staff. They need to be turned in by May 27. If at that time they are satisfactory to chief of staff, then we will raise the suspension. The chief of staff will also have the ability to allow more time to complete that. If, indeed, neither of those are satisfied, I think there will be a couple of
other options. One would be, like I said, to give a little bit more time. The other would be that we proceed with the processes that are federally required for removing eligible entity status or reducing funds for a CSBG entity, and that's referenced in your writeup as well. Or the third option is that an organization can voluntarily relinquish funds as well.

MR. OXER: What was the last part that they can voluntarily?

MS. BOSTON: They can voluntarily relinquish funds.

MR. OXER: Okay. So we have an issue with Urban League.

MS. BOSTON: And they would be relinquishing their status as well.

MR. OXER: So we're giving them until May 27 to meet these conditions. If you do that, everything is okay, if you don't, then we'll take a review, we'll have the chief of staff review those, and then they'll have options after that. Our option would be to take away their money and their eligible entity status.

MS. BOSTON: Correct.

MR. OXER: Basically, here's the bar and you've got to get over it.

MS. BOSTON: Yes.
MR. OXER: Any questions from the Board?
(No response.)
MR. OXER: Motion to consider.
MS. BINGHAM: Move to so resolve as staff recommended.
MR. OXER: Okay. Motion by Ms. Bingham to approve staff recommendation on item 3. Do I hear a second?
MR. CHISUM: Second.
MR. OXER: Second by Mr. Chisum.
Is there any public comment on item 3? Anybody here?
(No response.)
MR. OXER: And once more, for a little housekeeping item here, as a specific item comes up for discussion, the front here with the reserved seats is for those who wish to speak on that item. We'll carry them from my left in towards the podium.
There's no public comment requested. Motion by Ms. Bingham, second by Mr. Chisum to approve staff recommendation on item 3. Those in favor?
(A chorus of ayes.)
MR. OXER: Those opposed?
(No response.)
MR. OXER: And there are none; it's unanimous.

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Jean.

MS. LATSHA: Good morning.

MR. OXER: Good morning. How are you?

MS. LATSHA: I'm great, except that I'm going to miss Barbara.

MR. OXER: Get in line.

MS. LATSHA: We all are. Staff didn't get to talk about that, you got to do all the talking, but she's truly fantastic. Going to lunch with Barbara is fun. That's all I'll say. We'll miss you.

MR. OXER: Going to lunch with Barbara is like getting a one-hour seminar on administrative law.

MS. DEANE: Well, that doesn't sound like fun.

MR. OXER: It actually is for some of we nerds up here, that's actually the interesting part.

(General laughter.)

MS. LATSHA: Jean Latsha, director of Multifamily Finance.

I have two items here 4(a) and (b) and then item 6 that are all kind of related to each other because they're all site eligibility, so if it's all right with the Board, I'd kind of like to take all three of those.

MR. OXER: Is there any particular reason they were segregated on the agenda?

MS. LATSHA: I think possibly one got moved
from consent to action, or something like that. I think it was just administrative.

MR. OXER: And just didn't combine them.

MS. LATSHA: Right, just didn't get combined.

MR. OXER: Hold on just for a second. Is there anybody who wishes to comment on item 6, public comment on item 6?

(No response.)

MR. OXER: Okay. Go for it.

MS. LATSHA: Okay, great. And actually, I'll go ahead and take 6 first, if that's all right. This is all Subchapter B, these are all rules that are related to the eligibility of development sites. Item 6 are two requests for an exemption from undesirable site features. You heard something about this at the February Board meeting. This rule is about rehabilitation developments that have ongoing assistance from either HUD or the USDA. Typically sites that are located within proximity to a certain number of undesirable site features are found ineligible, however, rehabilitation developments that do have this ongoing assistance from HUD or USDA have the ability to be exempt from that rule. We have two such applications here.

Our rule this year did also require that those exemption requests be accompanied by a letter regarding...
the site's compliance with the Fair Housing Act. These two applicants, you might recall in February, requested a waiver of that specific provision of the rule. They requested those letters from HUD and HUD basically said, We are not going to write such letters. Those waivers were granted.

This action is about the actual exemptions. Back there in February we talked about the waiver but hadn't received the actual exemption requests yet. We received those exemption requests timely and are recommending granting the exemptions for both properties. It's Cleme Manor and Bay City Apartments, I believe.

MR. OXER: Any questions of the Board? This seems fairly straightforward. Could you give us an example? Actually, any questions from the Board?

(No response.)

MR. OXER: Okay. Can you give us an example of where there would be a rule that we would have that would have a undesirable site feature that under the USDA program would not be applied under a USDA funded program? Tell me what you just said because you said if there was a difference in the funding for these because of the USDA set-aside.

MS. LATSHA: Okay. Well, these two properties are perfect examples. The Bay City property has USDA
financing, it's a USDA 515 loan that they basically refinanced it as part of that being in that USDA set-aside. The other application is public housing HUD financed property. It's pretty typical, the application of this rule we've done it. At least every year that I've been here, at least one or two have required an exemption that are USDA set-aside applications that happen to be next to a railroad -- I think that's the case in both of these, and then also a HUD property that happens to be next to a railroad as well.

MR. OXER: Well, they're both basically close to a railroad, if I understand it correctly.

MS. LATSHA: Yes, sir.

MR. OXER: Is there anything in what we require that's the separation between the railroad and the property that's to be developed for one of our tax credit deals?

MS. LATSHA: Yes. We require that you be at least 100 feet from the railroad.

MR. OXER: And so this is an exemption from that requirement.

MS. LATSHA: That's right.

MR. OXER: Okay. And so even if there's an exemption from that requirement, are we in a position to expect that there is a fence between so kids don't meander
out?

MS. LATSHA: Not necessarily. However, this is only an exemption for this particular rule. We had some discussion about this last year as well. There's still opportunity for both of these sites if there were some other features surrounding these sites that we found undesirable, whether it was under the undesirable characteristics rule or something else. There's still an opportunity to holistically look at the site and find that it's ineligible. This is a very specific part of the rule that basically exempts them from the requirement with the particular distance from a particular feature only because they're already existing deals that are proposing rehabilitation and they already have ongoing assistance from HUD or USDA.

MR. OXER: Got it.

MR. GOODWIN: Jean, this is probably an unusual question, but the acoustical concern on the Houston project took some readings, and they stated in their report and they bolded it there were no trains over a three-day period. Has the track there been abandoned, or they just run on the weekends or something?

MS. LATSHA: You know, I'm not sure, although I have to admit I've been to that site three times now and I don't think I've ever seen a train.
MR. GOODWIN: I was curious. The readings next to the train track are lower than the readings they took from in the middle of the complex.

MR. OXER: Trains are sort of focused. You have basic noise with kids in the complex.

(General laughter.)

MS. LATSHA: That might be just it. I'm not sure of the actual status of that track.

MR. OXER: All right. Any other questions?

Motion to consider.

MR. CHISUM: So moved.

MR. GOODWIN: Second.

MR. OXER: Motion by Mr. Chisum, second by Mr. Goodwin. Is there any public comment? There's none.

All in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none. Thanks, Jean.

Next.

MS. LATSHA: Sure. And so we'll jump back to 4(a), and so this part of the rule, this is the undesirable neighborhood characteristics part of the rule. The way that this works is we have asked that applicants disclose if they have some issues related to crime or
environmental issues -- and I can't even remember what the third one is off the top of my head -- and high poverty rates. So if you're in a census tract or a neighborhood that exceeds one of our thresholds, we ask that you disclose that. Then we take a closer look at the site, assess that site a little bit more holistically, and then present a recommendation, and that's what we have here.

So there were four sites that disclosed. One thing I will note about all of these sites is that none of them were challenged by a competing applicant. On our next item you'll see that there was an opportunity to do so, a couple of other sites were challenged, but one of these sites were.

MR. OXER: Jean, just an administrative question here, are we taking these all four at once or one at a time?

MS. LATSHA: However you'd like. The recommendation is the same for all four sites which is to find all of them eligible.

MR. OXER: All right. Is there anybody in the audience that wishes to comment on any of these four?

(No response.)

MR. OXER: We'll take them all four at once.

MS. LATSHA: All right. We'll start with Cleme Manor. So Cleme Manor, this is a site in Houston, this is
one that we just talked about with respect to the exemption, this is an existing HUD property, heard a lot about this. I understand that we have a couple of new Board members who weren't privy to that discussion last summer, but this site was discussed at great length last summer. The disclosure had to do with a high crime rate. Staff had some concerns about this site last year for the same reason which is why I've been there three times.

So we went out to the site last year. We were a little bit uncomfortable with the railroad track, some of the crime issues and things like that. We then heard from the City of Houston and the applicant and found that there's a pretty significant revitalization effort going on in that part of Houston, and includes not just an influx of funds from the city but also some substantial private investment. At the end of the day we were presented also with some demographic data that supported that this area of town is changing and improving, and basically ultimately found the site eligible.

Although all of that was presented in last year's round, and although the rule has changed a little bit with the way that we administer it, the rule itself is really the same, we're looking at the same issues, we're looking at crime and we're looking at blight and poverty rates and land use and seeing if the neighborhood itself
is moving in a direction that we'd like to see. And we're still seeing that, we saw that last year. It took a lot of convincing last year from the applicant and the City of Houston, but they convinced staff, and then we, I guess, in turn convinced the Board, and basically the assessment is still the same. Staff feels that this site should be eligible. The revitalization efforts that are going on there are really quite substantial.

MR. OXER: So we're going to do all of these together. So essentially you're saying that there was a contention for each one of them, the staff recommends that they be given this consideration on each one of them. Nothing is inverse on any of these sites. Right?

MS. LATSHA: That's right. The recommendation is the same for all. We performed our assessment for all of them and are recommending that all are eligible. I just wanted to kind of give you an idea of how we got there.

MR. OXER: Okay.

MS. LATSHA: The second on the list is Wheatley Courts in San Antonio. This is really similar to Cleme Manor, also applied last year with Phase 2 of their four-phase development, and this is, I think, Phase 3 of their four-phase development. Again, staff's initial visit last year raised some concern. There were a lot of vacant and
boarded up houses, crime rate was relatively high. We spoke with the applicant and the City of San Antonio, again, a pretty lengthy discussion with the Board, found out that, again, a significant revitalization effort going on there.

We actually drove down again this year and it already looks a lot different this year than it did last year, mainly because the site in question last year has been demo'd and they're doing all of the excavating and grading. There are more single family homes that are boarded up but that's because the city has purchased them and has plans to rebuild them, and I'm not sure exactly what their plans are, but it's a rebuild and home ownership plan they could speak to.

MR. OXER: And so even though they're boarded up, it's just a snapshot in a longer transition.

MS. LATSHA: That's right. And again, staff's conclusion is an eligible site, similar to last year.

Third on your list is Provision at Four Corners. The disclosure with respect to this site was, in my opinion, kind of a technicality. We do have a requirement to disclose if there are issues in your ESA. There was a disclosure related to a site that was a half mile away that at one point was part of the Texas Voluntary Cleanup program, but it's been inactive for...
several years. This is a high opportunity area site. I
think that was just a part of that disclosure that
although technically they were required to disclose that
issue on their ESA, there's not really any serious
environmental concerns about the site. So again, staff is
recommending.

Fourth on your list is Thomas Westfall in El
Paso. This is another site that was required to disclose
due to some issues you would see in their ESA but actually
the issues were that they're a quarter mile from a Walmart
and a Burlington Coat Factory and all the stuff that we
actually like to see.

MR. OXER: Why was that an issue to begin with?
What was the issue?

MS. LATSHA: It was that they were included in
their Resource Conservation and Recovery Act generators
database, which basically means they generate some --

MR. OXER: A lot of trash.

MS. LATSHA: Right, a lot of trash. This is a
great neighborhood. I actually went to this site last
year as well when we were visiting all of the El Paso
sites, so I've breathed the air there too, along with
another staff member, and again, staff is recommending
that it be found eligible.

MR. OXER: Good. Okay. Any questions from
members of the Board?

(No response.)

MR. OXER: This is on item 4(a). 4(b) is to come yet. Is that correct, Jean?

MS. LATSHA: That's right.

MR. OXER: All right. Item 4(a), so motion to consider.

MR. GOODWIN: So moved.

MR. OXER: Motion by Mr. Goodwin to approve staff recommendation on item 4. Do I hear a second?

MR. GANN: Second.

MR. OXER: Second by Mr. Gann. Any public comment?

(No response.)

MR. OXER: Motion by Mr. Goodwin to approve staff recommendation on item 4(a), second by Mr. Gann. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none; it's unanimous.

MS. DEANE: Let me just point out, as Michael just mentioned, the resolved portion of this is merely accepting the report, so that's actually the action that's taking place today is accepting the report of staff.
MR. OXER: This is on item 4(a). Let Peggy get her comment in.

MS. HENDERSON: All of these comments are regarding item 4(a) and project number 15069, and it looks like they're all in approval but I should go ahead and read in all of them individually.

MR. OXER: Yes.

MS. HENDERSON: So registering public opinion for Alicia Walter for Urban Strategies, Inc., approval of staff recommendation. Arie B. Porter, San Antonio Housing Authority, Choice Neighborhood Initiative, approving the request. Lorraine Robles, San Antonio Housing Authority, approving the request. San Antonio Housing Authority for Tim Alcott. Daniel H. Arellano, Jr., approving the request. LaShawn Roberson, approving the request. Mary Ellen Burns, representing United Way Promise Neighborhoods, approving the request. Dr. Morris Stripling, San Antonio Housing Authority, approving the request. David Nisivoccia from San Antonio Housing Authority, approving the request.

MR. OXER: David in town? You want to correct that?

(General laughter.)

MS. HENDERSON: I apologize.

MR. OXER: Came down the right direction, so
keep going, Peggy.

MS. HENDERSON: And Mary Emerson, a community resident, also approving the request.

MR. OXER: Okay. Jean.

Item 4(a) is approved unanimously, so congratulations to each of you on that one.

4(b), Jean.

MS. LATSHA: All right. 4(b) is regarding site challenges, and this is also the resolution here is about accepting the report. You'll see that in our report we are recommending, basically, that you tell us to take some further steps and evaluate these sites a little bit more, but the rule requires us to submit this report with respect to these site challenges.

So the rules allow third parties to challenge applications. What we did this year, so that we could get all of this site stuff out of the way earlier and not later, was ask that anyone that wanted to challenge the eligibility of a site, not necessarily the entire application, needed to do that a little bit earlier in the game, and so we've received two of those. So I'll talk a little bit about what's in the report and the recommendations that are in that report.

First, in want to make a correction too. We were using an old template for this report and the
challenger on the Place of Grace application in Beaumont is not Enrique Flores, it was Dan Algier with New Rock Companies. And also, we talk about in the report on Place of Grace that the challenge was talking about high crime in the areas and the number of affordable units that are already there. The challenge also spoke to some blight and proximity to some sexually oriented businesses.

So we did receive a response to the challenge.

The response basically was that there wasn't a requirement for disclosure. This is technically true. The way that we wrote the rule, we asked that applicants kind of define the neighborhood itself and then gather data to see if they were over certain thresholds, this one being 18 violent crimes per thousand persons annually. So the data that the applicant used brought them under that threshold. That is data out there, particularly on NeighborhoodScout.com, that suggests that they're over that threshold.

With respect to the actual disclosure, I think that they did meet the rule and they were not technically required to disclose, but as a result of this challenge, we do want to take a closer look at this site. Typically, the way that the rule works is that we wouldn't go out and assess this site unless there was a disclosure like the ones that you just heard about, but as a result of this

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challenge, we'd like to go ahead and do that entire
assessment, go out there and see if there really is in
existence of some blight and proximity to some other
undesirable site features and things like that.

MR. OXER: So essentially what you're saying is
that this wouldn't have come up had there not been a
question, but since the question has arisen, you need to
answer it.

MS. LATSHA: Exactly, yes, sir. So that's
what's in the report is that we'd like to ahead and
conduct that site visit and then bring that back in the
same format that we brought the other four.

The second one that was challenged is the
Abington Commons of Whitewright. So this application was
challenged because it is about 960 feet from a company
that stores ammonium nitrate. This is pretty recent
memory of the disaster at West, and that was alluded to in
the challenge as well, and so initially when we read the
challenge we had some pretty significant concerns about
this too.

However, we talked with the applicant, we read
their response. They were aware, obviously, of the
ammonium nitrate storage but this is a high opportunity
area, technically. There is like a big Walmart and a
school that are just as close to the storage facility as
the proposed development site. There's some question as to what sort of analysis HUD would use.

MR. OXER: The problem is the 24-6-8 fertilizer down at Home Depot, that's the ammonium nitrate.

MS. LATSHA: So anyway, there's a lot of questions that we still would like to answer with respect to this site, especially because none of us are engineers. The applicant has already expressed a willingness to work with us and see if there are some mitigating factors, some things that they can do to the site to make it safer, and so we'd like to just simply work with that applicant and see if we can come up with some conditions should they ultimately be recommended for an award.

MR. OXER: Any questions by the Board? I think that's a good idea to make sure you're happy with all this.

Motion to consider.

MS. BINGHAM: So moved.

MR. OXER: Motion by Ms. Bingham to approve staff recommendation on item 4(b). Do I hear a second?

MR. CHISUM: Second.

MR. OXER: Second by Mr. Chisum.

MS. DEANE: And again, this is acceptance of the report and staff's statement about how they intend to proceed.
MR. OXER: Correct. It's just an acceptance of the report with an indication of what they intend to go do to bring back the information. We're not saying that there's any decision that needs to be made with respect to the eligibility.

MS. LATSHA: Right. We just met the requirement of the rule to submit the report, so I can check that off my list.

MR. OXER: Motion by Ms. Bingham, second by Mr. Chisum to accept the report on item 4(b). All in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none; it's unanimous.

Thank you.

Monica. Good morning.

MS. GALUSKI: Good morning. Happy to be here this morning with this item. It's item number 5 which is the presentation, discussion and possible action on Resolution 15-017 authorizing the filing of an application for reservation with the Texas Bond Review Board with respect to qualified mortgage bonds, authorizing publication of a notice of public hearing, approving an underwriting team, and containing other provisions relating to the subject.
MR. OXER: So we're getting back in the bond business?

MS. GALUSKI: Let's hope.

MR. OXER: I hope.

MS. GALUSKI: I probably skipped a part.

Monica Galuski, director of Bond Finance.

The Department has historically used single family mortgage revenue bonds as the primary financing vehicle for assisting low and moderate income first-time homebuyers. Back around 2008 market dynamics changed a little.

MR. OXER: That's a fair statement.

MR. IRVINE: Understatement.

(General laughter.)

MS. GALUSKI: And the mortgage rates that we could generate through a bond issue were not as attractive or at least no better than the traditional mortgage market. As a result, the Department moved away from bond issues and we've been doing the TMP-79 which is out to be announced program, and that's the program that funds down payment and closing cost assistance through the forward sale of mortgage-backed securities that we sell at a premium. We've been using that program to assist homebuyers since its inception in October of 2012.

Always striving to provide the lowest cost and

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the best benefit on our financing options, we've continued
to analyze the feasibility of a bond issue. We've been
working closely with our financial advisor, bond and tax
counsel and members of the Department's underwriting team
to evaluate various structures and to work through the
associated legal and tax issues. We're still working
through some of those issues, but believe it's prudent to
begin the process of preparing to issue bonds. We're in
good company. State agencies around the country have been
doing bond issues again. There are several that are
already back in the bond market, others that are currently
preparing to implement new issues.

The viability of a new bond issue, like why did
it not work yesterday and it looks like it works today,
it's not tied specifically to one market dynamic but it's
more that people have gone back to the drawing board and
it's maybe more tied to the fact that we've modified the
traditional bond structure to take advantage of
efficiencies that are available in the current market.

We've been working more closely with potential
investors and being more responsive. You know, when
things were easy you just kind of did them and everything
worked. People have had to work a little bit harder,
structures have evolved, and we're back to viability
again.
MR. OXER: So we're evolving in a changing context.

MS. GALUSKI: Yes, we are. And we've also been looking at the 2006 Series H bond issue for a potential restructure. That's a variable rate issue. Preliminarily, it sort of looks like we might be able to achieve some tax and economic benefits by doing that issue in conjunction with a new money issue, but we're also looking at them both independently as well.

MR. OXER: Quick question on that. The 2006 H issue, would it have to be rolled separately or could it be rolled into the new one?

MS. GALUSKI: It could potentially be rolled into the new one. There may be reasons why we would want to do it separately, but for right now it really looks like we're leaning towards a combination.

MR. OXER: I think the history of this Board in transcripts would support the idea that we're more than happy to take down our variable rate debt as fast as we can.

MS. GALUSKI: And recognizing that, we're still evaluating possibilities. It wouldn't necessarily completely take out the swap on the other side, but we recognize the importance of managing that and increasing the optionality and moving us in the right direction.
MR. OXER: This is a journey and a direction, not a cliff we're going to fall off of.

MS. GALUSKI: Yes. So the action that we're seeking today includes approval to proceed with some of the preliminary work necessary for the implementation of a bond issue, particularly those items that require a fair amount of lead time. The request includes resubmission of an application to BRB for reservation of private activity volume cap for qualified mortgage bonds. We're requesting an amount not to exceed $150 million in authority. We would publish notice of and hold a public hearing, as required by tax law for the issuance of qualified mortgage bonds. That would be the TEFRA hearing. And we would name the underwriting team from within the Department's pool of approved underwriters. Staff is recommending Morgan Stanley as the senior manager, and as co-managers Ramirez & Co., Estrada Hinojosa & Co. And RBC Capital Markets.

It's important to be clear at this time we're not seeking nor is the Board granting final approval of a bond issue. We will return to the Board with the specifics of the financing structure with target mortgage rates, timing and/or size of the issue, as well as substantially final documents at a later date for final Board approval before pricing and selling the bonds.
MR. OXER: So you're looking for authority to
go do your homework.

MS. GALUSKI: We are. We're looking for
authority to officially move forward.

Staff recommends approval of Resolution 15-017,
and I'd be happy to answer any questions.

MR. OXER: Great. Any questions from the
Board? I like the idea that this is getting more
attractive and we can get some of this variable debt out
of the way.

With respect to item 5, motion to consider.

MR. GANN: I'd like to move that we accept
Resolution 15-017.

MR. OXER: Motion by Mr. Gann to approve staff
recommendation on that resolution. Do I hear a second?

MR. GOODWIN: Second.

MR. OXER: And a second by Mr. Goodwin. Is
there public comment on this item?

(No response.)

MR. OXER: With respect to item 5, motion by
Mr. Gann to approve staff recommendation, second by Mr.
Goodwin. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)
MR. OXER: There are none; it's unanimous. Just as a quick question, Monica, how long will this take? You're talking it's in the future we'll issue, we'll have the hearing. What's the sort of schedule generally? If this all happens and it happens, well, not really fast or in a regular schedule, but if it happens, when would this come out? This fall?

MS. GALUSKI: I would think by the fall, hopefully late summer.

MR. OXER: So four or five months.

MS. GALUSKI: Yes.

MR. OXER: Good, great. Thanks.

MS. GALUSKI: Thank you.

MR. OXER: Okay. We have reached the end of the published agenda. We'll accept public comment on items other than for this agenda. I would remind those who wish to speak that we cannot comment or do other than accept your comments with respect to building the agenda for our future meetings. Is there anybody who wishes to speak? If you're in the front and you're sitting in a chair that says you want to speak, then that's you. Come up to the front.

MS. LEDBETTER PARHAM: Hi. I'm Amy Ledbetter Parham with Habitat for Humanity of Texas.

First I wanted to thank you for your service.

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I want to tell you a little bit about Habitat for Humanity affiliates in Texas. There are 83 and it includes the largest affiliate in the world which is Dallas affiliate, and most of our affiliates in Texas are all volunteer or mostly volunteer affiliates. Probably 60 percent of affiliates in Texas are all volunteer or mostly volunteer.

And like Ms. Deane, I want to echo what she said about the staff that we deal with, mostly through the Texas Bootstrap Loan program and the Office of Colonia Initiatives. We really appreciate the dedication and thoroughness and responsiveness of Homero Cabello and Raul Gonzales.

That said, we are concerned about making sure that small and mid-size affiliates have access to that Bootstrap Loan program. Habitat Texas doesn't build houses but we support the efforts of those who do build houses, we provide back office support in mortgage servicing, training, technical assistance and resource development, mostly for those small and mid-size affiliates around the state.

So we just wanted to make you aware of our concern that those small to mid-size affiliates aren't able to access the Bootstrap Loan program and want to continue to work with staff to make sure that those funds are spread more evenly across the state. We understand.
that Homer and Raul are, as I said, very, very dedicated
an very responsive to any questions that are asked from us
about the Bootstrap Loan program, but those small and mid-
size affiliates really need a lot more hand-holding and
detailed help. They can build houses like nobody's
business. My Midland executive director says she'll put
her house up against any multimillion dollar house across
the state, and that's a true story, I think.

But just to let you know that that's something
that we want to continue to work with staff on, and
always, always we would appreciate you considering an
increase in budget request for the Texas Bootstrap Loan
program. You will get your money's worth with it. Thank
you so much.

MR. OXER: Thanks, Amy. We appreciate your
comments.

MR. CHISUM: Question. Sorry.

MR. OXER: Those questions come up when the
option comes up for that item to be considered on the
agenda.

MS. LEDBETTER PARHAM: I'll hang out.

MR. OXER: You do that. As long as you're not
talking to more than three of the Board members at one
time, you'll be fine.

MR. CHISUM: Excuse me, Mr. Chairman.
MR. OXER: All right. I have a request, one of the few that I get to do. I want to ask Ms. Deane, our consigliere, to come down to the front and all the Board members, and since we can't meet informally and get a picture with any four of us, I'm going to get all of us here today.

MS. DEANE: I'd love that.

MR. LYTTLE: Mr. Chairman, we have new employee Amy Kincheloe who is our photographer and a new member of my staff, and she'll be happy to assist.

MR. OXER: Great. Welcome aboard.

(Pause for photographs.)

MR. OXER: We are formally now at this point where we accept comments. There's no other public comment. Anybody else in the audience care to say anything? Any others from the staff care to say anything?

We're going to miss Barbara.

Tim.

MR. IRVINE: Yes. I have a comment, and actually, Amy kind of set the stage for it without even realizing it. We are constantly trying to improve our structure and our operations, and it's always mission-driven. We have just reorganized three of our functions, our loan servicing function, our single family asset management function and program services function, to
combine them under the leadership of Homero Cabello.

And somebody rolling this out in our directors meeting talked about sort of cradle to grave service for single family loans. And I said, We need a better euphemism, it's from signing the mortgage to burning the mortgage. We want to make great successful Texas homeowners, and we realize that sometimes people need some special attention and understanding, and we want to have the synergies that these three functions will provide really provide a solid framework in which we can ensure successful homeownership. Plus, there's nothing wrong with a little more efficiency.

MR. OXER: Really. I don't think anybody here expects that the appropriations are going to get bigger or heavier, so we're going to have to do more with less constantly, so it's a higher efficiency investment of the intellectual capital.

Is Homero here?

MR. IRVINE: He's off working.

MR. OXER: That's right. I applaud him and I appreciate the fact that he's stepping up and wants to get into this and make this program work like this.

MR. IRVINE: And thanks for piping up, Cameron. Cameron is such a great facilitator. He brought so many folks together in this effort to forge this new creation,
and thanks very much.

    MR. OXER:  Any other members of staff?  Anybody else from the Board?

    (No response.)

    MR. OXER:  Okay.  I get the last word.  I appreciate what you do.  It's a service to Texas that everyone in this room does.  Thank you for what we're doing.

    I'll accept a motion to adjourn.

    MR. CHISUM:  So moved.

    MR. GANN:  Second.

    MR. OXER:  Motion by Mr. Chisum, second by Mr. Gann.  Those in favor?

    (A chorus of ayes.)

    MR. OXER:  See you in four weeks.

    (Whereupon, at 10:45 a.m., the meeting was concluded.)
CERTIFICATE

MEETING OF:     TDHCA Board

LOCATION:      Austin, Texas

DATE:      May 7, 2015

I do hereby certify that the foregoing pages, numbers 1 through 62, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Housing and Community Affairs.

05/12/2015
(Transcriber) (Date)

On the Record Reporting
3636 Executive Ctr Dr., G-22
Austin, Texas 78731

ON THE RECORD REPORTING
(512) 450-0342
## ERRATA PAGE

**May 7 TDHCA Board of Directors Meeting**

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