TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

July 30, 2015
9:30 a.m.

MEMBERS:

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

TIMOTHY K. IRVINE, Executive Director

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

CALL TO ORDER 13
ROLL CALL
CERTIFICATION OF QUORUM

CONSENT AGENDA

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

LEGAL
a)  Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Mary Olson Apartments (HTF 98261 / CMTS 2691)
b)  Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Willow Pond Apartments (HTC 94039 / CMTS 1229)
c)  Presentation, Discussion, and Possible Action regarding the adoption of Agreed Final Orders concerning related properties Sunrise Village II (HTC 96113/ HOME 536265/CMTS 1574) and Rincon Point Apartments (HOME 534031/CMTS 2618)

NEIGHBORHOOD STABILIZATION PROGRAM
d)  Presentation, Discussion, and Possible Action on authorization of programming of Neighborhood Stabilization Program Three (NSP3) Program Income 77110000105 Community Development Corporation of Brownsville Brownsville
e)  Presentation, Discussion, and Possible Action regarding a proposal to use Neighborhood Stabilization Program ("NSP") funds to resolve properties with defaulted loans, or foreclosed single family properties

COMPLIANCE DIVISION
f)  Presentation, Discussion, and Possible Action on ratification of withdrawal of proceedings to terminate contracts and the eligible entity status of the Urban
League of Greater Dallas ("ULGD")

ASSET MANAGEMENT

g) Presentation, Discussion, and Possible Action on Housing Tax Credit Application Amendments
13048 Shepherds Seniors Apartments
Shepherd
14051 Churchill at Champions Circle
Fort Worth
14283 Bella Vista Apartments Alton
14272 The Lodge at Huffmeister Cypress

h) Presentation, Discussion, and Possible Action regarding Ratification of Housing Tax Credit Application Amendment
13112 Liberty Trails Town homes
Liberty Hill

i) Presentation, Discussion, and Possible Action to Approve the transfer of the HUB Managing General Partnership interests to non-HUB General Partners and Material Amendments to the Housing Tax Credit Land Use Restriction Agreements
00010 El Patrimonio Apartments McAllen
02003 El Pueblo Dorado Pharr
03002 Padre de Vida McAllen
03036 Galilean Apartments Edinburg

TEXAS HOMEOWNERSHIP PROGRAM

j) Presentation, Discussion, and Possible Action on the Release of an Invitation for Bid ("IFB") to procure a Third Party to Administer the Texas Statewide Homebuyer Education Program ("TSHEP") and Authorization for Staff to Subsequently Award and Contract with the Successful Third Party

SECTION 8 HOUSING

k) Presentation, Discussion, and Possible Action on the draft Section 8 Program 5-Year and 2016 Annual Public Housing Agency ("PHA") Plan for the Housing Choice Voucher Program

OFFICE OF COLONIA INITIATIVES

l) Presentation, Discussion, and Possible Action on Colonia Self Help Center ("Colonia SHC") Program Award to Starr County in accordance to Section 2306.582 of the Texas Government Code through
Community Development Block Grant ("CDBG") Funding

COMMUNITY AFFAIRS

m) Presentation, Discussion, and Possible 41 Action on the Federal Fiscal Year 2016-2017 Community Services Block Grant Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services

n) Presentation, Discussion, and Possible 44 Action on the Federal Fiscal Year 2016 Low Income Home Energy Assistance Program Application and State Plan and Awards for submission to the U.S. Department of Health and Human Services

o) Presentation, Discussion, and Possible 48 Action Authorizing Staff to Identify a Provider, through release and subsequent award of a Request for Applications ("RFA") or through a direct designation, to Temporarily or Permanently administer the Comprehensive Energy Assistance Program ("CEAP") in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties

p) Presentation, Discussion, and Possible 48 Action regarding an Award to Texoma Council of Governments ("Texoma") for the Provision of Comprehensive Energy Assistance Program funds from Program Year 2014 Comprehensive Energy Assistance Program Unexpended Balance funds previously programmed to be provided to North East Texas Opportunities, Inc. ("NETO") for use in Delta, Franklin, Hopkins, Lamar, Rains, Red River, and Titus counties

q) Presentation, Discussion, and Possible Action on Award of Program Year 2014 Emergency Solutions Grant Funds to the City of Denton

r) Presentation, Discussion, and Possible Action on a Contract with the Texas Homeless Network on behalf of the Texas Interagency Council for the Homeless
BOND FINANCE
s) Presentation, Discussion, and Possible Action adopting Resolution No. 15-022 authorizing application to the Texas Bond Review Board for reservation of the 2015 single family private activity bond authority.

RULES
t) Presentation, Discussion, and Possible Action on orders repealing all sections of 10 TAC Chapter 23, Single Family HOME Program, and orders adopting new 10 TAC Chapter 23, Single Family HOME Program ("HOME Rule"), concerning HOME single family activities, and directing their publication in the Texas Register.

u) Presentation, Discussion, and Possible Action on the proposed amendments to 10 TAC Chapter 21, Minimum Energy Efficiency Requirements for Single Family Construction Activities, and directing their publication for public comment in the Texas Register.

v) Presentation, Discussion, and Possible Action on the proposed amendments to 10 TAC Chapter 24, Texas Bootstrap Loan Program, and directing their publication for public comment in the Texas Register.

w) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 5, Community Affairs Programs, Subchapter A, General Provisions, '5.12 concerning Purchases, and directing its publication for public comment in the Texas Register.

x) Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter A, General Provisions, ''5.2 and 5.10, and directing that they be published for public comment in the Texas Register.

y) Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter B, Community Services Block...
z) Presentation, Discussion, and Possible Action proposing amendments to 10 TAC Chapter 5 Community Affairs Programs, Subchapter D, Comprehensive Energy Assistance, "5.401, 5.407, 5.423, and directing that they be published for public comment in the Texas Register

aa) Presentation, Discussion, and Possible Action proposing an amendment to 10 TAC Chapter 5 Community Affairs Programs, Subchapter E, Weatherization Assistance Program General, '5.503; and proposing new '5.529, and directing that they be published for public comment in the Texas Register

MULTIFAMILY FINANCE

bb) Presentation, Discussion, and Possible Action on Inducement Resolution No. 15-023 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority
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   15606 Edinburg Village Edinburg

cc) Presentation, Discussion, and Possible Action Regarding Forgiveness of Accrued Interest on HOME Loan for 1500 MLK, LLC

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:
   a) Report on the Department=s Swap Portfolio and recent activities with respect thereto
   b) Status update regarding 2015 funding From the U.S. Department of Housing and Urban Development ("HUD")

ACTION ITEMS

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   a) Report on the Meeting of the Audit Committee

ON THE RECORD REPORTING
(512) 450-0342
b) Management Letter - Report on Survey of Internal Control and Assurance Activities

ITEM 4: MULTIFAMILY FINANCE

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   - 15414 Retreat at Westlock Houston

b) Presentation, Discussion, and Possible Action on appeal of denial of Funding due to Previous Participation compliance history of Housing Services Incorporated in connection with the application under the 2014 Notice of Funding Opportunity ("NOFA") for Cornerstone Apartments, #14501 [PULLED]

c) Presentation, Discussion, and Possible Action regarding Expansion of Funding, Ending the Application Acceptance Period and Awards of HOME and TCAP funds from the 2015-1 Multifamily Development Program Notice of Funding Availability
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   - 15242 Sundance Meadows Brownsville
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   - 15234 Merritt Leisure Midland
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   - 15121 The Glades of Gregory-Portland Gregory
   - 15010 Mariposa Apartment Homes at South Broadway Joshua
   - 15252 Henderson Village Henderson
   - 15086 Reserves at Preston Trails Wolfforth
   - 15063 Palladium Van Alstyne Senior Living Van Alstyne
   - 15303 Reserve at Engel Road New Braunfels
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15002 Rolling Hills Fredericksburg
15003 Zion Bayou Houston
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15006 Solano Park Apartments Edinburg
15010 Mariposa Apartment Homes at South
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15011 Wynnewood Seniors Housing II Dallas
15012 Mariposa Apartment Homes at
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15013 Cypress Creek Apartment Homes at Reed Road Phase II Houston
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15274 River View at Calallen Corpus Christi

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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'd like to welcome you to the July 30 meeting of the Texas Department of Housing and Community Affairs Governing Board.

We'll begin with roll call. Ms. Bingham is absent today.

Mr. Chisum?

MR. CHISUM: Present.

MR. OXER: Mr. Gann?

MR. GANN: Present.

MR. OXER: Mr. Goodwin?

MR. GOODWIN: Present.

MR. OXER: Dr. Muñoz?

DR. MUÑOZ: Present.

MR. OXER: And I'm here, so we've got a quorum, we're in business.

Tim, lead us in the salutes.

(The Pledge of Allegiance and the Texas Allegiance were recited.)

MR. OXER: Okay. We have no special items yet today, correct, Tim? Will I just go straight to the consent or do we need to pull a couple of items on the consent agenda?

MR. IRVINE: We have several items, Mr.
Chairman, that need to come off of consent, and if staff can help me navigate this. Under the Community Affairs items, the first two sections (m) and (n) need to come off. Those are plan items. And the next two relating to Northeast Texas Opportunities and the counties it serves need to come off of consent.

MR. OXER: So Community Affairs, item number (m) Michael and (n) as in November, and also item (o) October and (p) as in Papa, let's see Texoma Council of Governments. And item 1(f). Is that correct?

MR. IRVINE: Yes, item 1(f) needs to come off of consent.

MR. OXER: Okay. Item 1(f) which Patricia will handle will come off of consent; we're going to pull item 1(g) under Asset Management.

MR. IRVINE: We're pulling 14051 Churchill at Champion Circle, we'll bring that back next month.

MR. OXER: So that's off the list. Right, Tom?

MR. IRVINE: Off the list entirely. And then the consideration on the Lodge at Huffmeister 14272 will be taken up as an action item.

MR. OXER: Has everybody got that, or do you want me to read it?

MR. IRVINE: We've got it.
MR. OXER: So with those items on the consent agenda which are (f), part of (g), (m), (n), (o) and (p) off the consent agenda, is there a motion to consider?

MR. GOODWIN: So moved.

MR. OXER: Okay. Motion by Mr. Goodwin to approve the consent agenda with those items pulled as listed. Second?

MR. GANN: Second.

MR. OXER: Second by Mr. Gann.

Is there anybody to speak on these particular items? Quick housekeeping item here, those of you that are regulars know that the front row here on our left is for those who wish to speak on an item. When we take those we'll start from the one nearest to the aisle and work our way out that way. The chair where Brooke is sitting, rather than people who wish to speak, is reserved for the staffer -- in this particular case, Brooke -- the staffer who will be speaking to address that item, so this chair right here is for staff.

So with that, is there anybody that wishes to speak on the consent agenda?

(No response.)

MR. OXER: Motion by Mr. Goodwin, second by Mr. Gann to approve the consent agenda as modified. Those in favor?
(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: And there are none.

Let the record reflect that Ms. Bingham has joined us and we're happy to say we have a full house today.

MS. BINGHAM ESCAREÑO: Good morning.

MR. OXER: Good morning.

Okay. We'll start it from the top down on the consent agenda then. Patricia, good morning.

MS. MURPHY: Good morning. Patricia Murphy, chief of Compliance.

Item 1(f) is a ratification.

MR. OXER: And a quick timeout here just for another housekeeping item. Can you folks up there in the back hear her at the podium? She's not talking now. Okay?

(General laughter.)

MR. OXER: And I would remind everybody when you come up, those of you, others not staff who wish to speak on an item, come up and sign in but don't sign in because most of your signatures are as illegible as mine which is not saying anything complimentary to you, so make a point to sign your name, print your name so that
we can get accurately within the transcript and the record, please.

So Patricia.

MS. MURPHY: Good morning. Patricia Murphy, chief of Compliance.

Item 1(f) is presentation, discussion and possible action on ratification of withdrawal of proceedings to terminate contracts and eligible entity status of the Urban League of Greater Dallas.

So the Urban League of Greater Dallas is one of the community action agencies that's part of the network that administers our Community Services Block Grant, or CSBG, funds. In December of 2014 the Board approved most of the awards for the network, however, the Urban League of Greater Dallas was not approved at that time because their required A-133 audit was delinquent and the previous year's audit had some very significant concerns and findings noted therein. So an award was not recommended. However, subsequent to that the required audit was received. It was received eight months late but we did get it, and so the Board conditionally approved an award and a contract for the Urban League of Greater Dallas, contingent upon meeting several criteria. The Urban League of Greater Dallas did not meet those criteria and so staff issued proceedings
to terminate their eligible entity status and start
taking the process of taking that eligible entity status
away, going down that required federal path.

After we issued that notice to them, one of the
very significant requirements was met by the agency, and
the agency had some pretty serious financial management
issues that they have lacked a staff to oversee their
finances and have had a great deal of difficulty there.
So subsequent to us saying we're proceeding with
termination of your eligible entity status, they hired a
qualified chief financial officer. So up on that news
and after discussions with that individual, that gave the
staff some confidence that we could sort through the
issues that the agency was having.

The Department staff issued a notice to them
saying we're withdrawing, we're withdrawing our notice
that we're proceeding to terminate your eligible entity
status, and we were bringing that action here to you to
ratify that. Then after we posted this in the Board
book, a significant development has occurred that we want
to make sure that you're aware of, and what has happened
is we have received notice from the National Urban League
that they are disaffiliating or they intend to
disaffiliate with the Urban League of Greater Dallas and
North Central Texas. So we wanted to make you aware that
that is happening and that we understand that the Dallas Urban League is going to contest this disaffiliation from the National Urban League.

We are continuing to work with the Urban League staff in Dallas to determine what will be their position on this and what will happen if they do get disaffiliated, and at this time we are still recommending that you the notice that the Department sent withdrawing those proceedings. We're continuing to try to unravel all of this with the Urban League staff in Dallas, and if we're not able to do so, we will need to renotify the Dallas Urban League that we're resuming or reinitiating proceedings to terminate.

But we just wanted to make you aware of what's going on and see if you had any questions. I know the CFO with Dallas Urban League is here and they're available to answer any questions that you have. I don't think that they really wanted to make any comment, but they are here if you have any questions of them or me or any other member of the staff.

MR. OXER: Are there questions from the Board for Patricia?

DR. MUÑOZ: Patricia, functionally speaking, aside from the financial concerns that seem to be addressed now with the acquisition of the new staff, what
functionally or substantively would this disaffiliation create on our end, if any at all?

MR. OXER: And let me amplify that and expand on that part of the discussion. Absent the potential disaffiliation or the relationship that they have with the National Urban League, would that change in any way our process for dealing with this?

MS. MURPHY: No.

MR. OXER: Okay. Does that answer your question?

DR. MUÑOZ: Yes. Thank you, Mr. Chair, for answering that question.

MR. OXER: Clarification.

DR. MUÑOZ: It's well done.

MR. OXER: Is there anybody wishes to speak? We have to have a motion to consider on this item. And for what you're requesting, Patricia, this is just ratification.

MS. MURPHY: Ratification of our withdrawal of our notice to proceed to terminate.

MR. OXER: Okay.

MR. CHISUM: So moved, Mr. Chairman.

MR. OXER: Motion by Mr. Chisum to approve staff recommendation on the notification to -- what does it say again?
MS. MURPHY: To withdraw.

MR. OXER: To withdraw your certification.

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz. Is there anyone who wishes to speak on this item? There appears to be none.

Okay. With respect to item 1(f), those in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

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

The next item pulled from the consent agenda is item 1(g) on Asset Management which is 14272. Tom, you're going to handle that one?

MR. GOURIS: I'm going to handle this one. Tom Gouris, deputy executive director for the Department.

The Lodge at Huffmeister is a relatively straightforward but somewhat unique amendment request. The development is a 2014 tax credit award to construct 170 units in Cypress which is in Harris County. The owner has met the 10 percent test, is not asking for any extensions, he's taken down the land and has been working on water and wastewater for the site but has been unable to obtain service from any of the nearby utility
providers. So they've adjusted their site to accommodate a private well and a wastewater facility.

The amendment that is being taken up by the Board today, because of the movement of some of the buildings and because some of the site is taken out is fairly unique. It doesn't meet our threshold for how much of the property is coming out to have to come to the Board, it's just a unique amendment so we felt like it would be prudent for us to bring it before the Board.

MR. OXER: So it's incidental in change on the land surface?

MR. GOURIS: It's non-material.

It has been reevaluated by underwriting and we are comfortable at this time in recommending approval of the amendment. I know there's a number of people here to speak, the applicant is here and so are a number of other folks. So I'll leave it at that unless you have questions.

MR. OXER: Okay. And staff recommendation is to approve the amendment?

MR. GOURIS: Approve the amendment. Yes.

MR. OXER: Are there any questions from the Board? Motion to consider?

MS. BINGHAM ESCAREÑO: Move to consider.

MR. OXER: Motion by Ms. Bingham to approve
staff recommendation on item 1(g) which is application number 14272.

MR. GANN: Second.

MR. OXER: And a second by Mr. Gann.

Those here to speak, how many of you are there? You as well? Do you have questions or support, or you don't have anything other than just answering questions? And you four have a position to take on this? Okay. Let's hear the first one then.

MR. IRVINE: Be sure to print your name legibly.

MR. OXER: Which means better than I would do it. Okay? Which is not a real high standard, frankly.

MS. LAMPE: My name is Charlotte Lampe.

MR. OXER: I'm sorry to interrupt you, Ms. Lampe, but we obviously have a pretty busy agenda today, it looks like there might be several people that want to speak. We're going to run a hard clock today, you'll have three minutes.

MS. LAMPE: Do I have three minutes now?

MR. OXER: You have three minutes beginning now.

MS. LAMPE: All right. Here we go. My name is Charlotte Lampe, and I've been a resident in the Cypress area since 1978, and as a volunteer I have worked
tirelessly to bring services and opportunity to our community. As the need arose in our area for firefighters and EMS personnel, I became one of the first -- the first woman captain EMT in the Cy-Fair Volunteer Fire Department. Further addressing the needs in our community as president, I developed an organization called Focus that addressed the educational issues of Cy-Fair ISD. That organization during the next five years grew to over 8,000 members.

Throughout that time I participated in debates on national TV, and won, about the educational and the financial direction of school districts in general, and specifically using Cy-Fair ISD as an example of what could be done differently. Within the last ten years I have been part of the team that brought the Lone Star College System to the Cy-Fair area, and I am proud of the services that they provide to all in our community.

Today I am heavily involved in local issues and government as GOP precinct chair and volunteer chairman of training and development for the Harris County Republican Party.

As a private citizen in my community, I stand before you today to thank you for the opportunity to voice my hope that the application amendment for the Lodge at Huffmeister, now known as the Meadows of Cypress
Creek, should not be approved. I would specifically like to address that the applicant states that the developer originally allotted 2.2 acres of the development site for the use of a detention pond, however, it has now been dedicated 1.25 acres to utilize as an infrastructure buildout. The overall footprint of the detention pond has now been reduced to roughly two acres. The applicant is neither a hydrologist or a civil engineer, but further states that the volume of the pond is sufficient to address the detention requirements of the planned development. It must be duly noted that the applicant lacks the appropriate credentials to make such a statement.

It should be further noted that there is no signed or stamped drawings that state that the two acres is sufficient for the onsite detention which will be critical to the site and the surrounding areas. Flooding is fast becoming a major issue and a huge burden to parts of Houston and surrounding areas for our citizenry. Without clear and concise information proving that these water concerns have been accurately reported and verified, the damage to the overburdened Cypress Creek environment may very well be extensive. Should the waste treatment plant also be in such close proximity to an adequate detention pond, the danger of flooding with
treated wastewater could be a very serious threat to the
health and well-being of all concerned. The possibility
of numerous waterborne pathogens, including but not
limited to viruses, bacteria, salmonella, is a
substantial concern.

And finally, may I ask you to consider our area
is predominantly a community of single family dwellings.
By the developer's own feasibility study, it shows we
are already being able to sufficiently and effectively
serve the current tax subsidized low housing. In the
case of the Meadows Cypress Creek, the developer holds
his project above the mandates that are currently in
place. There is a current countywide mandate to
transition to surface water, with most MUD districts
throughout Cypress required to deliver surface water via
the Northwest Regional Water Authority. In the 15-year
period of tax credit projects, approximately 570 million
gallons of groundwater will be removed. Why the special
distinction for the Meadows of Cypress Creek?

On behalf of myself and the Cypress community,
I ask for the extension to be denied. And thank you for
the time.

MR. OXER: Thank you for your comments, Ms.
Lampe.

Next?
MS. HARDIN: Well, good morning. Thank you for the opportunity to speak in front of the Board. My name is Barbara Hardin, and I'm a vice president of Cypress Coalition which represents many subdivisions that surround the Cypress Creek and the proposed development site. I also live across the street in the neighborhood Ravens Way, and I too have seen evidence of the flooding. I've lived there for over 20 years and each year you see more and more flooding, and people in the street behind me have to use a canoe to get out, and we park the cars up front so we can get out whenever we have the floods.

What I would like to state is that the time involved to get the permit for the wastewater treatment plant is longer than the 90-day extension that they're asking to receive from you. It would be a minimum of six months to a year to receive it. Approving the extension is simply putting a band-aid on this problem.

As mentioned before, there is a concern about the environmental and ecological impact on our creek. Our area holds an annual Skim Jam, and I don't know if you're familiar with that but it's where kids go skimming on the creek, and they use it as a fundraiser every year, an annual fundraiser for breast cancer awareness. This started after one teen lost his mother in the fight of breast cancer, and they've raised probably about $20,000
over this period of time. This is a community effort
that the community is all involved in to help with this
fight of breast cancer.

Also, the Cypress Creek is being developed into
a greenbelt. We have kayaking and canoe points of
entrance where you can enter that has been made already.

We have walking trails that are being developed. We
have horses that are able to also utilize these trails.
The Boy Scouts in their local troop clean along the
banks. And with all the ecological changes that can
occur from flooding and then possible what gets emptied
into the creek due to the treatment plant could be a
drastic stop to all these events that are already in
place.

My hope is that you've not made a decision
before listening to us, and just thank you so much for
your time and the community would really value your
support. Thank you.

MR. OXER: Thank you for your comments, Ms.
Hardin.

MR. NEISEL: Thanks for letting me speak. My
name is Phil Neisel, and I live on Cypress Creek
Boulevard and that's about 700 feet north of the proposed
Meadows at Cypress Creek.

I became concerned about this development when
I heard about their plans for onsite sewage treatment and large scale water wells that may damage my own water well. And also, I live 700 feet directly downwind of their proposed sewage treatment plant, so I'm not excited about that. I'm here on my own but I also have letters of support from about 35 other Cypress residents.

After looking at the application, I believe the amendment should be denied. The current plans to drill municipal size water wells and treat sewage on site is irresponsible and harms the future occupants and the existing community surrounding the property. The sewage plant is located a mere 150 feet from the property line of a longtime neighbor, and the wells will draw more than 30 million gallons of water a year from the watertable, potentially damaging several of our water wells and causing local subsidence.

Additionally, sewage treatment on such a small lot is extremely inconsiderate of the people that would live within the development. Many of these units on the western edge will be less than 300 feet from the sewage treatment plant and continually subjected to the wafting sewage odor. This proximity to sewage treatment shows a clear disregard for the future residents.

Just as troubling, the developer's budget does not appear to provide any amounts for the North Harris
County Water Authority subsurface water penalty of $2 per 1,000 gallons pumped. A conservative estimate of this fee for the property would be in the $20- to $25,000 range. At higher flow rates that are well within the range of reasonableness, this fee would be close to $60,000 a year and eat up over half the project's expected annual profits.

Most baffling, however, is the developer's plan to sell the sewage and freshwater systems to Aqua Texas which is a subsidiary of Aqua America, a national for-profit water utility outfit. Aqua American and Aqua Texas have a long history of high cost service, repeated and unsustainable rate increases in their communities and poor quality service. Aqua Texas has a D-plus rating with the Texas Better Business Bureau, and there have been several TCEQ rate and service investigations.

Privatization of water utilities at a low income housing development is completely inappropriate and clearly demonstrates how ill-conceived this plan has become. Exposing the most vulnerable of our citizens to a company that will exact as much money as humanly possible to provide life's most essential services is the exact opposite of what you stand for.

Finally, just a couple of points on their application. The water wells, the pump house, the
freshwater treatment plant, the freshwater storage tanks, they are nowhere on the development plans. These freshwater facilities which cost over $1.7 million are located offsite on property that is not owned or leased by the developer. For this reason, the developer has failed to provide offsite construction details in their application. The developer's construction and operating budget is also deficient because it does not provide any detail whatsoever on the lease, easement or purchase contract for the land necessary to build these facilities. The applicant's financing documentation also does not provide you the details on their seller financing note that they just put in place, and that, I think, is required in the application as well.

Just in conclusion, I support your goals of providing affordable housing to those that need it. This project is not worthy of your approval. Thanks for your time.

MR. OXER: Thank you, Mr. Neisel.

MR. HARDIN: My name is James Hardin. No, I'm not the James Hardin with the Houston Rockets.

MR. OXER: You don't have near enough beard to be that one.

MR. HARDIN: I shaved this morning and I'm wearing my platform tennis shoes, but I'm the original
James Hardin.

I'm with the Cypress Coalition, I am the president of it. These people have spoken to you and brought notable ideas to you. They're wanting to put a water well on here. In our area in two years we're going to surface water and they're for groundwater, so what are they going to do? The Northwest Regional Water Authority has not given them permission yet, and they may very well put them on surface water with everybody else. Who's going to pay for that water well?

Plus, they're pumping out approximately 38 million gallons per year for Phase I, they have a Phase II. We're already into a three milliliter per year subsidence in Cypress is about that much; fifteen years it's that much. So there's that question of those two items.

Also, there's the land cost. He originally ran about $4 a square foot, now he's up to about $10. The reason being the price of the property is $1,900,000 and some change, to which he only put in $262,000 which goes against the 10 percent rule with a year that you have to spend that money and hasn't spent that money. But going back to the fact is the $10 rule is the fact that he's going to have to spend $2,600,000 and some change for sewage and for water treatment. And talking about water
treatment, Paul Bettencourt's office said that it will take six months for that application to be then submitted, which could be a year. So what are we going to do for the 90 days? Are we going to extend it and extend it and extend it? I mean, a decision needs to be made now as to what is going to be done because you can't keep extending that which is going to be prolonged and the can is going to be kicked down the road. On top of the $10 per foot, we're not even talking about the $95- or $96,000 he's spent for the easement for his water treatment plant.

It's in our opinion, as Phil said earlier, we are for low income housing, we have it in our area. This is a bad area, it's not a good area. We have 141 packing plants already in this area. Mr. Blum with the Harris County Authority says in three days that there's no rain in our area for Cypress Creek or the other major creeks, the water you see flowing is sewage and that's all it is is sewage. If we don't stop it now, when; if not us, who? We need to find another location for that property to go up and not here. Thank you.

MR. OXER: Thank you, Mr. Hardin.

Is there anyone else that wishes to speak on this item?

Tom, we've got a couple of questions.
MR. GOURIS: I think the applicant is here as well, but I can answer what I can answer.

DR. MUÑOZ: Tom, you know, we're having some fairly serious concerns about proximity to this facility and these wells. I mean, have we done our due diligence? Have we examined if there's any statutory limitations in terms of proximity? I heard 100 feet or something, 300 feet from something that's being proposed as sophisticated as this kind of water treatment plant.

MR. GOURIS: My understanding -- we don't regulate that issue at all. What we do look at it what reports and what professional engineers and others provide to us to support the feasibility and viability of the transaction. We've gotten to a point in the process that we're comfortable for it to move forward. That doesn't mean it's all resolved and they will continue to move forward.

There was a comment or a continued comment that there was some sort of 90-day extension or something. There's nothing in our process right now that requires them to extend. All they're asking for is an amendment to their site plan to move forward with this alternative water treatment facility in order to be able to construct the property. I think they would be glad to work something out with a local water provider if that was
available to them, but this is what they're needing to do to keep the project moving.

The next deadline for them is the end of next year when they have to place the property in service, so they're in a pretty tight time frame in order to get everybody in line and everybody on board. They need to continue to keep moving with it to get the construction started and be able to place it in service by the end of next year. If they aren't able to do that, I think they'll make the wise decision to pull the plug themselves, because if they can't get to that deadline, it's a cliff.

MR. OXER: So essentially this gives them the option to see if they can work out the issues associated with this?

MR. GOURIS: That's correct. And I think they've given us a plan that seems reasonable, seems like they can reasonably accomplish it, but we don't regulate the water quality and how they create that facility. They'll have to go through TCEQ and other entities, I'm sure.

MR. OXER: I've bumped into a couple a couple of water quality and supply projects in my career.

MR. GOURIS: I've heard that, yes.

MR. OXER: Okay.
DR. MUÑOZ: And this proximity to this kind of facility is not sort of undesirable?

MR. GOURIS: I mean, I think our Board chair would probably be more able to speak on that topic, but I think it's not uncommon. I know our high school has a water treatment facility onsite, there's an apartment complex right next to that. We don't think it's terribly uncommon to treat water near a residential area. You can do it very safely is what I'm told, but again, I think our Board chair probably has more experience in that.

MR. OXER: Any other questions from the Board?

MR. CHISUM: Yes.

MR. OXER: Mr. Chisum.

MR. CHISUM: The Aqua Texas comments that were made about the national company and not for Texas. Do we have any insight there to their capabilities?

MR. GOURIS: Again, we don't really regulate or evaluate that. That was their proposal in order to maintain ongoing operations. The owner here and the applicant is not in the business of operating a water utility, and they were looking for someone to do that.

MR. OXER: It's contract operations.

MR. GOURIS: I think they have a different organization that's going to help them get it started. I don't know that Aqua Tex is locked in, but I think...
they've made a proposal and that gives them an option for a permanent operator, but they may choose someone else. Again, we don't regulate that.

MR. OXER: Right.

MR. GOURIS: This gives a plan that says, okay, this is somebody that could do it.

MR. OXER: They have an option, they have at least a program concept in mind for being able to provide the service. Tragically sometimes, that's not something that we regulate.

We had a couple of questions for the developer.

MR. CHISUM: Well, I've got another one.

MR. OXER: For Tom?

MR. CHISUM: Yes.

MR. OXER: Okay. Come on up and be signing in.

MR. CHISUM: I read here somewhere about the reduction in square footage and I also read about the retention pond being a quarter of an acre. Is that correct?

MR. GOURIS: I think it was reduced by a quarter of an acre. Is that right? And I think there, for us, again, we don't regulate whether that's a sufficient amount because we don't have that expertise. What we do is we look at the engineering that has been provided that says that that's satisfactory, it meets the
requirements there. The same engineers that would have
said 2.2 acres are going to tell us that the two acres --
are or are not going to tell us that the two acres are
sufficient.

MR. CHISUM: Thank you, Mr. Chairman.

MS. BINGHAM ESCAREÑO: Mr. Chair, I have a
question.

MR. OXER: Ms. Bingham.

Ms. BINGHAM ESCAREÑO: Tom, hate to try and
back the hands of time but this is a 2014 project that
was part of the competitive bid process?

MR. GOURIS: That's correct.

MS. BINGHAM ESCAREÑO: Okay. Are any of these
folks representative of organizations that had given
support for which the project received additional
competitive points who are now not supportive of the
project because of the addition of the plans for the well
now? Stumper, I stumped you.

MR. GOURIS: Yes, you did. I don't believe the
folks that spoke today that their position has changed,
if that answers the question. I know the state rep's
position didn't change but that isn't part of these
folks.

(Gentleman speaking from audience.)

MR. OXER: Hold on, hold on. We're going to
take a deep breath.

MS. BINGHAM ESCAREÑO: So my question was specifically related to neighborhood organizations and points possibly awarded.

MR. GOURIS: As far as I know, they've always been opposed to it.

MS. BINGHAM ESCAREÑO: Okay. Very good. Thank you, Mr. Chairman.

MR. OXER: Any other questions? You basically couldn't get somebody to supply you water so now you're going to have somebody provide contract operations for a system you're putting in yourself?

MR. FUQUA: That's correct.

MR. OXER: And please state who you are.

MR. FUQUA: Thank you, Chairman Oxer. Matt Fuqua, Blazer. A pleasure to be here.

MR. OXER: She's got to be able to say who it is.

Tom, get back up to the mic, please, or come back up to the mic. Essentially, were we to approve this, which is what the current motion is to do, it simply gives Matt some time to see if he can work this out but it doesn't guarantee his performance. You've still got to go through this process, get the permit, put the plant, put the system in. This is just giving you
some more time and it's for something which we have no regulatory authority over.

MR. GOURIS: I might just add. So technically, they've met all of our requirements, the 10 percent test. They've identified that there's a change in their site plan and they've come to us proactively today. This is a change that we wanted to make sure that you guys are comfortable with because of where we are and they wanted to make us aware of it and ask for approval of the change in site plan proactively. That's what we expect all of our developers to do, so we're appreciative of that effort. That doesn't mean that they are going to be able to accomplish it or that we're stamping and saying it's been accomplished. They still have to go out and get it done.

MR. OXER: Still got a lot of hurdles to get over. Right, Matt?

MR. FUQUA: Yes, sir. We do have a lot of irons in the fire with the development side of the plans. The plans have been reviewed by county agencies. Southern Trench Services is planning to help prepare and operate the facilities for the development, but the plans have been reviewed by the county and state agencies, and we anticipate approval within the next 30 days to start construction.
MR. OXER: Okay. All right. I'm going to ask the board, at the chair's request, to simply hold off on the vote. We're going to table this until after we have a quick executive session, but because we have several other things coming up in exec session, it's not going to be right now. So we're going to table this for the moment to be taken up here within the next hour. So everybody that's interested in this, sit tight and stay still, we've got other things to do. We will not have executive session now because we've got plenty more to do yet, so what we're going to do is move on with this as an open motion on the table here. We're going to hold this and then move on to item 1(m) under Community Affairs. So Michael, if you want to come up.

Thanks, Matt.

MS. BOSTON: I'm Michael today. Brooke Boston.

MR. OXER: Love the jewelry.

MS. BOSTON: Thank you.

So the first item is 1(m) and this is relating to the Community Services Block Grant plan and awards. On this one I just have two clarifications that I'd like to make as per the approval. The first item relates to the plan itself and in this one there was a comment from TACAA, the Texas Association of Community Action Agencies, and they had clarified for us that there was
a -- we require of them something called a CAP, a Community Action Plan, and that's where they identify what they're going to do in their area and they turn that in to us, and we typically review that sometime during the course of the year. They have asked that that review occur earlier and we give them feedback earlier, which we agree with.

So we were kind of amending what we say in there to say that staff will complete this review with notification to the subrecipients within one month prior to the execution of a contract, unless unforeseen circumstances disrupt this timeline. That makes sure they're getting feedback from us prior to them kind of ramping up their program.

The other clarification for the CSBG plan relates to, as you will see in the AR, we had a list of different subrecipients that were either being approved with conditions or were not being approved at this meeting, and it wasn't a denial, it's just kind of a no action for some of them. One of those was South Plains Community Action Association, Inc., and in the action item we said that EARAC has not yet considered the recommendation for an award, and we would like to change that and say that they are being approved for an award conditioned on the Department receipt of the remaining
$8,056 in disallowed costs or other acceptable resolution prior to contract execution. And that's consistent with the approach that we've taken on the others that were conditional awards.

MR. OXER: Which is essentially to clean up your accounting before we give you some more money?

MS. BOSTON: Correct.

MR. OXER: Any questions from the Board? And this is only solely on item 1(m).

MS. BOSTON: Correct.

MR. OXER: Okay. With regard to item 1(m), is there a motion to consider?

MR. CHISUM: So moved.

MS. BINGHAM ESCAREÑO: Move to approve. Excuse me. I'll second.

MR. OXER: 1(m) motion by Mr. Chisum, second by Ms. Bingham. Is there any public comment?

(No response.)

MR. OXER: Item 1(m) motion by Mr. Chisum, second by Ms. Bingham to approve staff recommendation. Those in favor?

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: And there are none. It's unanimous.
Okay. 1(n), Michael.

And just a second here to just recognize somebody in the audience. Is Ms. Pedraza in the house? Welcome. Glad to have you here. She's the committee clerk from the House Urban Affairs Committee. Always glad to see that the folks in the pointy building down here to our south are taking interest in what we're trying to do.

It seems like today generates a lot of interest, it turns out. Still trying to figure out why everybody is here. Oh, yeah, it's the $600 million we're giving out.

(General laughter.)

MS. BOSTON: On item 1(n), this is relating to the state plan for the Low Income HOME Energy Assistance program application, so it's the annual plan and the awards, similar to what we just did for the CSBG program.

I have three clarifications for this one. The first clarification is the exact same clarification we made for the South Plains Community Action Agency. They have the same caveat language in the writeup that they have not yet been recommended by EARAC, and I'm recommending the same replacement language, and I'll just read that in. South Plains would be approved for an award conditioned on Department receipt of the remaining $8,056 in disallowed costs or other acceptable resolution prior to contract execution.
MR. OXER: That seems like that's the same number as before.

MS. BOSTON: It's the same organization. They're just getting two different awards from us and so we had placed the same condition on them.

DR. MUÑOZ: You said that's in the South Plains? Five people out there.

(General laughter.)

MS. BOSTON: The next two items relate to comments we also received from TACAA. The first related to in a section of the plan that's 17.2 that relates to identification documents that we require. We had checked a box prior to public comment, then it showed up in the same document that we released subsequently without a check, and then it was rechecked. So there was some confusion on TACAA's part, rightfully so, that it wasn't exactly clear what we were intending. So the item that we had checked relates to needing to have a government-issued ID and we're keeping that, but we need to clarify that in that section it's relating specially to local governments as it relates to the SAVE system which is the Systematic Alien Verification for Entitlement system that's a federal system that's used. So I wanted to clarify that to make sure that they aren't thinking that it's other than that.
And then the other item was relating to we have a box checked relating to countable income, and the box that we have checked relates to general assistance, and we had not stuck a response in the writeup explaining what that was meaning. They were asking what that meant or asking specifically that we define what that means. I'm going to relay some information I got from Megan which is that general assistance benefits is a term used in the LIHEAP application with HHS and it's not defined anywhere that staff can identify in the materials. However, the rule in 10 TAC, which is our program rule, states that all income is included unless specifically excluded and the exclusions are listed in our rule at 10 TAC. So no matter what HHS may have meant by general assistance, unless it's excluded, it is allowed to be included.

MR. OXER: So it's explicit in the exclusions.

(General talking and laughter.)

MR. OXER: Do you intend for us to take all three of these at once, or would that be possible?

MS. BOSTON: So those two for 1(m) and 1(n), I think that's fine.

MR. OXER: We've already voted on 1(m).

MS. BOSTON: Oh, I'm sorry. You mean just the three clarifications?
MR. OXER: Correct.

MS. BOSTON: Yes. I'm sorry. You could take all three of those together.

MR. OXER: Does that suit you, Counselor? So with respect to the three items (n), (o) and (p) on the consent agenda now pulled for action -- I'm sorry.

MR. IRVINE: Just (n) with these changes.

MR. OXER: Right. Just (n) with these changes.

MS. BINGHAM ESCAREÑO: Move to approve 1(n) with the changes proposed by staff.

MR. GOODWIN: Second.

MR. OXER: Okay. Motion by Ms. Bingham, second by Mr. Goodwin to approve staff recommendation on item 1(n). Is there anyone who wishes to speak on this item? Stella, are you okay? Good.

All right. As stated, motion by Ms. Bingham, second by Mr. Goodwin to approve staff recommendation. Those in favor?

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: And there are none. It's unanimous.

MS. BOSTON: So the next two items I will talk about together.

MR. OXER: Can they be considered together?
MS. BOSTON: Yes.

MR. OXER: Single motion.

MS. BOSTON: So they both relate to the area of the state currently covered by an organization called the Northeast Texas Opportunities, Inc., and we call them NETO. They currently receive a Community Services Block Grant from us and CEAP which is our utility assistance funds. From the time we posted the book and we had two items relating to that, items (o) and (p), they have subsequently taken some board action that I wanted to share with you just so you knew what the implications of that would be. On Monday, July 27, they chose to relinquish both programs. They state that they're relinquishing the contracts as well as relinquishing their eligible entity status under the CSBG Act and relinquishing their actual role as a CEAP provider, not just this year's contract. So effectively, they will no longer be a participant in agency programs.

The item for (o) had been a request for applications so that we could find potentially a temporary or a permanent provider on the utility assistance activity, knowing that we had a little period where we were going to have a gap. So the implication of their action for (o) is that any RFA we pursue will be a permanent, there won't be an issue of trying to find a
temporary provider.

As it relates to item (p) which was that we are going to provide a temporary award for providing the utility assistance payments to the Texoma Council of Governments in the counties that are covered by NETO, so essentially Texoma is going to come in and take care of those counties for us with utility payment assistance until an RFA will result in a provider.

MR. OXER: So there's no gap in services.

MS. BOSTON: Correct.

MR. OXER: So essentially, on the one we're saying they're off the field, one we have a temporary so we're moving it in, straightening all that, getting past that to provide a permanent provider.

MS. BOSTON: Correct. And just for your information, as well, as it relates to the Community Services Block Program, neither of these action items relate to that but they are, indeed, one of our eligible entities and that's one of the things they also relinquished. So in September we'll be bringing you back an item getting permission to identify and find, through a request for application process, a replacement provider.

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

(No response.)
MR. OXER: Okay. With respect to items (o) and (p) considered together regarding a recommendation to approve staff recommendation, do I hear a motion to proceed?

MR. GOODWIN: So moved.

MR. GANN: Second.

MR. OXER: Motion by Mr. Chisum and second by Mr. Gann. I'm sorry. Mr. Goodwin and second by Mr. Gann. Anyone wish to speak on the item?

(No response.)

MR. OXER: Items 1(o) and (p), motion by Mr. Goodwin, second by Mr. Gann to approve staff recommendation. Those in favor?

(A chorus of ayes.)

MR. OXER: Those opposed?

(No response.)

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

Okay. I think we're on to our action item list here. We're going to have a brief executive session before we get to the actual tax credit awards today and that's the time we'll take up the interest we have in the exec session for item 1(g). So let's go to item 3.

Mark.

MR. SCOTT: Good morning. I'm Mark Scott, director of Internal Audit.
We had an Audit Committee earlier this morning. Mr. Gann chaired the meeting. We went over the Internal Audit Plan, external audits and the management letter report on internal controls and assurance functions at TDHCA.

I asked to have the internal audit of Single Family HOME removed from the 2015 Audit Plan and the Audit Committee approved this. And the reason for that is KPMG recently announced that they will be auditing the HOME program as part of the statewide A-133 audit.

I also went over the report on internal controls and assurance functions at TDHCA. This project was requested by Chairman Oxer. The report includes brief descriptions of the programs, who audits them, and the last audit that was done. There is a reference chart in the back of the document. The letter also indicates the federal oversight agencies and the CFDA numbers for each program -- that's Code of Federal Domestic Assistance. In addition to the auditing monitoring function, the report also describes the agency organization and internal controls. I also went over, briefly, the various external audits that are in progress.

That concludes my presentation. I'll be happy to answer any questions.
MR. OXER: Mr. Gann, since you chaired the Audit Committee this morning, do you have any comments?

MR. GANN: No, nothing.

MR. OXER: And for the record, I think you're doing a great job, Mark. We really appreciate the efforts you're doing. Although, I have to say that Mr. Gann is making a run on my effort to be efficient in this, and a 14-minute Audit Committee meeting sets a new standard for us.

MR. SCOTT: He went through it very quickly, very well.

MR. OXER: Yes, he did.

Any questions from the Board?

(No response.)

MR. SCOTT: Thank you very much.

MR. OXER: We appreciate the report.

All right. Item 4 which is our Multifamily Finance is going to take a little while. I can tell this is going to be an interesting day. So ahead of this, we're going to take a break. We would have normally come to a break in a little while anyway, so we're going to take a break and go through our executive session and take care of those items we need to and get back.

So what we're about to do here -- everybody just sit still -- is the Governing Board of the Texas
Department of Housing and Community Affairs will go into closed executive session at this time. The Board may go into executive session pursuant to Texas Government Code 551.074 for the purposes of discussing personnel matters, including deliberating appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee, pursuant to Government Code 551.071(1) to seek advice of its attorney about pending or contemplated litigation;

This seems a lot more complex than it used to be.

Pursuant to Texas Government Code 551.072(2) for the purpose of seeking advice from its attorney about a matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Texas Government Code, Chapter 551, including seeking the legal advice in connection with a posted agenda item;

Pursuant to Texas Government Code 551.072 to deliberate the possible purchase, sale, exchange, or lease of real estate because it would have a material detrimental effect on the Department's ability to negotiate with a third person; or

Pursuant to Texas Government Code 2306.039(c)
the Department's internal auditor, fraud prevention coordinator or ethics advisor may meet in executive session of the Board to discuss issues related to fraud, waste or abuse.

The closed session will be held in the anteroom in the Reagan Building here, the main conference room. The date is July 30, 2015, and the time is 10:29. We've got a couple of things to take up, so let's be back in our chairs here at eleven o'clock straight up.

(Whereupon, at 10:20 a.m., the meeting was recessed, to reconvene this same day, Thursday, July 30, 2015, following conclusion of the executive session.)

MR. OXER: We're now reconvened in open session. It's now 11:07. During the executive session the Board did not adopt any policy position, resolution, rule, regulation, or did not take any formal action or engage in any substantive discussions on particular items before the Board on which a final vote has not yet been made. We received counsel from our counsel.

With respect to the agenda, we have an open motion on the floor for item 1(g), application 14272, the Lodge at Huffmeister, counsel could have a question.

MR. ECCLES: I'm going to put Tom on the spot. I have a couple of questions that I just need to ask on the record.
MR. GOURIS: Tom Gouris, deputy executive director.

MR. ECCLES: I'm referencing Section 2306.6712 of the Texas Government Code, and I'd like to just put on the record staff's recommendation regarding the following. The modification proposed in this amendment, would it materially alter the development in a negative manner?

MR. GOURIS: I don't believe so.

MR. ECCLES: Would it have adversely affected the selection of the application in the application round?

MR. GOURIS: No.

MR. ECCLES: Is it staff's understanding that the amendment was reasonably foreseeable by the applicant at the time the application was submitted?

MR. GOURIS: I don't believe so.

MR. ECCLES: And is it staff's understanding that this amendment was preventable by the applicant?

MR. GOURIS: I don't believe so.

MR. ECCLES: That's all I have.

MR. OXER: Okay. Any other questions from the Board? None.

Okay. Let's see where we were, there was a motion by Ms, Bingham, second by Mr. Gann to approve
staff recommendation with respect to item 1(g),
application number 14272. Is there any other public
comment?

(No response.)

MR. OXER: With respect to the motion and
second and information just provided, those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. The amendment is
approved.

I think we are at item 4(a). Is that correct?

Teresa, good morning.

MS. MORALES: Good morning. Teresa Morales,
acting director of Multifamily Finance.

Item 4(a) involves two 4 percent Housing Tax
Credit applications with bonds issued through a local
issuer. There really aren't any major issues associated
with them, so if it pleases the Board, I'd like to take
them both together.

MR. OXER: Okay.

MS. MORALES: Harris Branch Seniors proposes
the new construction of 216 units serving the elderly
population and is located on Dessau Road here in North
Austin. The Department received a letter of support from
State Representative Celia Israel. Retreat at Westlock proposes the new construction of 104 units serving elderly households in Houston. Both applications have conditions that the Department's EARAC committee recommended be placed on the award, and those are further explained in your Board writeup.

Staff recommends the issuance of a determination notice of $801,260 for Harris Branch Seniors, and a determination notice of $560,983 for Retreat at Westlock.

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

Representative Israel, we'll ask you to speak in a moment.

Is there questions from the Board?

(No response.)

MR. OXER: The key issue on this is just the transition. Is that correct, Teresa? Say it again, just go through it again one more quick time.

MS. MORALES: What do you mean by transition?

MR. OXER: That's all right. Ignore what I said, I want to hear what you said. You're the staff, you do all the work, we just get to take credit for it.

MS. MORALES: These are two 4 percent Housing Tax Credit applications with bonds that are going to be issued through a local issuer. One is Harris Branch
Seniors, the other one is Retreat at Westlock. They're both serving elderly households.

MR. OXER: These are 4 percent deals so they're not competitive.

MS. MORALES: Not competitive. Correct.

MR. OXER: All right. With respect to item 4(a), do I hear a motion to consider? We'll consider together 4(a), the two items.

MR. GANN: I so move.

MR. OXER: Motion by Mr. Gann.

MR. CHISUM: Second.

MR. OXER: Second by Mr. Chisum to approve staff recommendation on item 4(a).

Representative Israel, would you care to speak on this?

MS. ISRAEL: It's not on this project but I would like to speak, perhaps once you vote.

MR. OXER: Well, just tell us which one you want to speak on. If it's a later project, that's okay, we'll get to it.

With respect to item 4(a), motion by Mr. Gann, second by Mr. Chisum to approve staff recommendation.

Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?
(No response.)

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

Back in the box, Tom.

MR. GOURIS: Good morning again. Tom Gouris, deputy executive director, and also the current chair of the Executive Award Review Advisory Committee, EARAC, and I'm presenting this item on that basis. It's a previous participation review issue.

Now, I just heard that they maybe have some news for us and maybe we can expedite this issue. I don't know if they're here to speak.

MR. OXER: Say again, Tom.

MR. GOURIS: My understanding of what I heard was they're maybe withdrawing their request, but I don't know if that's correct.

MALE SPEAKER FROM AUDIENCE: We have two speakers.

MR. OXER: Then we'll have to --

MR. GOURIS: Is it to withdraw the request, though?

MALE SPEAKER FROM AUDIENCE: Do you want me to come forward?

MR. OXER: No. Answer his questions.

MALE SPEAKER FROM AUDIENCE: The answer is yes, we want to withdraw the request and we wanted to state
that on the record.

MR. OXER: Okay. We'll do that then. If they're just pulling this off, we'll take this off consideration, Tom?

MR. GOURIS: That's my understanding that they're withdrawing the request.

MR. OXER: So item 4(b) is being pulled from consideration. Is that what I hear?

MR. GOURIS: Yes.

MR. OXER: Then if that's the case, if you wish to speak on that, I'll give you three minutes to say whatever it is you want to say, but you need to say it now, we have a pretty full agenda.

MR. VOELKER: Bob Voelker, Mr. Chairman and members of the Board. Appreciate you hearing me for three minutes and I'll make it very brief.

We've been working with the EARAC committee and with staff to try and come up with a resolution to some of the issues that were raised on this particular item, and we just feel like it's probably better for us to withdraw this particular application and continue to move forward with trying to resolve some of those issues cooperatively with staff. We're in this whole area of material participation where I think a lot of us are trying to figure out what federal rules are and how
the state is applying the rules, and I think even in the
writeup that staff did you'll see that they say we're
making some good progress. We still have some additional
items that we want to address to move this forward, but
it's very much the nonprofit's goal to work together with
staff and with the EARAC committee to try and resolve all
these issues, and we'd just like to continue that
dialogue and continue to make changes so that we're all
happy with where this goes going forward.

MR. OXER: So rather than coming to any sort of
final determination, you're saying it's not kicking the
can down the road so much as milling it and polishing it
and making it better.

MR. VOELKER: Absolutely. The nonprofit is
very dedicated and wanting to get this right, and so we
just want to continue to work with staff and the
committee to make that happen.

MR. OXER: Great. We appreciate the comments
and staff's working with you. Thank you for your
comments.

MR. VOELKER: Thank you very much.

MR. OXER: Tom.

MR. GOURIS: Next item then?

MR. OXER: Next item.

MR. GOURIS: So the next item is presentation
and possible action regarding expansion of funding,
ending the application acceptance period, and the awards
of HOME and TCAP funds from the 2015-1 Multifamily
Development Program Notice of Funding Availability.

This item is a little bit more complex than
most in that not all the underwriting has been completed,
and so what we've got for you today is a list of
approximately 19 prospective awardees. We believe that
we'll end up with 15 of those that will receive funds.

MR. OXER: Wait a minute. How many did you
say?

MR. GOURIS: Nineteen awardees potentially but
I think 15 will actually receive funds.

Several changes have occurred as a result of
ongoing underwriting that will cause this list to shift a
little bit. The 19 that are in consideration won't shift
but which ones actually receive awards will likely shift
based on completion of the underwriting, some of which
notifications have gone out and conversations have
happened. For example, Mariposa Apartments at South
Broadway, 15010, was one that was anticipated to be
recommended for award. Issues have come up such that
underwriting doesn't believe that they'll be able to
issue an affirmative recommendation, and we've talked to
the applicant and we think the applicant is understanding
of that position.

So what's going to happen for approval is that the list as presented will be approved subject to underwriting. Underwriting will continue to complete their process in the next couple of weeks and hopefully any appeals that come out of that and a kind of reconciliation of this list will occur at the September meeting.

One of the main issues has been in how the underwriting has been processed, and that is that we've allowed folks to apply for what they believe they need but we indicated in the NOFA that we'd underwrite for 3 percent interest rate over a 30-year amortization, and that has caused some --

MR. OXER: Consternation?

MR. GOURIS: -- consternation or misunderstanding of what we're recommending. I think consistently underwriting is going to recommend from that perspective and we'll deal with the fallout of that in the appeal process that will ensue as soon as those reports are published. Some of that has already been resolved, some of it is yet to come. We wish we were more complete with the underwriting and giving you a complete and final package. The reason why we want to go ahead and give this package today for your approval is
that some of these have ramifications with the 9 percent list and we want to make sure that we're walking together with those transactions. Again, if it should be determined that they're not feasible for the HOME/TCAP funding and that makes them feasible for the 9 percent, that, I'm sure, will come back in September as an appeal as well. So I don't think that that's going to happen in only but maybe one case that I am familiar with at the moment, but I think that we're very close to having that all resolved and giving everyone the ample amount of time to formulate their appeal if it's necessary.

MR. OXER: So how many of these integrate with the 9 percent list?

MR. GOURIS: All but one. I think it is all but one. Yes.

MR. OXER: Okay. So if they can't -- you're presuming they're going to underwrite at 3 percent in 30 years.

MR. GOURIS: That's correct.

MR. OXER: And so if it doesn't work with those numbers?

MR. GOURIS: There are a number of ways to adjust the structure or adjust the financing, even identify things that weren't originally identified by the applicant as far as capacity in rent or capacity
somewhere else to make that work, and so there are a whole variety of things that they might appeal and ask us to reconsider based on, and some of those appeals hopefully will be able to be resolved at the executive director level and we'll report those all back to you in September. Some of those may not be resolvable at that level and they'll come back as an appeal to this Board in September.

MR. OXER: So if they come back as an appeal after this, if they're in the 9 percent, there's a prospect for them to lose their credits later on? Or they have to get through this process to be able to exercise their credits?

MR. GOURIS: Yes. They'll be recommended for an award subject to underwriting.

MR. OXER: Subject to underwriting.

MR. GOURIS: There are a number of transactions, both in this list and outside of this list, that the underwriting is not yet complete and they will be recommended subject to that underwriting. If it should come to pass that there's one that underwriting can't be comfortable with and does not ultimately recommend, in that unlikely scenario, then they could potentially lose their credits if they appeal and fail to win their appeal.
MR. OXER: Okay. So as is the case in every year, every tax credit application we approve still has to satisfy underwriting and basically be financially viable.

MR. GOURIS: That's right.

MR. OXER: Okay. Any credits -- questions from the Board? Credits from the Board, we're about to give away a whole bunch of them, a sackful we're going to give out today.

(No response.)

MR. OXER: Okay. So you said there were 15, there's a whole list on here.

MR. GOURIS: There's 19. If you look at the list at the very back is probably the easiest way to look through this, there's some white items and then there's some gray shaded ones. All the white deals above the gray shade are the ones that are likely to be eligible; the gray ones are primarily transactions that they've either withdrawn or they're 9 percent deals that are not competitive in the 9 percent cycle. The white ones that are below the gray shaded areas are ones that came in after the priority date, and so we're not considering them or recommending in this holding pattern today.

We're also asking that once we solve all this and once we get through all the appeals, whatever is left...
in this NOFA doesn't go to the next deals in those groups but instead gets moved to the next NOFA which we hope to bring out earlier in the fall than later.

MR. OXER: So not go to the follow-ons on the list but go to a new NOFA.

MR. GOURIS: Yes, a new NOFA, if there's any money left over after we're done. And there may not be. We may have to come back and tell you we're using some other funding. That is yet to be finalized.

I know it seems like we've got a fluid situation and that's really what it is, but I think we're pretty close to being resolved.

MR. OXER: Good.

Okay. Any questions of the Board?

(No response.)

MR. OXER: With respect to item 4(c), is there a motion to consider?

DR. MUÑOZ: So moved.

MR. OXER: Motion by Dr. Muñoz to approve staff recommendation on item 4(c).

MS. BINGHAM ESCAREÑO: Second.

MR. OXER: Second by Ms. Bingham. Is there any public comment requested? Anybody wish to speak on this item? Okay. Three minutes, and good morning.

MS. ANDERSON: Good morning, Chairman Oxer and
Board and Mr. Irvine. Thank you all for giving me the opportunity to speak.

MR. OXER: You have to say who you are. We know who you are but you have to tell her who you are.


I am actually representing the community housing development organization that has applied for Westridge Villas which is TDHCA number 15502. We are currently going through the underwriting process. I know that only $2-1/2 million is being recommended at the time, but we do expect to have an opportunity to get to the full formula. And so I just wanted to say thank you to the staff for giving us an opportunity to do that.

In addition to that, it is an FHA transaction, and I know the terms that are provided for in the NOFA show a 30-year amortization with a 3 percent interest rate, and certainly wanted to make the Board aware, and I know staff is, that when we're doing an FHA transaction those typically do require a co-terminus, subordinate debt that is repayable from surplus cash only which would require a 40-year term as opposed to a 30-year term.

But thank you all. I appreciate it.

MR. OXER: Thanks, Terri. So you're not opposed to this, you're simply adding information to the
MS. ANDERSON: I was essentially adding the information to the record. Yes, sir.

MR. OXER: You got that, right, Tom?

MR. GOURIS: Yes.

MS. ANDERSON: Thank you.

MR. OXER: Great. Any other questions of the Board? Anyone else wish to speak? Sarah.

MS. SARAH ANDERSON: Sarah Anderson, S Anderson Consulting.

I'd like to start my comments by just thanking staff. We had a couple of deals that we went in with different underwriting assumptions and we really appreciate that staff worked with us as we had to adjust to the 30-year, 3 percent issue, and our deals are on the list and so I do want to say thank you.

That said, I do want to bring up a little bit of the discussion that we've heard a little bit about, and I just want to, again, be on the record. The NOFA did say that underwriting would look at it at 30-year, 3 percent interest rate, but all of the guidance that we received in addition to that said but you can submit whatever terms you want when you apply. And so almost all of us actually submitted terms that were distinctly different from that and went in with lower interest.
rates, and if you had FHA, with longer amortization
schedules.

You know, underwriting feels that they are
distinctly separate and that they have to follow the
NOFA, but this is one of those times where the Department
as a whole has to take some responsibility for the
guidance that's been given, and I feel like there could
have been or should have been maybe a little bit more
elegant solution to this than us having to deal with this
in an appeal process. It's a lot of time and effort for
staff, it's a lot of time for us and it's a lot of
heartburn to be told that you can come back but you're
going to have to appeal it, and maybe you lose your deal
or maybe you don't.

So I know that you guys are looking at this but
it would be great if there were a process that was less
appeal into the Board and a little bit more giving and
taking based on the guidance, frankly, that all of us
were given. I understand underwriting's position but the
Department did tell us that we could come in with
different terms if they were needed, and we've been
allowed to change our deals, but again, I would like to
have seen the Department work with us a little bit more
and not leave underwriting out sort of on their own
having to deal with this.
So appreciate their help, but if we could prevent people having to come back before the Board to deal with this, I think we would all appreciate that.

MR. OXER: And boy, wouldn't we too.

(General laughter.)

MR. OXER: Appreciate your comments, Sarah. Do you have a comment on that, Tom?

MR. GOURIS: Tom Gouris, deputy executive director.

I think that's a fair criticism. This is something we're doing a little bit new in that I think we want to create a structure that allows the ability for the Board and the Department to approve something that might provide a zero percent 40-year loan, but we certainly don't want everyone to say, well, that minimum is our maximum and that's all we're going to ask for. So we attempted to do that by putting something in the NOFA that said we would underwrite and recommend at 3 percent, 30-year amortization.

I think as we go forward we might clarify that in how we approach that situation with a draft term sheet or something to that extent to share how we're anticipating these loans will be made. But we wanted to provide the ability for the Board, where necessary, to do something more specific to a particular need that
supports that zero percent longer term potentiality.
It's very difficult to set a rate out there and then have
that minimum not be the maximum as well, and so we're
just trying to find a way to do that so that we can
return funds to the HOME program to continue to make that
program viable in the future if we don't receive those
sorts of funds in the future.

The same with the TCAP program, we had the same
kind of conversation, and we'll have this conversation
again as we create the new NOFA and a new plan. We had
that conversation when we did the original TCAP program
and we got $148 million, and there was a large amount of
folks who wanted to see us do it as deferred forgivable
loans or grants to make it be zero percent loans, make it
as flexible as possible, which is great and makes a lot
of sense, but if we had done that we would not have the
$60 million a year we have now to be able to recycle and
reuse.

So it's that balance that we're trying to seek
and certainly try to create a structure that everyone
understands how we would like to see the deals done but
give us the latitude, give the Board the latitude to
approve something that might be necessary on a specific
case-by-case basis.

MR. OXER: So we're exploring some new
territory and trying to figure out better ways to do
things. We're not going to get it perfect every time.
And for the record, I'll speak for the Board, I think I
can speak reasonably en banc here that we appreciate
the comments that are made, appreciate the comments that
you make, Tom, but also appreciate the comments that
Terri and Sarah make. That's the appropriate way to make
comments and continue to have that conversation. So
don't anybody ever think we're in this doing mandates,
we're trying to figure out a way to make these programs
work for the entire State of Texas.

MR. GOURIS: That's right.

MR. OXER: With that, any other public comment
on this item?

(No response.)

MR. OXER: With respect to item 4(c), motion by
Dr. Muñoz, second by Ms. Bingham to approve staff
recommendation. Those in favor?

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: There are none. It's unanimous.
Okay. Deep breath, Kathryn.

MS. SAAR: Good morning.

MR. OXER: Yes, it is, it's a wonderful
morning.

MS. SAAR: It is. I think this is what everybody is here for. Right?

MR. OXER: It must be the jewelry and the high heels.

(General laughter.)

MS. SAAR: So the last item on your agenda is the 9 Percent Tax Credit awards. So we have 64 applications that we're recommending for award.

Kathryn Saar, 9 Percent Tax Credits, for the record.

So 64 applications recommended for award that totals 63,535,055 in annual tax credits. In your Board book, report 1 shows those 64 applications. There's a number of statuses associated with each. There's a column that shows whether or not underwriting has been complete. As previously mentioned, there's a number that are still in the process. I'm told that we should have a batch coming out very soon.

There's also the status of our staff review in a column all the way over to the right next to where it says recommended. All of those show complete except for one. There's one application that came up late in the cycle that our staff is still reviewing, and that one is being recommended subject to the score being maintained.
If the competitive status of that application is changed, it would be up for appeal but it would no longer be recommended, and those credits associated would fall into the statewide pool for collapse.

There's also a column that shows the previous participation status. All recommended awards have undergone a previous participation review. A number of them have had conditions placed on those awards by EARAC, and that is shown in report 4.

Report 2 in your Board book shows the 64 applications that we're recommending plus all the active applications that are still in the round that makes up our waiting list.

Report 3 shows how the money has flown through the state. It also gives some information on the percentage of nonprofit allocations, and it totals the $63 million. And then as previously mentioned, report 4 shows the EARAC conditions. If you actually counted up on report 1 the number of conditional approvals by EARAC, it totals twelve but there's only eleven on this list. That eleven is correct. One was marked incorrectly and that was application 15020; that one does not have any EARAC conditions.

And then finally, report 5 shows the summary of all the public comment. I just want to say a big thank
you to our staff because they spend an inordinate amount
of time reviewing these applications and they reviewed 94
of these applications this round, and in a very short
period of time that's a tremendous effort, and I really
want to thank them for their effort there.

MR. OXER: Let's do a little sequence in
numbering here. In the pre-app you had 300 and
something.

MS. SAAR: Yes, 26 maybe.

MR. OXER: The next gate to get through is?

MS. SAAR: There was 176 full applications, and
then finally, we are left with a total of 155
applications that are still active, and of those there
are 64 being recommended for award.

MR. OXER: Pretty active year for you.

MS. SAAR: Yes, sir.

MR. OXER: Well, we're satisfied that we've got
everything under control? You know what they say in
racing: If you've got it under control, you're not going
fast enough.

(General laughter.)

MS. SAAR: I think as Tom previously mentioned,
there are some underwriting reports that are still
outstanding. If any of those were to result in a do not
recommend and it was recommended for a tax credit award,
that award would be rescinded and obviously after their appeal rights had expired with the underwriting report.

MR. OXER: Okay. All right. Are there any questions from the Board?

(No response.)

MR. OXER: Ms. Bingham, as we do each year --

MS. BINGHAM ESCAREÑO: My pleasure.

MR. OXER: -- I'm going to ask you to make a motion and I'm going to exercise the chair's prerogative.

MS. BINGHAM ESCAREÑO: I'll move staff's recommendation regarding the awards for the 2015 state housing tax credit ceiling and approval of the waiting list for the 2015 Housing Tax Credit application round.

MR. OXER: And as the chair, this is the one time of the year that I get to second the motion.

I understand we've got several folks who wish to speak.

Representative Israel, we'll give you the courtesy. We appreciate you being here and participating in the process.

MS. ISRAEL: Thank you, Mr. Chair. Thanks for the courtesy afforded to me on a very busy day for you. I really appreciate the consideration because I, too, am a woman on a different kind of mission but I appreciate your mission very much.
MR. OXER: I'm just trying to keep up with Ms. Bingham most days.

MS. ISRAEL: You guys are doing great work and it's very much needed.

My name is Celia Israel. I am a state representative and I represent northeast and northwest Travis County.

I'm here today on behalf of project number 15152, and in the heart of my district there is a neighborhood called the Ashton Woods neighborhood. I wrote a you guys a letter in support of this project in March. When you get a letter from me, it's because I actually met with the developer, I want to be supportive of tax credit programs. I know that the federal, state and in the case of Austin, our local governments very much support these. As we grow and we become more unaffordable, these projects are crucial.

I wrote you a letter in support in March, I met with the developer, I thought they had a very thoughtful proposal. I was contacted by the neighbors and I asked them if I could go to them and see the project for myself because they had some concerns. I'm on the Transportation Committee in the House of Representatives, and one of my big areas of interest is supporting mass transportation. We can only grow so much without having a
robust mass transit system that serves all of us.

Right next to this proposed project is a train station but there is also the only switching station in Travis County. What is a commuter rail line, at night becomes a freight line. Our transit authority makes a lot of money by having recycled goods and rock from the quarries out there, there's just cars full of that material at night, so there is at least six sections of track that you have to cross within yards of this development.

So for that reason, I wrote you a second letter in April laying out my concerns. Safety is a big one, and I've been on the bond committee for Travis Count before I was elected, and I know that drainage is also a big issue. These neighbors get flooded out, and they will speak to you in more detail later. But I wanted to let you know that I've tried to be ver thoughtful in the letters that I've been writing you and considerate of the neighbors, and I think they raise valid points.

I'm a Realtor, and I can tell you that as Realtors who are involved in the community, we see NIMBYism all too often. This is not a case of NIMBYism at all. They have supported previous projects that are located very close to them. This is simply a project that needs a lot more work and a lot more thought before
it moves forward. So it is not on your recommended list
but it is on that backup list that if someone should fall
short, the lady in waiting, so to speak, swoops in.

So I hope that you'll consider my comments and
my constituents' comments as you move forward. And I
think that covers everything that I wanted to say, but
thank you for the time and the consideration. If you
have any questions, I can tell you about what I saw
onsite and what I'm hearing from the constituents.

MR. OXER: We appreciate your presence and
we're honored that you've come to speak to us, so thank
you for your investment in the effort and time on this.

Are there any questions from the Board members?

(No response.)

MR. OXER: Thank you, Representative.

MS. ISRAEL: Thank you. Thanks for your work.

MR. GOODWIN: Thank you.

MR. OXER: Are there any other speakers on this
item 4(d)? Peggy, you've got a couple, and I think,
Terri, you've got a couple. Is that how we're going to
do this? Michael, you're going to put some on?

Sit tight, Kathryn.

Peggy, let's get yours in first.

MS. HENDERSON: Peggy Henderson, TDHCA staff.

Reading registering opinions for the Wheatley
Courts Senior Apartments, project number 15069, for Tim Alcott and David Nisivoccia of the San Antonio Housing Authority. They are for staff's recommendation of this project.

MR. OXER: Great. Thank you.

Michael, do you have an addition to make?

MR. LYTTLE: Yes, sir. We've received 90 letters registering opinions on item 4(g) and the application is 15121, The Glades of Gregory-Portland in Gregory, which we will list. These registered opinions are in opposition and we register that in the Board record with the names individually mentioned.

And then also on application 15152, which is Merritt Cornerstone in Austin, we've received 19 registered opinions in opposition to the project and we will mention each name individually in the Board record on that as well.

MR. OXER: Hold on just for a second. So Kathryn, on these two projects there seems to be a violent reaction to this, at least a voluble reaction on those two projects. I assume these folks were given sufficient opportunity to make their case heard, and to remind everybody here, we're in the business of evaluating the applications. The local choice of where to put these projects is something we feel is best left
to local choice. So do you have a thought or a comment on either one of those two?

MS. SAAR: The second one that Michael mentioned, the Merritt Cornerstone, is the same application that the representative was just speaking to. Again, that's not being recommended for award today. It would be in the event that there was enough credit later in the cycle and they were sufficiently high on the waiting list.

MR. OXER: It's pretty deep down the list. Where do they rank here? We have 64 that made the list and some that didn't.

MS. SAAR: Correct. The way the money flows, they're second in the waiting list right now.

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

(No response.)

MR. OXER: With regards to item 4(d) which is the 2015 State Housing Credit Ceiling and approval of the waiting list for tax credits.

MS. SAAR: Chair Oxer, I believe there's one gentleman that would like to speak.

MR. OXER: Okay. That's why we were looking for people up there. If you weren't there, you didn't get to speak.
MR. WHITTENBURG: Thank you, Chairman. My name is James Whittenburg. I was elected president of Ashton Woods McNeil Drive Neighborhood Association, and we have a number of people here. I'd just ask them to raise their hands just to be recognized.

I would like to share a few thoughts related to this project, application 15152. As Kathryn Saar mentioned, it is on the waiting list, and if I could take two seconds, without using my three minutes, and compliment Kathryn.

MR. OXER: We'll give you plenty of time to compliment staff. Okay?

(General laughter.)

MR. WHITTENBURG: Even though we may be at odds over what status this application should have, I will say that Kathryn always answered my call and she has always answered my questions, and she has always been direct and forthright in our dealings with her, and I think that's a very positive reflection on this organization.

MR. OXER: We appreciate those comments. As we've related before, we can disagree without being disagreeable, so appreciate those comments.

MR. WHITTENBURG: Absolutely.

So with respect to this project, we do believe this project should not be even considered for an award.
of credits. As Representative Israel mentioned, there's a train yard. It would sit less than 30 feet, in fact, not much further from the two of us and the corner of one of the buildings, several of the apartments. And this train yard is not subject to the quiet zone. Even though the intersection is designated a quiet zone, the train yard itself is not because it engages in switching activities, so the train whistles, most of which were moved to nighttime activities to accommodate Capital Metro transit now occur at night, and they occur frequently. Locomotives in the winter idle all night, the localized emissions from diesel exhaust. You also have the vibrations which are felt, not just heard, over half a mile away. These individuals would sit mere feet from those idling locomotives.

There is an attractive nuisance issue. This switch yard actually crosses McNeil-Merriltown Drive, and the residents of this would exit the development at effectively the intersection where the switch yard crosses McNeil-Merriltown Drive. Because the switch yard itself crosses the street -- and by the way, we've raised this issue for a decade well outside of this context -- the drive is frequently blocked and it's very difficult to traverse that. This is the route that individuals would have to take if they were to walk to the Capital
Metro station.

Limited visibility. It has the fourth highest number of school bus crossings in all of Travis County. This is the only location in Travis County where a street, a road crossing crosses three sets of parallel tracks because it's a switch yard, and this is the only switch yard in Travis County. There is blight, there's graffiti on cars that sit in the switch yard almost every day, and it's a long time, and this would be what the residents of this development looked at out the window.

There is frequent flooding in the area. It's been a problem for over a decade. We've raised this well outside this context. It was the subject of an allocation of a bond package in 2011. Travis County is in the planning stages to try and remediate the flooding at the intersection, but it doesn't necessarily address the flooding itself on the site, and the site does have an enormous amount of standing water any time there's more than an inch of rain in a relatively short duration.

MR. OXER: Which has been relatively rare recently. Right?

MR. WHITTENBURG: Yes, exactly.

Every elected official who had previously given you a letter of support that has visited the site has also sent you a letter indicating they no longer support
the site. And that raises the issue of process. Those letters, procedurally, are not considered, so procedurally TDHCA, by its rules, takes the position that those elected officials continue to support the site when, in fact, they do not.

In 2013 and '14 there were two provisions in the rules that designated undesirable neighborhood characteristics related to flooding and proximity to a non-transit train line. Either of those two would have been triggered by this site. Those two provisions were removed, conspicuously, going into 2015. We've tried to determine the origin of the removal of those provisions, and I can't say that I know what it was or what the rationale was, but those related to a common sense test that a buyer would apply.

And I really believe that this site, if it's approved, will give TDHCA, in a really publicly underwritten initiative like affordable housing, a black eye because it takes a location at a far edge of a census tract that qualifies, on the very edge of the census tract, that sits next to a switch yard, at a site with frequent flooding that's been problematic for decades, and it's going to incentivize people to move to that site.

One last point that a number of neighbors find
objectionable. This property was put under contract by the seller in December of '14 for roughly $1.35 million. Less than 30 days later, the purchaser under that contract flipped it to the business associate who he works with on other projects, which is the developer, for $2 million, which is a 15 percent markup in less than a 30-day period. More problematic is the business associate that entered into the first contract is also related by family to the seller of the property. And so what you have, what it appears to some is that this is an opportunistic taking advantage of a formulaic, publicly underwritten process that you go through to divest a piece of property that is the most problematic piece of property in a miles around radius to a publicly underwritten effort that will put residents at this site. And I would ask you to take into serious consideration these issues. I very much appreciate your effort, your time. As Representative Israel mentioned. We have not opposed projects that are closer to some of our neighbors than this one. This is an affront to the process itself. Thank you for your time.

MR. OXER: Thank you, Mr. Whittenburg. Is there any other public comment? (No response.)

MR. OXER: Any other questions of the Board?
(No response.)

MR. OXER: Good work, Kathryn.

MS. SAAR: Thank you.

MR. OXER: With regard to item 4(d), as described by staff, there's been a motion by Ms. Bingham, second by the chair to approve staff recommendation with regard to the Low Income Housing Tax Credit approval and waiting list for 2015 tax credits, the application round. Those in favor?

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: There are none. Congratulations, everybody. There's your tax round.

(Applause.)

MR. OXER: Let the record reflect that Mr. Goodwin had to depart. Those of you who are leaving, please be quiet so we can maintain the transcript. You in the back, please be quiet as you're leaving.

We've reached the point in the agenda where we'll accept public comment for anything to add to the future agendas. Does anybody wish to speak? Apparently not.

Any other comment from the Board?

(No response.)
MR. OXER: Then we'll entertain a motion to adjourn.

MR. CHISUM: So moved.

MR. OXER: Motion by Mr. Chisum to adjourn.

Second?

DR. MUÑOZ: Second.

MR. OXER: Second by Dr. Muñoz. Those in favor?

(A chorus of ayes.)

MR. OXER: All in favor. We're adjourned.

(Whereupon, at 11:55 a.m., the meeting was adjourned.)
CERTIFICATE

MEETING OF: TDHCA Board
LOCATION: Austin, Texas
DATE: July 30, 2015

I do hereby certify that the foregoing pages, numbers 1 through 90, 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.

08/05/2015
(Transcriber) (Date)

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