TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

July 28, 2016
9:08 a.m.

BOARD MEMBERS PRESENT:

J. PAUL OXER, Chair
LESLIE BINGHAM ESCAREÑO, Member
T. TOLBERT CHISUM, Member
TOM H. GANN, Member

TIMOTHY K. IRVINE, Executive Director

ON THE RECORD REPORTING
(512) 450-0342
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 Cullen Park Apartments (HTC 01410 / CMTS 420)

b) Presentation, Discussion, and Possible Action regarding the adoption of an Agreed Final Order concerning Avalon Apartments (HTC 91036 / CMTS 954)

RULES
c) Presentation, Discussion, and Possible Action on an order proposing amendments to 10 TAC §1.204 Reasonable Accommodations, and directing that they be published in the Texas Register

d) Presentation, Discussion, and Possible Action on an order adopting amendments to 10 TAC Chapter 5, Community Affairs Program, Subchapter H, Section 8 Housing Choice Voucher Program, §5.802, Local Operator ("LO") for the Housing Choice Voucher Program ("HCVP"), and directing that they be published in the Texas Register

ASSET MANAGEMENT
e) Presentation, Discussion and Possible Action regarding Material Amendments to the Housing Tax Credit Application 02483 Cypress View Villas Weatherford

f) Presentation, Discussion and Possible Action regarding Ownership Transfer and Material Amendments to the Housing Tax Credit Land Use Restriction Agreement 97089 Prado, Ltd. El Paso
MULTIFAMILY FINANCE

g) Presentation, Discussion, and Possible Action on Determination Notices for Housing Tax Credits with another Issuer
16411 Charles E Graham Apartments El Paso
16412 Rio Grande Apartments El Paso
16413 Judson Williams Apartments El Paso
16414 Father Carlos Pinto Memorial Apartments El Paso

h) Presentation, Discussion, and Possible Action of Qualified Trustee Services for Multifamily Bond Transactions

HOUSING RESOURCE CENTER

i) Presentation, Discussion, and Possible Action on the 2017 Regional Allocation Formula Methodology

COMMUNITY AFFAIRS

j) Presentation, Discussion, and Possible Action on Awards for Federal Fiscal Year ("FFY") 2016 Community Services Block Grant ("CSBG") Discretionary Funds for Services to Native American and Migrant Seasonal Farm Worker Population and 2016 CSBG Network Operational Investments and Intensive Community Action Agency Support Assessments

k) Presentation, Discussion, and Possible Action on Approval of the Federal Fiscal Year 2017 Low Income Home Energy Assistance Program ("LIHEAP") Application and State Plan for submission to the U.S. Department of Health and Human Services ("USHHS") and Approval of the Associated 2017 LIHEAP Awards

l) Presentation, Discussion, and Possible Action on the selection of Subrecipients to administer the U.S. Department of Energy ("DOE") and Low Income Home Energy Assistance Program ("LIHEAP") Weatherization Assistance Program ("WAP") to provide services in Anderson, Collin, Denton, Ellis, Henderson, Hood, Hunt, Kaufman, Johnson, Navarro, Palo Pinto, Parker, Rockwall, Smith, and Van Zandt counties

m) Presentation, Discussion, and Possible
Action on Conditional Program Year ("PY")
2016 Emergency Solutions Grants ("ESG") Program Awards

BOND FINANCE
n) Presentation, Discussion, and Possible Action adopting Resolution No. 16-019 authorizing application to the Texas Bond Review Board ("BRB") for reservation of 2016 single family private activity bond authority

o) Presentation, Discussion, and Possible Action on Resolution No. 16-021 authorizing Publication of Public Notice for Mortgage Credit Certificate Program (MCC) ("Program 86")

SINGLE FAMILY OPERATIONS & SERVICES
p) Presentation, Discussion, and Possible Action on Colonia Self Help Center ("Colonia SHC") Program Awards to Webb County and Hidalgo County in accordance with Tex. Gov't Code §2306.582 through Community Development Block Grant ("CDBG") Funding

q) Presentation, Discussion, and Possible Action on extensions to Neighborhood Stabilization Program 1 ("NSP1") Contracts and Program Income ("NSP1-PI") Reservation Agreements and Neighborhood Stabilization Program 3 ("NSP3") Contracts and Program Income ("NSP3-PI") Reservation Agreements

CONSENT AGENDA REPORT ITEMS
ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:
   a) Report on Department’s Fair Housing Activities
   b) Report on the Department’s 3rd Quarter Investment Report in accordance with the Public Funds Investment Act ("PFIA")
   c) Report on the Department’s 3rd Quarter Investment Report relating to funds held under Bond Trust Indentures
   d) Executive Report of Multifamily Program Amendments, Extensions and Ownership Transfers
   e) Status Report on Compilation of Agency Legislative Appropriations Request for SFY 2018-19

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   16274 Rockview Manor Fort Hancock

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   16218 Sphinx at Sims Bayou Houston
   c) Presentation, Discussion, and Possible
Action on Timely Filed Scoring Notice Appeals under the Department’s Multifamily Program Rules
16319 The Residence at Coulter Amarillo

d) Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds (Gateway at Hutchins Apartments) Series 2016 Resolution No. 16-022 and Determination Notice of Housing Tax Credits

e) Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds (Mercantile Apartments) Series 2016 Resolution No. 16-023 and Determination Notice of Housing Tax Credits

f) Presentation, Discussion, and Possible Action regarding Awards of Direct Loan funds from the 2016-1 Multifamily Direct Loan Notice of Funding Availability to 9% Housing Tax Credit Layered Applications

g) Presentation, Discussion, and Possible Action regarding Awards from the 2016 State Housing Credit Ceiling and Approval of the Waiting List for the 2016 Housing Tax Credit Application Round
16001 Rolling Hills Fredericksburg
16003 Estacado Place Lubbock
16008 Rachael Commons McGregor
16009 Wheatley Family Apartments Phase II San Antonio
16011 Homestead Prairie Senior Apartments Ponder
16012 Mariposa Apartment Homes at Clear Creek Webster
16015 The Standard at Boswell Marketplace Fort Worth
16018 Abbington Place Whitehouse
16019 The Estates of Copperas Cove Copperas Cove
16020 Cedar Creek Villas Henderson
16024 The Estates of Lindale Lindale
16026 Laguna Hotel Lofts Cisco
16029 Baxter Lofts Harlingen
16032 Lantana Villas Eagle Pass
16033 Hughes Springs Seniors Apartments

ON THE RECORD REPORTING
(512) 450-0342
Hughes Springs
16034 Conrad Lofts Plainview
16038 Orange Grove Seniors Apartments Orange Grove
16040 Parklane Villas Brenham
16043 SilverLeaf at Panhandle Panhandle
16044 Pleasanton Seniors Apartments Pleasanton
16045 South Homestead Palms El Paso
16048 River Palms El Paso
16049 Bishop Courts Bishop
16052 Pellicano Palms El Paso
16056 Northwest Apartments San Antonio
16057 Silverleaf at Mason Mason
16061 Easterling Culebra Apartments San Antonio
16065 Northside Manor Apartments Angleton
16066 Samuel Place Apartments Corpus Christi
16068 Live Oak Apartments Georgetown
16069 Huntington at Sienna Ranch Sienna Plantation
16071 Bluff View Senior Village Crandall
16075 Meadow View Senior Village Taylor
16077 McKinney Manor Apartments Sweeny
16078 Leatherwood Terrace Apartments Yoakum
16080 Shady Shores Apartments Lake Dallas
16082 Lake Ridge Apartments Mabank
16090 Huntington at Brownsville Brownsville
16091 Santa Fe Place Temple
16094 Alberta Terrace Apartments Edinburg
16098 Parkdale Villas Denison
16099 SEA RAD Oaks Austin
16100 Solano Park Apartments Edinburg
16104 Villa Verde Estates Weslaco
16105 Tuscany Park at Arcola Arcola
16108 Timber Ridge Apartments Chandler
16109 Waverly Village New Waverly
16110 North Pine Villas Kountze
16113 The Village at Main Bullard
16114 The Veranda Townhomes Plano
16115 The Reserve at Dry Creek Hewitt
16116 The Cottages at Main Bullard
16117 Indian Lake Apartment Homes Indian Lake
16118 The Standard on the Creek Houston
16121 Commerce Street Apartments Belton
16124 Balcones Haus Apartments New Braunfels
16128 Borgfeld Manor Cibolo

ON THE RECORD REPORTING
(512) 450-0342
16130 Cottages at San Saba San Saba
16131 Plateau Ridge Apartments Cleburne
16142 Spring Creek Apartments Linden
16149 Country Place Apartments Atlanta
16154 Hyde Estates Killeen
16159 Palladium Garland Garland
16160 Nash Senior Village Nash
16161 Elysium Park Georgetown
16162 EHA Liberty Village Edinburg
16164 Saralita Senior Village Kerrville
16165 Stonebridge of Paris Paris
16167 Havens of Reno Reno
16168 Stonebridge of Whitehouse Whitehouse
16169 Havens of Hutto Hutto
16170 Whitehouse Senior Village Whitehouse
16172 Lumberton Senior Village Lumberton
16175 Crosby Meadows Apartments Crosby
16178 Palladium Anna Anna
16184 Reserve at Hagan Whitehouse
16185 Merritt Heritage Georgetown
16188 Kaia Pointe Georgetown
16196 Merritt Starlight Wimberley
16197 BAH Taylor Senior Village Mission
16200 Kirby Park Villas San Angelo
16204 The Preserve at Wiederstein Schertz
16210 Merritt Monument Midland
16213 Villas on Flint Wolfforth
16214 Heritage Pines Texarkana
16218 Sphinx at Sims Bayou Villas Houston
16223 Magnolia Gardens Richmond
16226 Provision at Melissa Melissa
16230 West Oaks Crossing Houston
16231 Gala at Melissa Melissa
16234 Stonebridge of Lamesa Lamesa
16236 Hamilton Crossing Waller
16237 Hawks Landing Apartments Iowa Park
16242 Brooks Manor Apartments West Columbia
16246 Gala at Four Corners Four Corners
16248 Pelican Landing Galveston
16256 Chapman Crossings Houston
16258 Provision at West Bellfort Houston
16259 Casitas Lantana at Inwood

ON THE RECORD REPORTING
(512) 450-0342
Brownsville
16260 Churchill at Golden Triangle Community
Fort Worth
16263 Starlight Murillo
16268 Emerald Manor Horizon City
16273 Keystone Place El Paso
16274 Rockview Manor Fort Hancock
16275 Harmon Senior Villas Fort Worth
16286 Ridgestone Estates El Paso
16288 Morrison Place Brownsville
16317 Blue Line Lofts Rowlett
16319 The Residence at Coulter Amarillo
16322 The Residence at Autumn Sage Abilene
16326 Laurel Glen San Antonio
16339 Hidalgo Vista Hidalgo
16342 Robison Terrace Texarkana
16343 Calallen Apartments Corpus Christi
16352 Salazar Park El Paso
16354 Gonzalez Apartments El Paso
16361 Sunshine Village Apartments
Brownsville
16363 Mill Town Seniors Silsbee
16370 The Villas Lubbock
16373 Avondale Farms Seniors Fort Worth
16374 The Avanti at Calallen Corpus Christi
16376 New Haven Athens
16379 Weslaco Villas Weslaco
16380 Sierra Vista Lopezville
16387 Cantabria Estates Apartments
Brownsville
16393 Palmera Heights Apartments Elsa
16395 Cypress Creek Apartment Homes
at Reed Rd    Houston

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ADJOURN 112
MR. OXER: Good morning everyone. I'd like to welcome you to the July 28 meeting of the Texas Department of Housing and Community Affairs Governing Board. We will begin with roll call. Ms. Bingham?

MS. BINGHAM ESCAREÑO: Here.

MR. OXER: Mr. Chisum?

MR. CHISUM: Here.

MR. OXER: And we'd like to welcome Mr. Chisum back after a little extended tour of duty to deal with some trauma, so I was glad to see you up here.

MR. CHISUM: Thank you.

MR. OXER: He's got his dancing shoes on today, so. All right. Mr. Gann?

MR. GANN: Here.

MR. OXER: Mr. Goodwin is not with us. Dr. Muñoz is not with us. I'm here. That gives us four. We have a quorum, so we're in business.

Tim, lead us in the pledge.

(The pledges of allegiance to the U.S. flag and the Texas flag were recited.)

MR. OXER: All right. We'll -- let's see, we don't have any guests. Is Mike -- is Bobby here today?

Bobby's not here today, is he?

Well, welcome to everybody watching it at home,
so. All right. Let's get down to work. With respect to the consent agenda, I understand we have some modifications on it. Michael?

MR. DeYOUNG: Yes. Michael DeYoung, Community Affairs Division. Chairman Oxer and members of the Board, Item 1(k) in your consent agenda, which is -- deals with the LIHEAP awards and the LIHEAP Plan, there is a correction to the table found on page 292 in your electronic board book on your computers.

Page 292 and 293 is a table. You've been given a handout which has a revised table. It's also available outside at the sign-up area. Staff inadvertently got some counties displayed on the book -- the version in your book. We corrected that, and this page, the revised page, is the funding recommendation with the LIHEAP awards. And we will make the change and submit that plan. It is due to HHS at the end of August.

MR. OXER: So this is just a clarification to make sure nobody here who has interest in this gets confused. This is straightening all that out?

MR. DeYOUNG: Correct, administrative --

MR. OXER: Details are available out front. Right?

MR. DeYOUNG: Yes.

MR. OXER: Okay. All right. That's 1(k).
MR. DeYOUNG: And then Item 1(m), we have some individuals here who would like to speak on that item. So if we can pull that item --

MR. OXER: Okay. We can pull 1(m).

MR. DeYOUNG: -- we also have a letter to read into the record.

MR. OXER: Okay.

MR. DeYOUNG: And that's the ESG awards.

MR. OXER: Okay. We'll take that up in an -- as an action item when we get to that point.

Jeff, did you have a -- yes, you do, don't you?

MR. PENDER: Yes, I do.

MR. OXER: Good. Good thing you're up to it.

MR. PENDER: Yeah.

MR. OXER: Good thinking.

MR. PENDER: Good morning everyone. Jeff Pender, deputy general counsel. I've got one correction to make on Item 1(b) in your book. 1(b) is an agreed final order with Avalon Apartments. It's one of our more complicated agreed final orders. And it involves both the respondent and a new buyer who has applied for a transfer of ownership.

And in particular, on page 7 of 25, the only correction we have is in Item -- paragraph number 8 on -- in that -- on that page. It originally says -- it says in
your book now, "if respondent fails to satisfy any conditions," et cetera, et cetera. It should say, "if respondent or buyer fails to satisfy any conditions."

That's the change that we'd like to make. And in the next sentence, the word "order" needs to be capitalized as well.

If you have any questions?

MR. OXER: So we're just making sure that the new owner for this remains bound to what the repairing of the insufficiencies that exist that created the AFO?

MR. PENDER: That's correct.

MR. OXER: Okay. I assume that we don't have any complex in that, Counselor? It's just --

MR. PENDER: No.

MR. OXER: Okay. All right. With those modifications with respect to Items 1(b), 1(k), and 1(m) -- 1(m) to be pulled and considered, with the corrections to Item 1(b) and 1(k) -- do I hear a motion to consider on the consent agenda?

MS. BINGHAM ESCAREÑO: I move approval of the consent agenda with the recommendation by staff.

MR. OXER: Okay.

MR. GANN: Second.

MR. OXER: And second by Mr. Gann. Is there a request for public comment?
MR. OXER: Okay. With respect to consent agenda, motion by Ms. Bingham, second by Mr. Gann to approve the consent agenda as modified, those in favor.

(A chorus of ayes.)

MR. OXER: And those opposed?

(No response.)

MR. OXER: There are none. It's unanimous. Okay. Michael, let's take 1(m).

MR. DeYOUNG: Michael DeYoung, Community Affairs Division. Members of the Board, Item 1(m) is the Presentation of the Conditional Program Year 2016 awards for ESG. The Department expects to receive approximately $8.8 million for the ESG Program for Program Year 2016.

And with your approval, the Department released a NOFA back in February to identify successful applications, and the federal program rules require that we have a very tight timeline to award these funds. We have not yet received a letter from HUD granting us the funds, but the process moved forward in anticipation of receiving that letter.

The item in front of you, Item 1(m) is asking you for the approval for the proposed awards, conditioned on the receipt of the letter from HUD. Normally that letter would have arrived by now. We just have haven't
received the letter yet, but as soon as that letter arrives, we will quickly turn around, make these awards. We have 60 days from the receipt of that letter to complete the awards.

We have an organization here today that wants to speak on this item, and we also received a letter I believe yesterday from Senator Nelson's office that Mr. Lyttle would like to read into the record at the request of the senator.

MR. OXER: Okay. And just as a clarification on this, we're saying we're giving you the authority to make this distribution, spend this money in this fashion with a certain amount set aside for state administration of the program --

MR. DeYOUNG: Correct.

MR. OXER: -- assuming we get it?

MR. DeYOUNG: Assuming we get that letter.

MR. OXER: Do we have any sense of why we haven't had the letter yet, or is that one of those things that's just --

MR. DeYOUNG: It's a process with HUD, and it ties in with a lot of federal funds, HUD federal funds.

Brooke.

MR. OXER: Tell us hi, Brooke.

MS. BOSTON: Thank you. Hi, Brooke Boston.
Because we're in the process of doing an amendment relating to the National Housing Trust Fund, it's part of the funding -- the batch of funding we get from HUD, and so they're holding out the other stuff while we go through that process.

MR. OXER: So --

MS. BOSTON: I know that's not a great explanation, but that's what --

MR. OXER: Well, it's a good explanation; it's not necessarily a good reason. So what we're saying is we still have some stuff to do before they'll approve what the money they give us -- give us back in a batch?

MS. BOSTON: Correct.

MR. OXER: More or less?

(General laughter.)

MR. OXER: It's -- okay. I pulled that little federal thread on the sweater. This is unraveling far more than I expected.

(General laughter.)

MS. SYLVESTER: Sorry. Megan Sylvester, Legal Division. What Brooke said is in part correct but sort of incomplete. There has been a longer-than-usual review process of our action plan this year, in part due to setting up some new systems and things for the Housing Trust Fund.
HUD two years ago changed the process of the action plan, in that we cannot now submit our action plan to them until we get final budgetary figures. And so -- and because, you know, the budget wasn't ready until January, we didn't get those numbers until March, we probably -- this is probably the new normal that we're not going to get our letter until July or August unless something changes and we get budgets passed federally earlier.

MR. OXER: So this is shifting gears from how things were to how things are probably going to be, and we're basically saying that -- which I think everybody -- I wouldn't speak for the Board but certainly from my part --

MS. SYLVESTER: Yeah.

MR. OXER: -- that we trust the staff to be able to manage this appropriately.

MS. SYLVESTER: Right.

MR. OXER: Okay.

MS. SYLVESTER: My understanding is that HUD -- we had a period where we -- where our action plan was pending and now it is -- the ball is back in HUD's court and is not waiting for the Housing Trust Fund amendments, though if we submit the amendment to our action plan because of the Housing Trust Fund and HUD hasn't reviewed
it yet, then it may review it all together. But I don't anticipate that happening.

MR. OXER: A lot of little dominoes you got to pile together.

MS. SYLVESTER: A lot of different pieces.

MR. OXER: Got it. Okay.

MR. DeYOUNG: Any more pulling on the yarn?

(General laughter.)

MR. OXER: Could we stuff that back in that hole? All right. So with respect to Item 1(m), let's -- now I understand Michael's got a letter to read to dial into this, but we have to have a motion to consider before --

MR. DeYOUNG: Right.

MR. OXER: -- we take public comment, which includes a letter from a legislator.

MS. BINGHAM ESCAREÑO: So moved.

MR. OXER: Okay, motion by Ms. Bingham to approve staff recommendation on Item 1(m).

MR. Chisum: Second.

MR. OXER: Second by Mr. Chisum. And we have some folks that want to speak on this I understand. Okay. We'd like to --

MR. LYTTLE: After --

MR. OXER: After Michael. Michael, it's your
MR. LYTTEL: Letter is addressed to you, Mr. Chairman.

"Dear Chairman Oxer, I am writing to express my support for the City of Denton's application to the Texas Department of Housing and Community Affairs for Emergency Solutions Grant funding.

"ESG funds have been a crucial tool to end homelessness for many in our community. In fact, the City has been receiving these funds for over 20 years with much success. It would be disappointing to halt those efforts at this point. I am particularly concerned about the potential loss of funding to provide domestic violence services to some of our most vulnerable residents.

"I urge the Department to give Denton's application full consideration and stand ready to assist you with any questions you may have. Thank you for your service to our communities.

"Yours very truly, Senator Jane Nelson, Senate District 12."

MR. OXER: Great. Okay. And we have public comment for this? Okay, please.

A little housekeeping item as she's coming to there. As everybody here knows, step up. You need to state who you are and who you represent and make sure that
you sign in so that Nancy can identify you on the transcript.

MS. CLAY: Thank you. Good morning.

MR. OXER: Good morning.

MS. CLAY: My name is Sherrell Clay, and I am the program manager for Giving Hope, Incorporated in Denton, Texas. I have been a part of the staff for ten years, and I have been a part of the ESG Grant case manager.

With this sudden change in the grant for our agency obviously has certainly --

MR. OXER: hold on just for a second.

MS. CLAY: -- made a different.

MR. OXER: Hold on just -- I'm sorry to interrupt.

MS. CLAY: That's okay.

MR. OXER: Nancy, do you got this? Is it picking up on the mike? Are we getting this?

THE REPORTER: Yes.

MR. OXER: Can you folks in the back hear this?

Okay. I was just -- we're making sure you were close enough to the mike so we're getting all of this.

MS. CLAY: Okay, no problem.

MR. OXER: Please continue.

MS. CLAY: I am here today just simply to ask.
We are understanding that the '16-'17 Grant for our agency and for our county at this point has been denied. So with that being the case, we are trying to still continue to go on with our homeless situation in our county as part of the state of Texas.

So if anything can be done for our county with the loss of $600,000, we are hoping to at least request if there are any funds from previous ESG years, as we did receive last year when I worked with the '15-'16, there were extra funds from 2014, and they were given to our agency to spend as well.

So that's one of our biggest things, and we want to know if there are any previous funds left over from other years; we would love to have them. There will be no questions asked. We would just love to have them so that we can continue doing what we do in our community.

This is one of our success stories. This is Ms. Kathy Reece, and she just simply wanted to come today and just let you know just how wonderful ESG has been to her.

MR. OXER: Okay. Ms. Reece, good morning and welcome. Please --

MS. REECE: Good morning. Thank you. I'm Kathy Reece. I'm from Denton, Texas, and I am a recipient of the ESG. Without it, I would be dead on the side of
the road. I had a stroke; I couldn't work for a while. I was living under inhumane conditions; no electricity. Thank God I had a water leak, so I had water.

And I ended up losing my house because the City found out that I was living that way. And I didn't have money to pay back taxes. I had had a stroke, so my son called me to live with him for a couple of years. Then some things happened, and my son left and I was there by myself.

I was living in a Walmart parking lot in my car, and I was told by a Salvation bell ringer -- Salvation Army Bell ringer, You cannot stay here because it's going to get down to 17 degrees. You can't stay here.

So I ended up going to the Salvation Army, which gets ESG funds as well. They helped me pay for my medications. They helped clothe me; they fed me. And I had four surgeries in three months while I was staying there. Four surgeries because -- and I still couldn't work, but I collect blood clots.

Once I couldn't work anymore, I had to leave the Salvation Army and go back to my car, so I was desperate for help. And then in came Giving Hope. I did not know what it was taking a survey for, no clue. But in January of last year, they called me in and they said that
I was going to be in an apartment for 12 months. Gave me time to get a job, get my health back in order, and get my life back, become a human being again.

And that's what I did. And now I am unemployed again due to circumstances that I could not control. And the ESG funds has been covering my rent until I can get back on my feet again.

And I'm begging you, please do not take the ESG funds away from Denton, because I know a 65-year-old woman right now that is living in her van because she had a stroke and her daughter's husband would not let her live with them. She's been this way for three years. She can't work because she gets tired too easily.

And my work is limited because I'm going to have another stroke. I mean it runs in my family. I'm still collecting blood clots. I still walk around with a leg swollen this big around sometimes, but there's nothing I can do about it.

And I -- when I go to work, I have to work jobs that I don't have to stand up too long or there's not much walking, because I can't do it, so I'm limited. And right now I still need help, and I'm asking you, please God, do not take these funds away from Denton. I've seen the people in Denton. I can spot them all over that town, and they need help. And Giving Hope, the Salvation Army,
Friends of the Family, they all keep us alive. They all keep us alive.

So I thank God for them because I'm still here.

MR. OXER: We appreciate your comments.

MS. REECE: Thank you.

MR. OXER: Uh-huh. Any more to add, Michael?

MR. DeYOUNG: No, just a couple of items for the Board. This ties -- this comment ties to the appeal you heard last month at the Board.

MR. OXER: Uh-huh.

MR. DeYOUNG: You denied the appeal. I will remind you that this is a competitive process similar to the tax credits. We are oversubscribed in the ESG. The money is divided up into areas around the state. This is the continuum of care, the balance of state that you heard at the last meeting, and this application did not score high enough.

And they appealed last time at the board meeting. you denied the appeal, and this is -- this process is fairly regimented, as you -- if you read your Board Item 1(m), it describes that the processes that, should we find extra money or should we be allocated additional money from HUD, we will go to the application that we did not fully fund, the one that received the reduction in their award. We would move to that, and then
we would go down the list of the next-highest-scoring application. So we have a process in place to continue to fund, should the award end up differently than we expect.

MR. OXER: Not unlike the Tax Credit Program.

MR. DeYOUNG: Not unlike the Tax Credit, yes, sir.

MR. OXER: Right. Okay, is that clear to the Board?

(No response.)

MR. OXER: Okay. That's regarding Item 1(m). There's been a motion by Ms. Bingham, 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.

MR. DeYOUNG: Thank you.

MR. OXER: Okay. And just for the record, I think Bobby Wilkinson walked in. Bobby, you're here. Hey, good morning. Glad to see the Governor's Office taking a little interest in what we're doing, particularly today.

MR. WILKINSON: I'm here.

MR. OXER: For some reason this meeting every year attracts attention, you know.
Okay. So we've had the reports on the consent agenda so we're in the action Item Number 3. Mark?

MR. SCOTT: Good morning. I'm Mark Scott, director of Internal Audit. And we had an Audit Committee meeting this morning. I spoke about the Sources and Uses Audit.

In this report we had discussion and analysis of the Agency's funding and expenditures and reconciliations of various external reports of Agency financial information.

One reason I like to do this audit once per biennium is that there are different financial numbers quoted in different context in different places. So this audit report kind of explains and reconciles the various financial amounts reported internally and externally.

And in addition to analytical procedures, we conducted audit tests mainly with respect to the Agency's indirect cost rate. And we found that they were correctly applied.

I also spoke about the status of the Audit Plan. I'm in the process of hiring a new auditor to fill a vacancy. We have two audits in progress that will be presented at the October Audit Committee. Those are the Fair Housing audit and the Compliance Division audit.

And the other two audits on the plan, the
Federal Tax Credit audit and the audit of Multifamily Finance, may have to be carried over, but I will try to get them done this year.

And at the upcoming October Audit Committee, I'll present a 2017 Audit Plan for approval. The Texas Internal Auditing Act requires a period peer review of Internal Audit. And the Internal Auditing Standards or Red Book define the period as at least once every five years.

The last peer review of Internal Audit was completed in January of 2013, so we are in compliance with the Red Book requirement. We are going to put a peer review on the Audit Plan, and we're also going to budget for it.

And I also spoke about the current -- or recent External Audit Activities. The State Auditor's Office is getting ready to start their Financial Statement Audit of TDHCA. And KPMG has finished the field work of their audit of the Energy Assistance Program, and that's why they have not notified us of any finding.

And also something I report on are the reviews that the federal agency monitoring staff that conducts at TDHCA. And these are not technically considered audits, but we do provide them to KPMG and SAO. And HUD just did a review of the Community Development Block Grant Program,
and they issued a very favorable report.

That concludes my presentation. I'll be happy to answer any questions there may be.

MR. OXER: You said you're looking to add staff. We've just -- we've got a lot going on, so we need some more horsepower. Come on, I'll do it for you, Tom.

We need some more horsepower on our tractor here.

MR. SCOTT: Well, it's not really more staff. One staff left, so I'm just replacing that staff for --

MR. OXER: So you're filling a hole so we're not --

MR. SCOTT: Yes.

MR. OXER: -- we're not slowing down. So in delaying -- not delaying, but with an audit that extends into next year, for example, that doesn't change the Audit Plan. It just says it took a little longer than we thought to get it done.

MR. SCOTT: It just takes a little longer. And the reporting requirement I have to issue the report on the annual audits done November 1. So chances are we'll have all of them done by then. But we're on a state fiscal year audit plan cycle.

MR. OXER: Right. And in listening in to your presentation, though it's an annual audit, annual doesn't mean -- necessarily mean calendar year.
MR. SCOTT: That is correct. And to -- as long as you get the audits on the Audit Plan done, you're in pretty good shape.

MR. OXER: Yeah. Ms. Bingham, as chair of the Audit Committee, would you care to comment on the results and adventures here this morning?

MS. BINGHAM ESCAREÑO: The Committee meeting was very productive. Are you going to do Sources and Uses separate, or was that pretty much it?

MR. SCOTT: Yeah, that was pretty much it.

MS. BINGHAM ESCAREÑO: Okay.

MR. SCOTT: I'll answer questions about it.

MS. BINGHAM ESCAREÑO: That's great. No, I just was going to mention and I didn't want to be premature. And we had a good discussion on the Sources and Uses, so this was the first time that we did a Sources and Uses Audit.

And just in case anybody missed it, there really weren't any material findings. There were a couple of what Mark called minor observations, but it produced a really valuable document just in terms when you think about how diverse our funding sources are and our uses are within the Agency, it's a really valuable audit that I think has multiple uses moving forward.

I don't think that Committee -- Mr. Gann and
Mr. Chisum were on the Committee -- we didn't have any other major questions. Just echoing your question about being able to wrap up the deliverables on this year's plan versus having to move into next year's plan. But the Committee's supportive of filling the vacancy that's in the department.

MR. OXER: And so essentially the comments that we got from our internal work like this is what we always hoped that an internal auditor would do is give us some guidance on how to get better at what we're doing.

MR. SCOTT: Yes --

MR. OXER: There being a considerable complexity in the number of sources of funds and the way those funds are sometimes intermingled on individual products.

MR. SCOTT: Yes, and even -- even I as a CPA will read some of the financial reports that are done of the Agency by the State Audit's Office, the LBB, and I'll kind of read them and be curious about some of the numbers. So I want to make sure that all the numbers that are reported externally can be explained and the --

MR. OXER: That's always a good defense to have.

MR. SCOTT: Right.

MR. OXER: Mr. ED, do you have any thoughts?
MR. IRVINE: Well, I mean --

MR. OXER: I know you report to us, but I'm offering everybody a chance up here to speak.

MR. IRVINE: Yeah, it's just -- it's a great relationship with Internal Audit. I look forward to you augmenting your staff by filling that vacancy.

And, you know, I think that the Sources and Uses type of -- I was just sitting here counting the number of sources of funds that you've already touched upon this morning, and it is so important that we keep those straight; very valuable.

MR. OXER: A lot of federal programs are funded for a single silo of programs, and we sort of get stuff sprayed across things.

MR. SCOTT: That's correct. Yeah, it's -- and the magnitude of the activities that we finance is huge. And as I discussed this morning, the actual money we spend on staff is really very small considering the amount of activity that we generate.

MR. OXER: What's your schedule of filling the vacancy?

MR. SCOTT: I've already started interviewing, and I'm continuing to interview, so I'm hoping to get a lot of good applicants.

MR. OXER: Well, my perspective on the whole...
thing is you can leave it open until you find the right one. Don't get in a hurry.

MR. SCOTT: That's probably great advice.

MR. OXER: All right. And with that, I guess there's no -- I think we have -- is this -- this is a report item? It's the only report item, so do we need to authorize anything?

VOICE: No.

MR. OXER: Okay. Well, the Board accepts the report.

MR. SCOTT: All right. Thank you very much.

MR. OXER: All right. Thanks, Mark. Monica, you're up.

MS. GALUSKI: Good morning all. I'm Monica Galuski, your director of bond finance. This will be a brief update on the Selection of the Master Servicer for the Single Family Homeownership Programs.

The Master Servicer Request for Proposal, or RFP, was published April 1 and had a submission deadline of April 29. And we received two proposals. A team of department staff has revised those proposals.

But due to some unique aspects related to the structure of one proposal, we've been working very closely with the Department's bond counsel and financial advisor to examine, from loan origination through MBS settlement,
basically every aspect of both proposals to ensure the economic and legal viability for the Department.

We had hoped to report to you today the Master Servicer that we had -- that had been selected. Unfortunately, the analysis is not complete. It's taking a little longer than we expected, and we've committed to both respondents that we will select by August 15. So we should be able to report that selection to the Board at the August 25 meeting.

It was just an update. It's been a while. Again, we had hoped to come to you with the selection, but we're not quite there yet.

MR. OXER: Okay. So this is essentially a report item, so it's ongoing --

MS. GALUSKI: It's a report item, no action.

MR. OXER: Things are working. Okay.

MS. GALUSKI: Yeah.

MR. OXER: But we're getting interest and we have capable respondents?

MS. GALUSKI: We have capable respondents and are looking at both very closely.

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

(No response.)

MR. OXER: Okay, thanks.
1. MS. GALUSKI: Thank you.
2. MR. OXER: Brent?
3. MR. STEWART: Good morning.
4. MR. OXER: Good morning.
5. MR. STEWART: Brent Stewart, Real Estate Analysis. Both of the appeal items for 16057 Silverleaf at Mason and 16274 Rockview Manor will not be heard at this meeting today.
6. MR. OXER: So they're being pulled?
7. MR. STEWART: Pulled today.
8. MR. OXER: Completely?
9. MR. STEWART: Today.
10. MR. OXER: And these are underwriting, so they're continuing. It's not like -- they're not related to the tax credit round?
11. MR. STEWART: They're related to the tax credit round, but these are appeals related to the underwriting.
12. MR. OXER: Okay. All right. So we'll get out of -- that's a nice way to handle that one, by the way.
13. (General laughter.)
14. MR. OXER: Okay, this is going -- and owing to the fact that there's a lot of attention, I think we're going to go -- you got your spot coming, so relax, okay. So I want to exercise the Chair's discretion here. We're going to take these in a different order.
Come on, Marni. We'll take up -- we're going
to surpass Item 1(a) -- or 6(a), (b), and (c). We're
going to take Item 6(d) first because these are bond
issues, so, Marni.

MS. HOLLOWAY: Good morning, Chairman Oxer,
members of the Board. My name is Marni Holloway. I'm the
Director of the Multifamily Finance Division. Item 6(d)
is Presentation, Discussion, and Possible Action Regarding
the Issuance of Multifamily Housing Revenue Bonds for the
Gateway at Hutchins Apartments and a Determination Notice
of Housing Tax Credits.

Gateway at Hutchins Apartments involves a new
construction of 336 units proposed to be located at 805
North Denton Street in Hutchins, which is in Dallas
County. The development will serve the general population
with all of the units' income and rent restricted to 60
percent of AMI.

The applicant disclosed the presence of certain
undesirable neighborhood characteristics under Section
10.01(a)(4)(b), specifically one of the schools in the
attendance zone for this development, Wilmer-Hutchins
Elementary, did not achieve the met standard rating for
2015.

The 2015 accountability rating indicated the
school failed to achieve met standard by one point on
Performance Index 3 relating to closing performance gaps and showed improvement on the other performance index indicators over the previous years.

A letter addressing the school's rating was submitted by Dallas ISD School Board Trustee and Second Vice-President Lew Blackburn. He expressed his strong belief that Wilmer-Hutchins Elementary is headed in the right direction. They have a new principal, and they've demonstrated the necessary steps to meet and exceed the met standard rating by the time Gateway at Hutchins is placed into service.

The applicant is considered a Small Category 1 portfolio, and the previous participation was deemed acceptable by EARAC without further review or discussion. EARAC also reviewed the proposed finance and underwriting report and recommends issuance of multifamily housing revenue bonds and a determination notice subject to conditions contained in the report. A copy of the summary is in your board book.

A public hearing was conducted on April 2 of 2016. There was no one in attendance. The Department received letters of support from Dallas County Judge Clay Lewis Jenkins, Mayor Mario Vasquez, and Dallas ISD Board of Trustee Lew Blackburn. No letter of opposition have been received.
Staff believes that based on the information provide regarding Wilmer-Hutchins Elementary School, the proposed development should not be considered ineligible under the rule and further recommends approval of $29 million in tax-exempt multifamily housing revenue bonds and a 4 percent housing tax credit determination in the amount of $1,586,539 with the conditions noted in your write-up.

MR. OXER: Any questions from the Board?
MS. HOLLOWAY: And I can take any questions.
MR. OXER: So we're exercising the 4 percent pot?
MS. HOLLOWAY: We are. Teresa's been working really hard.
MR. OXER: Good job. Any questions?
(No response.)
MR. OXER: All right. Motion to consider.
MR. CHISUM: So moved.
MR. OXER: Okay, a motion by Mr. Chisum to approve staff recommendation on Item 6(d).
MR. GANN: Second.
MR. OXER: Second by Mr. Gann. Claire, you want to speak?
MS. PALMER: No, thank you.
MR. OXER: Okay.
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MR. OXER: You understand you're in the seat where people want to speak, okay.

MS. PALMER: I'm just here just in case.

MR. OXER: Okay. So, all right. Motion by Mr. Chisum, second by Mr. Gann to approve staff recommendation on Item 6(d). Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none.

MS. HOLLOWAY: Okay, Item 6(e) is Presentation, Discussion, and Possible Action Regarding the Issuance of Multifamily Housing Revenue Bonds for Mercantile Apartments along with a Determination Notice for Housing Tax Credits.

Mercantile Apartments involves a new construction of 324 units located at Northern Cross Boulevard and Endicott Avenue in Fort Worth.

The development will serve the general population and will include 12 units restricted at 50 percent of area median income, 299 units at 60 percent of area median income, and 13 units that will be at market rate with no rent or income restrictions.

EARAC reviewed the applicant's previous
participation history along with the underwriting report and recommends issuance of the Multifamily Housing Revenue bonds and a determination notice subject to the conditions described in your board book related to communication and training requirements from the previous participation review.

A public hearing was conducted on June 7th of 2016. There was no one in attendance. The Department received an opposition letter from the Eagle Mountain-Saginaw Independent School District at the time of preapplication and another this past May. A letter from City Council member Cary Moon expressed the merits of the Mercantile Apartments development, and no other letters have been received.

Your Board action request indicates that the recommended tax credit amount is $1,552,255. That is actually a typo. The amount recommended by the Real Estate Analysis Report is actually $1,522,255, so a $30,000 difference.

Staff recommends approval of $29,500,000 in tax-exempt multifamily housing revenue bonds and 4 percent housing tax credits in the amount of $1,522,255, subject to the conditions contained in your request.

Any questions?

MR. OXER: I have a question. You said the
conditions were essentially with respect to communication and training. Can you summarize those quickly?

MS. HOLLOWAY: Certainly.

MR. OXER: And we've read those, of course, but just so we have that on the record.

MS. HOLLOWAY: So out of our previous participation review, this is a Category 3 Extra Large Portfolio applicant. There were a number of concerns regarding communication between the owner and their partners. They provided terms to EARAC, saying this is what we will do in order to prevent these problems in future developments.

So one of them is listing the appropriate party in our contract management tracking system, regular meetings amongst the partners, some training using all of the webinars on our website for everybody who's responsible for compliance. And then on request, you know, we will ask them to provide certification that they're accomplished these things.

Of course, in any future awards to these parties, if these problems have continued, we may have different conditions, but we feel confident that this should resolve their issues.

MR. OXER: And the compliance was Chief Murphy who's sitting in here this morning.
MS. HOLLOWAY: Chief Murphy, yes.

MR. OXER: Good morning, Patricia. Chief Murphy is -- understands these and willing to make sure these are being complied with?

MS. HOLLOWAY: Absolutely. With EARAC, the -- Patricia and her staff are heavily involved in EARAC, and we all work through what are acceptable terms and conditions.

MR. OXER: What's the timing on the -- because this is -- we're initiating this. We're --

MS. HOLLOWAY: Yes.

MR. OXER: -- making the grant, making the -- and so do we go three years on this before we get the first compliance audit, or do we look at this like okay --

MS. HOLLOWAY: It's really a rolling review, depending on new applications that come from these parties. So --

MR. OXER: Well, if a new applications comes -- what if they don't issue a new application from this party?

MS. HOLLOWAY: If there isn't a new application, say, next year, then we wouldn't have a reason -- EARAC wouldn't have a reason to take up the matter.

MR. OXER: Uh-huh.
MS. HOLLOWAY: If there is a new application, then we would have that three-year look-back period and we would consider whether or not the applicant has met previously imposed terms.

MR. IRVINE: That is, we monitor properties in that portfolio. We would look to make sure --

MS. HOLLOWAY: Yes.

MR. IRVINE: -- that they're carrying those things out.

MR. OXER: And those -- and that's every three years --

MS. HOLLOWAY: Uh-huh.

MR. IRVINE: For an extra large.

MR. OXER: -- more or less.

MR. IRVINE: It'll be --

MR. OXER: Okay.

MR. IRVINE: -- all the time.

MS. HOLLOWAY: Yeah.

MR. OXER: It's a constant review for the extra large portfolios. Right?

MS. HOLLOWAY: Right.

MR. OXER: Okay. All right. 6(e), motion to consider?

MR. GANN: I move that we accept the recommendation of staff with the correction.
MR. OXER: Okay. Motion by Mr. Gann.

MS. BINGHAM ESCAREÑO: I'll second.

MR. OXER: And second by Ms. Bingham. Do you wish to speak?

MS. GUERRERO: Now I do. Chairman Oxer, my name is Debra Guerrero. I'm with the NRP Group, and I want to assure you that we will be meeting the conditions. And not only --

MR. OXER: With Chief Murphy, I'm pretty confident that you will, believe me.

MS. GUERRERO: I know. Chief Murphy will keep us -- Sarge Murphy will keep us straight. But I do want to assure you that there will be other applications, so you will be able to see that continuing compliance.

But I do want to assure you we've addressed issues. We have a number of people working within our organizations as well as a number of partners. And so we continue to refine our own internal communications so that we can meet all of the compliance requirements.

MR. OXER: Thanks for your comment.

MS. GUERRERO: So thank you, Chairman. Thank you, Board.

MR. OXER: Debra, don't forget to sign in.

MS. GUERRERO: Oh, sorry.

MR. OXER: Okay, any other questions from the
Board?

(No response.)

MR. OXER: Okay. A motion by Mr. Gann, second by Ms. Bingham to approve staff recommendation on Item 6(e). Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. Marni, you want to get 6(f) out of the way?

MS. HOLLOWAY: We can go ahead and do that, absolutely.

MR. OXER: Let's just do it.

MS. HOLLOWAY: Item 6(f) is Presentation, Discussion, and Possible Action regarding the Award of Direct Loan Funds from the 2016-1 --

MR. OXER: All right. Hold on. We're going to have to change that.

MS. HOLLOWAY: Yeah.

MR. OXER: We've got appeals we need to deal with on this, so --

MS. HOLLOWAY: Yeah. So we do --

MR. OXER: All right. Let me --

MS. HOLLOWAY: -- do the appeals first and then we can take that one later.

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MR. OXER: Right. Get (d) and (e) out of the way and then we go back. All right.

MS. HOLLOWAY: Okay.

MR. OXER: All right. We'll take 1(a). So Sharon, welcome to the spot.

MS. GAMBLE: Good morning, Mr. Chair, Board. My name is Sharon Gamble. I'm the administrator for the Competitive Housing Tax Credit Program. Today I'm bringing the Presentation, Discussion, and Possible Action on Timely Filed Scoring Appeals on the Department's Multifamily Rules.

10 TAC Section 10.201 number 5 describes the evaluation process staff uses to determine which applications are likely to be competitive. As described in the rule, each application receives an initial assessment where staff considers the applicant's self-score as well as the applicant's potential for scoring points for items not included in the self-score, particularly items under QAP Subsection 11.9(d)(2), Local Government Support, 11.9(d)(4) Quantifiable Community Participation, 11.9(d)(5) Community Support from State Representative, and 11.9(d)(6) Input from Community Organizations.

After this initial assessment, staff ranks the applications by score within the set-aside or subregion.
For each application that is determined to be competitive, staff completes a review of the application and a scoring notice is sent to the applicant.

Applicants may appeal any loss of points indicated on the scoring notice. For applications that are determined to be noncompetitive based on this initial assessment, a letter is sent to the applicant advising them that based on staff's assessment, the application does not have a competitive score and inviting them to provide in an appeal any information that might lead staff to reconsider its determined score for the items not included in the self-score.

The first appeal is for an application that did receive a scoring notice, and the last two appeals are from applicants that are appealing the assessed score.

Item 6(a) is an appeal of scoring for application for 16011 Homestead Prairie Senior Apartments. The application proposes the new construction of 53 elderly limitation units in Ponder, which is in Region 3 Rural.

The application was determined to be competitive and was reviewed by staff. After review, staff determined that the application did not qualify for one point under Subsection 11.9(d)(2), Commitment of Funding By Local Political Subdivision. And the applicant
was issued a scoring notice and invited to appeal staff's
determination. The applicant appealed, and the Executive
Director denied the appeal.

The application included a letter provided by
the City of Ponder, indicating a commitment to loan books
from the Town of Ponder Library Department to the
development for the use of its residents as well as a
quarterly visit from library staff to the development to
encourage memberships and discuss other library services
and upcoming events.

And in denying this point, staff determined
that while the book loan is a great support of service for
the residents of the development, it does not represent a
contribution of a loan, grant, reduced fees, or
contribution of other value for the benefit of the
development by the City of Ponder, as the rule requires.

The appeal asserts that the book loan is an
in-kind contribution to the development valued at $40 per
year which is attributable to salary of the visiting
library staff and the value of the books that will be
rotated at the property. The appeal included a revised
annual operating expense form, which indicates an expense
of $40 under supportive services and a reduction of $40 to
indicate the City's contribution.

That the cost is indicated in this way on this
form supports staff's determination that this is in fact a donation of a supportive service to benefit the residents and not one of a loan, grant, reduced fees, or contribution of other value for the benefit of the development.

Based on this determination, staff recommends that the Board deny the appeal. I will note that this application is currently in second place in its region and is not recommended for an award today, but it is on the waiting list.

Should the Board grant the applicant's appeal, the application will be awarded one additional point and would remain in second place in the region and on the waiting list.

I can answer any questions you have.

MR. OXER: Any questions from the Board?

MR. CHISUM: No, sir.

MR. OXER: So when we're in the QAP and in the rule, when we're looking for a material contribution from a community, what's the minimum value that we're expecting out of that?

MS. GAMBLE: There is no minimum. This year the statute changed to say that the local political subdivision funding can be a de minimis amount. And so the amount of the contribution is not at all in question.
We've seen contributions from $10 to $10,000.

   MR. OXER: Okay. Do you have a comment, Tim?

   MR. IRVINE: No, just an issue of whether the
   contribution was to the development or really to the
   tenants.

   MS. GAMBLE: Right.

   MR. OXER: Okay. And as you pointed out, it's
   fairly explicit in the rule.

   MS. GAMBLE: It is. Yes, it is.

   MR. OXER: Okay. With respect to Item 6(a), a
   motion to consider?

   MS. BINGHAM ESCAREÑO: I'll move staff's
   recommendation.

   MR. OXER: Okay. Motion by Ms. Bingham to
   approve staff recommendation on Item 6(a).

   MR. CHISUM: Second.

   MR. OXER: Second by Mr. Chisum. Would you
   like to speak?

   MS. BURCHETT: Yes, sir. Good morning. My
   name is Sallie Burchett with Structure Development. I'm
   here on behalf of our client Harmon Killough Properties.

   As we've just discussed and on page 534 of your
   original board book, the issue is not that the program of
   value because reading is a wonderful service that helps
   provide cognitive function and better mental health. It's
particular important for a senior project, those that might have mobility functions, bringing the books to the residents versus going to the library.

But the matter is whether the contribution benefits the development, and I'd like to read the definition of development. It's in the second paragraph of Mr. Irvine's letter right below the underlying of development.

It's a residential rental housing project that consists of one or more buildings under a common ownership, and it goes on. And it is clear that explicitly the definition of development includes residents who rent and are housed.

And so our argument is that the contribution benefits the residents of the development and we're -- this letters says that they believe it benefits the residents of the development too, but the question is whether that meets the definition of development. And in reading the definition of development, it's explicit in the use of the words "residential rental housing."

That's why we're here today using your time. Thank you.

MR. OXER: Okay. Is there any questions of Ms. Burchett?

(No response.)
MR. OXER: Can we have a clarification on that, Counsel?

MR. ECCLES: Well, the definition of development -- and just for citation purposes, that is 10 TAC 10.3(a)(38) -- is a residential rental housing project that consists of one or more buildings under common ownership and financed under a common plan which has applied for department funds.

This includes a project consisting of multiple buildings that are located on scattered sides and contain only rent-restricted units. Development is relating to the buildings themselves.

MR. OXER: The infrastructure and not the residents?

MR. ECCLES: That is -- residents are not mentioned in this definition of development, and the QAP references this definition as indicated by the capitalized D in development.

MR. OXER: Okay, thank you.

All right. Any other questions?

(No response.)

MR. OXER: No other public comment. With respect to Item 6(a), it's motion by Ms. Bingham, 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. The appeal's denied.

Okay, Sharon.

MS. GAMBLE: These next two are appeals of the assess score. There were applications that were found not -- to be noncompetitive in the region. 6(b) is an appeal of the assessed score for Application 16218 Sphinx at Sims Bayou Villas. The application proposes the new construction of 126 supportive housing units in Houston, which is in Region 6 Urban.

The initial assessment resulted in a score of 128, and the application was determined to be noncompetitive in the region and was not reviewed by staff.

The appeal submitted by the applicant included no direct information regarding the four items not included in the self-score: government support, quantifiable community participation, community support from state representative, and input from community organizations for the Department to consider.

In the appeal the applicant states that the application was not intended to be considered based on
score but on set-aside self-score, received date, or other ranking factors. The appeal cites Texas Government Code Section 2306.111(d)(1) -- (d-1), which describes when credits are not required to be allocated according to the regional allocation formula, asserting that this rule creates a persons-with-disabilities set-aside and that the application submitted is in a set-aside without any competition and should be reviewed and awarded before any applications.

To be clear, the statute requires that if the Department allocates funds of credits primarily to serve persons with disabilities, those funds or credits are not required to be allocated according to the regional allocation formula. It does not require that the Department make such an allocation.

The Department does not make such an allocation of competitive housing tax credits primarily to serve persons with disabilities. Allocations are made to eligible developments whose populations may include persons with disabilities.

The appeal also cites the 2015 State of Texas Consolidated Annual Performance and Evaluation Report, the CAPER, which applies to the State's use of funds received from the U.S. Department of Housing and Urban Development to establish that there is a disability set-aside.
The CAPER discusses the State's use of HUD funds to serve persons with disabilities as a distinct and prioritized population. The Department is required to utilize 5 percent of its HOME funds to serve persons with disabilities, and this required use is often referred to as the Persons-with-Disabilities Set-aside.

However, this requirement doesn't -- is not applicable to the Competitive Housing Tax Credit Program, only to the HOME Program. Because the applicant provided no direct information or documentation in the application or otherwise that affects the scoring of these items, staff recommends denial of the appeal.

This application is currently in eleventh place in the region. It's not recommended for an award, but is on the waiting list. Should the Board grant one or more facets of the applicant's appeal, staff will follow the Board's determination in calculating the applicant's place in the region.

I will note that an award for this application may result in the loss of an award for one of the recommended applications in the region.

MR. OXER: Okay. So this is number 11 in the region, and we don't expect to go down that deep?

MS. GAMBLE: Correct, sir.

MR. OXER: Okay. Any questions from the Board?
(No response.)

MR. OXER: Okay, motion to consider?

MS. BINGHAM ESCAREÑO: So moved.

MR. CHISUM: Second.

MR. OXER: Motion by Ms. Bingham, second by Mr. Chisum to approve staff recommendation to Item 6(b).

We have a request for public comment. Don't forget to sign in and tell us who you are.

DR. SIMS: Good morning. It's Dr. Rick Sims. First of all --

MR. OXER: And, yes, it's a wonderful morning. I have to tell you.

DR. SIMS: First of all, according to the Appeal Rules, they're coming to you under appeal under 10.02, number 2 score. But my answer is a number 4 where I can appeal a procedural error that can cause this.

Now, Mr. Oxer, just a continuation of last time I saw you. I submitted my application based upon you, in November 2013, requested from the Attorney General about set-asides. He gave you an opinion May 20, 2014. I submitted my application according to that definition of a set-aside.

The reason that I did mention (c)(12), which is the set-aside in the HOME Program, is that in between when you wrote for that letter and when you received it, there
was a change, and they changed the application when they
changed the division. And they just worded out mandated
set-asides for person with disabilities.

Now, I understand anytime I see a HOME -- a
set-aside for CHDO anywhere United States, that says 15
percent of a HOME money. But in the state of Texas if you
see a set-aside for CHDO, it's a mandatory 5 percent for
persons with disabilities. Even though today you have
other types -- you call it direct loan, but they will you,
but it's still governed under the HOME Program, but you
have no person-with-disabilities set-aside.

Then, sir, taking the same context of the
letter -- and I like to be fair -- taking that same letter
under (d)(12) is I don't agree with what she says. Yeah,
you can do what you want to do, but basically that's the
only set-aside mentioned. It is in between a mandatory
minimum at-risk statutory maximum conversion in between a
mandatory minimum at rule.

And that's the only one that says, Now, look,
here is a protected characteristic. You look at that
protected characteristic before you start dealing with the
region. That's the only one. They took that money from
us in 2005 when they tried to do it with score. That's
the only that says you have no power to eliminate the
set-aside but you got all power to set the amount that we
They can't keep doing that. That's it. That's why I submitted that application. Now, you should be fair. If I'm wrong, get the opinion from the Attorney General, the same way you did for the at-risk. That's it.

MR. OXER: Thank you for your comments, Mr. Sims. Any other questions?

(No response.)

MR. OXER: All right. With respect to Item 6(b), there's been a motion by Ms. Bingham, 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. The appeal's denied.

MS. GAMBLE: Item 6(c) is an appeal of the assessed score for Application Number 16319 The Residence at Coulter. The application proposes the new construction of a 119 elderly limitation units in Amarillo, which is in Region 1 Urban.

This appeal relates to eight points requested under Subsection 11.9(d)(5) Community Support from State Representative. The issues surrounding this appeal were previously heard by this Board on March 31, 2016. At that
time staff presented a report and possible action item
regarding the eligibility of two letters submitted by
Representative John Smithy, one dated February 15, 2016,
and one dated March 1, 2016.

At that Board meeting, the Board approved a
motion that directed staff to reduce the points by eight
and not accept the letter as amended but to recognize the
letter of February 15 as the Representative letter for
this applicant. This determination resulted in a score of
149 points, and the application was determined to be
noncompetitive in the region and was not reviewed by
staff.

The appeal expresses a belief that there is a
fundamental and irreconcilable conflict between Texas
Government Code Subsection 2306.6710(b)(1)(J) and
2306.6725(a)(2), specifically that the former section
requires that in order for the application to receive
points under the letter from State Representative scoring
item, the representative must only state the level of
community support, while the latter only applies to
demonstration of community support without regard to a
state representative.

To read subsection 2306.6710(b)(1)(J) this way
would essentially mean that an application would score
eight points for a letter from a representative that only
highlights information about local support that is already included in the application for points under another scoring item.

Instead, staff's understanding is that the section includes the representative as part of the community, and the representative's statement is one indicator of the level of community support for the application. Other indicators are included under other parts of the rules.

The appeal asserts that in preparing this letter, the representative referred only to the statutory requirements in subsection 2306.6710(b)(1)(J). While in reviewing the letter, staff referred only to the rule requirement of the QAP.

The appeal notes that Texas Government Code 6710(b)(1)(J), where the letter from the state representative is mentioned, does not mention the QAP at all for guidance. The appeal also notes that Texas Government Code 2306.6725.082 -- getting better at that -- deals with the ability of the proposed project to demonstrate community and neighborhood support as defined by the QAP, specifically mentioning the QAP.

There are within the statute and rules multiple, separate, and distinct scoring criteria that touch upon these issues. We've already talked about
them -- the representative from local -- the -- excuse me -- resolutions from local governments, the quantifiable community participation, letters from state reps, and contributions of local government financial support.

On its face, 2306.6725(a) mandates that all these factors be included within the scoring and point system in allocating competitive tax credits. Thus, they must be considered in the development of the QAP scoring criteria.

The Department is statutorily required to publish in the QAP the details of the scoring system used by the Department to score applications. The QAP must treat all of the scoring criteria including those set forth in 6710(b)(1).

The appeal further asserts that even if none of the above are found to be grounds to grant the appeal, the applicant should have been issued a notice of administrative deficiency, allowing it the opportunity to respond to the February 15 letter.

The administrative deficiency process allows an applicant to provide clarification, correction, or nonmaterial missing information to resolve inconsistencies in the original application. This rule has to be read in conjunction with Texas Government Code 2306.6708, which refers to application changes or supplements.
And it states that an applicant may not change a supplemented application in any manner after filing deadline unless requested by the Department to clarify information or to correct administrative deficiencies. And the distinction here -- it's very important -- between the instances cited in an appeal where an administrative deficiency process was used and the current situation is the difference between "change" and "clarify" in the statute.

As is evident in a discussion of this matter before the Board at its March 31 meeting, the Board concluded the statements contained the February 15 letter were best described as neutral and to have given an effect to the second letter with change as opposed to clarify in that letter.

Because the statutory and rule parameters require a neutral letter to be scored a zero points, staff recommends denial of the appeal. This application is currently in third place in the region and is not recommended for an award but is on the waiting list. Should the Board grant the applicant's appeal, the application will be awarded eight additional points and would then be in a three-way tie for first place in that region. The application would win the second tiebreaker, as the poverty percentage for the census tract
is the lowest. And the other two applications would be placed on the waiting list.

MR. OXER: Good. Any questions from the Board? (No response.)

MR. OXER: So at issue is whether there was a clear, unambiguous approval or indication of support for the project and the timing at which that occurred?

MS. GAMBLE: Yes.

MR. OXER: Okay. All right.

MR. ECCLES: Just as a point of clarification, you said this was evident in the discussion before the Board on the March 31 hearing. I think that was actually at a different Board hearing that this matter was discussed, the difference between the February 15 letter and the letter dated March 1.

I think that was maybe even at the last Board meeting, July 14.

MS. GAMBLE: No. This was the March 31 Board meeting. At that meeting staff brought what was a report item, because we made a determination that, you know, we wanted to get the Board's input on -- or we at least wanted them to know what our determination was, because it's a very important issue.

And so at the March 31 meeting, staff, kind of at the behest of the applicant really brought --
MR. ECCLES: You know, I'll stop you there. You're absolutely right. I'm getting my state representatives mixed up.

MS. GAMBLE: Oh, okay, thank you.

(General laughter.)

MR. OXER: For a change, we get to quiet the counselor. Let's mark this down. Somebody put a gold star on this day. All right. Hey, we get so few there, Counselor.

MR. ECCLES: Yeah, you take them when you get them.

MR. OXER: There you go. All right. With respect to Item 6(c), is there a motion to consider?

MS. BINGHAM ESCARÉÑO: I'll so move.

MR. OXER: Okay. A motion --

MR. GANN: Second.

MR. OXER: -- by Ms. Bingham to approve staff recommendation. Second by Mr. Gann. And we apparently had a little comment here, so beginning here.

MR. AINSA: Good morning. I'm Frank Ainsa, Jr. I am representing OPG Coulter Partners on this particular appeal.

Mr. Oxer, I would reframe the issue here, and you'll see why in just a minute here. I think the issue is whether or not the statute that I'm going to argue to
the Board here actually requires anything more than just
demonstrating the level of support.

Let me try to put this in simple terms and to
take you through it, the heart of the argument here,
without getting too far into the statutory interpretation.
Quite frankly, Mr. Irvine and I have had discussions
about this and exchanged letters.

And on its face, this is an issue of statutory
construction, but I'm not going to take you too far into
that swamp, because I want you to stay awake here and
listen to my presentation. So here's where we are.

There are two statutes involved with state
representative support. One of them, as you just heard
here, is 2306.6710. That is the statute that
Representative John Smithy of Amarillo used when he
submitted his February 15 letter.

There's a second statute, and it is 2306.6725,
that specifically mentions the QAP and compliance with the
QAP by the state representative if he submits a letter
under that section.

The first statute that Mr. Smithy used --
Representative Smithy -- does not even mention the QAP.
And there's another difference that I want to illustrate
before I get into the argument here, and that is the
statute used by Mr. Smithy only requires him to
demonstrate the level of community support. It does not require him to give his personal support. It does not require him to do anything more than to demonstrate community support, the level of community support.

The second statute that the staff refers to incorporates the QAP, and the QAP has elaborate requirements, and the staff, in the QAP, has taken the position that the representative must give an expression of his personal support.

Now having said that, that's why I said this is a case of statutory construction. My view of statutory construction is really pretty simple. If I am given a case to look at and my client wants the statute to mean something other than what is on its face, there's a problem. And that problem usually is resolved by engaging in the statutory construction argument.

And there are well established rules in the courts how a statute that is ambiguous or unclear -- how it's supposed to be construed.

MR. OXER: Sixty seconds, please.

MR. AINSA: Pardon me?

MR. OXER: Sixty seconds, please.

MR. AINSA: Now, we cannot get into -- I cannot get into the level of debating the rules of statutory construction, but what I can tell you is this. The
statute that Representative Smithy used is very clear. His letter was very clear. It complied with that statute that only required him to demonstrate the level of community support. He was not required to go to the QAP.

Now, if you are concerned about outcomes -- and I believe this Board has always been concerned about outcomes and whether they're fair and whether they are not just arbitrary or require elaborate explanations or interpretations to get there -- you would see that Representative Smithy did exactly what the first statute required him to do, and he should not be penalized for that. And more important, the applicant shouldn't be penalized for that.

And that's what you have here today. You have statutory construction being used to defeat an application and -- even though the statute under which he traveled was absolutely clear, and if you read my letter, you'll see that.

And the final remark I want to make is I asked Representative Smithy if he had any comments to make about this particular appeal, and he submitted a letter. And I don't know if you have it in front of you.

MR. OXER: We'll have it.

MR. AINSA: Representative Smithy gave -- it wasn't through any prompting on my part -- he gave a very,
very good explanation of why he wrote his particular letter under the statute that he used. And he felt and expressed it very clearly that he has no discretion as a state representative to express his personal support and really that the QAP cannot force him to do that. And you ought to take that into consideration.

You've got a situation here where a state representative writes a letter that complies with one of the two statutes, and the staff is saying, Not good enough. You got to comply with the QAP when there's no QAP mentioned.

I submit to you that that is improper. It's not fair to the applicant. It's certainly not fair to the state representative, and you ought to grant the appeal and award the residents in Amarillo the eight points that it was denied.

MR. OXER: Great. Thanks for your comment. Is there any --

MR. AINSA: Thank you.

MR. OXER: -- questions from the Board?

(No response.)

MR. OXER: Okay. Mike, you have a letter to read in.

MR. LYTTLE: It is directed to -- to the Board, all the Board members from Representative Smithy.
"I strongly disagree with the conclusion reached by TDHCA staff and the Board on March 31, 2016, regarding my letter of February 15, 2016, as well as my letter of March 1, 2016 which were submitted in strict compliance with Texas Government Code Section 2306.6710(b)(1)(J) as a written statement affirming community support for a project such as that submitted by the residents in Coulter.

"I understand that my letter of February 15, 2016 was not considered to be a letter of support and that my letter of March 1, 2016 was considered to be a change, as opposed to a clarification, and therefore was also not considered to be a letter of support. As a result of your decision, the residents at Coulter was denied eight points and, as it stands, will not receive an award.

"I also understand that the developer of the Residence at Coulter appealed the scoring decision to the Executive Director, Mr. Tim Irvine, and that he denied the appeal. I've been given a copy of this letter of July 19, 2016 in which he set the reasons for the denial.

"Finally, I also understand that the developer has appealed Mr. Irvine's decision to you and requested that eight points be reinstated to the application submitted by the Residence at Coulter.

"I take Article 2 of the Texas Constitution
along with my oath to uphold the Constitution very seriously and hope that the Board does as well. As a member of the House of Representatives, I have no powers or duties other than what I am delegated by the Constitution or by laws duly enacted thereunder.

"No state agency, including TDHCA, has constitutional or statutory authority to delegate any additional power or duty to me. By statute I am delegated the power and duty only to provide a written statement indicating the level of community support for an application filed with your Department. That is exactly what I did in this case.

"I strictly and literally complied with my duty and power under the statute. I have no constitutional nor legislative authority to express my personal preference or whim for what official action this executive agency or its governing board might take.

"To express such personal preference would exceed my authority. For you to ask or require me to do so as a condition to taking some official action would, in my opinion, exceed and violate your authority.

"Moreover, the QAP does not require that a state representative's letter express his or her personal support. It only requires that the state representative's letter 'clearly states support for or opposition to the
specific development.'

"The QAP states the following, To qualify under this paragraph, letters must be on the state representative's letterhead, be signed by the state representative, identify the specific development and clearly state support for or opposition to the specific development.

"My February 15, 2016. letter meets all of these requirements and expressly states my perception of the level of community support for the Residence at Coulter. To the extent that the Board has adopted rules that exceed this requirements, it has, in my opinion, exceeded its statutory authority.

"My letters to the Board express exactly what the statute required and met the technical requirements of the QAP. The so-called requirement that my letter had to express my personal preference or support is nonexistent.

"Moreover, neither this Department, its staff, nor its board has legitimate authority to make up such a requirement. Such a requirement would lend itself to unwanted consequences possibly including patronage, influence peddling, undue influence, and corruption on the part of both legislators and the board.

"We have seen this type of system in place in far too many other states. The result is never good.
This is certainly not what we want from any agency serving the people of Texas. Most importantly, it is not the kind of system envisioned by the statute.

"Under Article 2, as a member of the legislative branch, I have no authority to force or coerce TDHCA to comply with the law. That is up to the judicial branch. I am simply informing the Department that, in my view, a state representative's refusal to deviate from strict and literal compliance with the statute should not be used to penalize this project or any other project now or in the future.

"I will be happy to discuss this matter with any of you. Very truly yours, John Smithy, State Representative."

MR. OXER: Okay, thanks, Michael.

Is there any other comment?

MS. BAST: Good morning, Board.

MR. OXER: Ms. Bast, how nice to see you.

MS. BAST: I am Cynthia Bast of Locke Lord. We represent Application 16370, The Villas, which is the application that would be poised to receive this award if the appeal is not granted, so obviously we are requesting that you uphold your staff's recommendation.

I did speak to you on March 31, so I did feel compelled to speak again. Mr. Ainsa does frame the
question correctly. This is a statutory construction issue, and we have a strong body of law on this point. I have a small stack of it here.

And that body of law has been very well articulated by your staff. My favorite summary of this law comes from an Attorney General opinion, from now Governor Abbott, 0208 that says, "We must always consider the statute as a whole rather than its isolated provisions. We should not give one provision a meaning out of harmony or inconsistent with other provisions, although it might be susceptible to such a construction standing alone."

So we have in subchapter DD of the Government Code a body of law in multiple parts. We have a body of law that authorizes you as a Board and the staff working with you to create a QAP. That's Section 67022, which is an overlay for this entire Tax Credit Program and for all of the provisions in subchapter DD that relate to the Tax Credit Program.

We have provisions that establish a scoring system and priorities. We have provisions that specifically say that in the case of letters from legislators, we give positive points for positive support and negative points for negative support.

So with this entire body of law available, the
Board harmonized these provisions. There are multiple provisions for community support, as has been noted, from organizations, neighborhood associations, cities, counties, legislators.

And so with those multiple provisions for community support, the Board has taken those and created a body of rules in the QAP for this program that establishes the parameters for each so that they don't conflate.

And then the law says that once those rules are established as you have done, they are presumed valid, and great deference is given to the Agency once these rules are established so long as the rules are in harmony with the statute's general objectives.

So I think that your path has been correct and clear and that statutory construction does allow us to say that with 6710 requiring a letter from a legislator that it is within your discretion in your rules to establish that that letter indicate the legislator's individual support. Thank you.

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

(No response.)

MR. OXER: Okay.

MR. AINSA: Mr. Oxer, can I respond for one minute?
MR. OXER: One minute, please.

MR. AINSA: Thank you. I will take only one minute. I just want to say to you in closing that Ms. Bast has made -- I think made my case. And that is that this is a case where, in order to arrive at the conclusion that staff has arrived at, you've got to engage in this very convoluted statutory interpretation to take a statute that says nothing about complying with a QAP and turn it into one that does.

Now, that's the heart of this case. You have always been interested in making sure that fair and equitable outcomes result from administrative actions, and that's what I am asking you to do today. Don't let that statutory construction issue divert you from the fact that the statute in question does not require compliance with the QAP.

MR. OXER: Thanks, Frank.

MR. AINSA: Thank you.

MR. OXER: Any other comments here? Are you -- you're basically together? Everybody good there?

MR. IRVINE: May I?

MR. OXER: Yes, sir.

MR. IRVINE: I think that --

MR. OXER: Well, come on, Sharon.

MR. IRVINE: -- in terms of statutory
construction, we've talked about 6710(b)(1)(J) and we've talked about 6720 and various things. But to me the most germane provision in the statute is 6710(f). And it says unambiguously that when you are looking at how you score this particular item, you award positive points for positive statements, negative points for negative statements and zero points for neutral statements.

So I believe that it becomes a factual determination how do you characterize the February 15 letter. If it is positive, it gets positive points. If it's neutral, it gets zero points. The additional letter can only be considered by way of clarification if it does not change the way that the letter is characterized.

MR. OXER: All right. Comments are there. This is unrelated to this item, but it's a procedural question I have. And I'm going to do something everybody going to be really disgruntled with here in a second.

So in the event that this appeal is supported by the Board, that means that the list, as shown in our board book and in the agenda, remains consistent. So we -- if we appeal this -- if we overturn this staff recommendation on the appeal, then it would change that.

MS. GAMBLE: That's correct.

MR. OXER: Okay. This is an important issue to make sure that we're clear on. And I know everybody is
sitting there and waiting for us to say, Here's your list.

We also have a need for an executive session. I'd like to have input from counsel on this.

We're going to take a brief recess, brief meaning, we hope, about 30 minutes to get some input from counsel. So everybody just sit still, let me get through this. You know this has got to go on the record. You got to be quiet.

Governing Board of the Texas Department of Housing and Community Affairs will go into closed or 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; pursuant to Texas Government Code 551.071, to seek and receive legal advice of its attorney; pursuant to Texas Government Code 551.072 to deliberate the possible purchase, sale, exchange, release of real estate; and/or pursuant to Texas Government Code 2306.039 parentheses, closed parentheses, to discuss issues related to fraud, waste or abuse of the Department's internal auditor, fraud prevention coordinator, or ethics advisor.

The closed session will be held in the Andy Room of this building, the John H. Reagan Building Number 140, and the date is July 28, 2016. The time is 10:33. And I know everybody's waiting for this. Give us 45
minutes. We'll be back in our seats at 11:15.

(Whereupon, at 10:33 p.m., the Board met in executive session.)

MR. OXER: All right. Board's now reconvened in open session at 11:24. During Executive Session the Board did not adopt any policy, position, resolution, rule, regulation, or take any formal action or vote on any item. So we're back.

All right. There was a motion by Ms. Bingham, a second by Mr. Gann to approve staff recommendation on Item 6(c) in the agenda. And public comment -- is there any other comment from those in the front?

(No response.)

MR. OXER: Okay. With respect to this item, we've had -- we received counsel. With respect to Item 6(c), motion by Ms. Bingham, second by Mr. Gann to approve staff recommendation. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none.

Okay, Marni, 6(f).

MS. HOLLOWAY: Marni Holloway, Director of Multifamily Finance. Item 6(f) is presentation and discussion Presentation, Discussion, and Possible Action
regarding Awards of Direct Loan funds from the 2016-17 Multifamily Direct Loan Notice of Funding Availability to 9 Percent Housing Tax Credit Layered Applications.

You'll recall back in November of 2015, you approved issuance of NOFA for up to $23,109,096. To date $4,857,698 has been awarded to five applications under the NOFA.

The recommended applications and award amounts are outlined in the attached log, and the underwriting summaries are included in your board book. EARAC has reviewed the applicant's previous participation history in the course of reviewing the 9 percent applications, along with the underwriting reports, and recommends approval with conditions.

It is important to note that these recommendations are dependent on the outcome of the associated 9 percent applications. One application, Merritt Heritage, 16185, was submitted as a CHDO application. The CHDO is still under review. If it meets all requirements, that award would come from the CHDO set-aside rather than the general pool.

Your Board action request has a typo in the first resolved section. There is a period in the recommended amount where there should be a comma. That amount should read $7,321,436.
Staff is recommending eight awards of multifamily direct loan funds totaling $7,321,436 from the general set-aside as described in the Board action request. Staff is further recommending that seven applications be maintained on the waiting list pending the outcome of those 9 percent housing tax credit applications.

MR. OXER: Any questions from Marni?

(No response.)

MR. OXER: So what we're saying is this is the precedent -- or predicate -- precedent to set for -- or the precursor I guess is the right term -- for the applications that come afterward.

MS. HOLLOWAY: Right. For the 9 percent list. These are --

MR. OXER: The 9 percent.

MS. HOLLOWAY: -- only applications that are layered with a 9 percent awards; these awards are dependent on the 9 percent allocations.

MR. OXER: So unless the 9 percent allocations -- we vote on this list here coming up -- unless they're approved as they are, these don't apply?

MS. HOLLOWAY: Exactly.

MR. OXER: Okay. Any questions for Marni?

(No response.)
MR. OXER: Okay. Motion to consider?

MS. BINGHAM ESCAREÑO: I'll move.


MR. GANN: Second.

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

(No response.)

MR. OXER: There appears to be none. Regarding Item 6(f), motion by Ms. Bingham, second by Mr. Gann to approve staff recommendation on Item 6(f). Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. So we gave them a running start, huh?

MS. HOLLOWAY: That's right.

MR. OXER: Okay.

MS. HOLLOWAY: Thank you.

MR. OXER: Okay. Last act in the center ring.

MS. GAMBLE: The big enchilada. Sharon Gamble, administrator for the Competitive Housing Tax Credit Program. Item 6(g) is the Presentation, Discussion, and Possible Action regarding Awards from the 2016 State
Competitive Housing Credit Ceiling and Approval of the Waiting List for the 2016 Competitive Housing Tax Credit Application Round.

Way back on January 8, 2016, we received 366 eligible preapplications. We received 141 full applications requesting more than $143 million. There are currently 127 applications eligible for consideration which are collectively requesting credits totaling more than $125 million.

The applications being recommended for award are reflected in Report 1, the list that says Recommended Awards Log. These are all the recommended applications from the At-Risk USDA and nonprofit set-aside and the rural and urban subregions.

This report includes one application, Number 16099, SEA RAD Oaks in the at-risk set-aside which is still being reviewed for previous participation, and our recommendation for that application is conditioned upon completion of that review.

With the final completion of underwriting reports, there may be small adjustments to the credit amounts. All final underwriting decisions or other matters subject to appeal such as EARAC or underwriting conditions will be resolved timely.

The removal of Item 5 from consideration at
this hearing necessitates some change to Reports 1 and 2. As a result of that action, 16057, Silverleaf at Mason, in Region 12 rural and 16274, Rockview Manor, in Region 13 rural go from "not recommended," as indicated on those reports to recommended, conditioned expressly upon the resolution of pending market study issues, particularly the opportunity for the market analysis to address any discrepancies within the rules.

To this end, on 16274, Tim Irvine has withdrawn his appeal letter and remanded this matter to staff for further consideration which -- and these -- this may include a right to appeal. These issues will be resolved at or by the August 12 meeting.

With that change, 16234, Stonebridge of Lamesa in Rural Region 12 and 16045, South Homestead Palms in Rural Region 13 will be place on the waiting list.

So all of the applicable -- excuse me -- eligible applications are reflected in Report 2. These are all of the active applications from the at-risk USDA and nonprofit set-asides and the rural and urban regional allocations. This is a complete list of all applications recommended for an award and the waiting list of all active applications not recommended for an award.

Those recommended for awards are reflected in the recommended awards column of this report. Should
anything befall an application that is recommended today, we would award the next application in the most underserved region. As I stated earlier 16234, Stonebridge of Lamesa, and 16045, South Homestead Palms, will be placed on the waiting list.

Report 3 is a summary of the award results, which includes funding amounts for the rural and urban regional allocations and for the USDA at-risk and nonprofit set-asides. It also shows the rural and statewide collapse as well as the amount of funds that remain after all awards are made.

Report 4 is a summary of conditions recommended by EARAC to be placed on certain awards as a result of previous participation reviews. Not all applications have conditions. This report includes all applications that do have conditions.

Report 5 includes the Real Estate Analysis Division application summaries. These are a handy two-pager that gives the gist of the full underwriting report.

And Report 6 includes information regarding public input received for each active application. Where possible, all of the comment received for an application is included. In some instances, representations of the kind of comment received is provided along with the number of individuals that commented, and we did that in
instances where the comment was voluminous.

And one rather large omission from this report is on application -- is 185 letters of supports that were received by the deadline for Application Number 16343, Calallen Apartments. It is on the recommended list. It's located in Corpus Christi in Region 10 urban.

This is a ton of information. Our dedicated review staff has worked tirelessly to complete the reviews and to gather information so that we can put it into a nifty nice format to present to you today.

Ben Shepard, Elizabeth Henderson, Liz Cline-Rew, Nicole Fisher, and Shannon Roth, the fab five, are the hardest working, most dedicated people I know. Jason Burr does an awesome job of keeping our data straight and otherwise making us look good. Even staff who work in other programs, Andrew Sinnott, Carolyn Kelly, and Cris Simpkins, have been there to assist.

Teresa Morales and Marni Holloway provided us the leadership and vision we need to get all this stuff done. And this is not just an undertaking of the Multifamily Finance Division. The Compliance Division has been indispensable to this process.

Chief Murphy and Jo Taylor have done an amazing job of directing the previous participation process. The underwriters and the Real Estate Analysis Division have
worked tirelessly to help us see the other side of the deals.

Brent Stewart answered so many questions for me in the last few months that he thought I had joined his staff.

(General laughter.)

MR. OXER: Or he had joined yours.

(General laughter.)

MS. GAMBLE: And then of course there's Tom Gouris. What can we say about Tom that has not already been whispered behind his back.

(General laughter.)

MS. GAMBLE: Tom is the big vegetarian on the playground. He's our leader, and he takes that responsibility very seriously, and I truly, truly appreciate him. We don't always agree, but I'm sure that after this, we'll sit down and have a nice meal and laugh about everything. He'll have the eggplant; I'll have the shawarma.

MR. OXER: And he'll talk about tractors.

MS. GAMBLE: And I can't leave out our legal team, so ably led by Beau Eccles. Beau is a godsend. He's a lawyer for the people who don't understand lawyers. If you can't get Beau to see it, then it's not there and you need to do more work on it.
And last but certainly not least, our Executive Director Tim Irvine and this Board: You've put the signposts out that are on the road for us, and you got us to meet the Department's mission. You hold us accountable, and you make sure that we do what we're supposed to be doing.

I'm proud today to say that with this action, we -- and I do mean we -- are going to put over 5,000 more affordable units of housing on the ground for working Texans. And if you can't be happy about that, then there's something wrong with you.

With that, staff recommends approval of the recommended awards and the waiting list for the 2016 Competitive Housing Tax Credit Application Round.

MR. OXER: Good. Thanks, Sharon. Any questions from the Board?

MR. ECCLES: Subject to the conditions.

MS. GAMBLE: Subject to the conditions.

MR. OXER: Subject to conditions identified, and these conditions have been made known to all applicants --

MS. GAMBLE: That is correct.

MR. OXER: Okay.

MS. GAMBLE: That is correct.

MR. OXER: You know, unless I missed my guess
here, it sounded almost like you were having a good time
doing this.

    MS. GAMBLE: Yeah.

    MR. OXER: Okay. I mean there's no question
this is the largest program we have in the Agency, and
we're happy to see something like this come around, as
complex as it seems like it is at some times. You know,
we're happy to see that this -- we can get these resources
to work for the state of Texas.

    MS. BINGHAM ESCAREÑO: Mr. Chair?

    MR. OXER: Yes, Ms. Bingham.

    MS. BINGHAM ESCAREÑO: I'd be proud to move on
behalf of the entire wonderful team that Shay just went
over -- I'd like to make a motion regarding the awards for
the 2016 State Housing Tax Credit Ceiling and the approval
of the waiting list with the additional recommendations
and conditions that Sharon went over for the 2016 Housing
Tax Credit Application Round.

    MR. OXER: As a rare execution of opportunity,
I will second the motion.

    Is there any other questions from the Board?

    (No response.)

    MR. OXER: Is there any public comment that's
requested? We have some listed. Michael, you got one to
read in? All right.
MR. LYTTLE: Michael Lyttle, Chief of External Affairs, the only senior staff member not thanked by Ms. Gamble.

(General laughter.)

MR. LYTTLE: I'd point that out for the record. I apparently have been doing nothing the last six months.

"Dear Chairman Oxer and members of the Board, I write today in regard to the Housing Tax Credit application projects located in Corpus Christi. Constituents and community leaders have continued to contact my office specifically regarding three proposed projects in House district 34: the Calallen Apartments, the Avanti at Calallen, and the Marbella Providence Projects.

"Most recently constituents have contacted my office to express their strong support for the Avanti at Calallen and Marbella Provident Projects. The need for high quality senior housing in our community is evident. I am a strong supporter of high quality affordable housing, and either of these projects would go a long way toward helping fill the need for senior housing in Corpus Christi.

"Furthermore, as presented in the Board of the June 30 meeting, I would like to reiterate my comments regarding the Calallen Apartments project. Constituents
and community leaders have continued to contact my office expressing their concerns with this project.

"I urge the Board to strongly consider neighborhood residents' concerns when making a final decision on tax credit awards. It is imperative that all input, especially community input, be given fair consideration throughout the process.

"I thank the Board and TDHCA staff for taking time to review the comments submitted by neighborhood residents, community leaders, and my office. Your attention to these comments ensures that community leaders and the public have every opportunity to provide meaningful input.

"Once again, I hope that the neighborhood residents' concerns and comments will be weighed heavily and that all of these comments will be thoughtfully considered before tax credits are awarded.

"Sincerely, Abel Herrero, State Representative, House District 34."

MR. OXER: Great. Thanks. Okay, we seem to have a few more. So we'll begin here in the first chair. Sign in, tell us who you are. Three minutes, please.

MR. CARPENTER: Hello, I'm Matt Carpenter. I'm the president of Fall Creek HOA and speaking in opposition of Application 16118, The Standard on the Creek.
I don't know anything about this business. I know about rules because I'm a civil engineer, but I don't know anything about --

MR. OXER: Good on you, sport. Good on you.

MR. CARPENTER: I don't know anything about all these rules. And when I found out about this application, I started trying to understand what was going on. Eighty of us showed to a public hearing in the City of Houston with TDHCA staff, and they told us we needed to look at the rules.

We met with Representative Herald Dutton, 200 of us in our community, to talk about the project, and he said unfortunately, he couldn't withdraw his support because of the rules. Our HOA Board met with Harris County Commissioner Jack Cagle, and he said, Unfortunately I can't withdraw my support because of the rules.

Thirty of us came up here to speak to you all to be heard, and we were limited to a certain period of time because of the rules. So I finally started looking at the rules; did an open records request in accordance with the rules, and we ended up getting some documents. One of those documents stood out in my mind.

That document was from staff all the way up through General Counsel Beau Eccles, recommending termination of that application. And in accordance with
the rules, it says that the applicant shouldn't even be
deemed submitting an application if they don't pay their
fees in time.

So I don't know why I've come to Austin so many
times to know about an application that, according to the
rules, shouldn't exist. And then when the Board decided
to talk about this or a representative came in, y'all
elected to go into executive session to seek legal
counsel, and I understand that, but that's not
transparent.

We have no idea how you deliberated and what
information y'all used to ascertain that it's okay for
some people to not follow the rules and other people to
follow the rules. So that's my opposition.

MR. OXER: I appreciate your comments, Mr.
Carpenter.

Cynthia?

MS. BAST: Cynthia of Locke Lord. Very briefly
with regard to Application 16098 for Parkdale Villas, we
represent that applicant, and your staff has suggested
that I just put this comment on the record.

We are still working with the staff on the
terms and conditions that are imposed on that particular
application as it relates to previous participation. The
situation is that this application is a partnership of A
and B, with B being a HUB. Well, it so happens that B has also partnered on some other developments with C, where B is the HUB and C controls the partnership.

Some of those properties where B and C are together have some issues. And therefore what's happening is these terms and conditions relate to more C correcting its issues. And as you can imagine, those can't be controlled by A and B. So if C fails to control its issues that are in these terms and conditions, it could impact A and B and impact A and B's ability to go forward and seek further applications.

And so part of the concern is that -- is the lack of their ability to address these conditions on their own, also the time frame of these conditions, because some of them appear to be perpetual. And so we have some concerns about that as it's presented in your board book today, but we'll be working with staff and hopefully won't have to come back with an appeal.

And we just wanted to let you know. Thank you.

MR. OXER: Okay. Thanks for your comment, Cynthia. Next.

MR. STEELE: Good morning, Chairman Oxer. My name is Stan W. Steele. I represent a group of people that live in a neighborhood that is opposed to TDHCA Number 16223 Application for Magnolia Gardens.
I find myself in an unenviable position opposing a group that I support but not where they're going to want to put this project.

According to the Office -- I'm like my friend here who started reading the rules -- and according to the Office of the Comptroller of the Currency, revised April 2014, federal law requires each HCA to have a qualified allocation plan that gives preference to projects that are located in qualified census tracts, tracts with a poverty rate of 25 percent, or tracts in which 50 percent of the households have incomes below 60 percent of the area median income and contribute to the community's revitalization plan. On page 77 of this application, they state they have a 2 percent poverty rate.

Further, HCA considers project readiness a primary consideration in evaluating tax credit applications. Applicant has no current source of water or sewage disposal, since the local MUD 146 bylaws prohibit multifamily housing.

Applicant's current plan is to drill a water well and build a wastewater facility on the site. For TDHCA considerations, the site conditions, there are no sidewalks. There's a one-way ingress and egress plan for this facility. We have an open gravel pit that's less than a third of a mile away from this location. And it
moves approximately 100,000, 200,000 yards of gravel a
year down this road.

The Kroger's is located 1.4 miles away, but I
noticed that we have -- there's no sidewalks in this --
and it would take 27 minutes, and you're going to have to
negotiate a very busy road.

The development experience for the women's
shelter is none. They've never built a apartment complex,
and they've never managed an apartment complex. They've
never drilled a water well, and they've never constructed
a water waste facility.

All of the above, in our opinion, constitute a
material change to the overall development plan or cost.
Lastly, I would point out that we became aware of this
around June 9, when she sent a letter out to the local
residents. In those two months we had -- we formed a
petition and over 2,000 local people have said no.

We've had one state representative that's
showed his support. There's no one else; the HOAs, MUDs,
no one is supporting this. So they don't have local
support. Thank you very much.

MR. OXER: Okay, I appreciate your comments,
Mr. Steele.

MR. D. LYTTLE: Hi, Dalton Lyttle and opposing
Magnolia Gardens 16223 as well. Some of the things that
Stan had mentioned just now are things of concern to all the residents in the area. I've lived in Fort Bend County my entire life, a recent homeowner in the nearby Long Meadow Farms neighborhood.

I understand the TDHCA primary passthrough funding agency that collects funds from federal as well as state programs to use in a combination of resources efficiently.

While I'm in favor of obviously helping neighbors and not opposed to what this facility's intentions are, I'm opposing where this facility is -- the location, the size, and the usage of this facility.

I believe the project is not used in an efficient use of funding. Because of the location, size, and usage, the plot of the land is very unique in that it is narrow as well as limited in building design. The applicant has already stated that they will only be using a maximum of six acres of the 20-acre lot, with each acre costing over $120,000 each. So they're only using six acres of these 20 acres.

There will be many additional costs such as sidewalks, roadways, other improvements, including a costly wastewater treatment plant. I've lived in the area, and I've witnessed on three separate occasions when the same road that this facility is going on -- Skinner --
has been under water, leaving others stranded and also the road is one way in and one way out.

The last flooding caused Skinner Road to be closed for over a week. Additional funds would be needed to be spent on draining as well as paying for expensive flood insurance in the area for this size of development.

We have other concerns that also support the proposed location of the project that do not make sense. Our schools are completely at capacity as far as the elementary school in our neighborhood, Long Meadow Farms, Adolphus Elementary.

Every close highway and freeway for the residents is a toll road, which will be an extra expense that most government-assisted residents would not be able to afford to get to work. Some residents also may not have a vehicle, and we do not have any kind of public transportation in the area.

Almost everyone in our community commutes to work. Most people commute at least 45 minutes to an hour. This is concerning because of the careers for people in the future. Apartment complexes in the area are not at capacity. There's three more apartment complexes coming up in the area within a two-mile radius, and those complexes nearby are still being built, whereas apartment complexes that are already existing are having to lower
their rent in the area, as well as they're not at capacity because of the current economy in Houston being related so much to oil and gas.

In addition to the meetings, I became more concerned about the transparency of this project, that it was not well researched, and poorly planned. We weren't provided any studies on transportation, local schools, security, or any kind of success ratios provided.

In the town hall meeting I also asked the question as to if this project was a phase 1, and the amount of units has changed multiple times, and they couldn't answer that question.

And I appreciate your time. I hope that you consider the facts I have mentioned and the physical responsibility of approving this project. I truly believe that this piece of land is not a smart investment for this facility, because it's going on a two-lane road that has flooded three times in the past two years. The limited usage of the layout of the land and plenty of other tracts of similar size that could be smaller more for the use that they need close by.

Thank you for your time.

MR. OXER: Thanks for your comments, Mr. Lyttle.

MS. ANDROWSKI: Hi, I'm Rachelle Androwski. I
am also here to oppose Magnolia Gardens 16223. I am a
resident and homeowner on Virginia Drive. I submitted
some documents to you guys; I don't know if y'all have
seen any of this. I had some photos. Have you seen any
of the public documents?

MS. HOLLOWAY: Marni Holloway. The information
is posted in the public comment section of your board
book.

MS. ANDROWSKI: Thank you.

MR. OXER: Okay.

MS. ANDROWSKI: So I had some photos. I gave
you a map for reference of where this is located, and I'm
also going to show you some of -- I'm a geologist, so when
I look at things, I talk about maps. And I look at
topography, and I look at things like flooding. And I
have seen some of that in my own land.

So one of the things I showed to you guys is a
picture of my flooded yard. This is six inches of
standing water going across an acre and a half, going
completely across my whole yard. And this is not due to
the Brazos River flooding. This is due to just local
rain, and this happened on the Tax Day rain that we had.

Normally my yard is dry and full of grass, so I
did submit pictures for y'all to be able to reference
this. I also submitted on here three days later I still
had plenty of standing water. Now, if anybody goes back in the land right behind my house and starts to build anything, what's going to happen to my land? Are they going to completely inundate me?

The problem that I have with this is that at the very back of my property, that's where my mother lives. She has a -- my disabled mother lives with us in a mother-in-law apartment in the back of my property. And her place did take on water during this Tax Day flooding.

So you can imagine, even though we are outside the 500-year floodplain, I was a little bit concerned about what others things are going to -- any other future developments in this area and how it's going to impact my yard, how it's going to impact my house. My mother, how am I going to get her out? We had evacuate her out of her place.

Just down the street as we have mentioned, this is Skinner Road. The project is planned for this little plot of land right here. Right there in that circle, that has been under water, closed for a week. This is walking distance from the corner of the property where they're planning on building this apartment complex full of children.

It's not a good idea. There are snakes, alligators, snapping turtles, all kinds of great wildlife
right there in your backyard, which is why we like living where we live.

MR. OXER: Sounds like where I grew up in the Everglades.

MS. ANDROWSKI: Yeah, I'm -- hey, I'm from Florida, too. So this is a picture of what it looks like. Now, we do have a few little hills in Houston. It's not very, you know, as amazing as up here. But there is a little bit of a dip in the road going down towards where that area flooded. This is looking on Google Maps.

So the problem is that there's a blind spot, believe it or not, right where they're planning on putting their entrance to their facility. And again, if you're going to have a lot of kids on bikes and you're going to have some roads in this area, right now going down Bellfort, you have sidewalks up to the end of Long Meadow Farms.

Normally sidewalks are put in by developments. This is not being put in by development. You have to cross down across Virginia Road, which is where Plain Hill Ranchettes are, which is where most of our residents live. And their property's down here on the corner.

They're going to have to expand the road on Belfourt, cover up the culverts that are there, and then put in some kind of a sidewalk so that children can ride
bikes or their tenants could ride bikes and go up here to
Adolphus School, which is less than a quarter mile away.

The problem is developers normally put those
in. So that's going to be an additional cost, because the
county is not in the business of creating sidewalks. So
you won't have any foot traffic.

The other thing that was mentioned was that --
again, this is their project. Right here is the sand/
gravel pit, and this is where multiple trucks go by. I've
provided you guys with some photos that we took of the
multiple trucks driving right at the corner of Skinner and
Bellfort, large trucks coming and going.

This is in a ten-minute period four trucks went
by. Another ten-minute period, four more trucks go by.
Within 30 minutes, you have 16 trucks going by, so how is
that going to be good for people riding their bikes up and
down Bellfort?

If you have any other questions, I'm a
geologist, happy to talk to you about flooding. Thank
you.

MR. OXER: Thank you, Ms. Androwski. Any other
comments?

MR. COMBS: I'm going to repeat a little bit of
what they've said, but just bear with me, please. My name
is James Combs, and I own two properties on Virginia
directly abutting the land addressed by Application 16223. And I also oppose providing the tax credits to this project.

Quite simply, this project is a disaster in the making, especially financially, and you've heard otherwise potentially. Although the application is very professional and polished in appearance, it contains a lot of assumptions and predictions that just don't reflect reality, the consequences of which will increase the cost beyond those presented in the application as well as delay the project completion beyond the requirements for receipt of these tax credits.

The Women's Center has assumed that they can be annexed by the nearby MUD. This now appears not to be the case. There's an article in the Fort Bend Star that came out yesterday confirming this, where the -- they said homeowners association has denied them.

They're now going to have to drill a well and construct a sewage treatment plant on site. Neither of these is cheap, and both have lengthy permitting requirements. In fact, they may not get permitted at all. Drilling the well and putting sewage treatment plant for nothing but these apartments might not happen.

And also with the denial of the MUD services, what about fire water? They have no plans in their
application for a fire water tank either, so again, additional expense. Along with fire water comes a standby generator.

Also not addressed in the application is any outfall from their detention pond. They show a detention pond, but the pond needs to drain, but nothing is shown for it. They will likely have obtaining right-of-way acquisition to run their outfall to a public stream, and there's probably permitting requirements for the same.

The Women's Center hasn't considered any public outcry that is now only beginning, as you've heard. The application has support from a couple of government entities but none from actual people living in the area. The general public living in the immediate area found out about the project only a month ago but have already voiced strong opposition. You heard about the 2000-plus petition that's already started.

This opposition will continue and become more onerous to the Women's Center. Again, resolution of any concerns of this opposition will only result in more cost and more delay. Even if no change results from the opposition, you'll still have delay just trying to mitigate it.

Those are just about a few of the examples. And if only one of them comes to pass, which some of them
are now, it can seriously affect this project. The Women's Center has shown a complete lack of project experience. The director has admitted this to me personally as well as acknowledged it during the public meeting which they organized after becoming aware of the opposition.

We didn't find out about it from the Women's Center. It came elsewhere, and they called the meeting after that they knew we knew about it. They have never attempted such an operation. The director has said she is learning as she is going and not all of the answers are worked out.

One example is changing the number of units in the complex. They started with 84 units. In fact, the Fort Bend County Resolution, which you have a copy of -- it's in the application -- in support of this project was based upon 84 units. And that was told to myself as well as others by the commissioner that wrote it, and it was acknowledged by the Women's Center and the commissioner during the public meeting that they had.

However, now the application is for 104 units, 25 percent more. The original application showed a pool on the architectural plans. Upon questioning the need for approval, the director said none was to be provided. I don't understand that. And I believe there's an updated
application no longer showing the pool.

Just about all the questions regarding the
details whether it's physical construction or the
operation of the facility, the director has not provided
consistent or complete information. It's just a lack of
credibility, is what it's coming down to. These are just
a few of the wishy-washy responses that have been provided
by the Women's Center.

Again, I believe this project is a problem
waiting to happen. I encourage the TDHCA to provide tax
credits to a more-thought-out project, one that can
guarantee the public's money through the use of these tax
credits is not misused as I believe this project will.

Please do not allow the tax credits to be
approved for this project. Thank you.

MR. OXER: Thank you for your comments, Mr.
Jones -- Mr. Combs; I'm sorry for that. Are there others?

MR. RICHARDSON: Good morning. My name is
Chris Richardson, and I am also opposing Application
16223, Magnolia Gardens. I live in Long Meadow Farms.

And just to kind of back up what has been
stated already, the lack of safety for the sidewalks in
this location for the children and the tenants of this
facility, the lack of transparency that has been brought
forth, it's like pulling teeth to get information that is
conflicting back and forth between who's asking what and it just is ever-changing.

Like they said, that there will be no annexation from the HOA or the MUD group. Lack of knowledge on the school's zoning. We hear one from one group, one from the superintendent of the independent school district of Lamar. So we're not sure what's going on there.

The other stats that we have about the petitions as well. As of yesterday, we had 2,018 signatures opposing, and 90.34 percent of those signatures are from the community within the 77406, 77407 zip codes, whereas the opposition has 602, and only 10.58 percent are from those zip codes stated.

And that's all I wanted to give the information for.

MR. OXER: Okay.

MR. RICHARDSON: Thank you.

MS. FRANKLIN: Good morning.

MR. OXER: Good morning. And may I -- Mr. Richardson, I want to make sure that you signed in.

MR. RICHARDSON: Yes, I did.

MR. OXER: Okay, thank you.

MS. FRANKLIN: My name's Joelle Franklin. I'm a landowner in the area since 1975. We found out about
this actually through the online petition. This property is literally not appropriate for the design and development of this women's center endeavor. Although honorable, we find many challenging aspects of this, and we would ask that you would deny the point structure given to this property and give it to someone else.

They've not taken into consideration the safety of the individuals that they are going to ask to live there. They're bringing them from an urban development area into a rural area and not understanding any of the issues of the country, whether it be wildlife, down time with your power, which we've had four outages since January 1.

If you're running a septic and/or water well and it's going to be used for commercial use, you are obligated to ensure good water once that well comes back up -- that system comes back. You also are going to have to have generation power, which is going to require some form of fuel tank.

This application on the second page has several iterations here; the what-if, if you look at it, says if they find that there's things that need to be changed in reference to the utilities and to the drainage, that they would have to go in -- both engineering and the applicants says that they would have to go in and resubmit. And to
me this is a waste of time for this committee and the point structure.

   It might be viable in 2017 or maybe even 2018 based on this plot. They've not done their due diligence, their feasibility on the tract. And we just -- we feel that there's going to be a major train wreck. The dollars that are represented on this application are far from what it's going to actually cost the taxpayers, and it will not give the individuals that they are so interested in serving the true needs and -- that they're wanting to be successful at.

   I appreciate the time. Thank you very much.

MR. OXER: Thank you, Ms. Franklin.

Is there any other comment?

MS. ROEBER: Hi, Terri Roeber, Texas Department of Housing. I have three people, Gregory Nimick, a Rochelle Richardson, and Hader Zaydi [phonetic], who do oppose 16223.

MR. OXER: Okay. Opposition noted. Is there any other comments?

(No response.)

MR. OXER: Any other questions from the Board? I know you're waiting on bated breath here.

(No response.)

MR. OXER: All right. There's been a motion
with respect to Item 6(g) the Housing Tax Credit Awards Listing for 2016. There's been a motion by Ms. Bingham, second by the Chair to approve staff recommendation as modified and entered into the record by Ms. Gamble.

Is that a clear representation of the motion, Ms. Bingham?

MS. BINGHAM ESCAREÑO: Yes.

MR. OXER: Okay. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. Congratulations, folks. There's your list.

(Applause.)

MR. OXER: Okay. We have reached the point in the public comment in the agenda where we'll receive public comment for items other than for which were posted agenda items.

Please be quiet. If you're going to -- if you're going to speak, go outside. We're continuing this hearing. We have to have our transcript also. Those of you who wish may leave, but to the extent that those of you are here who wish to add comment for the public for the next hearing or for the next agenda, we'll receive your comments now.
Anyone else in the audience?

(No response.)

MR. OXER: Any of the staff?

(No response.)

MR. OXER: Then let be known that we really appreciate what the staff does. you can't imagine how much we appreciate what the staff here that show up and make the presentations on these items and everybody there at 221 East Eleventh Street.

And we know how hard you work, and we really appreciate that because it makes it -- although it seems difficult for us, a lot of the time, it's a whole lot easier than it would be because of the work that the staff puts in. So we appreciate that.

(Applause.)

MR. OXER: Okay. Any other comments from the Board? Mr. ED, did you have a thought?

MR. IRVINE: Yeah. I had actually two comments. One relates to the folks that are leaving the room that had concerns over a particular development. You know, this is just the start of the road, and it's a long hard road. It's a road with a lot of very specific requirements along the way.

And, you know, this is perhaps an object lesson to anybody that really wants to get after the business of

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developing great affordable housing. Make sure you got a good strong team and a good strong plan because those road blocks are --

MR. OXER: Significant.

MR. IRVINE: They're tough. They're tough.

And at the end of the day though, we're confident that once a project has completed development and placed in service, it's going to be a credit to its community.

I would also really like to make a shout out for our REA team. They really did an amazing job. This is -- I know that there are two issues that are still to be resolved through the appellate process or other process, but they plowed through all of these deals. They had so much very hands-on interaction with so many people. They're incredibly knowledgeable. They are really professional, and kudos to them.

So that's all I got.

(Applause.)

MR. OXER: Any last comments from the Board?

(No response.)

MR. OXER: Okay. Being the Chairman, I get the last word. It's a good thing we do here, people, and this is one of those things. We have 5,000 places for people to live, which could be as much as 18- to 20,000 people have homes now for what we've done, so thank you for all
of that.

We remain on summer casual for the August 25 meeting, which is going to be four weeks from today. I'll entertain a motion to adjourn.

MR. CHISUM: So moved.

MR. OXER: Motion by Mr. Chisum to adjourn, and I hear a second by Mr. Gann.

MR. GANN: I do.

MR. OXER: Those in favor?

(A chorus of ayes.)

MR. OXER: See you in four weeks everybody.

Congratulations to the winners.

(Whereupon, at 12:58 p.m., the board meeting was adjourned.)
CERTIFICATE

MEETING OF:     TDHCA Board Audit Committee
LOCATION:      Austin, Texas
DATE:      July 28, 2016

I do hereby certify that the foregoing pages, numbers 1 through 113, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Teacher Retirement System of Texas.

8/3/2016
(Transcriber) (Date)

On the Record Reporting
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