TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

BOARD OF DIRECTORS MEETING

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

September 8, 2016
9:00 a.m.

MEMBERS:
J. PAUL OXER, Chair
JUAN MUÑOZ, Vice-Chair
LESLIE BINGHAM ESCAREÑO, Member (Absent)
T. TOLBERT CHISUM, Member
TOM H. GANN, Member
J.B. GOODWIN, Member
TIMOTHY K. IRVINE, Executive Director
## AGENDA ITEM 1:  APPROVAL OF THE FOLLOWING ITEMS PRESENTED IN THE BOARD MATERIALS:

### EXECUTIVE

a) Board Meeting Minutes summaries for the meetings of July 14, 2016, and July 28, 2016

### TEXAS HOMEOWNERSHIP PROGRAM

b) Presentation, Discussion, and Possible Action on the Single Family Mortgage Loan and Mortgage Credit Certificate ("MCC") Programs Participating Lender Lists

### MULTIFAMILY FINANCE

c) Presentation, Discussion, and Possible Action on Determination Notice for Housing Tax Credits with another Issuer

   - 16418 Pathways at Georgian Manor Austin
   - 16419 Pathways at Manchaca Village Austin
   - 16420 Pathways at North Loop Austin
   - 16421 Pathways at Northgate Austin
   - 16422 Pathways at Shadowbend Ridge Austin
   - 16423 Plano Artist's Lofts Plano

d) Presentation, Discussion, and Possible Action on Inducement Resolution No. 17-001 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2016 Waiting List for Arborstone Apartments

e) Presentation, Discussion, and Possible Action on Inducement Resolution No. 17-002 for Multifamily Housing Revenue Bonds Regarding Authorization for Filing Applications for Private Activity Bond Authority on the 2016 Waiting List for Sunrise Orchard Apts

f) Presentation, Discussion, and
Possible Action on Reinstatement of Determination Notice for Housing Tax Credits with another Issuer
15416 Woodland Christian Towers Houston

811 PROGRAM

g) Presentation, Discussion, and Possible Action on Program Guidelines for Existing Developments participating in the Section 811 Project Rental Assistance Program

ASSET MANAGEMENT

h) Presentation, Discussion and Possible Action regarding Material Amendment to the Housing Tax Credit Land Use Restriction Agreement (LURA)
95039 Dayton Park Apartments Houston
99151 Treymore at Eastfield Dallas

COMMUNITY AFFAIRS

i) Presentation, Discussion, and Possible Action on Reallocation of Unexpended 2015 Comprehensive Energy Assistance Program ("CEAP") funds

CONSENT AGENDA REPORT ITEMS

ITEM 2: THE BOARD ACCEPTS THE FOLLOWING REPORTS:

a) TDHCA Outreach Activities, August 2016

b) Report Regarding a Request for Proposal ("RFP") for a Master Servicer for the Department's Single Family Mortgage Purchase Program, including the Texas First Time Homebuyer Program, the My First Texas Home Program, and other homebuyer programs implemented by the Department

ACTION ITEMS

ITEM 3: REPORTS

Report, Discussion, and Possible Action on the Underwriting Analysis and Recommendations for Application #16057, Silverleaf at Mason, Mason

ITEM 4: BOND FINANCE

a) Presentation, Discussion, and Possible Action on Resolution No. 17-003 Approving a Servicing Agreement, Escrow Agreement, Amended Program Guidelines, Master Mortgage Origination Agreement, Master Loan
Participation Agreement and Amendment to Master Trade Confirmation in Connection with the Department's Single Family Mortgage Purchase Program; Authorizing the Execution of Documents and Instruments Relating to the Foregoing, Making Certain Findings and Determinations in Connection Therewith, and Containing Other Provisions Relating to the Subject

b) Presentation, Discussion, and Possible Action on Resolution No. 17-004 Approving an Advances Agreement and Escrow Agreement; Authorizing the Execution of Documents and Instruments Relating Thereto; Making Certain Findings and Determinations in Connection Therewith; and Containing Other Provisions Relating to the Subject

c) Presentation, Discussion, and Possible Action on Resolution No. 17-005 Authorizing the Issuance and Delivery of Texas Department of Housing and Community Affairs Series 2016 Issuer Note; Approving the Form and Substance of Related Documents; Authorizing the Execution of Documents and Instruments Necessary or Convenient to Carry Out the Purposes of this Resolution; and Containing Other Provisions Relating to the Subject

ITEM 5: RULES

a) Presentation, Discussion, and Possible Action on proposed repeals of 10 TAC Chapter 10 Subchapter A, concerning General Information and Definitions, Subchapter B, concerning Site and Development Requirements and Restrictions, Subchapter C, concerning Application Submission Requirements, Ineligibility Criteria, Board Decisions and Waiver of Rules for Applications, and Subchapter G, concerning Fee Schedule, Appeals and Other Provisions, and a proposed new 10 TAC Chapter 10 Subchapter A, concerning General Information and

b) Presentation, Discussion, and Possible Action on the proposed repeal of 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and a proposed new 10 TAC Chapter 11 concerning the Housing Tax Credit Program Qualified Allocation Plan, and directing its publication for public comment in the Texas Register 88

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ON THE RECORD REPORTING
(512) 450-0342
MR. OXER: Okay. All right. Good morning everybody. I would like to welcome you to the September 8th meeting of the Texas Department of Housing and Community Affairs Governing Board. We, of course, begin with roll call. Ms. Bingham is not with us today.

Mr. Chisum?

MR. CHISUM: Present.

MR. OXER: Mr. Gann.

MR. GANN: Present.

MR. OXER: I understand Mr. Goodwin is on the way. We will record him when he arrives. Dr. Muñoz?

DR. MUÑOZ: Present.

MR. OXER: And I am here. That gives us a quorum to start. So we are in business.

Tim, lead us in the pledges.

(Whereupon, the Pledge of Allegiance was recited.)

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

MR. OXER: Okay. Let's see. Bobby. Bobby is here today from the Governor's Office. Thanks for coming. Always appreciate the interest. Anybody else from our -- I don't see any more guests out there. I can't -- that is okay.
MR. IRVINE: There's a roomful of luminaries.

MR. OXER: A roomful. That is right. That is who we are here to serve. All right. We'd like to pass on our regards to Captain Tweety, who is in the hospital recovering from being stabbed in the heart. Actually, he had a -- we proved he has one.

He had a cardiac ablation, which is one of those things you need to deal with, right atrial fibrillation. So our best goes out to Michael. Anything else to recognize here, before we get started?

(No response.)

MR. OXER: Okay. All right. Let's get to work. On the consent agenda, Marni.

MS. HOLLOWAY: Good morning, Chairman Oxer, members of the Board. Marni Holloway, Director of the Multifamily Finance Division.

We are pulling Item 1(c) entirely from the consent agenda today. We plan to bring these applications back to you at a future meeting.

MR. OXER: Okay. So all of C is --

MS. HOLLOWAY: All of 1(c).

MR. OXER: Okay. All right. Any member of the Board wish to pull any item on the consent agenda?

(No response.)

MR. OXER: I hear none. Do I have a motion to
consider?

DR. MUÑOZ: So moved.

MR. OXER: Okay. Motion by Dr. Muñoz. Turn your microphone on. Do I hear a second?

MR. GANN: Second.

MR. OXER: Second from Mr. Gann. No requests for public comment. Motion by Dr. Muñoz, second by Mr. Gann to approve the consent agenda. Those in favor?

(A chorus of ayes.)

MR. OXER: It is unanimous. All right. We have an unusual circumstance today, because of some legal developments that many of you may be aware of. So immediately before the rest of the action items, we are going to take a break and go to an Executive Session.

Counselor, would you care to pass me the Executive Session script? Because we need some advice from our Counsel here, to give us some insight into how we will take up a couple of things.

This will give you time to get some coffee, so don't worry. All right. The 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 the legal advice of its attorney pursuant to the Texas Government Code 551.072, to deliberate the possible purchase, sale, exchange or lease of real estate, and or pursuant to Texas Government Code 2306.039(c) to discuss issues related to fraud, waste or abuse with the Department's Internal Auditor, fraud prevention coordinator, or ethics advisor.

This closed session will be held in the anteroom of this room, the John H. Reagan Building, number 140, which is right here. The date is September 8. The time is 9:06. All right. This is an unusual circumstance. We are going to be at least an hour, and perhaps as much as an hour and -- all right.

MR. IRVINE: Guessing closer to half an hour.

MR. OXER: Well, I will tell you what we will do. We will make this -- it is 9:06 now. We will be back in our chairs at 9:45, which gives us essentially 39 minutes. So be back here at a quarter to 10:00.

(Whereupon, the Board recessed into Executive Session at 9:06 a.m.)

MR. OXER: Okay. The Board is now reconvened in open session at 9:59. During Executive Session, the Board did not adopt any policy, position or resolution, rule or regulation, or take any formal action, or vote on
any item.

We heard counsel from our General Counsel. All right. We are at the beginning of the action agenda. So Brent or who ever is first here, on Item 3.

MR. STEWART: Good morning. Brent Stewart --

MR. OXER: Hold your fire, Monica. We will have you up here. Don't worry about it. You will get your shot. Go ahead Brent. Sorry.

MR. STEWART: Brent Stewart, real estate analysis. So this item is a report discussion and possible action on the underwriting analysis and recommendations for the Silverleaf at Mason transaction, which is application 16057.

Before we go into it, I will just get to the end and say, after our further review of the market, of working with the applicant and the market analyst, our recommendation is to produce an addendum to the underwriting report that recommends the tax credit allocation subject to some conditions that will be due at carryover, that relate to the equity partner and the lender doing some pretty in depth analysis and research independently of the market study. And basically providing us with additional comfort that they intend to move forward with financing the transaction based on their review of that market.
This is similar to some other types of conditions that we have done on some other transactions. When we get to a place where there seems to be some ancillary information, a host of information that kind of comes together that says, you know, let's basically give them a shot to go get it financed.

And that is kind of where we are at, here. As you recall, from last month, we brought this item to you and discussed it. This is a -- an applicant filed an application for tax credits, Silverleaf at Mason.

We published an underwriting report back on July 6, not recommending the transaction, because of the gross capture rate that we had calculated exceeded the 10 percent maximum rate. The market analysts felt that there was a gross capture rate that was much smaller and fell within the rule. The reason they differed again, was because of the different primary market areas that the market analyst was using, versus what we were using.

Our PMA was small. And then that created less demand, which then produced a higher capture rate. Part of the issue that came up through the process was, the rules contain a provision where the market analyst has to provide to us not in numerical kind of, or a quantitative look at the market, but also a qualitative look at the market.
One of the aspects of that market, of that property and tenant population, the other things that are going on in that market area that would lead you or a reader of that report to conclude that people would in fact find that property as an alternative place to live. One of the conclusions that we had about the market study was that while they had a couple of paragraphs in there regarding that, it wasn't sufficient enough to tell that story.

It wasn't sufficient enough to tell how they came to the conclusions that they came to. We discussed last month about some of the newer information that had come in prior to the last month's Board meeting was that they had done drive-time analysis and that that drive-time analysis extended into some census tracts in the neighboring counties. And that is why.

Because our rules requires that you use the definition of a primary market area, based on entire census tracts. And census tracts are very large. That produced a primary market area that looked extremely big, and didn't make a lot of sense in terms of the drive-times it set forth.

So the concerns were that the market area was too large. The capture rates got over the rule, when you reduced the size of the PMA. There were some other kind
of risky aspects to it, with respect to the break-evens that we talked about.

The break-even rents were kind of hovering around a $46 range. So there was kind of this confluence of other issues that occurred. So you will see as it relates to the market study and the provision, providing the qualitative kind of discussion about the market.

There are some -- there's real changes that you will see later on, that are attempting to kind of facilitate and address that. So the market analysts we went through, the drive-time analysis that they stated that they had used when coming up with their conclusions.

You know, we, at that point in time, we didn't have all the information. Particularly the population and census data. Because we are only a -- we only have the capability of looking at that data on a census tract level.

There's other methods out there to determine the data based on census plots and other kind of smaller geographic areas, which are required to be able to look at drive-time analysis. So they provided us information.

They provided us with a drive-time analysis. That basically, we ran through the numbers and confirmed that the math is right. We cannot confirm that the population data is right because we don't have access to
that type of data. So we got to a place when the capture rates.

We are comfortable with the drive item primary market area. We are comfortable that the math works on the drive-time area. We believe we are comfortable with the data that is inside the primary market area.

The drive-time analysis extends into the two additional counties, other than Mason. It does not include anywhere close to Brady. And it only extends a little bit out into the county, to the west, towards Menard -- but not including Menard.

The drive-time analysis does not extend into Kimball or Gillespie counties, where the market analyst had originally defined as secondary market area. So the math works. Keeping to within Mason County, plus those areas that extend into McCollough and North, not including Brady, but towards Brady.

Having said all that, you know, being able to get to a capture rate number, the capture rates are still --you know, the capture rate number is still just below ten. So there still is the confluence of concerns with respect to that other kinds of operational break-evens and some of the other data.

We have been provided with some updated information with respect to the financing of the
transaction. We are not able to use that information in our analysis. We did run the numbers on it, which improved the break-evens quite a bit.

They provided new equity terms that increased the credit pricing and then which allows then because of the additional equity, allows them to drive the debt down a little bit, which helps those break-evens. So you know, we still believe there's some risk here.

We are recommending approval of the transaction. We are recommending that we produce an underwriting report that approves the $500,000 annual allocation subject to receiving these written statements from the lender in equity, indicating they performed an independent market analysis.

And based on that analysis, they intend to move forward with processing their applications. Statements must include statement of due diligence that they have performed in general, including review of plans, or other typical due diligence item.

They must include a statement of their approval process and time lines, was well as their anticipated closing time line if approved. Market review must be independent of the applicant's market study. They cannot just review the applicant's market study.

They have got to do their own due diligence.
And they have to address capture rates, rental rate projections, you know, the standard types of feasibility due diligence that they need to do to get them selves comfortable with the finance-ability of the transaction.

And we do have a carryover, because that allows us to you know, get the credits back, and reallocate to another application if they can't deliver on that condition. That is kind of where staff is at. And happy to answer questions.

MR. OXER: Any questions from the Board?

MR. CHISUM: Don't we need a motion first?

MR. OXER: No. This is a report item.

MR. STEWART: That is right.

MR. OXER: So what you are doing is making a -- is there a possible, with possible action?

MR. IRVINE: I think if there's other comment, you could certainly hear the comment. And then if ultimately you decide you wish to form a motion, that is certainly an option.

MR. OXER: Right. But at this point, we don't require a motion to be able to hear public comment. And since I think the crew over here to your right there Brent, there's going to be some comment on it.

I will say that the whole point about the real estate analysis in your side of the house is to have some
regular give and take with the market analyst who are intended to be an independent arbiter of value or assessor of value on these.

And the whole point is to make sure that there's at least some independence. So irrespective of whether or not they come down on one side at the end, you have to have a conversation with them and they have got to essentially talk you into the position that they have acquired.

At least, make an argument good enough.

Essentially you are on the loan review committee for the bank, and they are coming to you with an argument why this should work.

MR. STEWART: That is correct.

MR. OXER: Okay.

MR. STEWART: The market, according to Section 42, the market analyst is to be a disinterested party. They are supposed to be disinterested from the applicant, disinterested from us, they are disinterested.

They should come to a conclusion that is their own conclusion. Now, our process says that, and Section 42 says, paid for by the Applicant.

Our process results in a market study that is submitted to us. And obviously, we are not going to see market studies that don't recommend the transaction.
Right?

I mean, why would that get submitted to us. So it is our job to go through those market studies and make sure that first, they conform to rules, and second, that they just make sense. There is no --

MR. OXER: And that the argument is strong.

MR. STEWART: Right. There's no bright line you can draw.

MR. OXER: Right. This is a judgment call.

MR. STEWART: You can take the totality of it, and say this is what makes sense. Part of the problem that has been is that there's a rule in place like we talked about before that says, hey. Tell us why. Tell the story.

So the rule change that is coming up is basically to kind of help put a framework around what we mean by tell the story. Here are the things that you need to do.

Here's the things you need to look at. Market analysts do these things anyway. It is part of how they -- or should. It is part of how they should come up with the justification for the PMA they are choosing.

And then tell that story in the market study, so that any reader that picks up that market study could come to the same conclusions that they are coming to. And
so our job is to kind of work to get to a place where that
is for sure happening in the market studies that we
receive.

MR. OXER: So you know, if we cook this down,
really, the applicant is paying for somebody to outsource
this decision on our behalf to go to do this evaluation.
And they have got to convince us that it makes sense.

MR. STEWART: That is right. I mean, the
reports are addressed to both the applicant and TDHCA.
And so because there are no bright lines.

You know, because it is a story in total, it is
a story, in total it is a story, there has to be that
discussion that takes place if there are issues that we
identify in the market study.

It is not the same thing as an administrative
deficiency where oops, I forget to turn something in. Or,
you know, there's some error that is in the report or
whatnot.

Just functionally, just like at a bank, you
would have somebody reviewing that appraisal. Somebody
that would be reporting to the loan officer, to the loan
committee, or whomever it is, that kind of provides that
piece of the work.

And the bank would expect that information to
be independent of what the -- you know, they are not going
to take something that the borrower walks in with, without -- well, at a bank, you are not going to do that at all. But without significant review of that third party report.

MR. OXER: So essentially, you as the head of this department or head of that division within the Department manage that evaluation process for all of these. And so I want to go back and get back on the record here.

You have had a considerable experience before you came to TDHCA. And in the eight years that you have been here with us, I think we determined that you have done getting close to four figures on these.

MR. STEWART: That is correct.

MR. OXER: 950 or so? Let's say 950. And of those, you had two that were challenged up until now.

MR. STEWART: We have had probably 30 percent of them that we have worked with the market analyst to fully understand the market study and the conclusions of the market study. Including --

MR. OXER: But that is a natural outcome of the process.

MR. STEWART: That is correct.

MR. OXER: Okay. If somebody has dissatisfaction about that, they too eventually came to
the Board for consideration.

MR. STEWART: That is correct.

MR. OXER: Okay. And the Board's resolution for those two was?

MR. STEWART: They upheld staff's recommendations.

MR. OXER: Right. Okay. So now we have a couple of these that we are looking at. You have gone through the process. As they say down in Houston, this ain't your first rodeo.

MR. STEWART: Yes, sir.

MR. OXER: Okay. Any questions? Dr. Muñoz?

DR. MUÑOZ: Brent, I just have one question. The second to the last paragraph, the first sentence. If the equity is increased, as in the third to the last paragraph, and the permanent debt is reduced by the $233,000, the staff still believes there remains significant risk associated with the capture rate and break-evens.

MR. OXER: They are just not as close to the edge as they were. They are still close.

MR. STEWART: Yes. I would suggest that there's still risk that is --

DR. MUÑOZ: No. It says significant risk.

MR. STEWART: Yes. I believe there's still
significant risk with those break-evens. I think that --

DR. MUÑOZ: Even considering the improvement on
the equity and for the credit as well as reduction in the
permanent debt by almost a quarter. With those
improvements?

MR. STEWART: Has the risk gotten a lot lower?

Yes, sir. A lot lower. But you are still dealing with a
small market in a rural community where you had a market
area that while it makes a lot more sense today, you have
got larger towns that are still in proximity to that
drive-time area. And those towns have additional services
and amenities that would be conducive for a senior
population.

So if you believe that the drive-time area is
an appropriate area for Mason, and if you count the people
within there, and you say well, we are going to capture
this many people that falls under our rules, then the deal
works, and the break-evens would be okay. But multifamily
in general is a risky thing, right. You never know what
the rents are. You can project them, but you never know.

There's all types of risks associated with
these things. And so from a confluence of stuff, I
believe, I think we believe there's still significant risk
here. But at the end of the day it is the equity and the
lender and the applicant from a guarantee standpoint, they are the ones taking all that risk.

MR. OXER: They will be taking the risk. And we are not ultimately, were that to be a failed project, they would still have to be -- they would be in the front first, and then we would have to figure out something if it completely unwound.

MR. STEWART: Yes, sir. If this deal had HOME funds in it, this would be a different discussion.

MR. OXER: Right. Okay. Anything else?

MR. STEWART: No, sir.

MR. OXER: Any other questions, folks?

(No response.)

MR. OXER: All right. We are not going to have a motion to consider here. We will invite public comment. Hold your fire, Neal. In the event that we come up with something, or if there needs, needs to be something, we retain the option to move on behalf of the Board.

Neal, do you want to speak on this?

MR. RACKLEFF: Yes, sir. Good morning, Mr. Chair and Board members. I am Neal Rackleff with the law firm of Locke, Lord; not too long ago as the director of the Housing Department for the City of Houston. So I have switched hats.

MR. OXER: So you understood the rodeo thing.
MR. RACKLEFF: I was right there with you.
That is right, sir. We did have the greatest -- well --
Houston does have the greatest rodeo in the world, I would
add.

MR. OXER: No question about that.
MR. RACKLEFF: That is right. I just wanted to
take a moment to do a couple of things.
One is to thank staff for the exhaustive
analysis that they have put into this project. And I will
tell you too, I think what all of us have been laboring
with here is a rule that requires you to determine the
primary market area based on census tracts which, when you
get out into rural areas is problematic, because the
census tracts are gigantic.
So I want to state for the market analyst who
has been, I think, at the last two or three Board meetings
where this has been a possibility of comment being taken,
but wasn't able to be at this one. She actually, I think,
has a new job at a new firm. But she felt extremely
confident in the market demand from day one.
The reason we had a big large funky PMA was
just because of the census tracts. And part of what we
are all grappling with is a rural-based issue. Now,
derwriting and financial analysis and risk analysis is
always subjective. Right.
And -- but I think it is important to point out that the rules provide capture rates that provide bright line levels of acceptable risk in terms of market demand. And our market analyst felt that, and the original conclusions and analysis that was submitted to staff and to the Board showed that there was sufficient demand.

And we also have a very experienced developer who has experience in this kind of rural submarket, who is completely comfortable with taking enormous risk and moving it forward. So I think when you look at all of that. And I will also just comment on the legal nature, that path that we have gone through to get here.

One thing that everybody has agreed on, even those who sent in letters criticizing the process, is that Section 10.303(c)(2) of the rules requires that each market analysis be reviewed, and if there are problems, that there's an opportunity for timely correction. In this situation, the initial underwriting report didn't provide that.

We pointed it out to staff. They said, you are right. Let's work together. Let's follow the rules. And let's have the kind of back and forth that you would -- that any bank or any financial institution would have in the underwriting process.

So that is where we went back and forth. And
we got to a point where we are very comfortable with the analysis. And as I mentioned earlier, we have been from the very beginning of the process.

So we don't want you to have the impression that the developer is just going to go in willy nilly into some high risk situation. He has tremendous confidence that this deal will work. The fact that -- if I can wrap up, por favor.

The fact that the credit prices increased, that our equities increased, that our debt has decreased does make a very material difference in terms of the financial integrity of the deal. And it also shows the confidence of our equity and lender in this project.

So we followed all the rules. We believe we have from the get-go. We still have made it there. Taking a somewhat tortured path. Rule-based, and following everything we are supposed to. And we feel very confident in this project, and hope that you will too.

We have our representatives from our lender and our equity provider that could speak briefly about their feeling regarding the financial viability of the project. That is all I have, unless you have got any questions.

MR. OXER: Okay. Any questions?

MR. CHISUM: I have a question, Mr. Chairman.

Thank you for your presentation. You mentioned, if I
understood what you said correctly, that the developer was comfortable with taking enormous risk.

    MR. RACKLEFF: Well, if I said that, I was wrong.

    MR. CHISUM: I think you did.

    MR. RACKLEFF: I often am. So I apologize for that. No, I didn't mean to say that he is comfortable with taking enormous risk. He is comfortable with the risk that exists in this particular project.

    We don't -- the developer has said over and over, look. I am not in the business of throwing away money and taking crazy risks. He really believes that this market will work. He has got experience in this type of a rural area --

    MR. CHISUM: I accept that. I accept that.

    MR. RACKLEFF: Okay. Thank you for pointing out my error. Appreciate it.

    MR. OXER: Thanks, Neal.

    MR. RACKLEFF: Thank you.

    MR. OXER: Robin?

    VOICE: I am just here to answer questions.

    MR. OXER: Answer questions. All right. Any other questions?

    (No response.)
MR. OXER: All right. So Brent. So this is basically, this thing is moving down the track. Okay. We said, they have said, the market analyst has convinced you that they have got good sense. They convinced you of the argument.

MR. STEWART: We now understand the story.

MR. OXER: Okay.

MR. STEWART: And we believe that it is -- that the story is reasonable. We still believe there's significant risk here. We are willing to step out and say, like we have on other transactions, let's step out and give them the shot to get the deal financed.

MR. IRVINE: Could I just chime in? I think what the market analyst has established is that they have performed market analysis that complies with the technical requirements of our rule. Our rule is designed in a largely a mechanistic fashion. It is very hard to incorporate the more subjective aspects of market analysis in rule-based approaches. And that is why we are looking very much to the investor lender world to ensure that they are comfortable on those more subjective aspects.

MR. OXER: Essentially, any applicant is going to have a market assessment or a market analysis that is going to support their position.

MR. IRVINE: Absolutely.
MR. OXER: Yes. Anything that they come in, you have to assume that that is the case. So what we are looking for is the outside, independent market analyst who represents an objective position to assess them at their costs, on our behalf.

MR. IRVINE: That is correct.

MR. OXER: Dr. Muñoz.

DR. MUÑOZ: Brent, I just want to be clear. Originally, based on what was provided, you weren't comfortable recommending the project.

MR. STEWART: That is right.

DR. MUÑOZ: Based on what is statutorily permissible in terms of interacting with the independent market analysis in your office, you now feel differently.

MR. STEWART: Yes, sir.

MR. OXER: But that is not -- your feeling different is not different from the 20 or 30 percent that you looked at in the last eight years.

MR. STEWART: That is correct.

MR. OXER: It is just the consequence of the process.

DR. MUÑOZ: In the process, hearing the story, understanding the story, had you been provided what you eventually were provided, which is permissible and allowable et cetera originally, you would have provided a
different recommendation?

    MR. STEWART: I believe if this story had been
told in the original market study, we still would have had
some back and forth, and some work on this transaction. I
believe that we would likely be in the same spot we are in
today with this recommendation.

    MR. OXER: So you recommend that it go forth,
but with the observation that it does represent a
significant risk.

    MR. STEWART: Correct. And because of the
timing issues with the tax credit program, we want to be
able to get those credits back if the deal, at the end of
the day, is not finance-able. And we don't want that
process dragged out until you know, much later.

    MR. OXER: Okay. All right. Let's hear from
the bank.

    MR. ROMERO: And Brent, you are going to
require that statement? The statement must include of the
due diligence before carry --

    MR. STEWART: The due diligence, including all
of that, needs to come in with carryover.

    MR. OXER: Okay. Would you folks like to
comment?

    MS. ALBERS: Good morning. I am Lisa Albers
with BOK Financial.
MR. OXER: The spot is pretty small over there. Just make sure that you are on the spot here, okay.

MS. ALBERS: This spot, the star?

MR. OXER: That is the spot. That is the spot.

MS. ALBERS: Okay. So in regards to this, you know, I have completed our initial underwriting based on the applicants' numbers and the market study that they have. You know, assuming the reduced loan amount which we put together, it works right now.

You know, of course. We are going to do all of our own due diligence, an appraisal, and planning cost review, and all of that. But at this point, we are prepared to continue with full due diligence and underwriting.

MR. OXER: Okay. Any questions? Mr. Chisum, were you comfortable with that?

MR. CHISUM: Yes. Which bank?

MS. ALBERS: BOK Financial. So we operate as Bank of Texas in Texas. We are a $32 billion company, headquartered in Tulsa, Oklahoma. We operate in seven states.

MR. CHISUM: Have you done business with this developer before?

MS. ALBERS: Yes, sir.

MR. CHISUM: Okay. And he would be -- he would
be on the note?

MS. ALBERS: Mr. Sugrue?

MR. CHISUM: Yes.

MS. ALBERS: Yes, sir.

MR. CHISUM: Alone?

MS. ALBERS: His wife would guarantee, as well.

Is that what you mean?

MR. CHISUM: Okay. Yes, ma'am.

MR. OXER: I know he will make it. Trust me on that one.

MR. CHISUM: Yes.

MS. ALBERS: Right.

MR. CHISUM: You read my mail. Okay. That answered my questions.

MR. OXER: Okay.

DR. MUÑOZ: So you heard this phrase earlier, staff believes there remains significant risk; you don't. Not significant risk.

MS. ALBERS: I don't think significant risk.

DR. MUÑOZ: Typical risk.

MS. ALBERS: Yes. I think typical risk.

DR. MUÑOZ: Ordinary risk.

MS. ALBERS: I mean, find me a real estate transaction that doesn't have risk involved and we probably couldn't charge interest if that were the case.
So I think there's risk in the deal. I think there's risk in all real estate transactions. Am I ready to close this moment? No. I need an appraisal, you know. Legally, I need an appraisal. I can't proceed without that -- which will be engaged by us, completely independent of the applicant, even myself. And, you know, we will evaluate that on the rents, and then you know, go from there.

MR. OXER: The things that most of us get to evaluate at some point in what we have been doing is a business plan for somebody going forward. You know, and the prospects going forward.

It is never quite as good as it looks. But it is also never quite as bad as it looks, either. And most of the -- most business plans out there, and these projects represent business plans, on how they can capture and generate revenue to cover all these sort of things.

MS. ALBERS: Right.

MR. OXER: Those business plans represent a -- what I have in the past on some of the stuff I have done for some merchant bankers. They represent a disciplined fantasy in how they believe they can change the future to reflect what they have in a business model. And so what is in a business model or a plan is essentially irrelevant unless there's good management in place.
And if there is good management in place, most of the hurdles or obstacles that they'll encounter are not relevant. So if you are confident in the management capability and the location structure and risk that this represents, then --

MS. ALBERS: I am confident in the sponsor, certainly, and the management company that they will engage to third-party manage it, as well, yes.

MR. OXER: So my good luck.

MS. ALBERS: Okay.

MR. OXER: Anything else?

(No response.)

MR. OXER: Okay. In that case, this is a report item. Unless there is -- say again?

MR. IRVINE: Can we hear from the investors?

MR. OXER: Sure. Let's hear it.

MR. IRVINE: As the representative is coming up to testify, I think it is important to understand that in a tax-credit development there are a lot of different parties who serve different roles. And they each have varying degrees of ability to influence and manage the risks that are presented.

Obviously, a bank has, as was mentioned, guarantees and loan-to-value, those types of tools. But I really think that ultimately it is the equity investor who
MR. OXER: You are putting your resources on the line. So let us hear what you think.

MR. ALDRIDGE: Sure. Jason Aldridge, National Equity Fund. Members of the Board and TDHCA staff, I just want to reiterate kind of what has been said before. NEF has issued a term sheet on this project.

We were very confident, mainly because of the experience of the sponsor successfully developing similar projects in similar towns of these populations with this unit size. We have underwritten a deal in a way that we think makes it very similar to other transactions of this sort. It carries this very similar risk profile.

We have increased the equity pricing, which has reduced the perm loan, which has enabled us to reduce some of the rent levels, as well as increase the operating expenses. And with that, and the reserves that we have got in the deal, we are comfortable going forward.

MR. OXER: If DFCR goes up, you have got everything working in your favor.

MR. ALDRIDGE: Right. We have got a 120 debt service coverage in the deal, despite all the conservative underwriting that we have put on. A lot of times, these deals are at 115.

We have got a full six-month operating
reserves. We have got excess developer fee to reduce the perm debt. So we have taken our time to underwrite it. Obviously, we will also have to get a market study that will independently verify the market and get comfortable with all of that. But at this time, we don't think that this carries any more risk than a standard deal that we would underwrite at this time.

MR. OXER: In engineering business, called free board and safety factor. Free board is the difference between where the water level is and the dam that is there.

MR. ALDRIDGE: Right.

MR. OXER: That is how much you have got before it starts going over and failing, so --

MR. ALDRIDGE: Yes. We feel comfortable that we have got levers that we can pull to help mitigate the risk, that is in the market.

MR. OXER: Good. Mr. Chisum?

MR. CHISUM: Yes. Did you complete an appraisal?

MR. ALDRIDGE: We do a market study. The bank will actually do an appraisal. But the equity provider does the market study.

MR. CHISUM: Okay.

MR. ALDRIDGE: Yes.
MR. OXER: Thanks, Jason.

MR. ALDRIDGE: Sure.

MR. OXER: Now I would remind everybody to make sure that you sign in while you are up here. In case you haven't, Jason.

MR. ALDRIDGE: I signed.

MR. OXER: Okay. You can do at a break, in a while, if you need to, but make sure that you sign in that your time up. Brent, is there anything else? Let's come up and close this one out here.

Given that it is moving in a direction that continues the process, equities invested, finances able, we see the process moving forward. It's still got to get through the whole process of financing it before their credits are issued.

That way, if we keep moving now, if it fails at any of those, the credits come back in time for us to reissue them. Is that correct?

MR. STEWART: That is right.

MR. OXER: Okay. So is there any other --

MR. STEWART: I would say, you know, just a couple of comments. Just real brief.

I think the rule that is proposed with respect to the market study that we'll talk about here in a bit, will go a long way to help staff get that story told in
the original market study, which ought to cut out some of
the back and forth and the time associated with this.
That's number one. Number two, we see every rural tax
credit deal in the state.

And so our risk assessment comes from a
background of a fairly sizeable pool of rural deals in the
state. It is very true that the equity is the one that
is -- you know, we rely in the -- that is the public-
private partnership here is that the equity is the one
with the biggest skin in the game.

And while we have seen equity do some things
that at the surface level seem, you know, pretty
pioneering, I have no doubt that when you have a developer
like Mr. Sugrue who has done these transactions in
different markets and been successful at it, and in -- I
don't know the specific experience with Mr. Sugrue and the
bank and the equity. That is the reason for the
condition, right. Go show that you can do it.

MR. OXER: Okay. I am satisfied if the Board
is. Come forward. Thanks, folks. Monica. Take your
time. We always want to keep the paperwork caught up.
Trust me. Good morning.

MS. GALUSKI: Good morning all. I am Monica
Galuski, Director of Bond Finance. I wasn't sure of the
most appropriate time. So since I am going to be up here
for a little while, I thought before we delve into the three Board items, I would like to take a moment to do a couple of thank-yous: thank you to the Texas Homeownership Group, Cathy Gutierrez and her staff, for all they have done, and all that they are going to have to do with respect to these items that are before the Board today.

MR. OXER: Raise your hand back there. Can't see you. Hey, there you are. Don't make us hunt for you. It is bad enough up here, the lights get to us.

MS. GALUSKI: And I would really like to thank Bond Finance staff. We've got a relatively small staff. We tend to do a lot with a little.

MR. OXER: Outmanned, but not outgunned, right?

MS. GALUSKI: Exactly. And while we are usually pretty busy, these last several months with these items on top of our normal duties, it has been a little bit insane. And so --

MR. OXER: We're getting back in the bond business, right?

MS. GALUSKI: This has all been nuts.

MR. OXER: Yee ha, hang on.

MS. GALUSKI: So I would like to thank Bond Finance staff, Heather Hodnett, Ed Morris, Grace Timmons and John Tomme who are all here.
MR. OXER: Stand up back there. Let's see it.

Come on.

MS. GALUSKI: For all of their --

(Applause.)

MS. GALUSKI: For all of their hard work, their dedication, and their commitment to excellence. They demonstrate it on a daily basis. You guys find a way to always get it done.

And they always have a positive attitude, and the best interests of the Department in mind. So they're very much appreciated. And I thought we should take this opportunity before these items.

MR. OXER: Just for the record, we appreciate what you do, too. You do the hard work; we just get to take credit for it, okay. Well, but it is true, anyway.

VOICE: It is true.

MR. OXER: It is true.

MS. GALUSKI: All right. With that, I will move to --

MR. IRVINE: Monica is pretty self effacing. She also deserves a shoutout. She's --

MR. OXER: Yes.

(Applause.)

MR. OXER: You run a pretty good crew down there in the engine room, okay.
MS. GALUSKI: So we'll take up, we'll move on to Item 4(a) here, which is presentation, discussion and possible action on resolution 17003, approving a servicing agreement, escrow agreement and under program guidelines, master mortgage origination agreement, master loan participation agreement and amendment to master trade confirmation in connection with the Department's single family mortgage purchase program.

MR. OXER: Is there anything we are not changing on this?

MS. GALUSKI: Not much.

MR. OXER: Okay.

MS. GALUSKI: The consent agenda report Item 2(b) was an update to the Board regarding the selection of Idaho Housing and Finance Association to serve as the Department's master servicer, effective October 1st of 2016. This item 4(a), and the next item 4(b), are related to that selection.

First, a little bit of background on Idaho HFA. They are headquartered in Boise. The Idaho HFA has been servicing their own loan since 1990. They are a Ginnie Mae issuer servicer, a Fannie Mae, Freddie Mac approved seller servicer, an FHA approved mortgagee, and a VA and RHS approved lender.

They service loans originated for bond programs.
and for the TBA market. They service first lien and second lien mortgage loans. As most of us know, in recent years, active master servicers for affordable housing have been scarce. And U.S. Bank has been the dominant provider.

They have been our current master servicer for this point for the last several years. There are a few HFAs in the country, including Idaho HFA, that provide the service to other HFA issuers.

In additional to servicing its own portfolio, Idaho HFA provides these services for the New Mexico Mortgage Finance Authority, Iowa Finance Authority, South Dakota Housing Development Authority, and Connecticut Housing Finance Authority. They have brought these clients on respectively in March of 2013, January 2014, November 2014, and January 2015.

They take a very measured approach to adding in any new business and we are, I guess, fortunate that we were able to get on their dance card. There's a lot of demand for master servicers these days.

Cathy Gutierrez and I called each of these agencies to discuss their experience with the Idaho HFA. And the feedback was overwhelmingly, in fact, 100 percent positive in support of the experience these HFAs and their lenders have had with Idaho. The selection of Idaho HFA
as master servicer was made with careful and considerable deliberation and analysis.

Having said that, staff, bond finance and homeownership alike are very excited about this change and the opportunities that it presents for the Department's homeownership programs. Some of the benefits will be improved economics, that should provide low and moderate income home buyers with more favorable terms than the department currently offers.

Less programmatic overlays by the master servicer, that will give the Department more control over structuring its program and its target borrowers. And improved processing time that should greatly reduce extension fees paid by lenders and results -- should result in loans moving from closing into an MBS much more quickly.

Obviously, this change brings with it a whole host, as you pointed out, of new and or modified documentation including the execution of a servicing agreement between the department and Idaho HFA, along with the related documents as outlined in your Board item. While you are probably familiar with most of these documents, based on our past relationships with master servicers, one new addition is the participation agreement under which the Department will purchase a 100 percent
participation in its mortgage loans from Idaho HFA,
reselling that participation to Idaho HFA concurrent with
the pooling of the underlying mortgage loans.

To fund this purchase, the Department needs a
certain amount of liquidity, preferably liquidity that
could be collateralized by these same loans. This
liquidity is proposed to be financed by the Federal Home
Loan Bank of Dallas, and will be discussed in more detail
in the next Board item.

Several of the documents undergoing amendment
are mortgage origination and lender-related, such as the
program guidelines and the master mortgage origination
agreement. The process of transferring our lender
partners to the new master servicer in order to begin
reservations through -- in order to begin taking
reservations through Idaho HFA on October 1st will not be
an insignificant task.

And which is why I kind of thanked the home
ownership team in advance because Cathy and her team are
going to -- they have already started the transition. And
I think they are going to be fairly mired in lender
trainings, one-on-one meetings, and all of the associated
activities, not just through October 1st, but for a fair
amount of time after that. Having said all that, staff
recommends approval of resolution 17003.
MR. OXER: Any questions from the Board?
(No response.)

MR. OXER: I have a question.

MS. GALUSKI: Yes.

MR. OXER: Okay. On liquidities, would -- did I hear you correctly they would be with the facility through the Federal Home Loan Bank board in Dallas?

MS. GALUSKI: That is correct.

MR. OXER: What's the liquidity cost on that?

MS. GALUSKI: It is a -- we actually cover that item next. But it's short-term funding cost, and in today's market, it is approximately 56 to 60 days.

MR. OXER: Which is actually not that bad.

MS. GALUSKI: Well, and there's a bit of a -- we also will be earning the positive spread on the mortgage loans, in contrast. So we are actually going to be coming up significantly ahead of where we are today.

MR. OXER: Okay. So this works entirely in our favor at this point?

MS. GALUSKI: Absolutely.

MR. OXER: Yes. Okay. Well, I knew there was a really good reason that we had you doing what you are doing. I think you just put your finger on it. So any comment, Mr. Chisum?

MR. CHISUM: Yes. What precipitated this
change?

MS. GALUSKI: That is a good question. We have -- actually, I am not sure how much of that I should go into. We have been open to various -- we RFPd this year, and we RFPd the prior year.

So we've -- our feeling has been that there might be a master servicer out there perhaps better suited for our programs. The economics of the -- with our former master servicer, what we were being paid for servicing, since I have been at the Department which is only two years, has literally been cut in half.

Program overlays have increased. Their ability to process our loans in a timely manner was not as good as it used to be. Our lender partners were paying in the neighborhood of $100,000 per MBF settlement for extension fees due to processing delays by the master servicer.

It wasn't making them all warm and fuzzy about working on our programs. So you know, for a long time, U.S. Bank was really the only game in town. So we just decided, you know, last year to take a shot at putting out an RFP.

And we got responses last year from both U.S. Bank and Idaho HFA. But there were aspects of the -- there were actually timing-related aspects as to when Idaho would be able to take us on that prevented us from
them being selected.

They have, in fact, on a scoring basis scored higher on the RFP analysis than U.S. Bank did. But they couldn't take us on in our time line, in the time line that worked for us.

MR. OXER: So it was a matter of them having -- at least, I am reading this as a matter of them having a conservative assessment of their capacity and not wanting to overload that, even though they wanted us as a client.

It is the first thing.

The second thing is, we are essentially getting somebody that is a cousin agency, and another as opposed to a sibling agency in this state. A cousin agency in another state that really ought to know exactly all the pressure points that we are subject to.

MS. GALUSKI: Absolutely correct on both points.

MR. OXER: Okay.

MR. CHISUM: Thank you.

MR. OXER: Okay.

MR. IRVINE: Yes. I would say that when you are dealing with the private sector, one of the ways that you manage risk is by limiting downside, which also limits upside.

And when you are dealing with an HFA that
really understands this early what a great thing
homeownership is and the value, the inherent value
proposition of servicing good, hardworking Texans who have
got great employment opportunities, and these are going to
be fantastic performing loans. You know, I think that
servicing value really has two components. One is, are
they paying their obligations on time. But the other
inherently bigger part of the value proposition, is that
servicing that I am paying for going to be there for a
long time.

Am I buying a long-term income stream. And I
think that an HFA is just inherently more likely to buy
into that. And really, it just generates more value for
Texans.

MS. GALUSKI: Absolutely.

MR. OXER: Okay.

MR. GANN: Mr. Chairman.

MR. OXER: Yes, sir?

MR. GANN: I would like to make the motion to
approve staff recommendation on Resolution 17-003.

MR. OXER: Okay. Motion by Mr. Gann to approve
staff recommendation on Item 4(a), resolution 17-003. Do
I hear a second?

MR. CHISUM: Second.

MR. OXER: Second by Mr. Chisum. There's no
request for public comment. Okay. Motion by Mr. Gann.

Second by Mr. Chisum to approve staff recommendation, Item 4(a), Resolution 17-003. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. Okay, 4(b).

MS. GALUSKI: Item 4(b), Monica Galuski, Bond Finance. This is a presentation, discussion and possible action on Resolution 17-004. Approving an advances agreement and escrow agreement authorizing the execution of documents and instruments relating thereto, making certain findings and determinations in connection therewith and containing other provisions relating to the subject.

As reported in an update to the Board at its July 14th meeting, staff has been working with the Federal Home Loan Bank of Dallas to explore the potential applicability of various loan and investment products to the Department's single family programs. As previously noted under the Idaho HFA Servicing structure, the Department will purchase a 100 percent participation in its program loans, and will resell that participation to Idaho HFA concurrent with the settlement of the related mortgage backed securities.
In other words, the Department will provide the liquidity for its own loans after they have been purchased from the lenders and until they are pooled into a mortgage backed security. The combination of the Department's volume and the short term nature of the liquidity made this a perfect fit for the Federal Home Loan Bank.

Having been around the block a few times on liquidity, it is safe to say there aren't many parties out there willing to loan against whole loan held-for-sale collateral. To fund these purchases, the Department, under an advances agreement with Federal Home Loan Bank, will borrow at short term rates, using the mortgage loans being financed as collateral.

TDHCA can borrow 92 percent of the value of the mortgage loans and will deposit funds in an escrow to securitize the remaining 8 percent of the purchase price. This 8 percent differential is what is known as the haircut on the collateral.

And the escrow account that is being set up is expected to be funded in an amount not to exceed $5 million. Again, these are not funds being expended, it is an escrow account being funded to provide the collateral to securitize the liquidity.

MR. OXER: It's essentially a reservation fund.

MS. GALUSKI: Yes. Exactly.
MR. OXER: Okay.

MS. GALUSKI: Each advance on the associated interest on that advance. So every time we use Federal Home Loan funds under this, it will be considered an advance. So each advance and the interest on that advance will be repaid with proceeds of the related MBS settlement.

While the Department owns the participations, the Department will be earning a positive spread. Under current rates, that spread would be in the neighborhood of 3 percent or more, to be earned from the time of purchase until the related MBS settles, estimated to be approximately 15 days or so.

The spread that this generates annually is estimated to be in excess of $250,000 a year. There are additional Federal Home Loan Bank products that may enhance the Department's programs. Staff will continue to analyze these products and may present the Board with future -- with additional options in the future.

Staff has worked closely with its financial advisor, George K. Baum, and bond counsel Bracewell to structure and document the agreements necessary and recommends approval of Resolution 17-004. I would be happy to answer any questions.

MR. OXER: Okay. Essentially, this is a
continuation, or a component of --

MS. GALUSKI: It is. Right. It's a carve out of the Federal Home Loan Bank piece of the overall incorporation of Idaho HFA.

MR. OXER: Yes. So these all work together.

MS. GALUSKI: They do.

MR. OXER: Okay. Any other questions?

(No response.)

MR. OXER: Motion to consider?

MR. CHISUM: So moved.

MR. OXER: Okay. Motion by Mr. Chisum to approve staff recommendation of Item 4(b). Second?

MR. GOODWIN: Second.

MR. OXER: Second by Mr. Goodwin. Nobody wishes to make public comment?

(No response.)

MR. OXER: Motion by Mr. Chisum. Second by Mr. Goodwin to approve staff recommendation on Item 4(b) for Resolution 17-004. Those in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

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

MS. GALUSKI: All right.

MR. OXER: We are on a roll.
MS. GALUSKI: Monica Galuski, Bond Finance.

It's a presentation, discussion and possible action and resolution of 17-005, authorizing the issuance and delivery of Texas Department of Housing and Community Affairs Series 2016 Issuer Note, approving the form and substance of related documents, authorizing the execution of documents and instruments necessary and convenient to carry out the purposes of this resolution.

Okay. Annually, the department originates approximately 225 million in first lien mortgage loans and funds about $10 million in DPA loans. The Department historically used bond premiums as its primary source of funds for DPA loans, but bond premiums haven't been feasible for several reasons and for several years now.

As such, the Department continues to seek funding sources for DPA loans. The proposed Series 2016 issuer note is a potential funding source for $10 million or one year of DPA loans and would be issued pursuant to a loan agreement between the Department and Wood Forest National Bank.

The proposed note rate is 1 percent. All principal and interest are due at maturity. Payment of interest is deferred to maturity but never compounded. If the full amount of this note was drawn down by the Department day one, and repaid at its ten year maturity,
the repayment would be $11 million on the original loan amount of $10 million.

So there's no compound interest. You know, nothing but a interest deferral to the end. The note can be repaid in full or in part at any time without penalty.

A little bit of information about Wood Forest National Bank. They are headquartered in the Woodlands. They are a privately held bank. As of August 31 of 2016, they had assets of $4.7 billion, liabilities of $4.2 billion.

The Bank has 743 branches, 199 of which are in the State of Texas. Thirty-five are brick and mortar bank branches, and the majority of the rest are located in Walmart. The Bank is not a direct mortgage lender.

They were looking for a Texas partner that would be able to effectively use a community reinvestment loan to facilitate mortgage loan origination to low- and moderate-income home buyers in Texas. In other words, the Bank needed CRA credit. The Department needs funds for DPA. We thought it was a natural fit.

MR. OXER: A marriage made in heaven.

MS. GALUSKI: That is right.

MR. OXER: Or in Austin, anyway.

MS. GALUSKI: Exactly. If issued, collateral
for the proposed Series 2016 issuer note will be a subordinate lien on the residential mortgage revenue bond or RMRB indenture. The current rating on that indenture is a AAA Moody's, AA Plus Standard & Poor's.

It has a parity level of 119 percent assets to liabilities. And we have provided cash flows to the rating agencies and are receiving a rating confirmation that by pledging this lien we are not impacting the rating on the existing indenture or any of the underlying bonds.

Effectively, the Series 2016 issuer note accomplishes what the Department attempted in late 2012, early 2013. Basically it is a monetization of the outstanding second lien mortgages and a leverage of existing assets and revenue sources.

However, instead of doing a standalone indenture, we have left the assets within the RMRB indenture and you add to that a 1 percent note rate. And it is a very compelling source of funds for the Department.

MR. OXER: Essentially, we did an end-around on the obstacles we ran into in 2013.

MS. GALUSKI: In a sense, yes. But having that 1 percent versus, I think, what was going to be a 10 percent rate at the time on that makes a big difference.
So yes, it is kind of a combination of good things coming together.

MR. OXER: Glad we waited.

MR. CHISUM: Mr. Chairman.

MR. OXER: Yes, sir. Mr. Chisum. Hold on. Just a second. Did you have anything to finish up on, Monica?

MS. GALUSKI: Just a couple of things.

MR. OXER: Okay. Is that okay, Mr. Chisum?

MR. CHISUM: Yes. Sure.

MS. GALUSKI: The Department currently funds DPA loans using a combination of RMRB indenture funds and a portion of the proceeds received on mortgage-backed securities that are backed by the related first lien mortgages. The Series 2016 issuer note is a cheaper cost of funds overall, and it should allow the Department to reduce the mortgage rate on its home ownership programs.

MR. OXER: So we are essentially using the liquidity available, excess cash flow in the indenture to be able to fund the DPA to continue to expand that mortgage --

MS. GALUSKI: Absolutely.

MR. OXER: Okay.

MS. GALUSKI: And while we are leveraging the indenture assets and using this alternative source of...
funding, we are at the same time strengthening and adding to the indenture, where we will be putting in the DPA loans that we're originating through this program and other assets, while we are paying down existing bonds and working again towards a sort of a continuous funding source and leveraging our available assets for -- I mean, it just makes sense.

MR. OXER: So what is not good about this?

MS. GALUSKI: I don't know.

MR. CHISUM: That is my question.

MS. GALUSKI: That would be, I mean -- the bank is highly motivated. They need the CRA credit. We are the perfect partner. We would like to do this more than once. They are open to the idea. But we will see how the first one goes.

MR. OXER: If we do this, we get a $10 million tranche on this for the ten year period you are talking about. This, we are not limited if in two more years, we want to add another ten to it, or some other increment.

MS. GALUSKI: Well, each time, what we have agreed to amongst the two parties, Woodforest Bank and us --

MR. OXER: The ten is just essentially limited to the draw --

MS. GALUSKI: -- is that we will sort of have
first look with each other. So in two years, if we don't need any liquidity, and we have got great sources, we can say, no thank you.

In two years, we may look at this, and we may do it the same way. We may look at, maybe leverage different assets. You know, we may piece it together differently. But we will take a look each time to see what makes sense for the Department.

MR. OXER: Well, the MBS volume in the indenture could -- because if I recall correctly, the unavailability of the DPA liquidity was one of the things that limited the amount that we could outreach. So with this, we are essentially taking that limitation off. We could actually build that indenture at a significantly sharper clip.

MS. GALUSKI: Absolutely. That is the plan.

MR. OXER: Which offers more opportunity for single family housing for independent Texans.

MS. GALUSKI: Yes, it does.

MR. OXER: I am beginning to like this. Mr. Chisum, you had a question.

MR. CHISUM: Well, I have just got a couple of questions and observations. First of all, Forest Bank, have we ever done business with them before?

MS. GALUSKI: Not to my knowledge at all.
MR. CHISUM: Okay. A $4.7 billion bank is not a very big bank. And so my first question then is, they have got 743 branches, I think you said.

MS. GALUSKI: I believe that is correct.

MR. CHISUM: Okay. And that being the case, you take 4.7 billion and just do some simple math, divide it by 700 branches, those are small operations.

MS. GALUSKI: Uh-huh.

MR. OXER: They are in Walmarts.

MR. CHISUM: I understand.

MR. OXER: Okay.

MR. CHISUM: So that being said, this business that we are doing is complex and complicated. And so would the Forest National Bank have the resources, personnel and systems to accommodate?

I understand they need a CRA. All banks need those. But I am concerned that they would have the systems and people to accommodate what we are putting on the table. I know they want it.

And on the surface, it appears an ideal fit. And I am not saying that it is not. But it does concern me about the resources and the people that deal with the institution or an agency like we are. We have got hundreds of millions of dollars. And we are 20 times their size, at a minimum.
So they just -- my banking experience raises red flags when I see opportunities like we have. I support the staff. But I really question that it is going to take a lot of interaction and resources from our side to make this thing work. It sounds like to me we are putting them in this business.

MS. GALUSKI: Okay. Maybe, what I might need to do is be more clear about the roles here. All Woodforest is bringing to the table is their loan. We are accessing the funds they are providing.

That is all. Nothing operationally, nothing we are doing changes on our end, whatsoever. The obligation on our part will be to give them, you know, some origination data showing these are the census tracts that we have loaned these funds in, so they have something to pay for their CRA.

MR. OXER: Their CRA requirements.

MS. GALUSKI: Requirement with. But other than that, there really is no ongoing involvement. Every time we go --

MR. OXER: They are basically giving us gasoline for the motor.

MS. GALUSKI: Yes.

MR. CHISUM: Or diesel.

MS. GALUSKI: So we are not really looking to
them for anything really other than their money.

MR. OXER: We are going to drive this beast. So they are basically giving us the fuel to get this working.

MR. CHISUM: Right. For clarification, I --

MS. GALUSKI: But we are still controlling the process. We are still controlling the loans. This is still -- all this is, is an alternative source of funding for us. And it is the cheapest source of funds we have been able to find.

MR. CHISUM: Okay. Thank you.

MR. OXER: So they are exercising, they are making some of their liquidity in their equity versus debt that they have, they are making some of that liquidity available to us, to be able to continue to amplify the programs that we have, to bring more mortgage availability to Texas.

MS. GALUSKI: That is correct.

MR. OXER: Okay. Mr. Chisum, you ask fine questions. And I appreciate your perspective in banking drives you to a conservative position that I think everybody up here should have. So any other questions?

DR. MUÑOZ: Just a curiosity. Tolbert mentioned the CRA credit. Have we done this before, this sort of -- any kind of transaction with a bank, for them
to receive that kind of credit?

    MS. GALUSKI: Not to my knowledge. No. I mean, it happens --

    MR. OXER: Not with them, or with any other bank? Is that what you were asking, Juan?

    DR. MUÑOZ: I have just not heard it before.

    MS. GALUSKI: Not with them directly. We have run into it a little bit, like we've been on the bond sale side a lot of times, like we in fact --

    DR. MUÑOZ: I think that this would be appealing to a lot of banks. Because some struggle to identify appropriate mechanisms to satisfy that statutory FDIC requirement.

    MS. GALUSKI: Right. No, more often what we see is, you know, we have got to request this. We need to provide census tract data for loans originated at the back of a particular bond issue.

    Because more often we see it on the bond purchaser side. Where they can get credit, depending on the composition of your underlying borrowers. But this is the first -- now, I know a couple of these have been done in other parts of the country. But it is the first. Even at that, I only became aware of that while we were working on this transaction.

    MR. OXER: Where were the other ones done?
MS. GALUSKI: I want to say Delaware, and I honestly don't remember the others. It was very early on in the discussion.

MR. CHISUM: Illinois.

MR. OXER: Just, you know, making sure Texas is out there in the lead of the parade here.

MR. CHISUM: Is that -- excuse me, Mr. Chairman.

MR. OXER: Certainly.

MR. CHISUM: So you were talking about spread a while ago. And I was making some notes. Describe that again for me?

MS. GALUSKI: The spread?

MR. CHISUM: Yes.

MS. GALUSKI: All right. So if we are looking at -- anyhow, okay. So say today, our mortgage rate today is 4 percent. Deduct 20 basis points for servicing and guarantee fees.

MR. CHISUM: Right.

MS. GALUSKI: So that takes you to 380. Deduct conservatively the 60 basis points that we might be paying on the Federal Home Loan Bank advance.

MR. CHISUM: Okay.

MS. GALUSKI: The rest of it is ours.

MR. CHISUM: That is 320.
MS. GALUSKI: Right. So of 320, 320 against our loan volume of 225 million per year --

MR. CHISUM: Yes.

MS. GALUSKI: -- invested for an average of 15 days, so.

MR. CHISUM: Agreeing with the doctor, this could be an opportunity for making ourselves available after we -- I think we should run through this one, Mr. Chairman, and get our feet wet, and get comfortable. But that could really generate some additional income for us.

MR. OXER: It could generate some additional income. It also, at least, I think more importantly would be to generate additional opportunity for those folks that need houses out there, where --

MS. GALUSKI: Right. Any increased efficiencies on our side in funding can directly translate to reduced mortgage rates to borrowers.

MR. CHISUM: Yes.

MR. OXER: Reduced mortgage rates and even more DPA liquidity to be able to leverage this program.

MR. CHISUM: Yes.

MS. GALUSKI: Right. Exactly.

MR. OXER: I like what you are doing, Monica.

MS. GALUSKI: Thank you.

MR. OXER: All right. Any questions?
MR. CHISUM: Thank you.

MR. OXER: I need a motion to consider.

MR. CHISUM: So moved.

MR. OXER: Okay. Motion by Mr. Chisum to approve staff recommendation on Item 4(c) with regard to Resolution 17-005. Do I hear a second?

MR. GOODWIN: Second.

MR. OXER: Okay. Second by Mr. Goodwin. He was first out of the box. All right. Motion by Mr. Chisum. Second by Mr. Goodwin to approve staff recommendation of Item 4(b) with respect to Resolution 17-005. Those in favor?

(A chorus of ayes.)

MR. OXER: Any opposed?

(No response.)

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

MS. GALUSKI: Thank you.

MR. OXER: Thanks, Monica.

MR. IRVINE: Well done.

MR. OXER: Okay. Marni, are we going to have a marathon here? Do you want to take a couple before we knock this out? Come up.

MS. HOLLOWAY: Okay. All right. Good morning, Chairman Oxer, members of the Board. My name is Marni Holloway. I am the Director of the Multifamily Finance
Division.

Item 5(a) is presentation, discussion and possible action on proposed repeals of 10 TAC Chapter 10, Subchapter A concerning general information and definitions, Subchapter B, concerning site and development requirements and restrictions, Subchapter C, concerning application submission requirements, ineligibility criteria, Board decisions and waiver of rules for applications, and Subchapter G concerning the Fee Schedule, Appeals and other provisions.

And a proposed new 10 TAC Chapter 10 Subchapter A, concerning general information and definitions, Subchapter B, concerning site and development requirements and restrictions, Subchapter C, concerning application submission requirements, ineligibility criteria, Board decisions, and waiver of rules for applications, and Subchapter G, concerning fee schedules, appeals and other provisions, and directing their publication for public comment in the Texas Register.

So this is Chapter 10. These are the general rules under which we operate our multifamily programs. The proposed 2017 Uniform multifamily rule reflects staff recommendations for the Board's consideration. This rule establishes the general requirements associated with making an award of multifamily development funding and/or
assistance.

As part of the rulemaking process, we have held monthly discussions on the Wednesday afternoon before each Board meeting. Generally, there were 50 or more people at each meeting.

And we generally discussed a different topic each month, although many discussions centered on the opportunity index and educational excellence part of the QAP. We have had a meeting that was centered on the undesirable site features, and undesirable neighborhood characteristics that are part of this Chapter 10.

We have participated in discussions at the TAAHP Conference in July. And we have posted an online discussion forum with chunks of proposed rule changes to provide stakeholders an opportunity to engage with the Department and one another and provide feedback on possible changes.

We have evaluated all of the information received in these discussions in drafting the proposed rules we are presenting today. It is worth noting that staff considered many alternative concepts which were discussed and/or published for consideration on the forum, that several of these ideas were ultimately withdrawn for further refinement and further consideration based on input from stakeholders.
Also worth noting is that next month, we plan to bring you a new Chapter 13, which is a multifamily direct loan program rule, which will encompass specific HOME, TCAP repayment and National Housing Trust Fund requirements.

We plan to post a direct loan rule -- start posting the direct loan rule to the forum shortly, and will hold a roundtable regarding that new rule on September 22nd. Upon Board approval of the current proposed draft, it will be posted to the Department's website and published in the Texas Register.

Public comment will be accepted between September 23rd and October 14th. There will also be a consolidated public hearing during that time to garner additional public comment. The uniform multifamily rules will be brought before the Board in November for final approval and subsequently published in the Texas Register.

So of the Chapters that we are discussing,

Subchapter A is general information regarding our multifamily funding and includes all of our definitions. Subchapter B outlines the site and development requirements and restrictions.

Subchapter C is procedural requirements for applications. It also includes information on how applicants or applications are determined to be...
ineligible, how they are prioritized for review,
information regarding Board decisions and the waiver
process.

Subchapter C contains information regarding
Department fees and other general requirements, including
the appeals process, obligations, and the alternative
dispute resolution policy. Your Board book contains a
summary. The Board item contains a summary of all of the
changes that were made.

Of note, we are proposing in Subchapter B,
under site and development requirements and restrictions,
to remove the proximity to mandatory community assets.
There are a couple of reasons for this. One is that many
of those items are now appearing in the opportunity index
menu, which we will discuss later.

Also, that over the years, a Walmart store
could encompass all of those features. So it is becoming
of less value. It is something that we may consider in
the future as we are looking, as the rules evolve.

Undesirable site features, we originally had
posted some changes to the undesirable site features that
created that very spirited meeting that Mr. Oxer attended.
We have made some changes on those, pulled back on some
of those.

That is something that we are going to continue
to look at, and make sure that we are putting the right information in there. We have also added language to reflect that those distances apply only in instances where there's no local ordinance that regulates that proximity.

We have made a number of changes to undesirable neighborhood characteristics over the past year. We have brought to you a number of sites that we have worked through the process with the applicant regarding undesirable neighborhood stuff. We have provided further information and definition and structure around mitigation of undesirable neighborhood characteristics.

We have removed the undesirable characteristic associated with environmental site assessments. When we receive an ESA, it already has the mitigation in there. That is not something that we need to be double-checking.

We have also modified the criteria under which the Board could find a site eligible slightly despite the existence of the undesirable characteristics, so that both new construction and preservation must have a factual determination that the characteristics are not of a nature or severity that should render a site ineligible.

I would also point out that for sites with three or more of the undesirable characteristics, the sites must be located in an area with a concerted plan of revitalization already in place, in order for it to be
considered eligible. We have increased the minimum rehabilitation costs by just a bit.

We have made some modifications in both the common amenities and unit development --

DR. MUÑOZ: Hey, Marni. Can I interrupt you for a second?

MS. HOLLOWAY: Yes.

DR. MUÑOZ: You know, what you said about the revitalization plan already in place.

MS. HOLLOWAY: Yes.

DR. MUÑOZ: And exactly in those terms, like revitalization plan, you know, because sometimes, sort of things are presented. Well, there's this reinvestment activity, or there's this development that essentially is the same. It creates this revitalization.

MR. CHISUM: Right.

MS. HOLLOWAY: Right.

DR. MUÑOZ: It is just not called revitalization plan, but it most certainly revitalized the neighborhood. Like -- that is what it says? Somebody in some official capacity has to codify that there's some --

MS. HOLLOWAY: That there is in fact a revitalization plan in place.

DR. MUÑOZ: Called a revitalization plan?

MS. HOLLOWAY: I don't know that it has to be
called a revitalization plan. I think that what we are looking for is if a site is impacted by a higher poverty rate, by blight, by a higher crime rate, that there's in fact a plan in place by that city, that locality to improve all of those things. That is --

MR. CHISUM: In writing.

MS. HOLLOWAY: Yes. That is what we are going to be looking for on that item.

DR. MUÑOZ: Okay.

MR. OXER: It doesn't necessarily have to say revitalization on it. It could be something -- community investment program.

MS. HOLLOWAY: I think that what the plan is called is not nearly as important as what the plan does.

MR. OXER: Right.

MR. IRVINE: I think it is a series of things. I think it is a public process where issues in an area are identified. A plan is put together to address those issues, and a budget is dedicated to getting it done.

DR. MUÑOZ: It is called a plan, or can it be called a strategy? Or can it be called an intent. You know, sometimes we are up here. You know, it is sort of a battle of, you know, adjectives.

MS. HOLLOWAY: Right.

DR. MUÑOZ: And I mean, I get it. Right. I
get it. And so I just want to make sure that sort of what we say we want is what they provide us. And later on, we don't say, well, this didn't quite fit our vague, ambiguous, fluid and evolving definition.

And then they come up here to try to sort of persuade us that in fact they did. I am just --

MR. OXER: The operative differentiator is, already in place.

MR. CHISUM: Yes.

MS. HOLLOWAY: Yes. And we'll discuss in the next item, regarding the QAP, some of the conversations that we have been having with the community regarding concerted revitalization plans and how they work in the state of Texas. But that is really more of a QAP conversation than it is for this one.

DR. MUÑOZ: Yes. I appreciate it. But see, typically, those are in sort of distraught areas.

MS. HOLLOWAY: Uh-huh.

DR. MUÑOZ: I want to make sure that we provide abilities for sort of how that is being mitigated in those kinds of communities, to make them competitive is clear.

MS. HOLLOWAY: Okay. And the other thing I would say is, that if our stakeholders, if the development community has a concern that we have not clearly defined what we are looking for, that that is part of what the
public comment process is about. So that we can address those concerns.

DR. MUÑOZ: Marni, I am going to take advantage of your point, to just to repeat what you said, that, you know, if there's concerns, or if we haven't been as clear, our definition's not as helpful, that that is what those activities are for -- to inform the development of that particular document.

MS. HOLLOWAY: Right. Okay. Still on Subchapter B, on common amenities and unit development features, some of these items have been modified to provide some clarification based on our monitoring expectations and some new options have been added. The list of tenant-supportive services has some modifications.

And we have also included a new tenant service that involves a partnership with local law enforcement to provide onsite interaction with the tenants. So the police athletic league coming in, and things like that, which we are really excited about that.

There are some modifications in Subchapter C, regarding the documentation for application submission. And also a clarification of the prioritization of 4 percent applications during our peak 9 percent cycle.

Subchapter G, on fee schedule, modifies to some extent the extension and amendment fees, includes an extension fee
relating to construction status reports.

And that would be the changes. There is actually a very long list of changes that is in your book. That is the highlights.

Staff is recommending that the Board approve the proposed repeal of 10 TAC Chapter 10, Subchapters A, B, C and G, and the proposed new 10 TAC Chapter 10, Subchapters A, B, C and G for approval in the Texas Register to start the public comment period. Of course, with the ability to make non-substantive technical corrections as may have been pointed out over the last few days.

MR. OXER: So what you are essentially saying is, this is the culmination of an extended term that we began, essentially last year, or at least early this year, to continue to evolve the QAP, evolve the rule process, and make this smoother, sharper, stronger, swifter, sleeker, so it works better. Trying to clarify these things, buff off these rough edges, make sure it is more clear what we are looking for in terms of each of these programs. So I guess there has been plenty of opportunity for public comment. We will of course, have public comment. We invite that.

MS. HOLLOWAY: Absolutely.

MR. OXER: But what you are essentially saying
is, you have taken all of this time. We have had input in
public forum to be able to contribute to this rule
development.

Rule development process involves advertising
this in addition to the point up to now, but advertising
it, listening, public comment, additional public comment
and then it comes back to us. And then we quantify,
clarify, refine, revise and redevelop, as necessary. And
then that is the rule.

MS. HOLLOWAY: And then that is the rule.

MR. OXER: So nobody today should think that
this is the rule.

MS. HOLLOWAY: And that is the big long
reasoned response that we'll discuss at the November
meeting.

MR. OXER: Right. So basically, what we are
saying is, we are giving you a shot at publishing what you
come up with, of the modifications that have been the
result of this, in what in most states would be considered
an extraordinary public outreach.

MS. HOLLOWAY: Yes.

MR. IRVINE: One thing that I think really
needs to be underscored, though, is that public comment
doesn't stop just because we have finished this process.
As late as 6:00 last night, I heard a brand new idea that
had a specific bearing on the concept of revitalization plans. And based on the discussion with the people involved, it seemed like a pretty darn good idea.

But the reality is, it wasn't a completely fleshed out idea, and we are very shy about putting out for public comment ideas that are not fully developed, well thought out. We don't want to be making radical changes only to regret them later.

This specific idea actually had to do with the concept of revitalization plans and acknowledging the fact that different city governments operate in different ways. And, you know, I think that we will absolutely continue that dialogue.

And I would fully anticipate that whatever we recommend next year when we aren't under the tight statutory time frame of the Administrative Procedures Act and rule adoption and finalization of the QAP, I would imagine that we will have that, as they say, saucered and blowed for next years QAP. And that it will look different and be more accommodating to cities that don't do the planning process the way that the conventional approach to CRP is addressed.

MR. OXER: Any questions?

(No response.)

MR. OXER: Well, we will need a motion to
consider. What I was going to suggest is, since we are -- it is 11:22 now. We have some -- there will be some comment on this. I think we ought to take a -- since we have been in our seats here, for an hour and a half, let's take a brief ten minute break. So 11:22 now, let's be back in our chairs at 11:32, 11:35. Make it 11:35, and then we'll take this back up and go through the motions.

(Whereupon, a short recess was taken.)

MR. OXER: All right. Let's come to order. Let's go into -- we have heard comment or staff presentation on Item 5(a). Marni, you are back up. Are there any questions from the Board.

(No response.)

MR. OXER: So essentially, to recap, we are just basically -- we've gone through a whole bunch of things, had a lot of public comment, made some modifications; not unlike we do each year, a continuous evolution on the QAP. This is the same.

MS. HOLLOWAY: This is Chapter 10. This is not the QAP.

MR. OXER: I'm sorry, Chapter 10.

MS. HOLLOWAY: There's an important distinction.

MR. OXER: Right. So we continue to evolve the rules, based on what we need to -- what we are addressing
in the future. This is a request to post these in the Register.

MS. HOLLOWAY: Yes. To post them in --

MR. OXER: And there will be continued public comment.

MS. HOLLOWAY: To open the public comment period. Yes.

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

(No response.)

MR. OXER: Then we'll have a motion to consider, please.

MR. GOODWIN: So moved.

MR. OXER: Motion by Mr. Goodwin.

MR. GANN: Second.

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

Good morning.

MS. McGUIRE: Good morning.

MR. OXER: So far.

MS. McGUIRE: Good morning. Ginger McGuire. I am speaking on behalf of the Rural Rental Housing Association of Texas.

I would like to make two comments. One is in the rules, the applicants that have existing properties need to get a letter from USDA at application stating that they have submitted a full transfer...
Some of these folks will not know whether they are going to be competitive at that time. What we would like to ask is that we made a change, saying that a letter from USDA confirming that a complete application has been filed within 60 days of the tax credit award. Our members will note -- the USDA set-aside applicants will know that about June, whether or not they are competitive, and they can begin the process at that time.

And that gives them reasonable time to get an application in and get it completed. We understand and appreciate the desire to be ready to proceed, and we think that this will accomplish that as well.

MR. OXER: So what you are saying is, rather than putting it in at the point of application, they want to have some indication of whether or not they are going to be competitive before they go to the expense of making that application to the USDA?

MS. McGUIRE: That is correct.

MR. OXER: Okay.

MS. McGUIRE: And then secondly, I would like to ask that on the undesirable site and neighborhood characteristics, this really affects new construction more than it does existing, but it does affect existing. We won't always know what the undesirable site
characteristics are at preapplication. We ask that that  
be moved instead to full application.

   MR. OXER: I'm sure Marni is taking note of  
your comments. And so --

   MS. McGUIRE: That's it. I will be back.
   MR. OXER: Great.
   MS. McGUIRE: Thank you.
   MR. OXER: Thanks, Ginger. Joy?
   MS. HORAK-BROWN: Good morning. Joy Horak-
Brown, president and CEO, New Hope Housing. I would like  
to comment on the undesirable neighborhood  
characteristics.

   For purposes of clarification in past few  
moments, I have visited with staff and am being assured  
that it is broader than I had read and interpreted it, as  
I read what is out on the web. I would say as two cases  
in point, both Harrisburg and Reed, which thank you very  
much, you approved for bond -- 4 percent bond transactions  
just in the last few months.

   If you were to read this in the tightest way  
possible, neither of those developments would be under  
construction today. That would be sad for the people who  
will have the pleasure and the benefit of living in them  
in the inner city, where it has been increasingly  
difficult to develop anything in the city of Houston,
using either the 4 or the 9 percent program.

So particularly when it applies to a bond transaction, it is an underused resource. It is a vital resource for building in the core of our great cities. And we had three areas that needed mitigating, both at Harrisburg and at Reed.

Reed was harder than Harrisburg. But irrespective of how easy or difficult they were, there were three. And there is not a concerted revitalization plan, a formal one, in either of those neighborhoods. They are neighborhoods that are gentrifying, and that is clear, and we were able to show that to the Department. So the purpose of my being here is to be certain we are all clear and moving in the same direction, that this should be something that is broadly written and interpreted.

MR. OXER: Okay. Thanks for your comments, Joy. I think it is fair to say that, if I take a layman's perspective on this, say that we are trying to look at opportunities, ways, rules, encouragement to do high-opportunity areas, revitalization, you know, specific revitalization, urban core. None of the -- we are not trying to restrict now particularly anything.

And I think the -- certainly, it is my opinion and the rest of the members of the Board are welcome to
express theirs. It is my opinion that the State is better served when we have a broader disbursement of all the assets that we are trying to provide financing for.

MS. HORAK-BROWN: I agree with that. And thank you.

MR. OXER: Good. Any comments? Any questions?

(No response.)

MR. OXER: Okay. Jean.

MS. LATSHA: Good morning. Jean Latsha, stakeholder in the program and not representing any applicant or application. Just a couple of quick thoughts.

Especially when we are talking about Subchapter B and C, to make sure that when we are looking at this, we are looking at this from the perspective of the development community that does 4 percent bond deals, things like the removal of the mandatory community assets, I think is great.

I think that there -- I am sure there have been a number of really great pieces of real estate that have been passed up because they were just shy of that rule, and so I think that is a really great change.

One thing that has come up that we have seen -- I have seen in some municipalities some zoning changes are happening where you have got a lot of cities that are
requiring things like 25 percent garages and 50 percent
carports and things like that. And I think it might be
time to revisit the part of Subchapter B that talks about
parking requirements.

I am not sure exactly how yet. But if there's
a way for staff to put a note in there to where as public
comment is being taken, that there's some consideration
for that rule, that would allow developers to maybe
slightly overpark their sites but still charge for
carports or garages, since you see so many municipalities
out there that are changing those requirements, just to
make that rule kind of fit there.

As far as Subchapter C goes, I think that
requiring Section 811 units in 4 percent bond deals might
really hurt the ability for folks to do bond deals. The
fact is a lot of those deals already need tax exemptions,
maybe up to $3 million worth of soft money.

You add the operating costs of those Section
811 units, that is going to make those deals even tighter.
And quite frankly, you know, usually with the 4 percent
bond deals, you enjoy a little bit less NIMBYism than the
others, although that is not always the case, even with
the 4 percent deals, but adding that aspect to a 4 percent
bond deal makes it very difficult to sell to communities
as well.
On the 9 percent round, you are already kind of facing that difficulty anyway. So I think it has kind of absorbed in that difficulty, but not so much on a 4 percent bond deal.

And lastly, Subchapter C had something in there about bond deals not being able to really be underwritten for May, June, or July agendas in the Board books. I appreciate -- I was just chatting with Brent about this. Obviously, I know how difficult it is to get all of that underwriting done. I would encourage us to look back at maybe going to a third-party underwriting or something like that.

The fact is if a developer has a 12-month purchase agreement and it's closing in July because they found the dirt in July, then, you know, we do everything around that. So not underwriting those deals during the summer because of the 9 percent round could be really problematic for 4 percent bond developers. And that's it.

Thank you.

MR. OXER: Good. Any questions?

(No response.)

MR. OXER: Thanks, Jean.

Anybody else?

(No response.)

MR. OXER: Okay. Marni, want to sum it up?
MS. HOLLOWAY: Regarding the comment from the Rural Rental Housing Association regarding the 60 days, I would suggest that that be submitted through the public comment process, but also go to commitment, rather than creating a new deadline, that that could be -- that we have several other measures that are required at commitment, and that's something that we could absolutely make that change.

MR. OXER: So just move that piece from that deadline, move it over to the commitment deadline. Right?

MS. HOLLOWAY: Right. It is about the same timing.

MR. IRVINE: It aligns pretty closely.

MS. HOLLOWAY: Yes. It is about the same timing.

Regarding the undesirable neighborhood characteristics and, Dr. Muñoz, your concern regarding the revitalization plan, the item as drafted discusses a concerted plan of revitalization already in place, or that private-sector economic forces such as those referred to as gentrification are already underway and indicate a strongly likelihood of reasonably rapid transformation of the area to a more economically vibrant area.

It's a little broad, but it is also on purpose, because not everywhere is going to have that concerted
plan of revitalization, and we are trying to allow that
strategy that intent, whatever, and those forces to be
considered when we are looking at undesirable neighborhood
characteristics, as we did with the Harrisburg deal and
their blight. That's exactly what the mitigation was on
that one.

MR. OXER: So to the extent that we don't
specify what that revitalization specifically means, we
add subjectivity to this, which gives more latitude to a
developer, but also more responsibility to us collectively
as TDHCA to do a close evaluation of that, because what --
and my position on this all along has been housing
shouldn't be the first money in.

TDHCA doesn't want to be the first money in.

We don't -- I don't want to hear -- you can speak for
yourselves, gentlemen, but I don't want to hear, if you
build the housing, the rest of the economic development
will follow, because I have yet to see any indication that
that is actually the case.

So that is why I am looking for making sure
that we offer enough latitude on the revitalization aspect
of it, but with latitude, but with enough specificity that
we don't get ourselves in trouble from making it so wide
you can --

MS. HOLLOWAY: Right. Well, and part of what
we have done with this section is added more specifically what we are looking for for mitigation, and the information that we are looking for from the applicant in order to reach those decisions.

MR. OXER: Okay. Any other questions?

(No response.)

MR. OXER: Okay. With respect to Item 5(a), we had a motion by Mr. Goodwin, second by Mr. Gann to approve staff recommendation on 5(a). We've done public comment.

Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

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

All right. Go for it.

MS. HOLLOWAY: All right. Item 5(b), presentation, discussion and possible action on the proposed repeal of 10 TAC Chapter 11, concerning the Housing Tax Credit program Qualified Allocation Plan and the proposed new 10 TAC Chapter 11, concerning the Housing Tax Credit program Qualified Allocation Plan and directing its publication for public comment in the Texas Register.

The Department is required by Section 42 of the Internal Revenue Code, and by Texas Government Code
2306.67022 to develop the Qualified Allocation Plan to establish the procedures and requirements relating to the allocation of Competitive Housing Tax Credits. The Texas Government Code further requires that the plan be -- that the Board adopt a proposed Qualified Allocation Plan no later than September 30.

This is so that we can get through our process and get it to the Governor on time. Upon Board approval, the proposed QAP will be posted to the Department's website and published in the Texas Register. Public comment will be accepted between September 23, 2016, and October 14, 2016.

There will also be a consolidated public hearing during this time to garner additional public comment. The QAP will be brought before the Board in November for final approval, followed by the statutorily mandated submission to the Office of the Governor by November 15, 2016. Upon the Governor's approval or approval with modifications, which must occur no later than December 1, 2016, the adopted QAP will be published in the Texas Register.

So on -- we discussed earlier the process that we have been going through with the monthly meetings and lots of discussions, and that has led to a number of the changes that we're making or suggesting in the QAP for
this year.

One change, though, as was statutorily required -- House Bill 3535 required that in an urban subregion that contains a county with a population in excess of 1.7 million people, the highest scoring development shall be awarded, if any, that is part of a concerted revitalization effort where that municipality has a population of 500,000 or more.

We have addressed this statutory requirement under the award recommendation methodology as it is a set-aside measure. It is not part of scoring.

So some of the changes that we are making: We are of course, updating the program calendar. We are adding a couple of dates that we didn't have in last year, just to provide a little more clarity for everyone about what is going on.

In the at-risk set-aside, we are adding the requirement to provide an explanation regarding the disposition of units that will not be relocated so that we know what is happening -- if someone is relocating, what is happening to the -- what they are being relocated from.

So we have had a number, like the RAD deals, where they are moving from one location to the other. What happens to the old location. Please explain that to us. Let's see. And then at-risk set-aside subsection --
okay.

Tiebreaker factors. New measures have been added in tiebreaker factors, using features that exceed the maximum opportunity index or educational quality scores, which we will discuss in just a moment.

The average school rating as a measure has been moved ahead of poverty rate to address stakeholder concerns. I would also like to add today, as a staff addition, adding as number-one tiebreaker factor, applications having achieved a score on proximity to the urban core, which is a new scoring measure that we are adding for this year.

Preapplication threshold criteria: We are requiring disclosure of undesirable neighborhood characteristics to those requirements. Under rent levels to tenants, we are removing reference to the Houston Supportive Housing Program, as those points have not been requested by applicants in the recent past.

On tenant services, we are adding an additional scoring item for applicants who wish to certify that they will make development community space available to local service providers for tenant outreach and education.

Under the opportunity index, this section has undergone multiple changes in response to stakeholder input. The threshold poverty rate has been raised to the
higher of 20 percent or the median for the region, so that that measure is adjusted for regional conditions and it's a little bit higher than it was last year.

A threshold option for census tracts with income in the 3rd quartile was added. And then beyond those threshold items, we have added a menu of factors that can be added up in order to get to that full seven-point opportunity-area score.

So it is much less prescriptive than it was in the past and hopefully will allow the development community a little more flexibility in finding those high-opportunity areas.

MR. OXER: They can pick and choose of their own characteristics.

MS. HOLLOWAY: Right. There's a whole -- there's like 15 different items that can -- you know, that a site may select. And then if they have more than they need to get to that seven, those extra ones become tiebreaker.

Educational quality: We have renamed educational excellence to educational quality. The TEA scores needed to gain points have been changed to include an option to use the Educational Service Center region as the benchmark in order to regionalize that measurement.

As with opportunity index, a menu of options has been
added to allow more sites to reach the maximum score.

Staff has received a good deal of communication from stakeholders regarding this item changing or removing this item in the past week. It's important to note that scoring values may be changed or scoring items may be removed as a result of public comment.

Rather than take action that we have not been able to fully evaluate -- where we have not been able to fully evaluate the impact, staff has opted to leave this item as published in the Board book, so that it can be more fully considered, including the impact on other scoring items as the result of public comment.

Staff would anticipate that there would not be a change to the threshold education portion of the undesirable neighborhood characteristics.

MR. OXER: So essentially what you are saying on that particular item, irrespective of the fact that you have received comments on it, we're going to keep that in there and see if we get broader comments, because really the public comment period starts after it is advertised.

MS. HOLLOWAY: Exactly. We have received a good deal of comment over the last week or so, and it's just -- there just hasn't been time to fully evaluate those requested changes. But that is what the public comment period is there for.
MR. OXER: Exactly.

MS. HOLLOWAY: Under underserved area, the maximum points for this item have been increased to five. And the measurements have been adjusted to more fully -- to more closely mirror statutory language.

An additional scoring item has been added for census tracts fully surrounded by census tracts without a tax credit allocation in the past 15 years. We are adding to what was published in the book on this new item, with the census tracts fully surrounded by census tracts.

That measure will apply only to cities of 500,000 or more, and it will not apply in the at-risk set-aside. So it limits the ability to use that specific underserved area item.

Tenant populations with special housing needs -- and Gina mentioned this. The Section 811 project Rental Assistance Demonstration program has been moved to a threshold item after stakeholder input indicated that this would be the preferred method to make use of the program. If we need to be limiting how it is used, then that is something that could be brought forward during the public comment process, and we can take a look at that.

We are adding a new item; proximity to the urban core. This new scoring item provides five points for developments within four miles of city hall in the
five largest cities in Texas. It seeks to support development in gentrifying areas in close proximity to employment and other benefits.

Community support from state representatives:
This item has been modified to allow for withdrawal of a letter if the Representative provides a statement that factual representations made to secure their original letter were inaccurate. It has also been modified to allow staff to seek clarification if a letter is unclear.

Under concerted revitalization plan, an additional scoring item has been added, so that sites that are able to score four points on opportunity index are able to gain an additional point on concerted revitalization, so the potential score on revitalization and opportunity is now equal.

The rural subsection has been modified to reflect the lack of published plans in many smaller communities. We are adding for today, in the urban subsection, that the concerted revitalization plan item applies to cities with a population of 100,000 or more.

Cost of development per square foot: The maximum costs have been increased by 4 percent to account for increased development costs since the last adjustment.

After our August 25 Board meeting, we met with
a group, and a new concept regarding cost per square foot and credit allocation was put forward. It is really very interesting, and it is one that we are going to take up during the process for 2018. We did not have an opportunity to fully develop it for this QAP.

But we are adding in this item -- and let me read. I will read along, and then I'll tell you where we are adding it.

The item says, "An application may qualify to receive up to 12 points based on either the building costs or the hard cost per square foot of the proposed development voluntarily included in eligible basis."

That's is eligible hard cost. And then all the way through the balance of that item, turning "hard cost" into "eligible hard cost."

Preapplication participation: This section has been modified to clarify the site requirements and added a requirement for disclosure of undesirable neighborhood characteristics in order to gain points. So I mentioned that one earlier. This is where the points come in.

Leveraging of private, state and federal resources: The proportions in this item have been adjusted for the types of structures that are currently prevalent.

Under historic preservation, we have another
change that we are making here at the meeting. Right at
the start of the historic preservation item, there are
limitations on scoring based on educational quality. We
are proposing to strike those items.

What we will be taking out is, "except for
developments that qualify for one or three points under
educational quality, an application that has received a
letter from the Texas Historical Commission determining
preliminary eligibility for historic/rehabilitation tax
credits and is proposing the use of historic
rehabilitation tax credits, whether federal or state
credits, may qualify to receive five points.

"Developments that qualify for one or three
points under educational quality that has received a
letter from the Texas Historical Commission determining
preliminary eligibility for historic rehabilitation tax
credits and is proposing the use of historic
rehabilitation tax credits, whether federal or state
credits, may qualify to receive three points."

We are taking all of that out altogether.

MR. OXER: Sounds like a good plan on that one.

MS. HOLLOWAY: Yes. And it's been confusing,
absolutely. But this will remain a five-point item.

Point adjustments: We have added an item that
provides for a penalty if the applicant fails to meet
federal commitment or expenditure requirements on loans out of our direct loan program. The third-arty request for administrative deficiency section has been edited to provide clarity around the process, based on the results of the 2016 round.

As I mentioned, there was a last-minute flurry of new comments. One of them included bringing back the affordable housing needs score from six years ago. Staff hasn't had an opportunity to fully evaluate that measure or some of the other suggestions, in order to get them into this proposal.

Also for 2018, as I said, we will be taking up costs per square foot, absolutely, and taking another look at concerted revitalization just as our starting-out charges for next year.

Staff recommends that the Board approve the proposed Qualified Allocation Plan Chapter 11 to be published in the Texas Register for public comment, along with making any nonsubstantive technical corrections as necessary.

MR. OXER: So back, just like we did on 5(b) [sic], you had a whole bunch of input. You spent a lot of time on this. A lot -- I had the opportunity to observe some of the give and take.

MS. HOLLOWAY: Group therapy.
MR. OXER: The community therapy. There's -- we have taken that as stakeholder input, developed something that we think is going to -- and now we are going to advertise this and start some really formal. Nothing is baked until it is done -- I hate to say it quite like this. But nothing is done until we say it is done to go to the Governor, and it is not done until he says it is done.

MS. HOLLOWAY: Exactly.

MR. OXER: Okay. So this is getting it into the public comment to get those formal comments.

MS. HOLLOWAY: Yes. And the items that I have mentioned as I read through that we are adding or taking out will be included in the rule as it is published in the Register.

MR. OXER: It will be evident what has been taken out and what has --

MS. HOLLOWAY: Yes.

MR. OXER: Just typical, see the striking out on the parts that have gone out, and the ones that we have added in. Okay. Any questions from the Board?

(No response.)

MR. OXER: Okay.

MR. IRVINE: Comment, if I might.

MR. OXER: Always, Mr. ED, you always have the
right to comment.

MR. IRVINE: First of all, we really do want specific, detailed, thoughtful comment about all of these items. You know, I know it is committing to a horrible burden to go through reasoned response to a lot of comment.

To the extent that you can coordinate your comment, you know, great, you're easing our burden. But we want comment on things like distances. We want comment on things like populations. You know, we want comments on all of the different metrics, to get them as good as they can be.

We also, as I said earlier, continue to receive ideas. Some of them make a ton of sense. For example, to my uninformed pea brain, the idea of educational quality is something that really does deserve some thoughtful scrutiny. You know, I think it is probably a truism that higher-income areas are going to align more with higher quality schools. So if you add educational quality incentives, are you not just bolstering further the incentive to develop in areas that are already well supported by opportunity menu points.

Conversely, would you be diluting your policy objective of supporting things like development in urban cores, which might not have such educational quality

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opportunities but would still have, you know, schools that meet our threshold criteria. So we want to make sure that we create a balanced QAP that creates dispersion, creates housing choice, and serves all areas of our communities, but specifically something that doesn't just forsake urban cores. I think that is really important, at least to the staff.

MR. OXER: Without getting too tilted on one of these corners of this triangle, we have the revitalization aspect of it, the higher opportunity aspect, the urban core aspect. Trying to balance, so that, again, make sure that dispersion, there's opportunity everywhere.

We will continue to be, if not bound and constrained -- I am trying to do this right, Megan. If we're not bound and constrained by affirmatively furthering fair housing, we will at least be bound by what I consider good policy and rationale in how we are proposing to do these things.

So that balance is hard in any pair of those, not to mention balancing all three of them at one time. So just -- I point that out just to -- that is my perspective on it, because if this was easy, we would have done it several years ago.

MR. IRVINE: So if you are commenting on educational quality, and you say, yeah, right on. Say why
yeah. If you are opposing it and you are saying remove it, make your case.

And if you are saying adjust the points in this manner, make your case. And I think that those are all possibilities under the Administrative Procedures Act at final adoption.

MR. OXER: With the active component of that being, make your case. This is not a vote. Any questions?

DR. MUÑOZ: Just, I mean, to just underscore what the chairman and the executive director are stating. I mean, I think, I just want to make it clear that this is the procedure and the opportunity to introduce those recommendations and substantiate them with an argument related to educational quality, et cetera, and others. Right?

And so as to advance this sort of, I think, the executive director said, this is the disposition of the staff. But this point of distribution and equity and access to affordable housing in various communities, I think it also reflects the disposition of the Board; it certainly does me. And so you know, this is the apparatus for communicating improvements to how we set policy to achieve that dispersion of access to high-quality affordable housing.
MS. HOLLOWAY: Just to put a little finer point on it, through the public comment period, we are not going to be able to add anything to the rule. So we can edit what is here, we can take things out; we can't add new things. New stuff will be part of the process for 2018.

MR. OXER: We said any modifications. And that is why you request essentially the typical modifications, edits. It is not a major edit so much as it is proofreading or --

MS. HOLLOWAY: We have been proofreading. Actually, Sharon has put a whole bunch of time into correcting all of my misnumberings and things like that, which are not -- those are nonsubstantive; they're just technical matters.

Public comment, we can change points. We can, you know, tweak language a little bit. We can take things out entirely. We can't put in new ideas.

MR. OXER: Well, at this point in the process that has been ongoing for, what, eight months now --

MS. HOLLOWAY: Yes.

MR. OXER: -- because we started basically in January, trying to get this ready for this year and have made a point to reach out to the stakeholder community to get this done. At this point, that ship's pretty well down the path.
And as big a -- as consequential as changes can be -- because we found out before that if you make sudden changes, there are implications, and if you don't take the time to research that and figure out what the implications are longer down the road, then we wind up having to correct something that needs to correct something that needs to correct something.

So I would rather spend the time -- so at this point, we are basically coming down with, this is more or less what we have got generally for the structure of the QAP. We want to hear some input on that. If there are any major changes, we'll have those for 2018.

MS. HOLLOWAY: Uh-huh.

DR. MUÑOZ: Hey, Marni. I mean, I should know the answer. But like I get it. We can't change -- that includes the points? Like, what if something were to say something about you know, not to change this category, this area. But to say, you know, I think eleven is too many, or I think five is too few.

MS. HOLLOWAY: Certainly those are things that we can consider through the public comment period, absolutely. My only caution to that would be to be considerate of the statutorily required items.

DR. MUÑOZ: Yes.

MS. HOLLOWAY: You know, the above-the-line
items and the below-the-line items. And we have to make
sure that we are continuing to follow the requirements
placed on us by the Legislature.

DR. MUÑOZ: And the little matrix that you have
provides the statutory code reference to sort of look at.

MS. HOLLOWAY: Right. And that also will be
updated. I think it still includes the historical
preservation education linkage that we are taking out.

MR. OXER: Questions?

(No response.)

MR. OXER: Okay. Item 5(b). Correct?

MS. HOLLOWAY: Uh-huh.

MR. OXER: Okay. With respect to Item 5(b), is
there a motion to consider?

DR. MUÑOZ: So moved.

MR. OXER: Okay. Motion, Dr. Muñoz to approve
staff recommendation on Item 5(b).

MR. ECCLES: And that includes just to tack on
the changes that have been orally announced here.

MR. OXER: As presented and modified. Good
point there, Counselor.

Do I hear a second?

MR. GANN: Second.

MR. OXER: Second by Mr. Gann.

Bobby, you are up.
MR. BOWLING: Okay. Good morning, Chair and members of the Board.

DR. MUÑOZ: Please state your name for the record, sir.

MR. BOWLING: Just about to get to that.

DR. MUÑOZ: Get right to it.

MR. BOWLING: You have been here for a long time; I know you have.

I am Bobby Bowling. I am from El Paso. I am currently serving as the President of TAAHP. I am also commenting to you -- I am providing you comments as president of TAAHP and also as president of my company, Tropicana Building.

There may come a time during this process that I wear two hats and I present to you as TAAHP and then later as president of my company. But right now, I am presenting to you comments of both.

Is that adequate, Dr. Muñoz?

DR. MUÑOZ: Yes. Thank you.

MR. BOWLING: We very much appreciate the efforts of staff to take feedback from all interested parties from the beginning of this calendar year, as you mentioned, Mr. Chairman. The roundtables have been great. Every seat has been filled, almost every session, especially lately, towards the end.
The industry is seeing a problem with limited sites that score. And we have talked about this ad nauseam throughout the process. The Urban Affairs interim committee, we have talked about that.

And the problem is that developers have been chasing -- under last year's QAP and the court order and some of the previous QAPs, we've been chasing the same sites for score.

And what that has created is some artificial demand out there and some artificial inflate of land prices, which isn't good for the program, and it's not a good utilization of Texas's limited resources.

We do see the high opportunity -- as the executive director stated earlier, the high-opportunity area and educational-excellence points as a sort of double-dipping. He very astutely pointed out the problems with having both of those point items. And for certain sites they generally are going to get both of those points.

So that is what has led to some of this site chasing and some of these limited sites around the state that we are all chasing and trying to score max points with. We do see a problem with urban population areas getting squeezed out, and a disproportionate amount of deals getting awarded outside of larger cities and larger
We appreciate staff's efforts to rectify this with this draft QAP. We did discuss and we brought forward the idea of reinserting the housing needs score, but we do understand that it is very late in the game and that probably another round of input and discussion and consideration needs to occur. Maybe we can look at that for 2018.

While we also see -- based on my comments about HOA and educational excellence, we are also pushing for the elimination of the educational-excellence points. We think that it does not provide a level playing field for broad dispersion throughout the state with that point item in there.

While we see the new urban core points also as a novel idea, that needs some more work and feedback. We will be providing comment and feedback during the public comment period on that.

And we also appreciate the idea of underserved area points, but we have a lot of fear about that item and having it lead to some unintended consequences. Texas is a huge state, with vast areas of open land. And some of those open lands are not very populated. So for instance, in that arena, you may get these underserved area points because a deal has never been there, but it may be in a...
county that's 5,000 square miles with 3,500 people in it.

MR. OXER: It sounds like Rhode Island.

MR. BOWLING: It is really Connecticut, I think.

But that is basically our comments. We look forward to providing a plethora of comment during the public comment period and feedback.

Again, we very much appreciate staff's willingness to meet with the entire industry -- and not just our industry; any stakeholder was invited to this -- advocates, tenant groups -- and it was a good process. And we appreciate your executive director's and your chairman's leadership on that. He attended a few of the roundtables as well.

MR. OXER: Thank you for that, Bobby.

We are happy to accept public comment. I would offer up that we are about to issue the QAP for public comment -- issue the draft for public comment.

So anything you are going to say today, you are going to have to say again; we would like you say it again for the draft that is coming up, put it into the record. So if there's anything that any of you have to say that is going to be the same as the one that said it before, just say ditto, thanks, we're all over it, and then make your actual written comments on the draft when it's published.
Thanks, Bobby. We will always take your comments, but you know, at some point, staff gives us a pretty good rundown on what the public comments are.

MR. ECCLES: I will say that from the semantic standpoint, we have been trying to refer to the prepublished proposed rules as public input versus public comment. And we are about to enter the public comment section of the rulemaking process.

MR. OXER: Okay.

Go, Sarah.

MS. ANDERSON: All right. Sarah Anderson, as Anderson Consulting. Ditto, thank you, we're are all over it, I think is what you said we should say, so I agree with that.

The only comments I am going to make are because I am not sure whether or not they have to be made now or if they are going to fall under -- they are within an adjustment during public comment period.

And the first one had to do with urban core. And right now I think it is an interesting concept. And I would probably -- now it only goes to five cities, and I would probably say that there are other cities that would benefit from that.

MR. OXER: You understand we are testing this.

MS. ANDERSON: Exactly. I think it is an
interesting idea. My one question is, right now --

MR. OXER: Yes. And the urban core for

Muleshoe is a little different from that of Houston.

MS. ANDERSON: Exactly. Well, you know, like

in this case, El Paso has a definitive urban core area but

wouldn't qualify, as would, I think, Fort Worth. I mean,

there are some others that don't fit in.

But really my question on that one is, right

now, you have the at-risk set-aside that is a statewide

competition, and we have this scoring item for urban core

which only goes to five cities.

And my question is whether or not, if I make

the comment now, we would like to see the urban core

exempted from a scoring item for at-risk, because it

doesn't seem to make a lot of sense to have a statewide

competition where only five cities can win. So I don't

know if I need to say that now or if it can be added --

that exemption can be added later.

The other had to do with --

MR. OXER: Well, now you have said it.

MS. ANDERSON: I've said it, so it's out there.

And so you can make the decision as to whether or not it

has to be in the draft or not, or if that can be taken

later.

The other has to do with 811. And again, right
now, it's a threshold. And whether or not it would be
within a change that could be made, we would prefer to see
it as a scoring item rather than threshold.

And is that something that has to be in both
and one removed, or can it be moved from threshold to
scoring within reasonable change for the QAP?

And then the third item --

MR. OXER: I guess the question is then does
that constitute --

MS. HOLLOWAY: I'm sorry. I wasn't able to --
I'm sorry, sir.

MS. ANDERSON: Yes. I don't know if it
constitutes more of a change than can happen, which would
be changing the 811 from threshold from scoring.

MS. HOLLOWAY: That would be a big change.

MR. OXER: That is substantive, is it not?

MR. IRVINE: It would need to be in there both
places if we were going to consider the possibility of
it --

MS. ANDERSON: Right. And so that would be my
request, is that it be in both places.

MR. OXER: To give us the option.

MS. ANDERSON: To give the option of pulling
one or the other, to make the determination of whether or
not 811 should be threshold for every single deal,
including bond deals, or whether it should be a scoring item. So I would like to request that.

MR. OXER: You can adjust that in a minute.

MS. HOLLOWAY: Okay.

MS. ANDERSON: I would like to request that that be put in both sections so that that discussion can happen.

And then just a general thank you to Dr. Muñoz for the discussion on the revitalization. I think that we have seen there's revitalization plans. They exist; it's happening. I do have a little concern that there's been some additional language of -- that we are now saying has to be in these plans. And the more times we say this has to be in a plan -- we change it every year. The plan that worked last year now doesn't have this one line now doesn't work.

And I just would like -- I would love us to look at taking away some of the prescribed language and stick more with the theoretical look. And I know it turns it into you know, sort of like is pornography -- we'll know it when we see it. But unfortunately that's what --

MR. OXER: You say.

MS. ANDERSON: I know. That is kind of what these revitalization plans are.

MR. OXER: And we thought of them as
pornographic occasionally too. But that is all right.

    MS. ANDERSON: Oh, bad pun.

    MR. OXER: Bad pun. Go ahead.

    MS. ANDERSON: Lastly, for the third-party administrative deficiencies, I appreciate the clarity, that when we go through this, it is not going to come to the Board, that the decision made at staff is the decision.

    I think that that was very confusing last year.

    I would say that there has been language added that I would like some clarity on at some point. It seems to imply that if staff makes a mistake in the review of an application, that that is not something that can be brought forward.

    So staff can -- everyone can make mistakes. Staff can make mistakes. But it seems like we should be able to point out that a staff mistake missed something and should be able to point it out and have it re-reviewed.

    I am not sure if that is what the change means. But if you read it literally, that is what it says. So just a thought. We would like everything to be on the table to be reviewed in the third-party administrative review. And that's it.

    MR. OXER: I think that is a fair request.
Marni's taking notes.

So Robbye.

MS. ANDERSON: Okay. Thank you.

MS. MEYER: Just two quick comments. One, I kind of ditto sort of what Sarah is saying. One concern is --

MR. IRVINE: Who are you?

MS. MEYER: Robbye Meyer. Sorry. You all were used to seeing me.

MR. OXER: The ones that are listening out there don't know. We know who you are.

MS. MEYER: Not that I like being up here. But the concern of putting things in the QAP and then taking them out, or putting them in rules and then taking them out during the public comment period.

Some of the things that we have in there and you are considering taking them back out, one in consideration is the educational excellence. That's huge. That's not just a minor thing that you are considering possibly taking out.

We wouldn't even be able to consider sites at this point. And until you make an actual decision in November, we're all going to be sitting here waiting to see whether you are going to take that out or not.

That opens up the entire state of Texas if you
take that out. Not that I am not for it. I'm all for it, if we take it out. But that is something that needs to be in the draft, and we need to know.

You can't walk out of this room today not knowing whether that is a really true possibility, because like I said, it opens up the whole state of Texas if that actually comes out. That is a significant change, just to put that on the table.

One other thing. We have talked about urban core. We have talked about a lot of things that are happening in the big cities, and I am all for that. We do urban development as well.

But we also have 33 million in allocation that go to a lot of other places in the state, so please consider the other places that we do have allocation in the state of Texas. We have a lot of allocation in other places.

MR. OXER: Good. Thanks.

Tracy.

MS. FINE: Tracy Fine, National Church Residences. And I am here to talk about tenant services, and also talk a little bit of education from our perspective.

So National Church Residences is the largest nonprofit provider of affordable senior housing in the
entire country.

Seniors living in affordable housing are more likely to have multiple chronic health conditions due to a lifetime of living in poor economic conditions with less access to health care and healthy living choices.

Sixty-eight percent of our seniors living in affordable housing are dual eligible for both Medicaid and Medicare. This is five times more likely than their peer seniors their age.

This makes seniors in our tax credit properties a really expensive population to house. Service coordinators in senior affordable housing are now proven to reduce health care spending with reducing hospitalizations by 18 percent, along with moveouts to higher care living, which cost the State of Texas $150 a day or $55,000 a year, not to mention the incredible improvement in the quality of life by helping a senior safely age in place.

Service coordinators bridge everything from hot meal delivery, home health based services, health education, transportation, insurance and doctor navigation, health care system navigation and social activities. They watch over your loved ones when you cannot be there.

I really appreciate TDHCA's effort to have
points associated for developments contacting local service providers to deliver services. However, to be effective, these points should be combined with a dedicated service coordinator. Service coordinators understand what residents need, so they can coordinate what providers and tailor the services appropriately to the needs of the residents.

In our communities we proactively survey every willing resident to understand their difficulties with everyday living, chronic health conditions, mental health, insurance coverage, just to name a few. We then identify what services are needed on an individual level and a common level of our building. We then work with appropriate service providers based on those specific needs. We are also able to identify and focus on residents that are the most fragile and vulnerable, making sure that we are able to keep them home for life.

Prioritizing service coordinators is a national movement due to the mounting evidence that it is linked with substantial health care savings. It's beginning to attract housing capital from nontraditional sources, such as managed health care organizations and insurance companies.

I'm asking you to incentivize service coordination under tenant services; reward projects that
go beyond bricks and sticks that are truly providing meaningful services.

With this small change we can make the tax credit resource more impactful. We can be better tools to keep aging Texas home for life. We can continue to provide evidence that this model reduces health care spending, which further attracts new funding sources from the health care industry.

Service coordinators make the greatest impacts on the quality of life and most effectively use the tax credit resource. With Medicaid making up more than a quarter of the Texas budget and seniors eating up most of that, I know the Texas Medicaid budget will also be thankful. I appreciate your time.

MR. OXER: Okay. Thanks, Tracy.

Ginger.

MS. McGUIRE: Ginger McGuire, speaking on behalf of Rural Rental Housing Association. I have several comments about the QAP.

The first one is the tiebreaker. We request that the Department drop number three entirely on the tiebreaker, regarding the achievement of maximum educational quality score and the highest number of points on each educational quality -- on the educational quality menu they were unable to claim because of the cap.
We would like to see that dropped and just move the next one up to number three. We feel that the weighting of the three schools would achieve the same thing that the staff is trying to achieve there and would not penalize some of the folks in areas that don't score high in the educational quality.

We are still -- and I am speaking on behalf of the preservation folks, so in trying to achieve your balance, that's my platform here.

We are still finding that the donut-hole problem exists in this QAP. And that is an area in a rural town where there's an inner city that is a fourth quartile, very liveable, very desirable, charming, but it's the areas around the city that have the first and second quartiles, and that's the ranch areas.

This does not deal with the fourth quartile core city of urban areas, and so that still persists, and towns such as Marble Falls and San Saba are examples of that. Very liveable but it is the core.

We hope that the staff will remain open during the comment period to changes to the threshold criteria. It is so linked in this QAP that -- and our membership has not had a chance to go out and see if this new threshold works for them. We will do that. We will be commenting.

We just hope the staff will remain open to those
comments.

The additional points in part D of the opportunity index: several comments there. The distances in some instances are more reflective of urban or suburban areas. We'd like to see many of these distances stretched out, particularly where there's the one mile.

One mile in a rural area is nothing, really. Rural residents are willing to drive longer distances and it really doesn't affect the livability or the high opportunity quality of the rural areas.

Specifically, we'd like to see longer distance of more than a mile on recreational facilities and parks and community service organizations. We believe three miles to be more realistic for rural Texas, and we would like to recommend that as a substitute.

Another one: The development site is located within five miles of a retail shopping center with XX square feet of stores. May I continue?

MR. OXER: Please.

MS. McGUIRE: Okay. XX square feet.

MR. OXER: Just wrap it up, okay.

MS. McGUIRE: Stores. The number needs to be very small or taken out entirely. It really, again, misses the charm of some of these small Texas towns that have the specialty shops around the plaza. So we ask
that.

   Development site is within two miles of a
government-sponsored museum, in a rural area. Can we add
privately owned or nonprofit owned to that as well? Some
of those are actually the free museums that you can go and
visit.

   The average number of people in rural Texas age
25 plus with an associate's degree. The draft is asking
that there be 27 percent who have achieved this
educational level of an associate's degree.

   Rural Texas has --

   MR. OXER: This is pretty detailed comment.
Wouldn't it do better -- wouldn't we all be better served
for you to put this in some written comment to put into
the -- to give to the staff on the --

   MS. McGUIRE: Okay.

   MR. OXER: I mean, we appreciate that you have
taken the time and gone to the effort to make these
comments and put them down, but we all would be better
off, I think --

   MS. McGUIRE: Okay.

   MR. OXER: -- by quantifying those and putting
them on the record -- they're on the record now, of
course.

   MR. IRVINE: Removing things is something that
can be handled in comment. But if you have things that
you want to add, that's something that has to occur here.

MR. OXER: Yes. We need to do that; the add-
on have to occur today. If you want to take something
out, that can occur during the full comment period.

MS. McGUIRE: Okay. The rest of the things
that I have are changes like the size of the units being
90 percent. We don't -- okay. The rest of them we can
add to -- I'll put in written comment, and thank you for
listening. I appreciate it.

MR. OXER: You know, we want to make sure that
you have the opportunity to have those comments
specifically made for the QAP. But I am just saying, for
purposes of the comment we are asking for now, it makes
more sense to get those things that we want to add to it,
as opposed to modifying it.

MS. McGUIRE: Okay. And I know how hard it
is --

MR. OXER: Is that right, Counselor?

MS. McGUIRE: -- to change the QAP once the
draft has been published, and so that is why I was making
some of these comments today, hoping that we could get
them into the draft that is published.

MR. OXER: Okay. These are additions.
MS. McGUIRE: Okay. We have some comments on the revitalization plan. USDA properties, just they are more than likely not going to be demolished and moved. It's very hard -- there need to be waivers, justifications, proof, and time consumption is an issue there. So just in the interest of preservation in the USDA set-aside, we will have more comments there.

MR. OXER: Okay. We appreciate those.

MS. McGUIRE: Okay. Thank you.

MR. OXER: All right. Thanks.

MS. LINDSEY: Chairman and Board members, thank you. Emily Lindsey with Hamilton Valley Management. Also in addition with Ginger to represent kind of the USDA rural rental housing group. Thank you for your time today.

I just wanted to speak briefly in regards to the high opportunity and the "donut hole" that Ginger was just previously mentioning. There has been some implication put back into the proposed draft QAP this year to have a threshold of high opportunity that applies to both urban and rural, where you have to meet a poverty rating as well as some quartile ratings.

And being one of the largest affordable housing developers in Texas and primarily with USDA properties, we feel like we have spoken at length with other developers.
about this and just have some feelings that maybe the essence of what was intended with these ranking of the quartiles had kind of a maybe unforeseen adverse effect on rural areas.

Inside an urban area, if you look at a quartile map as it is drawn and divided by census tracts and then ranked by one, two, three and four, you can obviously differentiate highly populated areas that some may be more higher income and those that are less. But when you look at a map of an urban area -- I'm sorry -- a rural area, in a rural county, at a census tract map, those census tract lines are drawn pretty much right around the towns.

And so what has happened is that these quartiles as they are ranked one, two, three and four, are almost directly correlated to the populations in those counties, so that your highest populated areas are the third and fourth quartiles, and the first and second quartiles are the least populated areas, to where you are literally the difference between a fourth quartile and a first quartile is town and the sticks and the bushes where you have nothing but ranch owners and home owners to drive up the income in those census tracts.

And so what we are seeing is this donut hole issue, to where the most ideal place to place a tax credit development in a rural community is in this town where it
is in close proximity to amenities, but at the exact same time, it is in the fourth quartile for that county.

And you know, we understand with high opportunity as it pertains now to revitalization, it is tied into revitalization in order to meet the majority of the points for revitalization. You also have to pass a threshold for higher opportunity, which is meeting either the first, second or third quartile, and also the poverty rating, and so it is also being present in the tiebreakers.

This has a huge impact on all of the applications, as they score, whether they are in a quartile or a poverty rating, and so our request is that that not be applied to rural areas; that it either be urban or that the opportunity threshold be opened up to include fourth quartiles and the poverty restraint for rural areas also be raised, because the same is true of poverty areas.

When these census tracts are divided within a county by poverty rating, your highest populated areas are going to be the highest poverty rating, so just as she was -- Ginger was referencing -- you know, towns like San Saba and Marble Falls, the most ideal place in that county to put that development inadvertently is the highest poverty and the lowest quartile. And so that is just
something that we would like for you all to consider.

MR. OXER: Okay. Thanks, Emily.

Donna.

MS. LATSHA: Thank you. My friends are being nice, and letting me go, so I will be really quick. Jean Latsha, stakeholder in the program.

So this is an addition that I would like to suggest. It was suggested last year; it actually made it into the draft last year and then got taken out. It reminds me a lot of what happened a couple of years ago with the 811 program, where it got put in the draft, everybody got really excited about it; it got taken out and revisited for a year, and then got put back in.

Right?

And that is the consideration of the previous participation score of the applicants, whether it be as its own scoring item or as a tiebreaker. I would suggest it should be the first tiebreaker at the very least.

The previous-participation rule has still been out there for a year, and as far as I know, nobody has raised huge, huge complaints about it, and so I think it is something that should be revisited again.

The compliance record of the applicants, I think, is paramount to this program. That is exactly why you sometimes see guys trying to sell GP interest after a
thing has been built for all of a year. It's because that
guy was not qualified to be building that and managing
that development in the first place.

If you ask any lender, the sponsor is as
important as the location of the development, probably
more so. So I would suggest that it get thrown back into
the draft so it can be commented on again and hopefully
stay in. Thank you.

MR. OXER: All right. Thanks, Jean.

Donna -- Janine, do you go first? What is the
story between you two? Are you abdicating your position
or what?

MS. RICKENBACKER: They wanted to go first. I
apologize. I was giving them --

FEMALE VOICE: She had a meeting.

MR. OXER: Okay.

MS. RICKENBACKER: Donna Rickenbacker with
Marque. I want to echo a couple of comments that were
made earlier by Sara with respect to the third-party
administrative deficiency process, and incorporating some
language in there that allows a third party the
opportunity to question the evaluation of another
application.

MR. OXER: Go ahead, because I think, you know,
MR. ECCLES: There is a statutory prohibition.

MS. RICKENBACKER: No. This is -- I'm sorry. What are you referring to? I am talking about the provision that they have got in a third-party administrative deficiency that they added -- that staff added. Excuse me.

MR. ECCLES: Well, and what is it that you are seeking to add to the language?

MS. RICKENBACKER: To allow a third party to challenge staff's review of an application.

MR. ECCLES: Of someone else's application?

MS. RICKENBACKER: Someone else's application. Yes, sir.

MR. ECCLES: A competing application.

MS. RICKENBACKER: A competing application. Yes. That's been removed from the third-party administrative deficiency process.

MR. ECCLES: But doesn't that run perilously close to seeking to appeal somebody -- a competing applicant's application?

MS. RICKENBACKER: No. Why would we be appealing it?

MR. ECCLES: Okay. We're not seeing eye to eye on that thought.

MS. RICKENBACKER: So I am not sure I follow.
the appeal question.

MR. OXER: We're not sure what you are trying to do.

MS. RICKENBACKER: So within the third party --

MR. OXER: You are looking at this as a challenge.

MS. RICKENBACKER: As a challenge to a third-party application, somebody else's application, with respect to staff's evaluation of that application.

MR. OXER: Comment.

MS. RICKENBACKER: Okay. So that which was made earlier by Sara Anderson. And then also I wanted to suggest that with respect to the proximity of urban core, right now -- and I haven't had an opportunity to digest a lot of the changes that staff is suggesting be made to the staff drafts that were published or that we received on Friday.

But right now what I am not seeing is that there are any ways to differentiate and deconcentrate housing in the same year to prevent situations like Alton, Edinburg, Georgetown, Whitehouse, where you have got, in the same year, units -- a lot of units being concentrated into certain areas.

Obviously these are happening in counties that are less than a million in population, because right now
statutorily there is a restriction of the same-year, two-mile rule that would impact developments that are located in counties of a million or more.

So my suggestion is, with respect to proximity of urban core, perhaps we can open that up and allow to be utilized in all urban areas, with perhaps certain population limitations on that, and that those urban core points be only eligible to those -- one deal within each of those urban areas.

My suggestion is being made so that we can try to figure out ways to deconcentrate the housing and disperse those units across larger portions of the region. So that is my suggestion. That's it.


MS. RICKENBACKER: Thank you.

MR. OXER: Janine.

MS. SISAK: Hi. Good afternoon, or good morning. My name is Janine Sisak. I'm here today in my role as the committee chair of the QAP committee for TAAHP, and I'll be really brief.

Thanks to staff for the extra process this year. It was painful at times, but I think if we look at the draft --

MR. OXER: At times?

MS. SISAK: At times. But if we look at this
draft compared to last year's draft, I think we have made
a lot of progress in the right direction, and I'm really
actually quite pleased with the draft that we are looking
at today.

You know, as Bobby mentioned, we definitely
will look closely at educational excellence as we go
through the comment period. We would love to see that
reduced significantly or, really quite frankly, be
removed. Now is the time to do it, after recent events in
the last couple of weeks. So we feel like the discussion
there will be fruitful and will result in good policy for
the state.

I do want to -- because there has been a lot of
discussion today about CRP, and there have been certain
comments from staff, that it's something that we will look
at for next year, I think the draft language as posted
provides enough for us to work on it this year.

I will be making specific changes to the draft
that's out for publication, and I think we can get there
this year, in getting away from this plan concept and
getting more towards, you know, cities having the ability
to say this area -- while we don't have a formal plan,
this area is an area that we have targeted for
revitalization, and there's already public and private
investment there.
So I'd really like to work on that going forward. I really don't want it to be a next-year issue. I think that is something that we can solve in part this year.

And then finally, you know, more for the rest of the stakeholders in the room, as the TAAHP QAP committee moves forward, we are going to kind of look at the balancing of the score Dr. Muñoz mentioned. You know, do we have the ability to change point categories? And there are some new ones in here, in particular, urban core and that one being the tiebreaker.

And, you know, just I think, everybody understands that, you know, if education excellence goes away, there's some recalibration that needs to happen. And I have been really focused on that as the committee chair and have just, you know, a whole bunch of sites that I am constantly testing the QAP on. And I will continue to do that so we have a balanced QAP.

I think that is the goal, is not to favor or bend over suburban projects or urban over rural, but to have good dispersion and a good balance in terms of the program.

Thank you for your time and your service.

MR. OXER: Thank you.

DR. MUÑOZ: Hey, Marni.
MR. OXER:  Sorry, Janine.
Do you have a question for Marni?

DR. MUÑOZ:  Yes. Just, I mean, you probably
don't even have to get up; you can answer with a head nod.
I mean, I have heard this topic of elimination of the
educational equity sort of category of points, like quite
a few times now.

MS. HOLLOWAY:  Uh-huh.

DR. MUÑOZ:  Has that been floated? I mean,
because --

MS. HOLLOWAY:  It has been within the -- well,
throughout the course of the meetings.

DR. MUÑOZ:  Like here. Here.

MS. HOLLOWAY:  Here, no.

DR. MUÑOZ:  Okay.

MS. HOLLOWAY:  Throughout the course of our
meetings, that has been sort of a theme with the
stakeholders, that they don't like that scoring item and
the double-dipping part of it.

DR. MUÑOZ:  Yeah. I get the double-dipping
part, but the --

MS. HOLLOWAY:  This recent really amping up --

DR. MUÑOZ:  Because enough people have
mentioned it accidentally to make the point.

MS. HOLLOWAY:  Yes. This recent -- there has
recently been quite a bit of amping up of let's just take it out entirely.

DR. MUÑOZ: Yes.

MS. HOLLOWAY: I am not prepared as --

DR. MUÑOZ: Yes. You don't even have to -- yeah. I am asking because it doesn't strike a chord.

MS. HOLLOWAY: Yes. It is not something that I have discussed with you, or I have brought back or reported on.

DR. MUÑOZ: Maybe it is just a string that is trying to be pulled. Thank you.

MR. OXER: We'll eventually get to you. Okay.

Let all the ladies go first, but we are going to get to you eventually. Okay.

MS. MYRICK: Thank you. Good afternoon.

MR. OXER: It is indeed.

MS. MYRICK: My name is Lora Myrick. Yes. So I would like to say ditto to Ginger McGuire's comments on rural communities and if possible, would like to see if we can maybe incorporate some of those distances that she was talking about.

In the rural community, it is hard to do one and two, so if we could maybe do the three -- if we could change the distances to three in the draft, that would be great. We would greatly appreciate that.
MR. OXER: Great.

MS. MYRICK: Thank you very much.

MR. OXER: Thanks.

Joy. The gentlemen are going to be courteous today.

MS. HORAK-BROWN: Joy Horak-Brown, president and CEO of New Hope Housing.

There's one concept I would encourage us to put in the draft today, so that it is at least open for comment. And as other things begin to move and shake, it is my position that we would be happy that we at least had the opportunity to discuss it.

And that would be housing needs score. I believe the last time it was in a QAP was 2011. It came out immediately thereafter. I know that staff thinks, and no doubt they are right, that it would need to be recalibrated; that the way it was calculated which was complex would not work in today's environment.

But as things begin to move and we look to have dispersion appropriately across the state, I believe it could be a useful tool. And I am speaking particularly to the experience in Houston this year.

There is one, precisely one 9 percent tax credit deal in the fifth largest city in the United States. And I think that is wrong, and I think it was
inadvertent. So I am looking to have tools in the QAP that can help us all achieve a better result next year.
Thank you.

MR. OXER: Okay. Thanks, Joy.

MR. IRVINE: May I speak to the concept of the score issue? I do think that a housing needs score is a useful tool, and we will work on developing that concept.

The problem is a logistical problem. Under the Administrative Procedures Act, the public has to know what exactly we are proposing to put in place and impose upon you as a legal requirement.

And that would mean that we would have to develop between now and when we get this thing submitted to the Register a concept that was not discussed in this meeting, was not discussed by the Board and frankly is not even fully understood by staff. And we simply just can't accomplish it in this time frame, but it is a great objective for the future.

MR. OXER: And the point is, to amplify Tim's comment, Joy, that's a good comment. We need to start working on that. We are under some time constraints here. Nice to have that. We will start working, and then it will get into the mix.

There's a certain amount of momentum that this process has that I think we are all aware of. But
tragically you can't take this battleship and turn it on a dime, here. We have got to make some time for it to come around.

So an important point that you make; we will take it into consideration. It will be eventually a part of the -- when we work it all out and see how it fits in the program, it will be in there later.

MS. HORAK-BROWN: Thank you.

MR. OXER: Yes. Okay. Gentlemen. Coin toss?

We have got to take one of you here.

MR. SEGES: Good afternoon. I am Richard Seges. I am the Chief Real Estate Officer for the Housing Authority of the City of El Paso. This is my first chance to address you. I will try to make a good impression --

MR. OXER: Welcome aboard. The spot is just back of that. So stand right -- you are on the spot. There you go.

MR. SEGES: I will try to make a good impression by being very brief the first time up here.

We will comment broadly on this. We appreciate the staff's time and all of your efforts on bringing this forward. The urban core issues we think are particularly interesting.

For cities that have issues with balancing development across all of their geography and for
populations who may benefit from being in core areas by
preferences or by services available, we think it has
excellent potential for addressing those needs.

Of course, having it apply to only five cities,
as coming from one that falls out of that group, we would
meet the population requirement for the city in El Paso;
we don't meet the county requirement.

And as a city of the size we are, we have the
exact same urban core issues that the larger cities would
have, and we think a more broad -- that if this is a good
idea, that a more broad application of it would benefit
both the city and the populations that we serve.

MR. OXER: Good.

MR. SEGES: Thank you.

MR. OXER: Thanks, Richard. Okay. So just as
a quick review here, Marni, the cities that this applies
to -- and everybody don't forget to sign in. It's
Houston, Dallas, Austin, San Antonio --

MS. HOLLOWAY: Fort Worth.

MR. OXER: Fort Worth. Okay. DFW, I thought
as one. Okay. Fort Worth. Fair enough. Of course, they
would smack me for that, for thinking -- Tim. You are
back.

MR. ALCOTT: You haven't seen me in a while.

Two weeks.
MR. OXER: Yes. It's been a whole two weeks.

MR. ALCOTT: So Tim Alcott, San Antonio Housing Authority. I want to get on the bandwagon to talk about educational excellence.

I heard about it, about possibly pulling it. I would be for pulling it too. I wasn't going to make that comment, but I heard all of the other comments. I thought it was a great idea.

I also wanted to say -- and I attended every meeting over the last year or I maybe missed one but hit most of them. Staff did a great job.

I know a lot about San Antonio but not a lot about the other cities. You all see it from 30,000 foot; I see it at about three feet and how it's impacting on my development.

What I did hear was that Houston, Dallas, and Austin, and I can talk about San Antonio, a lot of the inner city developments couldn't score well. And so I applaud the points that go to the urban core. I think that will really help. It will certainly help San Antonio. I didn't get tax credits, for that one additional point.

So the urban core idea was a great idea. As far as El Paso, I love El Paso; they should be part of it as well. Thank you.
MR. OXER: There you go. All right. Thanks.

MR. COLVIN: Good afternoon. I am Clark Colvin, representing the ITEX Group. I was certainly hoping somebody was going to bring up the legislature thing so I could just say ditto.

But since nobody has, let me mention that. We are little concerned about allowing a state legislator to pull his letter after he has done that. Typically, just in meeting with legislators on this, first question they ask you is, what is the city's opinion on this? We tell them. And then they call the city or have their staff do that to confirm that they are indeed going to pass a resolution.

Typically it's the cities that we work with consistently over a long period of time. And it is a little hard -- I know you had one here within the last month or two, and you guys handled it very well, but typically it's very hard for a legislator to come in and say, I have been defrauded on this.

I mean, that's -- because they have typically checked it out. I have never had one that didn't. I just wanted to offer that to you. I know it was a one-time thing. I know that the ones that passed their budget --

MR. OXER: We certainly hope it was.
MR. COLVIN: -- and also the sunshine laws.
But we would appreciate your considering removing that.
Thank you.

MR. OXER: Thank you, Clark.

Bobby, you had a shot. Do you want anything else?

MR. BOWLING: Can I have another shot?

MR. OXER: Yes. One more minute.

MR. BOWLING: Thank you, Mr. Chair. In listening to the comment, I think Sara brought something to light that we hadn't considered but I think bears repeating.

The proximity to the urban core in the at-risk deals -- and she asked a question procedurally as to whether that could change. And I am not sure if she got the answer, so I am going to assume that maybe that needs to be corrected at the draft stage, and I want to pitch you on that.

I think you are running in danger with this population requirement of superseding the regional allocation formula, because you are having a statewide competition in at-risk, and you are saying basically that five cities can play in that.

And I think you need to reconsider that and take that into account, because the regional allocation
formula specifically says that you will allocate the funds regionally. And if you are creating an unlevel playing field in those one statewide competition -- you know, I think at-risk is fine to not have to go into a regional allocation, as long as the playing field is level. But if you are tilting it towards the big cities, I think you need to take another look at that.

That is just my comment.

MR. OXER: Okay. Point noted. Have you a thought on that, Tim?

MR. IRVINE: I thought that -- and Marni can certainly correct it -- when you presented the concept of the urban core, did you address how it would or would not apply to at-risk?

MS. HOLLOWAY: No, we did not. We addressed the clustered census tract and underserved.

MR. IRVINE: Right. Okay. That was the one. Yes.

MS. HOLLOWAY: Yeah.

MR. OXER: Okay. There's -- we have had comments on this. Did you want to come back? Because all of those -- I saw you taking notes. And we will definitely address these or make modifications in it in terms of what is actually in the Board book. We have that. Unless you -- what?
MS. HOLLOWAY: Yeah. I think that staff would like to take a little -- a few minutes to discuss what has been presented and figure out what would need to be put back in at this point.

There are a couple of things, though, I think I can address really quickly on the 811 in threshold and scoring. Because this is a repeal and replacement, I believe the comment could be made on the repeal. Stop me -- should we need to talk. If the comment is made on repealing the 811 --

MR. OXER: Deep breath.

MS. HOLLOWAY: -- repealing the QAP. And then with a new QAP, could the comment be on that repeal and how it changes? Okay. I thought I could fix that one real quick.

MR. OXER: It's okay.

MS. HOLLOWAY: Yeah.

MR. OXER: All right. So you have got notes on these. And I gather that you will want to have some input so that what we have -- you can take these comments, you can make some modifications to that, and we will update what we have in terms of what we consider, and then we will consider the motion to issue or to publish.

MS. HOLLOWAY: Uh-huh.

MR. OXER: Okay. All right. That being the
case, how much time do you want? Ten minutes? About a
week and a half would be about enough. Right? So Teresa
says a week and a half would be plenty.

MS. HOLLOWAY: You know, I would really, really
like to get this done today.

MR. OXER: I know you would. And we are not --
that is --

MS. HOLLOWAY: Okay.

MR. IRVINE: Can we do it in ten minutes?

MS. HOLLOWAY: I believe so.

MR. IRVINE: Okay.

MS. HOLLOWAY: If we could have counsel's
assistance.

MR. OXER: Counsel will be available. I assure
you counsel will make himself available to help out on
this. All right.

So what we are going to do, we're going to take
a brief time out here, just a recess by the Board.
Staff's going to consider these modifications to consider
in the draft for the QAP, and we'll be back here -- it is
now 1:03. We will be back in our chairs -- you needed ten
minutes, I will give you 13, so let's come back at a
quarter after.

(whereupon, a short recess was taken.)

MR. OXER: All right. Let's get back at it.
It's now 1:24. Not too bad.

So sum it up, Marni.

MS. HOLLOWAY: Staff has one change to recommend for the Qualified Allocation Plan moving forward. This is the only change we are recommending from what was previously presented.

For concerted revitalization plan, under A(i)(I), the concerted revitalization plan must have been adopted by the municipality or county in which the development site is located. The resolution adopting the plan -- and here is the additional language -- "or other acceptable evidence of the plan has been duly adopted" -- must be submitted with the application. We are suggesting that change.

MR. OXER: So that takes into account everything we have heard today.

MS. HOLLOWAY: Yes, it does.

MR. OXER: Okay. So with respect to -- and this is Item 5(b) --

MS. HOLLOWAY: Yes, it is.

MR. OXER: -- on the QAP. All right.

So we have had a motion by Dr. Muñoz; second by Mr. Gann to approve staff recommendation as now modified.

I assume that, Dr. Muñoz, you will update -- upgrade your motion to include modifications by staff.
DR. MUÑOZ: Friendly amendment accepted.

MR. OXER: And by Mr. Gann.

MR. GANN: Yes.

MR. OXER: Okay. Is that satisfactory, Counselor?

MR. ECCLES: We were side-barring.

MR. OXER: That's okay.

MR. ECCLES: It is. One of the modifications that was mentioned by Marni was the fact that scoring items may change in their value or be eliminated. I think that that will be essentially reflected in a preamble of this rule, but that was already something that was presented as a modification.

MR. OXER: It is not a conceptual change as much as it's a modification in rule, in the valuation for any particular item and the potential for it to be taken out. We just can't put anything else back in.

MS. HOLLOWAY: Correct.

MR. OXER: Okay. All right. With respect to the motion as modified, motion by Dr. Muñoz, second by Mr. Gann to approve staff recommendation as modified of Item 5(b), the QAP of 2017. Those in favor?

(A chorus of ayes.)

MR. OXER: All opposed?

(No response.)
MR. OXER: There are none. It is unanimous.

MS. HOLLOWAY: Thank you.

MR. OXER: All right.

Brent, you're up.

MR. STEWART: Brent Stewart, real estate analysis. And I will be very brief. This is a continuation of the discussion of the rules, Subchapter D of Chapter 10, which is the rules relating to underwriting and loan policies. This is also a repeal of the existing 2016 rules and publication for comment the draft of the 2017 underwriting rules.

And I won't go into -- there's a number of changes that are outlined in your writeup. In an effort to keep this short, I will just talk about two changes that I think are important to specifically highlight.

One is relating to when a transaction has issues that we want to deal with. This was an Internal Audit discussion, where if something like that occurs, that we are to take that to the committee, which is the EARAC committee, before we publish a report or before we take action on it.

What this change does is instead of making that a "will" or a "must" take it there, this is a "may." And the reason for that is that there are instances where it is just better to go through the appropriate appeals.
process or what have you, as opposed to ensuring that it has to go to the committee before hand. So this was just something that came out of Internal Audit that we are trying to fix.

And then the big piece is what we have been talking about in terms of market studies. And I will just read real quick to you the change, because I think it will be pretty self-explanatory.

The prior language strictly said in terms of the providing -- tell the story, tell why. The prior language said a detailed description of why the subject development is expected to draw a significant number of tenants or homebuyers from the defined PMA or SMA.

What we are changing it to are adding kind of specific things. One is how the boundaries of the SMA were determined with respect to census tracts chosen and factors for including or excluding certain census tracts in proximity to the development. In other words, tell that story.

Number two, whether a more logical market area within the PMA or SMA exists but is not definable by census tracts and how this subsection of the PMA or SMA supports the rationale for the defined area, and also explains how the PMA or SMA relates in terms of qualitative and quantitative aspects. That's specific for
the SMA.

So in other words, if you have a PMA and it has to be defined by census tracts, then there it is. Tell us about that drive-time analysis. Tell us where it goes and why, and how that trips into a census tract that you then have to define as part of the PMA or SMA.

If part of that doesn't apply, say, Yeah, it's in there, but we are not looking at that area of the census tract to really consider demand to be coming from. Unfortunately we don't have the ability to do anything other than census tracts right now.

We have no way of actually doing demand calculations to the level that we need to on anything other than census tracts. And so until we get that ability, this is the only fix that we can come up with to deal with things like drive time or other, you know, as aspects of a PMA that make sense, as opposed to just, you know, picking a census tract.

Third, what are the specific attributes of the development's location within the area that would draw prospective tenants currently residing in other areas of the market area to relocate to development. New jobs created on this side. People might migrate from this side to that new side. What -- tell the story.

What specific attributes of the development
itself would draw people? You know, competitively, what are the aspects of that development that would lend itself to pulling people out of other areas of the PMA or SMA.

We need to know what the household and employment concentrations are within a PMA or SMA, because that also helps tell the story about the location of that development and proximity to those areas and how that would make sense.

Then kind of second to last would be, you know, you have got this large PMA, large SMA. What are actual incomes and so forth more closely to the actual development itself, not for purposes of calculating capture rates, but for understanding -- surveys have shown that in most areas, demand comes from the zip code that the development is locating in, or some of the zip codes right around it.

So we need to be able to understand what the income levels are of those people that are more in proximity to the development than somebody who is on the other side of the primary market area.

And then it is just kind of a global, you know, what other housing issues that are there that led you to pick this PMA and led you to think that that is where the demand is coming from. We think if those things are included in a market study that help tell that story, it
would make our evaluation of the market analysis easier and more effective.

MR. OXER: Any questions?

(No response.)

MR. OXER: With respect to the inability to use anything other than census tracts, is that a consequence of the data access that you have?

MR. STEWART: It is. There is some data out there that is based on census blocks. It is not as granular, I guess, as this census tract data is. The data companies are right now working on an ability to do census block data at the same detailed level as the census tract data.

The market analysts, some of them, do have the capability to drill down to census blocks, but not at the same detailed level that you can get at the census level. And it's more -- it is kind of like it's kind of prorated data. You know, you take the census tract data and --

MR. OXER: Extrapolate it from what they have?

MR. STEWART: -- extrapolate it into the blocks, as opposed to actually, you know, looking at blocks.

They can't produce block groups. They can't produce blocks, because from a privacy standpoint, there
are some census blocks where there might only be two or three people living in. And next thing you know, you know everything about them, and so they don't -- the Census won't publish to that level.

But we are hopeful within the next year or so we can get there. And then if so, in probably the 2018 rules, we would come back and say, okay, let's strike census tracts and let's go to census block groups, which would give us more of an ability to deal with more specialized primary market areas.

MR. OXER: Can we address this issue of having census tracts that are the size of Connecticut?

MR. STEWART: That is where you just need to tell the story.

MR. OXER: Right. Good. Any questions?

(No response.)

MR. OXER: Motion to consider?

DR. MUÑOZ: So moved.

MR. OXER: Okay. Motion by Dr. Muñoz to approve staff recommendation on Item 5(c). Is there a second?

MR. GOODWIN: Second.

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

MR. JACK: Hi. Darrell Jack with Apartment Marketdata. I want to thank staff for taking the time to
go through this, and speaking for myself, I support Brent's efforts in trying to refine, you know, how PMAs and market analysts look at these projects.

The only addition that I would like to suggest is that there doesn't seem to be any language in the rules that actually allows staff to reject a market study if they disagree with either the explanation of how the PMA was drawn or if they just disagree with the PMA at all. You know, you've gotten a couple of market studies this year that were very controversial.

MR. OXER: All of that comes under the heading of we don't reject the market study; we just deny the application.

MR. JACK: Well, then it comes -- then, you know, you spent three board meetings now on one, where if you had language where staff could reject a market study that they disagreed with, then it could follow the appeals process. But it might save you three board meetings on the same topic.

But other than that, I support Brent in trying to refine the process and have better reports delivered to the State.

MR. OXER: Okay. Thanks, Darrell.

MR. JACK: Thank you.

MR. OXER: Counselor, did you have a
contribution to make?

MR. ECCLES: Let me just say that we love Brent and we trust his judgment and think he is awesome. And if --

MR. OXER: That goes for us, too.

MR. ECCLES: And if we could make a rule that says whatever Brent says, we'll go with, I think that this would be a happier world to live in. The thing is, the statute, 2306.67055, sets out the market analysis and the roles of the market analyst versus the roles of the Department, and I don't think it gives us that kind of latitude to place the trust in Brent that we all would very much like to.

It is not to criticize the statute so much as to say that the Legislature has created a system where there's supposed to be a market analysis. And the Department gets to determine what the methodology is on the market but doesn't get to just say nuts to it without trying to get to that sort of reasonable conclusion that they can agree upon.

It has happened though, that in that back and forth, and yeah, it may take several Board meetings unfortunately, that they cannot -- the market analyst cannot get Brent to that same conclusion, in which case, then we are in that place I believe that the statute would
permit and our rules would suggest is a place where we just can't proceed any further.

MR. IRVINE: But in that case, we would be rejecting it, not because we disagreed with it, but because the market analyst did not make the case in accordance with our established methodology.

MR. OXER: And I would add to that, that even though it took three meetings and there was considerable effort expended on airing it out, I would rather be right than fast. And so trying to make it something consistent with the rule so that it is transparent how it was arrived at and evident to all that the contributions that were made -- that is just part of what it takes for us to do this up here. So any other thoughts?

(No response.)

MR. OXER: Okay. Let's see here. Who made the motion? Dr. Muñoz. Okay. Motion by Dr. Muñoz and a second by Mr. Goodwin to approve staff recommendation on 5(c). There has been public comment. Those in favor?

(A chorus of ayes.)

MR. OXER: And opposed?

(No response.)

MR. OXER: There are none. It is unanimous. Andrew, you have been very patient.

MR. SINNOTT: Good morning -- good afternoon,
Chairman Oxer, members of the Board.

MR. OXER: At least it is not good night yet.

MR. SINNOTT: Yeah. I understand what time it is, so I will try and be as succinct as possible.

My name is Andrew Sinnott, multifamily loan programs administrator. I am here presenting a couple of items today. First, we have staff recommendation for an award of direct loan funds to Gaston Place Accessible Apartments.

Gaston Place is an award of $1,050,000 from the general set-aside of the direct loan NOFA to Accessible Housing Austin. It is a local nonprofit organization. The $1,050,000 will be structured as a repayable loan over 30 years at 3 percent, anticipated to be with TCAP repayment funds.

TDHCA's loan is the only hard repayable debt and represents approximately 35 percent of total development costs. Other sources consist of grants, deferred forgivable loans, and owner equity.

The development itself is a proposed new construction development in Northeast Austin, just north of the Mueller development on the Housing Authority of the City of Austin affiliate owned land, adjacent to an existing Housing Authority owned development. Accessible Housing Austin earlier this year entered into a 99-year
ground lease with the Housing Authority affiliate.

The development is 27 one- and two-bedroom units, all of which will be restricted under the TCAP LURA. All units will be restricted at 50 percent AMI or less, with three at 30 percent AMI. The applicant intends to make all units accessible, exceeding the minimum 5 percent of units required by 2010 ADA standards.

With this award, just over 7-1/2 million -- or currently $7-1/2 million available under the general set-aside. So with this award, we will have approximately $6 million remaining under the general set-aside to award under the 2016 NOFA.

So that is it for Gaston Place. If you have any questions, I will be happy to answer them.

MR. OXER: Yes. One question I have got is, who did you irritate that you got the tail end of this agenda?

MR. SINNOTT: Yeah, it's --

MR. OXER: You know, for all of this rule codifying that is going on, surely you could have appealed for an earlier spot in the schedule here.

MR. SINNOTT: I am a bit of a rookie here, so --

MR. OXER: They took advantage of you. You saw him coming. Is that what he is saying, Tom?
All right. Well, welcome to the spot. Any questions?

(No response.)

MR. OXER: Okay. Motion to consider?

MR. GOODWIN: So moved.

MR. OXER: Okay. Motion by Mr. Goodwin.

MR. CHISUM: Second.

MR. OXER: Second by Mr. Chisum to approve staff recommendation on Item 6(a). No request for public comment. Those in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none.

MR. SINNOTT: All right. So the second item I have is regarding the Housing Trust Fund and the publication or the submittal or the submission of the allocation plan for the National Housing Trust Fund to HUD.

And before I go into it, I just want to acknowledge the Housing Resource Center staff, specifically, Elizabeth Yevich and Cate Tracz. They helped out a lot on this allocation plan and educating Marni and I on the timing and kind of the details of this. So this is the third time that staff has
brought an NHTF item to the Board this year. All of these Board items regarding NHTF have been in preparation for this submission of that allocation plan to HUD.

I think I have already discussed what this is; I won't go into the details. But a $4.8 million formula grant from HUD to Texas being administered by TDHCA; it is intended to increase and preserve the supply of affordable housing for extremely low income households at 30 percent AMI or below.

And it carries with it a minimum 30-year affordability period. Beyond the income targeting requirement and the minimum affordability period, it is very similar to HOME funds.

So most recently at the mid-July Board meeting, staff presented the draft allocation plan for National Housing Trust Fund, which included the amended 2016 one-year action plan and amended 2015 to 2019 consolidated plan. Since that time, we accepted public comment through August 15, and had a public hearing on August 4 here in Austin.

We received several comments from several nonprofit organizations. Most comments requested more specificity in the allocation plan, regarding aspects such as population served, the types of organizations that would have access to these funds, or the affordability
Staff responses to these comments were pretty consistent, in that we stated that we would address many of these comments as we draft the 2017 NOFA and 2017 rules; specifically, the 2017 direct loan rule that Marni mentioned earlier today.

We plan on holding a direct loan rules roundtable later this month, which would address many of the comments we received. We will potentially have a NOFA roundtable next month with drafts of the direct loan rules and NOFA at Board meetings later this fall, and finalization of both the rules and NOFA by December of this year.

The 2017 NOFA under which we hope to begin receiving applications in January will include HOME, TCAP repayment funds, and National Housing Trust Fund. So with the Board's approval of the allocation plan, staff will submit the plan and all other required attachments and amendments to HUD. And then once HUD approves, we will receive our first grant agreement for National Housing Trust Fund.

MR. OXER: And that grant agreement would be for the total of the $4.8 million?

MR. SINNOTT: Right. Exactly.

MR. OXER: Okay. Any questions?
MR. OXER: Motion to consider?

MR. CHISUM: So moved.

MR. OXER: Motion by Mr. Chisum to approve staff recommendation on Item 6(b). Do I hear a second?

DR. MUÑOZ: Second.

MR. OXER: Dr. Muñoz says he seconds. There has been no request for public comment. Motion by Mr. Chisum, second by Dr. Muñoz to approve staff recommendation on Item 6(b). Those in favor?

(A chorus of ayes.)

MR. OXER: Opposed?

(No response.)

MR. OXER: There are none.

MR. SINNOTT: Thank you.

MR. OXER: Okay. We are at that point in the agenda I see Toni is coming, because she has got something to tell us. We will ask for public comment.

MS. JACKSON: And I am here for public comments, and I will make it quick.

Good afternoon, gentlemen. My name is Toni Jackson. And I am here on behalf of my client, Parklane Villas, LP in Brenham, Texas, in response to the letter received on August 31, 2016, and a follow-up call held on September 1, 2016, regarding the status of TDHCA
application 16040, Parklane Villas.

Parklane Villas did not receive a 2016 award of tax credits, despite having a competitive score and tiebreaker factors.

Although the Department informed applicant that the application was under consideration on the numerous times the applicant inquired about the application, the applicant never received a final scoring notice, and the Department never caught that there were scoring and deficiency mistakes until the applicant requested a meeting with the Department.

The staff has ruled that the applicant has no appeal rights. Pursuant to Section 10.201, procedural requirements for application submission, of the rules, it states that the final determinations regarding the sufficiency of documentation submitted to cure an administrative deficiency, as well as the distinction between material and nonmaterial missing information, are reserved for the director of Multifamily Finance, executive director and the Board.

Additionally, under appeals process, it indicates that an applicant or development owner may appeal decisions made by the Department if misplacement of an application or parts of an application, mathematical errors in scoring and application, or procedural errors
resulting in unequal consideration of the applicant's proposal, they may be also considered for appeal.

Therefore, it is our contention that the applicant's right of appeal has been reserved under both 10.201 and 10.902 and is eligible for the executive director's review and decision.

I am here to ask for that relief by the executive director and, in the event an administrative decision is not made, that we be placed on the October 13 agenda.

And we -- actually, I am not going to go on. But I just wanted to come before the Board, because this is a matter that is before the executive director. However, as indicated, the staff has indicated that we do not have an appeal right. We have indicated that we do. And I, again, just want to reserve the right to be on the October 13 Board agenda.

MR. OXER: Okay. Your comments are appreciated. We understand we can receive your comments. Toni, we can't act.

MS. JACKSON: Right.

MR. OXER: Or I can't respond to it.

MS. JACKSON: No.

MR. OXER: Counselor?

MR. ECCLES: Well, just a quick point of
clarification: You sent in an actual appeal. Was it this past week?

MS. JACKSON: Yes, it was on Tuesday, the 6th.
MR. ECCLES: Okay. Thank you.
MS. JACKSON: Yes. Thank you.
MR. OXER: All right. Thank you.

Okay. We are at the end of the formal agenda.

We have received public comment. Is there any other public comment?

(No response.)

MR. OXER: For the purpose of constructing our future agenda for the October 13 meeting and beyond?

(No response.)

MR. OXER: Anybody on staff or in the audience?

It looks like mostly staff out there. Anybody in staff want to say anything?

(No response.)

MR. OXER: Crank the tractor up. Tom's getting anxious out there. All right. Any member of the Board or executive director or general counsel?

(No response.)

MR. OXER: All right. One more time I get the last word. It's a good thing we do here, and it's hard sometimes, but it is worth the effort.

I would entertain a motion to adjourn.
MR. CHISUM: So moved.

MR. OXER: Motion by Mr. Chisum to adjourn. Is there a second?

MR. GOODWIN: Second.

MR. OXER: There's a second by Mr. Goodwin. Those in favor?

(A chorus of ayes.)

MR. OXER: See you October 13, everybody.

(Whereupon, at 1:47 p.m., the meeting was concluded.)
CERTIFICATE

MEETING OF:   TDHCA Board
LOCATION:     Austin, Texas
DATE:         September 8, 2016

I do hereby certify that the foregoing pages, numbers 1 through 167, inclusive, are the true, accurate, and complete transcript prepared from the verbal recording made by electronic recording by Nancy H. King before the Texas Department of Housing and Community Affairs.

9/14/2016
(Transcriber)         (Date)

On the Record Reporting
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